

***CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY***

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020



OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Board
Clermont County General Health District
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

We have reviewed the *Independent Auditor's Report* of the Clermont County General Health District, Clermont County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clermont County General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 02, 2021

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**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

To the Board of Health:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clermont County General Health District, Clermont County, Ohio, as of December 31, 2020, and the respective changes in financial position thereof and the respective budgetary comparisons for the General fund, PHHS Block grant fund, Bioterrorism Grant fund, WIC Administration fund and the Sewage Program fund, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's discussion and analysis, and schedules of net pension and net OPEB liabilities/(assets) and pension and OPEB contributions listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 financial statements, and other knowledge we obtained during our audit of the 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 other assurance.

Other Information

Our audit was conducted to express an opinion on the District's financial statements taken as a whole. The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2021, on our consideration of the 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 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 the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 9, 2021

Clermont County General Health District
Clermont County
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Unaudited

The discussion and analysis of the General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2020 are as follows:

- The liabilities and deferred inflows of resources of the Health District exceeded its assets and deferred outflows of resources at the close of the year ended December 31, 2020, by \$2,850,126 (net position).
- The Health District's total net position decreased by \$1,114,913 which represents a 64% decrease from the 2019 net position. The majority of this decrease is the result of GASB 68/75 Pension and Other Post-Employment Benefits liability.
- At the end of 2020, the Health District's governmental funds reported a combined ending fund balance of \$3,571,757. Of this amount, \$1,306,589 is available for spending (unassigned fund balance) on behalf of Clermont County citizens.
- At the end of the 2020 fiscal year, the unassigned fund balance for the general fund was \$1,306,589 or 50.6% of total general fund expenditures.

Using the Basic Financial Statements

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

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

Reporting the Health District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the Health District to provide services to our citizens, the view of the Health District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position

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

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and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Health District's net position and the change in the position. This change in net position is important because it tells the reader whether, for the Health District as a whole, the financial position of the Health District has improved or diminished. However, in evaluating the overall position of the Health District, nonfinancial information such as the condition of the Health District's capital assets, the reliance on non-local financial 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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Health District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Health District are governmental funds. Fund financial reports provide detailed information about the Health District's major funds.

Based on restrictions on the use of monies, the Health District has established many funds which account for the multitude of services provided. However, these fund financial statements focus on the Health District's most significant funds. In the case of the Clermont County Health District, the major funds are the General, PHHS Block Grant, Bioterrorism Grant, WIC Administration, and Sewage Program.

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

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, readers may better understand the long-term impact of the Health District's near-term financial 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 several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

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Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Health District, liabilities exceeded by assets \$2,850,126 as of December 31, 2020.

Table 1 provides a summary of the Health District's net position for 2020 compared to 2019.

Table 1
Net Position
(In Thousands)

	<u>2020</u>	<u>2019</u>
Assets		
Current & Other Assets	\$3,684.0	\$3,074.9
Capital Assets, Net	69.4	51.7
Net Pension Asset	32.7	15.7
<i>Total Assets</i>	<u>3,786.1</u>	<u>3,142.3</u>
Deferred Outflows of Resources		
Deferred Outflow Related to Pensions	942.5	1,468.5
<i>Total Assets and Deferred Outflows of Resources</i>	<u>4,728.6</u>	<u>4,610.8</u>
Liabilities		
Current & Other Liabilities	104.7	155.3
Long-Term Liabilities		
Due Within One Year	112.5	113.2
Due in More Than One Year	60.5	31
Net Position/OPEB Liability	5,880.2	5,884.7
<i>Total Liabilities</i>	<u>6,157.9</u>	<u>6,184.2</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions/OPEB	1,420.8	161.8
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>7,578.7</u>	<u>6,346.0</u>
Net Position		
Net Investment in Capital Assets	69.4	51.7
Unrestricted	(2,919.5)	(1,786.9)
<i>Total Net Position</i>	<u>(\$2,850.1)</u>	<u>(\$1,735.2)</u>

The largest impacts on the District's financial statement in 2020 had no impact on the District's financial condition; GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." GASB 68 and GASB 75 require the District to recognize a pension/OPEB liability of \$5,880,201. For reasons discussed below, this liability serves only to distort the true financial position of the District. Users of this financial statement will gain a clearer understanding of the District's financial condition by adding deferred inflows related to pension and OPEB, the net pension liability/(asset) and the net OPEB liability

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to the reported net position and subtracting deferred outflows related to pension and OPEB. The resulting net position would be \$3,508,492, which is \$6,358,618 more than the net position reported.

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 limits 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 or net OPEB liability. 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.

Under the standards required by GASB 68 and GASB 75, the net pension liability/(asset) and the net OPEB liability equal the 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 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. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick, compensatory time, and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension or OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect

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the balance of the net pension or OPEB liability 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 pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension or OPEB liability is 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 District's statements, prepared on an accrual basis of accounting, include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability/(asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

The Health District's Current Assets increased approximately \$609,122 due to increases grant funding in 2020. Capital Assets increased approximately \$17,685 due to the purchase of a vaccine refrigerator and ultra-cold freezer. Current liabilities decrease approximately \$50,624 due to a decrease in accrued wages, benefits. Long-term liabilities increase approximately \$29,443 due to compensated absences.

For 2020, the District reported an overall \$725,491 decrease in total net position for the District as whole. The unrestricted net position, the part that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased \$743,176. As stated above, the requirement that the District recognize a pension/OPEB liability of \$5,880,201 distorts the District's net position and unrestricted net position.

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Clermont County**

Management's Discussion and Analysis
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Table 2 provides a summary of the changes in the statement of activities for 2020 compared to 2019.

Table 2
Statement of Activities
(In Thousands)

	<u>2020</u>	Governmental Activities <u>2019</u>
Program Revenues:		
Charges for Services	\$1,831.8	\$1,952.5
Operating Grants and Contributions	3,049.1	2,066.4
<i>Total Revenues</i>	<u>4,880.9</u>	<u>4,018.9</u>
Program Expenses		
Health:		
Environmental Health	3,530.8	2,098.5
Community Health Services	1,167.9	1,228.3
Health Promotion and Planning	233.8	245.8
Administration	1,063.3	1,067.2
<i>Total Expenses</i>	<u>5,995.8</u>	<u>4,639.8</u>
<i>Increase/Decrease in Net Position</i>	<u>(\$1,114.9)</u>	<u>(\$620.9)</u>

Governmental Activities

The Health District's governmental activities include Environmental Health, Community Health Services, Health Promotion and Planning, and Administration. Overall expenses increased by \$1,356,101 and revenues decreased by \$120,673. The increase in expenses is largely the result of surge staffing for the COVID-19 pandemic response. Operating grants and contributions increase and decrease from year to year based on the timing of the receipt of grant payments.

