

LUCAS COUNTY REGIONAL HEALTH DISTRICT

LUCAS COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2020





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Advisory Council
Lucas County Regional Health District
635 N. Erie St.
Toledo, OH 43604

We have reviewed the *Independent Auditor's Report* of the Lucas County Regional Health District, Lucas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 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 Lucas County Regional Health District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

October 29, 2021

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**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Lucas County Regional Health District
Lucas County
635 North Erie Street
Toledo, Ohio 43604

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lucas County Regional Health District, Lucas 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 basic 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Lucas County Regional Health District, Lucas County, Ohio, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General, Women, Infants, and Children, Public Health Emergency Preparedness, Maternal and Child Health, and Environmental Fees funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and 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 liability/asset, OPEB liabilities and pension and OPEB contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

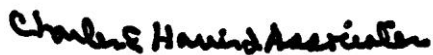
Supplementary Information

Our audit was conducted to provide an opinion on the District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures (Schedule) 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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance.



Charles E. Harris & Associates, Inc.
August 25, 2021

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

The management's discussion and analysis of the Lucas County Regional Health District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- For 2020, the total net position of the District increased \$2,579,796 which represents a 17.72% increase from December 31, 2019's net position. Net position of governmental activities increased \$3,029,450 and net position of business-type activities decreased \$449,654 from 2019's restated net position.
- General revenues accounted for \$3,491,985 in revenue or 23.50% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$11,370,595 or 76.50% of total governmental activities revenues of \$14,862,580.
- The District had \$12,282,784 in expenses related to governmental activities; \$11,370,595 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily unrestricted grants and allocations) of \$3,491,985 were adequate to provide for these programs. The District had transfers in from business-type activities of \$449,654.
- The District's major funds are the General Fund, the Women, Infants, and Children (WIC) Fund, the Public Health Emergency Preparedness Fund, the Maternal and Child Health Fund, and the Environmental Fees Fund. The General Fund had \$5,191,561 in revenues and \$4,196,802 in expenditures and other financing uses. During 2020, the General Fund's fund balance increased \$994,759 from a restated fund balance of \$1,753,564 to \$2,748,323.
- The WIC Fund, a District major fund, had \$2,300,348 in revenues and \$2,126,396 in expenditures. During 2020, the WIC Fund's fund balance increased \$173,952 from a deficit balance of \$303,519 to a deficit balance of \$129,567. WIC is the District's largest federal grant program, reimbursed for allowable expenditures after they are incurred.
- The Public Health Emergency Preparedness Fund, a District major fund, had \$2,402,911 in revenues and \$1,916,234 in expenditures. During 2020, the Public Health Emergency Preparedness Fund's fund balance increased \$486,677 from a deficit balance of \$100,888 to a balance of \$385,789.
- The Maternal and Child Health Fund, a District major fund, had \$616,662 in revenues and \$348,653 in expenditures. During 2020, the Maternal and Child Health Fund's fund balance increased \$268,009 from a balance of \$187,648 to a balance of \$455,657.
- The Environmental Fees Fund, a District major fund, had \$2,165,456 in revenues and other financing sources and \$1,840,060 in expenditures. During 2020, the Environmental Fees Fund's fund balance increased \$325,396 from a balance of \$547,248 to a balance of \$872,644.
- Net position for the business-type activities, which is composed of the Federally Qualified Health Center Fund, decreased in 2020 by \$449,654 from a 2019 restated balance of \$449,654 to a balance of \$0. During 2020, the Federally Qualified Health Center Fund transferred out \$449,654 to governmental activities for the close-out of the Federally Qualified Health Center fund.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the District as a whole, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, nonfinancial information such as the reliance on certain resources for the operations and the need for continued growth will also need to be evaluated.

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental activities - Most of the District's programs and services are reported here including WIC, public health emergency preparedness, environmental fees, and general administration. These services are funded primarily by intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's Federally Qualified Health Center operations are reported here.

The District's government-wide statement of net position and statement of activities can be found on pages 18-20 of this report.

Reporting the 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 objectives. The 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 District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District's most significant funds. The analysis of the District's major governmental and proprietary funds begins on page 13.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains a multitude of individual governmental funds. The District has segregated these funds into major funds and nonmajor funds. The District's major governmental funds are the General Fund, the WIC Fund, the Public Health Emergency Preparedness Fund, the Maternal and Child Health Fund, and the Environmental Fees Fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 21-31 of this report.