Major programs in Environmental Health include Vital Statistics, Food Service, Solid Waste, Private Water, Private Sewage, Plumbing, and Swimming Pool Inspections. Expenses for Environmental Health increased by \$1,432,314 in 2020 compared to 2019. This was due to staffing changes.

Community Health Services includes the Children with Medical Handicaps Program which provides diagnostic and treatment programs that link families with providers; the Tuberculosis Program, providing Tuberculosis skin testing and case management; the Immunization Program, providing low cost immunizations for children and adults; Injury Prevention Program, working to reduce the number of injuries related to prescription drug overdoses; the Get Vaccinated Ohio Program that works to improve immunizations; and Women, Infants and Children (WIC) whose goal is to improve the nutritional status of mothers, infants, and children during critical stages of growth and development. Expenses for Community Health Services decreased by \$60,367 in 2020 compared to 2019. This was due to a shift in staff activities.

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Health Promotion and Planning is the Bioterrorism (Public Health Emergency Preparedness) Program which ensures public health is ready and able to respond to major emergencies or terrorism events. Health Promotion and Planning expenses decreased by \$11,915 in 2020 compared to 2019. This decrease is the result of the timing of expenses during the grant year.

Administration includes the overall administration of the Health District including fiscal management; clerical support staff; the Public Health Nuisance Program which addresses nuisance complaints made by citizens; administration of the Water and Waste, Environmental Health and Nursing Divisions; and the Communicable Disease Program which tracks and conducts disease surveillance. Administration expenses decreased by \$3,931 in 2020 compared to 2019. This was due to a shift in staff activities.

The Health District's strategy to secure the maximum amount of grants and contracts that are provided by the state and federal governments continues to be productive. Grants received in 2020 include Public Health Emergency Preparedness (Bioterrorism), COVID-19 Contact Tracing, Coronavirus Response, Get Vaccinated Ohio (formerly Immunization Action Plan), Injury Prevention-Drug Overdose Prevention (Preventive Health and Health Services), and Women, Infants, and Children (WIC). The Health District also holds contracts with the Clermont County Board of Commissioners for the Tuberculosis program, the City of Milford for public health services, and the Ohio Department of Health for the SmokeFree Ohio Workplace program. In 2012, the Health District starting receiving funds for MAC (Medicaid Administrative Claiming) based on services provided to clients by the Nursing and Administrative Divisions.

Financial Analysis of the Health District's Funds

As noted earlier, the Health District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Health District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Health District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the fiscal year.

At the current fiscal year, the Health District's governmental funds reported combined ending fund balances of \$3,571,757. Of this amount, \$1,306,589 constitutes the unassigned fund balance, which is available for spending. The remainder of fund balance, \$2,264,986, is restricted to indicate that it is not available for new spending. The General Fund is the chief operating fund of the Health District. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,306,589. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to the total fund expenditures. The unassigned fund balance represents 50.6% of the total general fund expenditures.

Revenues exceeded expenditures in the General Fund by \$257,984 in 2020. Intergovernmental accounts for 67.7% of revenues in the General Fund. This consists of money from the townships, villages, and the City of Milford. Environmental Health accounts for the majority, \$1,856,057, of expenditures in the General Fund.

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The PHHS Special Revenue Fund accounts for federal grant monies to be used to reduce the number of injuries related to drug overdoses. At the end of the 2020 fiscal year, the ending fund balance was \$159,985.

The Bioterrorism Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts. The program is responsible for developing the Health District's Emergency Operation Plan, all supporting documents, and training and exercise programs. Planning and preparedness are collaborative efforts done on a local level with involvement of key partners in Clermont County as well as regional partners. At the end of the 2020 fiscal year, the ending fund balance was \$6,952.

The WIC Administration Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children (WIC) program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants, and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. At the end of the 2020 fiscal year, the ending fund balance was \$10,325.

The Sewage Program Special Revenue Fund accounts for permits and licenses for the onsite Sewage Program. The program is responsible for reviewing private sewage treatment system applications, issuing permits for installation, and conducting inspections of the installation. The program also conducts basic system assessments of existing private sewage systems to ensure compliance with local and state laws. At the end of the 2020 fiscal year, the ending fund balance was \$562,785.

General Fund Budgeting Highlights

The Health District's budget is prepared and approved by the Board of Health according to Ohio Law by April 1st of the year prior to the fiscal year. The budget is then approved by the Clermont County Budget Commission. The budget 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 the course of 2020, the Health District amended its general fund budget several times. All recommendations for the budget were reviewed by the Clermont County Board of Health for adoption on the change. With the General Fund supporting many of our major activities, the General Fund is monitored closely, looking for possible revenue shortfalls or over spending. Expenditures are typically increased as needed to cover unanticipated costs. There were additional appropriations in the General Fund budget in 2020 in the amount of \$1,251,836 for cash advances to restricted grant funds, and unanticipated program funding.

Capital Assets

The Health District's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$69,414 (net of accumulated depreciation). This investment in capital assets includes vehicles, furniture, and equipment.

Note 4 (Capital Assets) provides capital asset activity during 2020.

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Major capital asset events during the current year included the following:

- The purchase of a vaccine refrigerator, freezer, and an ultra-cold freezer.

Economic Factors and 2020 Budget

The Health District budget was heavily impacted by the COVID-19 pandemic. The governor's Stay-at-Home Order forced non-essential businesses to close and extended the renewal period for many licensed industries. The closure and extension of these licenses decreased the revenue in several Environmental Health programs. The increased workload of the response forced the Health District to nearly double its workforce leading to increased payroll expenses. Additional federal funding in the form of the Coronavirus Response and COVID-19 Contact Tracing grants was received through the Ohio Department of Health to offset the staffing costs as well as increased expenses related to both the response and vaccination campaign.

The Health District anticipates the response affecting the agency's budget beyond the expiration of the declared emergency. These factors were considered in the preparation of the Health District's 2021 budget. The Health District has increased its 2021 budget by 12.07% in an attempt to continue providing public health services with the revenue and expense projections based on current economic factors.

Requests for Information

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the Health District's finances and to show the Health District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Katrina Stapleton, Clermont County General Health District, Fiscal Officer, 2275 Bauer Road, Batavia, Ohio 45103, (513) 732-7499, ccph@clermontcountyohio.gov or visit the Health District website at www.ccphohio.org.

Clermont County General Health District
Clermont County
Statement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
<i>Current assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$2,919,384
Intergovernmental Receivable	328,970
Loans Receivable	435,618
Net Pension Asset	32,743
Furniture, Fixtures, and Equipment	161,359
Accumulated Depreciation	(91,945)
<i>Total assets</i>	3,786,129
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pensions/OPEB	942,451
<i>Total assets and deferred outflows of resources</i>	4,728,580
LIABILITIES	
<i>Current liabilities:</i>	
Accounts Payable	33,769
Accrued Wages and Benefits	70,897
<i>Total current liabilities</i>	104,666
<i>Noncurrent liabilities:</i>	
Due Within One Year	112,472
Due in More Than One Year	60,499
Net Pension/OPEB Liability	5,880,201
<i>Total noncurrent liabilities</i>	6,053,172
<i>Total liabilities</i>	6,157,838
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pensions/OPEB	1,420,868
<i>Total liabilities and deferred inflows of resources</i>	7,578,706
NET POSITION	
Net investment in capital assets	69,414
Unrestricted	(2,919,540)
<i>Total net position</i>	\$(2,850,126)

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Activities
December 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
<i>Governmental activities:</i>				
Environmental Health	\$3,530,781	\$1,725,655	\$1,115,617	(\$689,509)
Community Health Services	1,167,915	63,715	972,316	(131,884)
Health Promotion & Planning	233,860	2,064	153,887	(77,909)
Administration	1,063,269	40,379	807,279	(215,611)
Total primary government	<u>\$5,995,825</u>	<u>\$1,831,813</u>	<u>\$3,049,099</u>	<u>(1,114,913)</u>
			Net position - beginning	<u>(1,735,213)</u>
			Net position - ending	<u><u>(\$2,850,126)</u></u>

The notes to financial statements are an integral part of this statement.

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Clermont County General Health District
Clermont County
Balance Sheet
Governmental Funds
December 31, 2020

	<u>General Fund</u>	<u>PHHS Block Grant</u>	<u>Bioterrorism Grant</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$1,335,416	\$60,841	\$84,512
Interfund Receivable	375,547	0	0
Intergovernmental Receivable	46,325	153,435	0
Loans Receivable	435,618	0	0
<i>Total assets</i>	<u>\$2,192,906</u>	<u>\$214,276</u>	<u>\$84,512</u>
LIABILITIES			
Accounts Payable	\$17,899	\$148	\$390
Accrued Wages and Benefits	50,239	1,094	2,123
Interfund Payable	0	45,500	75,047
<i>Total liabilities</i>	<u>68,138</u>	<u>46,742</u>	<u>77,560</u>
Deferred Inflows of Resources			
Unavailable Revenue-Grants	0	7,549	0
<i>Total liabilities and deferred inflow of resources</i>	<u>68,138</u>	<u>54,291</u>	<u>77,560</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Advances	375,547	0	0
Restricted:			
Community Health	0	0	0
Environmental Health	0	0	0
Grants	0	159,985	6,952
Assigned:			
Next Year Appropriations	358,000	0	0
Purchase Orders & Contract Services	31,470	0	0
Purchase Orders & Materials/Supplies	53,162	0	0
Unassigned	1,306,589	0	0
<i>Total fund balances (deficits)</i>	<u>\$2,124,768</u>	<u>\$159,985</u>	<u>\$6,952</u>
<i>Total liabilities and fund balances (deficits)</i>	<u>\$2,192,906</u>	<u>\$214,276</u>	<u>\$84,512</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Balance Sheet
Governmental Funds
December 31, 2020

WIC Administration	Sewage Program	Total Nonmajor Funds	Total Governmental Funds
\$144,786	\$571,054	\$722,775	\$2,919,384
0	0	0	375,547
129,210	0	0	328,970
0	0	0	435,618
<u>\$273,996</u>	<u>\$571,054</u>	<u>\$722,775</u>	<u>\$4,059,519</u>
\$571	\$3,007	\$11,754	\$33,769
8,100	5,262	4,079	70,897
255,000	0	0	375,547
<u>263,671</u>	<u>8,269</u>	<u>15,833</u>	<u>480,213</u>
0	0	0	7,549
<u>263,671</u>	<u>8,269</u>	<u>15,833</u>	<u>487,762</u>
0	0	0	375,547
0	0	233,862	233,862
0	562,785	473,080	1,035,865
10,325	0	0	177,262
0	0	0	358,000
0	0	0	31,470
0	0	0	53,162
0	0	0	1,306,589
<u>\$10,325</u>	<u>\$562,785</u>	<u>\$706,942</u>	<u>\$3,571,757</u>
<u>\$273,996</u>	<u>\$571,054</u>	<u>\$722,775</u>	<u>\$4,059,519</u>

Clermont County General Health District
Clermont County
Reconciliation of Balance Sheet to the Statement of Net Position
For the Year Ended December 31, 2020

Fund balances of governmental funds		\$3,571,757
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		69,414
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Net Pension Asset	32,743	
Deferred Outflows Related to Pensions/OPEB	942,451	
Intergovernmental Revenues	7,549	
		982,743
Long-term liabilities, net pension liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(172,971)	
Deferred Inflows Related to Pensions/OPEB	(1,420,868)	
Net Pension/OPEB Liability	(5,880,201)	
		(7,474,040)
Net Position of governmental activities		(\$2,850,126)

The notes to financial statements are an integral part of this statement.