Proprietary Funds

The District maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its Federally Qualified Health Center operations. The District's enterprise fund is considered a major fund. The basic proprietary fund financial statements can be found on pages 32-33 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary funds are reported using the accrual basis of accounting, similar to the proprietary fund. Custodial funds are the District's only fiduciary fund type. The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-66 of this report.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension/OPEB liabilities. The RSI can be found on pages 68-75 of this report.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Government-Wide Financial Analysis

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at December 31, 2020 compared to 2019.

| | Net Position | | | | | |
|--|--------------------------------|------------------------|---------------------------------|-------------------|------------------------|------------------------|
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
| | 2020 | Restated 2019 | 2020 | Restated 2019 | 2020 | Restated 2019 |
| <u>Assets</u> | | | | | | |
| Current and other assets | \$ 6,210,451 | \$ 3,543,326 | \$ - | \$ 449,654 | \$ 6,210,451 | \$ 3,992,980 |
| Capital assets, net | 76,681 | 124,616 | - | - | 76,681 | 124,616 |
| Total assets | <u>6,287,132</u> | <u>3,667,942</u> | <u>-</u> | <u>449,654</u> | <u>6,287,132</u> | <u>4,117,596</u> |
| <u>Deferred outflows of resources</u> | <u>2,269,855</u> | <u>4,477,555</u> | <u>-</u> | <u>-</u> | <u>2,269,855</u> | <u>4,477,555</u> |
| <u>Liabilities</u> | | | | | | |
| Current liabilities | 1,629,788 | 1,542,476 | - | - | 1,629,788 | 1,542,476 |
| Long-term liabilities: | | | | | | |
| Due within one year | 612,872 | 559,021 | - | - | 612,872 | 559,021 |
| Due in more than one year | <u>13,787,845</u> | <u>18,981,032</u> | <u>-</u> | <u>-</u> | <u>13,787,845</u> | <u>18,981,032</u> |
| Total liabilities | <u>16,030,505</u> | <u>21,082,529</u> | <u>-</u> | <u>-</u> | <u>16,030,505</u> | <u>21,082,529</u> |
| <u>Deferred inflows of resources</u> | <u>4,504,873</u> | <u>2,070,809</u> | <u>-</u> | <u>-</u> | <u>4,504,873</u> | <u>2,070,809</u> |
| <u>Net Position</u> | | | | | | |
| Net investment in capital assets | 66,632 | 91,120 | - | - | 66,632 | 91,120 |
| Restricted | 265,802 | 3,312 | - | - | 265,802 | 3,312 |
| Unrestricted (deficit) | <u>(12,310,825)</u> | <u>(15,102,273)</u> | <u>-</u> | <u>449,654</u> | <u>(12,310,825)</u> | <u>(14,652,619)</u> |
| Total net position (deficit) | <u>\$ (11,978,391)</u> | <u>\$ (15,007,841)</u> | <u>\$ -</u> | <u>\$ 449,654</u> | <u>\$ (11,978,391)</u> | <u>\$ (14,558,187)</u> |

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability. 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.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to 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 *against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the 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.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,978,391.

At year-end, capital assets represented 1.22% of total assets. Capital assets include furniture, fixtures and equipment, and vehicles. Net investment in capital assets at December 31, 2020 was \$66,632 in the governmental activities. These capital assets are used to provide services to citizens and are not available for future spending. A portion of the District's net position, \$265,802, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$12,310,825.

Current and other assets increased 75.27% from the prior year due to an increase in accounts receivable and amounts due from other governments associated with the District's governmental activities.

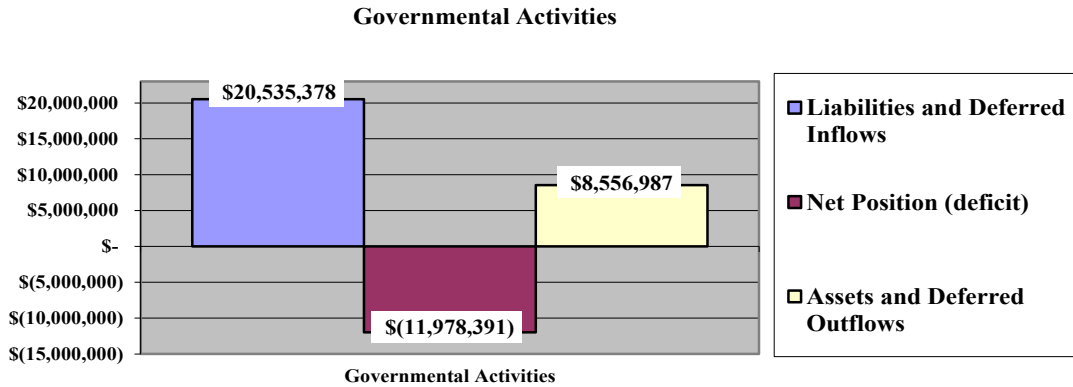
**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Current liabilities increased \$87,312 from the prior year primarily due to an increase in accounts payable for a refund due to the Ohio Medicaid managed care plans for unused Phase 2 infant mortality funding.