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Clermont County General Health District
Clermont County
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

	General Fund	PHHS Block Grant	Bioterrorism Grant
REVENUES			
Charges for Services	\$311,317	\$0	\$0
Licenses and Permits	555,509	0	0
Intergovernmental	1,922,896	250,885	153,887
Other Revenue	48,516	388	2,064
<i>Total revenues</i>	<u>2,838,238</u>	<u>251,273</u>	<u>155,951</u>
EXPENDITURES			
<i>Current:</i>			
Environmental Health	1,856,057	0	0
Community Health Services	0	71,707	0
Health Promotion and Planning	0	0	155,657
Administration	724,197	0	0
<i>Total expenditures</i>	<u>2,580,254</u>	<u>71,707</u>	<u>155,657</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>257,984</u>	<u>179,566</u>	<u>294</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the Sale of Capital Assets	190	0	0
<i>Total other financing sources (uses)</i>	<u>190</u>	<u>0</u>	<u>0</u>
<i>Net change in fund balances</i>	258,174	179,566	294
Fund balances beginning	1,866,594	(19,581)	6,658
<i>Fund balances ending</i>	<u>\$2,124,768</u>	<u>\$159,985</u>	<u>\$6,952</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

<u>WIC Administration</u>	<u>Sewage Program</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$0	\$0	\$49,568	\$360,885
0	451,322	388,657	1,395,488
595,367	0	121,661	3,044,696
7,664	4,906	11,712	75,250
<u>603,031</u>	<u>456,228</u>	<u>571,598</u>	<u>4,876,319</u>
0	408,297	285,327	2,549,681
569,798	0	150,125	791,630
0	0	0	155,657
0	0	0	724,197
<u>569,798</u>	<u>408,297</u>	<u>435,452</u>	<u>4,221,165</u>
<u>33,233</u>	<u>47,931</u>	<u>136,146</u>	<u>655,154</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>190</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>190</u>
33,233	47,931	136,146	655,344
(22,908)	514,854	570,796	2,916,413
<u>\$10,325</u>	<u>\$562,785</u>	<u>\$706,942</u>	<u>\$3,571,757</u>

Clermont County General Health District
Clermont County
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances to the Statement of Activities
 For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds		\$655,344
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	31,802	
Depreciation expense	<u>(14,119)</u>	17,683
Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues and are unavailable in the governmental funds.		
Intergovernmental Revenue		4,402
Compensated Absences and Net Pension/OPEB Liability reported in 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	(28,687)	
Net Pension/OPEB Liability/Deferred Inflows/Deferred Outflows	<u>(1,763,655)</u>	<u>(1,792,342)</u>
Change in net position of governmental activities		<u>(\$1,114,913)</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

General Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Charges for Services	\$292,157	\$292,157	\$311,317	\$19,160
Licenses and Permits	443,546	443,546	555,509	111,963
Intergovernmental	962,848	962,848	1,876,571	913,723
Other Revenue	18,712	18,712	48,516	29,804
<i>Total revenues</i>	<u>1,717,263</u>	<u>1,717,263</u>	<u>2,791,913</u>	<u>1,074,650</u>
EXPENDITURES				
<i>Current:</i>				
Environmental Health	1,067,226	1,080,341	1,907,173	(826,832)
Administration	887,875	814,222	755,404	58,818
<i>Total expenditures</i>	<u>1,955,101</u>	<u>1,894,563</u>	<u>2,662,577</u>	<u>(768,014)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(237,838)</u>	<u>(177,300)</u>	<u>129,336</u>	<u>306,636</u>
OTHER FINANCING SOURCES (USES)				
Advances In	-	-	22,000	22,000
Proceeds from the Sale of Capital Assets	-	-	190	190
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>22,190</u>	<u>22,190</u>
<i>Net change in fund balances</i>	(237,838)	(177,300)	151,526	328,826
Fund balances - beginning	<u>1,179,991</u>	<u>1,179,991</u>	<u>1,179,991</u>	<u>-</u>
<i>Fund balances - ending</i>	<u><u>\$942,153</u></u>	<u><u>\$1,002,691</u></u>	<u><u>\$1,331,517</u></u>	<u><u>\$328,826</u></u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

PHHS Block Grant Special Revenue Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$131,250	\$131,450	\$105,000	\$(26,450)
Other Revenue	-	-	388	388
<i>Total revenues</i>	<u>131,250</u>	<u>131,450</u>	<u>105,388</u>	<u>(26,062)</u>
EXPENDITURES				
<i>Current:</i>				
Community Health Services	131,250	138,250	73,994	64,256
<i>Total current</i>	<u>131,250</u>	<u>138,250</u>	<u>73,994</u>	<u>64,256</u>
<i>Total expenditures</i>	<u>131,250</u>	<u>138,250</u>	<u>73,994</u>	<u>64,256</u>
<i>Net change in fund balances</i>	-	(6,800)	31,394	38,194
Fund balances - beginning	29,447	29,447	29,447	-
<i>Fund balances - ending</i>	<u><u>\$29,447</u></u>	<u><u>\$22,647</u></u>	<u><u>\$60,841</u></u>	<u><u>\$38,194</u></u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

Bioterrorism Grant Special Revenue Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$191,756	\$191,756	\$176,450	\$(15,306)
Other Revenue	-	-	2,064	2,064
<i>Total revenues</i>	191,756	191,756	178,514	(13,242)
EXPENDITURES				
<i>Current:</i>				
Health Promotion and Planning	191,756	191,756	161,586	30,170
<i>Total expenditures</i>	191,756	191,756	161,586	30,170
<i>Net change in fund balances</i>	-	-	16,928	16,928
Fund balances - beginning	67,585	67,585	67,585	-
<i>Fund balances - ending</i>	\$67,585	\$67,585	\$84,513	\$16,928

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

WIC Administration Grant Special Revenue Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$670,818	\$670,818	\$586,659	\$(84,159)
Other Revenue	-	-	7,664	7,664
<i>Total revenues</i>	<u>670,818</u>	<u>670,818</u>	<u>594,323</u>	<u>(76,495)</u>
EXPENDITURES				
<i>Current:</i>				
Community Health Services	670,818	670,818	584,635	86,183
<i>Total expenditures</i>	<u>670,818</u>	<u>670,818</u>	<u>584,635</u>	<u>86,183</u>
<i>Net change in fund balances</i>	-	-	9,688	9,688
Fund balances - beginning	135,049	135,049	135,049	-
<i>Fund balances - ending</i>	<u>\$135,049</u>	<u>\$135,049</u>	<u>\$144,737</u>	<u>\$9,688</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

Sewage Program Special Revenue Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and Permits	\$424,836	\$424,836	\$451,322	\$26,486
Other Revenue	-	-	4,906	4,906
<i>Total revenues</i>	<u>424,836</u>	<u>424,836</u>	<u>456,228</u>	<u>31,392</u>
EXPENDITURES				
<i>Current:</i>				
Environmental Health	454,836	454,836	422,228	32,608
<i>Total current</i>	<u>454,836</u>	<u>454,836</u>	<u>422,228</u>	<u>32,608</u>
<i>Total expenditures</i>	<u>454,836</u>	<u>454,836</u>	<u>422,228</u>	<u>32,608</u>
<i>Net change in fund balances</i>	(30,000)	(30,000)	34,000	64,000
Fund balances - beginning	<u>537,055</u>	<u>537,055</u>	<u>537,055</u>	-
<i>Fund balances - ending</i>	<u><u>\$507,055</u></u>	<u><u>\$507,055</u></u>	<u><u>\$571,055</u></u>	<u><u>\$64,000</u></u>

The notes to financial statements are an integral part of this statement.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

A five-member Board of Health, whose members are appointed by the District Advisory Council, governs the Health District. The Board appoints a health commissioner and all employees of 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 Health District's management believes these basic financial statements present all activities for which the Health District is financially accountable.

As required by generally accepted accounting principles, the financial statements present the Health District (the primary government). The primary government includes all funds, departments and boards for which the Health District is financially accountable. The Health District does not have any component units.

Note 2 - Summary of Significant Accounting Policies

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. Governmental activities generally are financed through payments from townships and villages, intergovernmental receipts or other non-exchange transactions.

The statement of net position presents the financial condition of the governmental activities for the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Health District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular program.

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 operation of 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 or draws from the general receipts 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

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2020

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. Non-major 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 one category; governmental.

Governmental Funds

Governmental funds are those through which all governmental functions of the Health District are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Health District's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for 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.

PHHS Block Grant Special Revenue Fund – The PHHS Block Grant Special Revenue Fund accounts for federal grant monies for overdose prevention.

Bioterrorism Special Revenue Fund – The Bioterrorism Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts.

WIC Administration Special Revenue Fund – The WIC Administration Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children program.

Sewage Program Special Revenue Fund – The Sewage Fund accounts for all permits, applications, and basic system assessment fees for the residential sewage program.

The other governmental funds of the Health District account for grants and other resources whose use is restricted for 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 and liabilities associated with the operation of the District are included in the Statement of Net Position. The Statement of Activities presents increases (i.e., revenue) and decreases (i.e., expenses) in total net position.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2020

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 and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenue 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. 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. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is 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 thirty days of year-end.

Non-exchange transactions, in which the Health District receives value without directly giving equal value in return include monies from villages, townships, and the City of Milford, grants, entitlements and donations. Revenue from township and village monies, 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 non-exchange transactions must also 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 charges for services.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2020

Deferred Outflows/Inflows 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 (expenses/expenditures) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as inflow of resources (revenue) until that time.

For the District, deferred outflows/inflows of resources are reported on the government-wide statements of net position for pension/OPEB. The deferred outflows/inflows of resources related to pension/OPEB are explained in Notes 8 and 9.

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 District, unavailable revenue includes intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

E. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The budget determines the amount of money that is needed from the townships, villages and the City of Milford. The certificate of estimated resources establishes a limit on the amount the Health District may appropriate. The appropriations resolution is the Health District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Health District. The legal level of control has been established by the Health District at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Health District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County 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 budgeted amounts reflect the first appropriation resolution for that fund that covered the entire

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Notes to the Financial Statements
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year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Board of Health during the year.

F. 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 Clermont County Auditor, Linda L. Fraley, 101 E Main St. 2nd Floor, Batavia, Ohio 45103, www.clermontauditor.org, (513) 732-7150.

G. Capital Assets

Capital assets, which include vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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:

<u>Assets</u>	<u>Years</u>
Vehicles	5-10
Furniture & Equipment	5-10

H. Interfund Transactions

On the fund financial statements, receivables and payables resulting from interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net position.

I. Compensated Absences

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

Unused vacation is payable upon termination of employment. Employees with a minimum of 6 months of service and have been removed from probation become vested in accumulated unpaid

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vacation. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employees who are eligible to retire under a District recognized retirement plan, with a minimum of ten years of service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, personal and compensation payments are made at employees' current wage rates.

J. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as 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.

K. 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.

L. Net Position

Net Position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Board of Health 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.

M. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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.

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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 or enabling legislation (Board resolutions).

Enabling legislation authorizes the Board to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Board can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

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. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered legally enforceable. 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 Board 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 or by State Statute. The District may also assign fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Interfund Transactions

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

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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.

O. Estimates

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

Note 3 – Budgetary Basis of Accounting

While the Health District is reporting financial position, results of operations and changes in fund balance 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 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general and each major special revenue fund is presented in the Basic Financial Statements to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances in and advances out are operating transactions (Budget) as opposed to balance sheets transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

**Net Change in Fund Balance
General and Major Special Revenue Funds**

	General	PHHS	Bioterrorism
GAAP Basis	\$258,174	\$179,566	\$294
Net Adjustment for Revenue Accruals	(46,325)	(145,885)	22,563
Net Adjustment for Expense Accruals	(82,323)	(2,287)	(5,929)
Net Adjustment for Advances	22,000	0	0
Budget Basis	\$151,526	\$31,394	\$16,928
	WIC	Sewage	
GAAP Basis	\$33,233	\$47,931	
Net Adjustment for Revenue Accruals	(8,708)	0	
Net Adjustments for Expense Accruals	(14,837)	(13,931)	
Net Adjustment for Advances	0	0	
Budget Basis	\$9,688	\$34,000	

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Note 4 - Capital Assets

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

	<u>12/31/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2020</u>
Governmental Activities				
Capital Assets being depreciated:				
Furniture, Fixtures, and Equipment	\$129,557	\$31,802	\$0	\$161,359
Total Capital Assets at Historical cost being depreciated	<u>129,557</u>	<u>31,802</u>	<u>0</u>	<u>161,359</u>
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(77,826)	(14,119)	0	(91,945)
Total Accumulated Depreciation	<u>(77,826)</u>	<u>(14,119)</u>	<u>0</u>	<u>(91,945)</u>
Government Activities Capital Assets, Net	<u>\$51,731</u>	<u>\$17,683</u>	<u>\$0</u>	<u>\$69,414</u>