The District's long-term liabilities decreased primarily due to a decrease in the net pension OPEB liability. The District is required to report its proportionate share of the Ohio Public Employers Retirement System (OPERS) net pension and OPEB liability and related deferred inflows and outflows of resources. In governmental activities, the District's net pension liability decreased \$4,624,123 from the prior year restated amount and the net OPEB liability decreased \$563,434 from the prior year restated amount.

The graph below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2020 for governmental activities.



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**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

The table below shows the comparative analysis of changes in net position for 2020 compared to 2019. Due to practicality, 2019 revenues and expenses in the table below have not been adjusted to reflect the Federally Qualified Health Center reclassification as described in Note 3. Rather, the cumulative impact of applying the reclassification is reflected in the beginning net position for 2019 for governmental and business-type activities.

| | Change in Net Position | | | | | |
|---|-----------------------------------|------------------------|-----------------------------|-------------------|------------------------|------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| <u>Revenues</u> | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 2,735,712 | \$ 2,334,361 | \$ - | \$ 565,136 | \$ 2,735,712 | \$ 2,899,497 |
| Operating grants and contributions | 8,634,883 | 5,720,997 | - | 107,177 | 8,634,883 | 5,828,174 |
| General revenues: | | | | | | |
| Grants and entitlements | 3,326,248 | 3,145,848 | - | - | 3,326,248 | 3,145,848 |
| Other | 165,737 | 2,542 | - | 2,821 | 165,737 | 5,363 |
| Total revenues | <u>14,862,580</u> | <u>11,203,748</u> | <u>-</u> | <u>675,134</u> | <u>14,862,580</u> | <u>11,878,882</u> |
| <u>Expenses</u> | | | | | | |
| Program expenses: | | | | | | |
| Administration | 1,865,370 | 2,037,924 | - | - | 1,865,370 | 2,037,924 |
| Environmental public health | 2,543,824 | 3,816,055 | - | - | 2,543,824 | 3,816,055 |
| Community public health | 5,131,225 | 5,062,998 | - | - | 5,131,225 | 5,062,998 |
| Medical health services | 2,741,452 | 3,704,178 | - | - | 2,741,452 | 3,704,178 |
| Interest and fiscal charges | 913 | 1,831 | - | - | 913 | 1,831 |
| Federally Qualified Health Center | - | - | - | 780,906 | - | 780,906 |
| Total expenses | <u>12,282,784</u> | <u>14,622,986</u> | <u>-</u> | <u>780,906</u> | <u>12,282,784</u> | <u>15,403,892</u> |
| Increase (decrease) in net position before transfers | 2,579,796 | (3,419,238) | - | (105,772) | 2,579,796 | (3,525,010) |
| Transfers | <u>449,654</u> | <u>(508,917)</u> | <u>(449,654)</u> | <u>508,917</u> | <u>-</u> | <u>-</u> |
| Change in net position | 3,029,450 | (3,928,155) | (449,654) | 403,145 | 2,579,796 | (3,525,010) |
| Net position (deficit) at beginning of year (restated) | <u>(15,007,841)</u> | <u>(11,079,686)</u> | <u>449,654</u> | <u>46,509</u> | <u>(14,558,187)</u> | <u>(11,033,177)</u> |
| Net position (deficit) at end of year | <u>\$ (11,978,391)</u> | <u>\$ (15,007,841)</u> | <u>\$ -</u> | <u>\$ 449,654</u> | <u>\$ (11,978,391)</u> | <u>\$ (14,558,187)</u> |

Governmental Activities

Governmental activities net position increased \$3,029,450 in 2020.