Depreciation expense was charged to governmental functions as follows:

Environmental Health	\$1,791
Community Health Services	2,786
Health Promotion and Planning	1,911
Administration	7,631
Total Depreciation Expense - Governmental Activities	<u>\$14,119</u>

Note 5 – Interfund Receivables/Payables

Individual fund interfund assets/liabilities balances as of December 31, 2020 related to the primary government were as follows:

	<u>Receivable</u>	<u>Payable</u>
General	\$375,547	
PHHS Block Grant		\$45,500
Bioterrorism Grant		75,047
WIC Administration		<u>255,000</u>
TOTAL	<u>\$375,547</u>	<u>\$375,547</u>

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Note 6 – Amendments to Original Appropriations Budget

Amendments beyond the object level must be approved by the Board of Health. In 2020, the original appropriation measure was increased and decreased by the Board with the net effect as follows: General Fund \$1,793,836 due to additional money received for the response of COVID-19 and Special Revenue Funds (\$125,645).

Note 7 - Risk Pool Membership

The Health District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Health District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>	
Cash and investments		\$38,432,610
Actuarial liabilities		\$14,705,917

Note 8 - Defined Benefit Pension Plans

Net Pension Liability

Pensions and OPEB are a component of exchange transactions between an employer and its employee 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) and the net OPEB Liability represents the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are

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financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly payment. 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/OPEB liability/(asset). Resulting adjustments to the net pension/OPEB liability/(asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note L for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan and the combined plan. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 State and Local	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire 10 years after January 7, 2013 State and Local	Group C Members not in other Groups and members fired on or after January 7, 2013 State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:

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Age 60 with 60 months of service credit or age 55 with 25 years of service credit	Age 60 with 60 months of service credit or age 55 with 25 years of service credit	Age 57 with 25 years of service credit or age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service 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 2020, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2020 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution to OPERS was \$361,162 for calendar year 2020. 100% has been contributed for the year 2020.

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

The net pension liability for OPERS was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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:

	Governmental Activities		
	OPERS Traditional Plan	OPERS Combined Benefit Plan	Total
Proportionate Share of the Net Pension Liability	\$ 3,448,347	\$ 0	\$ 3,448,347
Proportionate Share of the Net Pension Asset	\$ 0	\$ 32,743	\$ 32,743
Proportion of the Net Pension Asset/Liability	0.017614%	0.016295%	
Pension Expense	\$ 563,864	\$ 3,751	\$ 567,615

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		
	PERS Traditional Plan	PERS Combined Benefit Plan	Total
Deferred Outflows of Resources			
Changes in Assumptions	\$184,182	\$3,376	\$187,558
Difference in proportion from one measurement to the next	0	1,249	1,249
District Contributions subsequent to the measurement date	358,778	2,384	361,162
Total Deferred Outflows of Resources	\$542,960	\$7,009	\$549,969
Deferred Inflows of Resources			
Difference between projected and actual earnings on pension plan investments	\$1,146,691	\$4,247	\$1,150,938
Differences between expected and actual experience	43,599	7,687	51,286
Difference in proportion from one measurement date to the next	54,163	0	54,163
Total Deferred Inflows of Resources	\$1,244,453	\$11,934	\$1,256,387

The District's contributions subsequent to the measurement date in the amount of \$361,162 for deferred outflows of resources related to pension will be recognized as a reduction of the net

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pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year	PERS Traditional Plan	PERS Combined Benefit Plan	Total
2021	\$ 382,468	\$ 1,839	384,307
2022	(21,531)	655	(20,876)
2023	273,129	2,209	275,338
2024	0	276	276
2025	0	261	261
2026-2027	0	56	56
Total	\$ 634,066	\$ 5,296	\$ 639,362

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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25%
Projected Salary Increases	3.25% 10.75%, including wage inflation at 3.25%
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00% simple Post-1/7/2013 Retirees: 3.00% simple through 2018, then 2.15% simple
Investment Rate of Return	7.20%
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-

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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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 17.2% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	<u>13.00</u>	<u>4.98</u>
Total	<u>100.00 %</u>	<u>5.61 %</u>

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

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OPERS Traditional Plan

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
District's proportionate share of the net pension liability	\$5,687,441	\$3,448,347	\$1,435,468

OPERS Combined Benefit Plan

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
District's proportionate share of the net pension (asset)	\$(19,785)	\$(32,743)	\$(42,082)

NOTE 9 - Defined Benefit Other Postemployment Benefit Plans

Net Other Postemployment Benefits (OPEB) Liability

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

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

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

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Plan Description – Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (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' CAFR 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. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2020.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2020

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	Governmental Type Activities
	OPERS
Proportionate Share of the Net OPEB Liability	\$ 2,431,854
Proportion of the Net OPEB Liability	0.017284%
OPEB Expense	\$ 270,700

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Type Activities
	OPERS
Deferred Outflows of Resources	
Changes in Assumptions	\$ 385,074
Differences between expected and actual experience	64
Difference in proportion from one measurement date to the next	<u>7,344</u>
Total Deferred Outflows of Resources	<u>\$ 392,482</u>
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 121,566
Differences between expected and actual experience	35,571
Difference in proportion from one measurement date to the next	<u>7,344</u>
Total Deferred Inflows of Resources	<u>\$ 164,481</u>

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
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Notes to the Financial Statements
For the Year Ended December 31, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	OPERS
2021	\$ (22,220)
2022	(97)
2023	<u>51,946</u>
Total	<u>\$ 29,629</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019.

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

Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% including wage inflation at 3.25%
Single Discount Rate	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.75%
Health Care Cost Trend Rate	10.5% initial, 3.5% ultimate in 2030
Actuarial Cost Method	Individual entry age normal

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.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
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Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 19.7% for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.99
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate A single discount rate of 3.16% 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

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
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Notes to the Financial Statements
For the Year Ended December 31, 2020

return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
District's proportionate share of the net OPEB liability	\$3,182,378	\$2,431,854	\$1,830,801

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	\$2,360,023	\$2,431,854	\$2,502,628

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. 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 actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

Note 10 – Other Employee Benefits

Health District employees have the option of participating in three state-wide deferred compensation plans created in accordance with the Internal Revenue Code Section 457. Under this program, employees elect to have a portion of their pay deferred until a future time. According to this plan, the deferred compensation is not available to employees until termination, retirement,

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
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Notes to the Financial Statements
For the Year Ended December 31, 2020

death or unforeseeable emergency. The deferred pay and any income earned thereon is not subject to income tax until actually received by the employee. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employee or other beneficiary) must be held in a trust, custodial account, or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Deferred amounts from the plan are not considered “made available” just because a trust, custodial account or annuity contract holds these amounts. The Plan Agreement states that the District and the plan administrators have no liability for losses under the plan with the exception of fraud or wrongful taking.