Medical services accounted for \$2,741,452 of the total expenses of the District. Medical services relate to providing public health and direct patient care services to the community. Expenses were incurred for programs such as Family Practice and Dental programs. Expenses in the same category included refugee screenings, Women, Infants and Children (WIC), Reproductive Health and Wellness Services (RHW), Medicaid Administrative Claiming (MAC) and Electronic Health Records (EHR). These expenses were partially funded by \$3,046,216 in operating grants and contributions and \$362,150 in charges for services.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Environmental services accounted for \$2,543,824 of the total expenses of the District. Environmental services relate to protecting and improving those environmental factors that can potentially affect health. Expenses include programs related to inspections of food service and food establishments, water quality, sewage treatment, campgrounds, swimming pools, daycares, tattoo parlors, and healthy homes and lead prevention. Environmental services expense decreased \$1,272,231 or 33.34% primarily due to less expense related to the District's net pension and OPEB liabilities, as well as the lead ODH program. These expenses were partially funded by \$1,751,346 in direct charges for licenses and fees to users of the services and \$145,840 in operating grants and contributions.

Community health services accounted for \$5,131,225 of the total expenses of the District. Community health services relate to health promotions and disease prevention and public health emergency preparedness. Expenses include programs related to emergency preparedness, HIV/AIDS programs, STD treatment and prevention, pregnancy prevention, tobacco prevention, senior programs, creating healthy communities, and minority health. Community health services expense increased \$68,227 or 1.35% primarily due to the reporting of a \$772,735 payable for a refund due to the Ohio Medicaid managed care plans for unused Phase 2 infant mortality funding. These expenses were funded by \$619,633 in direct charges to patients as users of the services and \$5,262,142 in operating grants and contributions.

Administration of the District accounted for \$1,865,370 of the total expenses. Administration costs relate to the general operation of the District. Overhead expenses of operating the District include salaries of the Health Commissioner, Medical Director, supervisory staff, accounting and grant department, providing information technology services, building maintenance, severance, and all related expenses for the Department of Vital Statistics. These expenses were partially funded by \$180,685 in operating grants and contributions and \$2,583 in direct charges for licenses and fees to users of the services.

General revenues totaled \$3,491,985 and amounted to 23.50% of total governmental revenues. These revenues primarily consist of contractual allocations from participating local governments.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by general revenues.

Governmental Activities

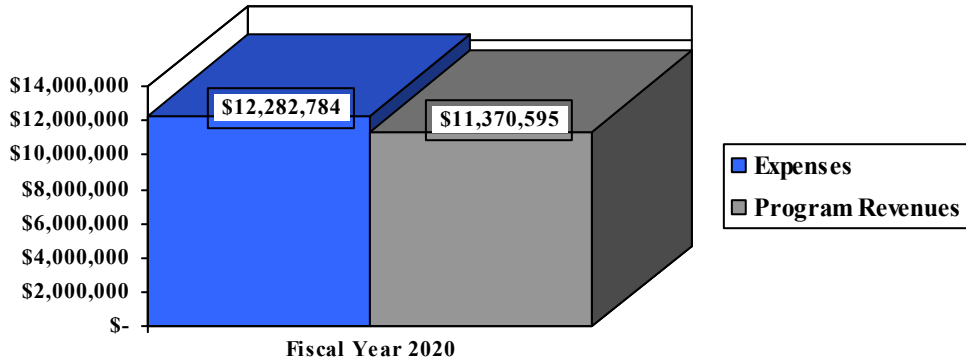
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
|-----------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | <u>2020</u> | <u>2020</u> | <u>2019</u> | <u>2019</u> |
| Program Expenses: | | | | |
| Administration | \$ 1,865,370 | \$ 1,682,102 | \$ 2,037,924 | \$ 1,699,560 |
| Environmental public health | 2,543,824 | 646,638 | 3,816,055 | 1,842,974 |
| Community public health | 5,131,225 | (750,550) | 5,062,998 | 1,780,687 |
| Medical health services | 2,741,452 | (666,914) | 3,704,178 | 1,242,576 |
| Interest and fiscal charges | <u>913</u> | <u>913</u> | <u>1,831</u> | <u>1,831</u> |
| Total | <u>\$ 12,282,784</u> | <u>\$ 912,189</u> | <u>\$ 14,622,986</u> | <u>\$ 6,567,628</u> |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

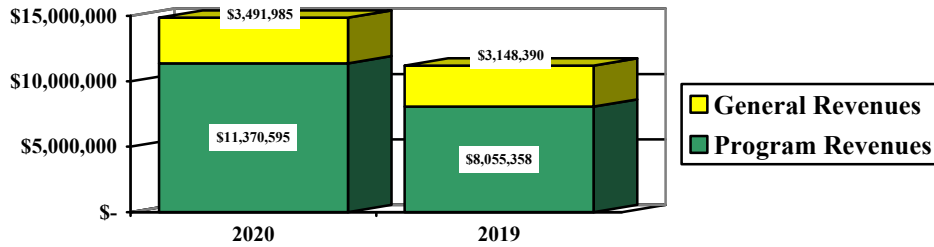
Program revenues supported 7.43% of total expenses. General revenues for governmental activities were sufficient to cover the remaining 92.57% of expenses needing support through contractual allocations from participating local governments and other general revenues. Governmental activities received a transfer in of \$449,654 from the business-type activities during 2020. The graph below compares the District's governmental activities program revenues and total expenses for 2020.