Note 11 – Contingent Liabilities

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

Note 12 – Long-Term Liabilities

Long-term obligations of the Health District at December 31, 2020 were as follows:

	Balance <u>12/31/2019</u>	Additions	Deletions	Balance <u>12/31/2020</u>	Amount Due in One Year
Compensated Absences	\$144,283	\$141,915	\$113,227	\$172,971	\$112,472
Net Pension/OPEB Liability	5,884,656	0	4,455	5,880,201	0
Total	<u>\$6,028,939</u>	<u>\$141,915</u>	<u>\$117,682</u>	<u>\$6,053,172</u>	<u>\$112,472</u>

Compensated absences will be paid from the fund from which the employee’s salary is paid.

Note 13- Declared State of Emergency

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Board. The Board’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Board’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 14- Loans Receivable

The Health District administers the Clermont County Septic System Rehabilitation Financing Program which assists low income households throughout Clermont County in addressing malfunctioning or incomplete onsite sewage disposal systems in order to abate public health nuisances by providing funds and technical assistance to qualifying applicants. Funds are dispersed as deferred, forgivable, five-year interest free loans. The principal is forgiven at a rate of 20% per year. The balance of loans receivable fluctuates from year to year depending on the timing of contract execution and mortgage recording. The balance of loans receivable as of 12/31/2020 was \$435,618 which is an increase of \$79,096 over the prior year.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System-Traditional Pension Plan
 Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Health District's Proportion of the Net Pension Liability - Traditional Pension Plan ¹	0.017614%	0.014053%	0.014581%	0.013897%	0.013812%	0.014930%	0.014930%
Health District's Proportionate Share of the Net Pension Liability - Traditional Pension Plan	\$3,448,347	\$4,067,042	\$2,287,545	\$3,155,831	\$2,392,372	\$1,698,910	\$1,661,098
Health District's Covered-Employee Payroll ²	\$2,554,057	\$2,104,991	\$2,050,620	\$1,887,332	\$1,801,060	\$1,751,421	\$1,754,918
Health District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	135.01%	193.21%	111.55%	167.21%	132.83%	97.00%	94.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Traditional Pension Plan	84.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.45%

Note: Information prior to 2014 is not available

¹The Health District is part of Clermont County for the purpose of reporting contributions to OPERS. The percentage has been taken as to the Health District's contributions to OPERS to determine the Health District's proportionate share

²Health District's Covered-Employee Payroll is split with the Combined Benefit Plan and the percentage is based on the Health District's Proportionate Share of the Net Pension Liability in each plan.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)
 Ohio Public Employees Retirement System-Combined Benefit Plan
 Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Health District's Proportion of the Net Pension Liability - Combined Benefit Plan ¹	0.162950%	0.013001%	0.013743%	0.014881%	0.015541%	0.016299%	0.016299%
Health District's Proportionate Share of the Net Pension (Asset) Liability - Combined Benefit Plan	<u>(\$32,743)</u>	<u>(\$15,652)</u>	<u>(\$19,113)</u>	<u>(\$8,332)</u>	<u>(\$7,608)</u>	<u>(\$5,871)</u>	<u>(\$1,614)</u>
Health District's Covered-Employee Payroll ²	\$70,873	\$61,336	\$59,752	\$60,869	\$59,076	\$54,778	\$54,888
Health District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-46.20%	-25.52%	-31.99%	-13.69%	-12.88%	-10.72%	-2.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Combined Benefit Plan	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	114.83%

Note: Information prior to 2014 is not available

¹The Health District is part of Clermont County for the purpose of reporting contributions to OPERS. The percentage has been taken as to the Health District's contributions to OPERS to determine the Health District's proportionate share

²Health District's Covered-Employee Payroll is split with the Combined Benefit Plan and the percentage is based on the Health District's Proportionate Share of the Net Pension Liability in each plan

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
 Required Supplementary Information
 Schedule of the District's Contribution to the Net Pension Liability
 Ohio Public Employees Retirement System-Traditional Plan
 Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$361,162	\$292,637	\$285,273	\$260,805	\$249,165	\$249,151	\$241,204
Contributions in Relation to the Contractually Required Contribution	<u>\$361,162</u>	<u>\$292,637</u>	<u>\$285,273</u>	<u>\$260,805</u>	<u>\$249,165</u>	<u>\$249,151</u>	<u>\$241,204</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	\$2,554,057	\$2,104,991	\$2,050,620	\$1,887,332	\$1,801,060	\$1,751,421	1,754,918
Employee Payroll	14.14%	13.90%	13.91%	13.82%	13.83%	14.23%	13.74%

Note: Information prior to 2014 is not available

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Required Supplementary Information
Schedule of the District's Contribution to the Net Pension Liability
Ohio Public Employees Retirement System-Combined Benefit Plan
Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$9,763	\$8,527	\$8,312	\$8,411	\$8,172	\$7,573	\$7,573
Contributions in Relation to the Contractually Required Contribution	<u>\$9,763</u>	<u>\$8,527</u>	<u>\$8,312</u>	<u>\$8,411</u>	<u>\$8,172</u>	<u>\$7,573</u>	<u>\$7,573</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	13.78%	13.90%	13.91%	13.82%	13.83%	13.82%	13.73%
Employee Payroll	\$70,873	\$61,336	\$59,752	\$60,869	\$59,076	\$54,778	\$54,778

Note: Information prior to 2014 is not available

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Required Supplementary Information

Schedule of the District's Proportionate Share of the Other Postemployment Benefits (OPEB) Liability
Ohio Public Employees Retirement System
Last Four Fiscal Years

	2020	2019	2018	2017
Health District's Proportion of the Net OPEB Liability	0.013791%	0.013941%	0.014401%	0.012443%
Health District's Proportionate Share of the Net OPEB Liability	\$2,431,854	\$1,817,614	\$1,563,810	\$1,256,766
Health District's Covered Payroll	\$2,624,930	\$2,166,327	\$2,110,372	\$1,948,201
Health District's Proportionate Share of the OPEB Liability as a Percentage of its Covered Payroll	92.64%	83.90%	74.10%	64.51%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

Note: Information prior to 2017 is not available

¹ The Health District is part of Clermont County's for the purpose of reporting contributions to OPERS. The percentage has been taken as to the Health District's contributions to OPERS to determine the Health District's proportionate share.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Required Supplementary Information
Schedule of the District's Contributions to Other Postemployment Benefits (OPEB)
Ohio Public Employees Retirement System
Last Five Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$0	\$0	\$0	\$19,230	\$36,747
Contributions in Relation to the Contractually Required Contribution	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,230</u>	<u>\$36,747</u>
Contributions Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Health District Covered Payroll	\$2,624,930	\$2,166,327	\$2,110,372	\$1,948,201	\$1,860,136
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.99%	1.98%

¹ Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

² The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

³ The Health District is part of Clermont County's for the purpose of reporting contributions to OPERS. The percentage has been taken as to the Health District's contributions to OPERS to determine the Health District's proportionate share.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed Through Ohio Department of Health</i>			
Coronavirus Response (COVID)	01310012CO0121	21.019	\$259,709
COVID-19 Contact Tracing	01310012CT0120	21.019	431,512
Total U.S. Department of the Treasury			\$691,221
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR DISEASE CONTROL AND PREVENTION</u>			
<i>Passed Through Ohio Department of Health</i>			
Coronavirus Response (COVID)	01310012CO0120	93.354	\$250,709
Immunization and Vaccines for Children (Get Vaccinated Ohio)	01310012GV0220	93.268	11,748
Public Health Services Block Grant (Injury Prevention)	01310014IP1017	93.758	2,847
Public Health Services Block Grant (Injury Prevention-Drug Overdose Prevention)	01310014ID0220	93.991	71,550
Public Health Services Block Grant (Injury Prevention-Drug Overdose Prevention)	01310014ID0321	93.991	2,056
			73,606
Public Health Emergency Preparedness (PHEP)	01310012PH0817	93.074	559
Public Health Emergency Preparedness (PHEP)	01310012PH1120	93.074	122,479
			123,038
Public Health Emergency Preparedness (PHEP)	01310012PH1221	93.069	38,548
Total U.S. Department of Health and Human Services- CDC			\$500,496
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Food Program for Women, Infants, and Children (WIC)	01310011WA1118	10.557	\$709
Special Supplemental Food Program for Women, Infants, and Children (WIC)	01310011WA1219	10.557	4,122
Special Supplemental Food Program for Women, Infants, and Children (WIC)	01310011WA1320	10.557	466,626
Special Supplemental Food Program for Women, Infants, and Children (WIC)	01310011WA1421	10.557	110,345
Total U.S. Department of Agriculture			581,802
Total Expenditures of Federal Awards			\$1,773,519

The accompanying notes are an integral part of this schedule.

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CLERMONT COUNTY**

Notes to the Schedule of Federal Awards Expenditures and Receipts
For the Year Ended December 31, 2020

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note 3 – 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 4 – 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 5 – Ohio Department of Health

Ohio Department of Health Grants Administration Policies and Procedures (OGAPP) Manual requires the receipts of all federal awards to be reported in addition to the reporting of the federal expenditures. The following federal funds were received from the Ohio Department of Health during the audit period.

US Department of the Treasury

Ohio Department of Health

<u>Grant</u>	<u>Project Number</u>	<u>CFDA #</u>	<u>Receipts</u>
Coronavirus Response (COVID)	01310012CO0121	21.019	\$312,107
COVID-19 Contact Tracing	01310012CT0120	21.019	\$278,077

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Schedule of Federal Awards Expenditures and Receipts
For the Year Ended December 31, 2020

US Department of Health and Human Services-CDC

Ohio Department of Health

Grant

<u>Grant</u>	<u>Project Number</u>	<u>CFDA #</u>	<u>Receipts</u>
Coronavirus Response (COVID)	01310012CO0120	93.354	\$248,954
Get Vaccinated Ohio	01310012GV0220	93.268	\$21,894
Injury Prevention-Drug Overdose Prevention	01310014ID0220	93.991	\$105,000
Public Health Emergency Preparedness	01310012PH1120	93.074	\$130,350
Public Health Emergency Preparedness	01310012PH1221	93.069	\$46,101

US Department of Agriculture

Ohio Department of Health

Grant

<u>Grant</u>	<u>Project Number</u>	<u>CFDA #</u>	<u>Receipts</u>
WIC Administration	01310011WA1320	10.557	\$586,656

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

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 Clermont County General Health District, Clermont County, (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 9, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2020-001 to be a significant deficiency.

Compliance and Other Matters

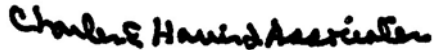
As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial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

Entity's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 9, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

To the Board of Health:

Report on Compliance for the Major Federal Program

We have audited the Clermont County General Health District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2020. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Clermont County General Health District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Charles E. Harris & Associates, Inc.
June 9, 2021

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY

SCHEDULE OF FINDINGS – (continued)
2 CFR § 200.515
December 31, 2020

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

FINDING NUMBER 2020-001 – Significant Deficiency

Audit adjustment and budgetary statements

We noted the following adjustments or required changes to the report during 2020.

- Budgetary statements were initially prepared on a GAAP basis rather than a non-GAAP budget basis;
- Deferred Revenues reclassified to Deferred Inflows;
- Numerous footnotes were corrected to comply with GAAP requirements.

The accompanying financial statements and the District's records have been adjusted to properly reflect these items. Failure to report transactions and statements correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer review all reports compiled by the converter to ensure the financial information is presented accurately.

Official's Response:

See Corrective Action Plan

3. Findings for Federal Awards

None

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2020

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2020-001	The District Fiscal Officer will implement procedures to ensure the correct and accurate preparation of the budgetary statements and updated footnotes to comply with GAAP Requirement.	Immediately	Katrina Stapleton Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



CLERMONT COUNTY GENERAL HEALTH DISTRICT

CLERMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/12/2021

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

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