Governmental Activities – Program Revenues vs. Total Expenses



The graph below compares the District's governmental activities general revenues and program revenues for fiscal years 2020 and 2019.

Governmental Activities – General and Program Revenues



Business-Type Activities

Business-type activities only include operations of the Federally Qualified Health Center. As of June 30, 2018, the District made the decision to no longer be a Federally Qualified Health Center (FQHC) applicant. This resulted in the District closing their enterprise fund during 2020. The District transferred out \$449,654 to governmental activities during 2020 for the close out of the FQHC fund.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the 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 District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at year-end. The District's governmental funds (as presented on the balance sheet on pages 21-22) reported a combined fund balance of \$4,393,263 which is \$2,590,398 more than last year's restated total of \$2,590,398. The schedule below indicates the fund balances as of December 31, 2020 and 2019 for all major and nonmajor governmental funds.

| | Fund Balances (Deficit) <u>12/31/20</u> | Restated Fund Balances (Deficit) <u>12/31/19</u> | Increase (Decrease) <u></u> |
|--------------------------------------|---|---|-----------------------------------|
| Major Funds: | | | |
| General | \$ 2,748,323 | \$ 1,753,564 | \$ 994,759 |
| Women, Infant, and Children (WIC) | (129,567) | (303,519) | 173,952 |
| Public Health Emergency Preparedness | 385,789 | (100,888) | 486,677 |
| Maternal and Child Health | 455,657 | 187,648 | 268,009 |
| Environmental Fees | 872,644 | 547,248 | 325,396 |
| Nonmajor Governmental | <u>60,417</u> | <u>(281,188)</u> | <u>341,605</u> |
| Total | <u>\$ 4,393,263</u> | <u>\$ 1,802,865</u> | <u>\$ 2,590,398</u> |

General Fund

The District's General Fund balance increased \$994,759 from 2019's restated fund balance. The table that follows assists in illustrating the revenues of the General Fund.

| | 2020 <u>Amount</u> | 2019 <u>Amount</u> | Increase/ (Decrease) <u></u> | Percentage Change <u></u> |
|-----------------------------|-----------------------|-----------------------|------------------------------------|---------------------------------|
| Revenues | | | | |
| Charges for services | \$ 929,722 | \$ 639,080 | \$ 290,642 | 45.48 % |
| Intergovernmental | 3,623,215 | 3,539,674 | 83,541 | 2.36 % |
| Contributions and donations | - | 600 | (600) | (100.00) % |
| Grants non-governmental | 23,233 | - | 23,233 | 100.00 % |
| Other | <u>165,737</u> | <u>2,542</u> | <u>163,195</u> | 6,419.94 % |
| Total | <u>\$ 4,741,907</u> | <u>\$ 4,181,896</u> | <u>\$ 560,011</u> | 13.39 % |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Overall, revenues increased 13.39% from the prior year. Intergovernmental revenue increased \$83,541 or 2.36% due to an increase in public health emergency preparedness services. Charges for services revenue increased \$290,642 or 45.48% due to an increase in fees received. Contributions and donations revenue decreased 100% due to a reduction in administrative services department donations received in 2020. Other revenues increased \$163,195 due to receiving various refunds that were not received in 2019.

The table that follows assists in illustrating the expenditures of the General Fund.

| | <u>2020</u> Amount | <u>2019</u> Amount | <u>Increase/ (Decrease)</u> | <u>Percentage Change</u> |
|-----------------------------|-----------------------|-----------------------|---------------------------------|------------------------------|
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Administration | \$ 1,710,827 | \$ 1,598,411 | \$ 112,416 | 7.03 % |
| Environmental public health | 415,212 | 414,565 | 647 | 0.16 % |
| Community public health | 586,095 | 502,386 | 83,709 | 16.66 % |
| Medical health services | 1,136,542 | 516,626 | 619,916 | 119.99 % |
| Debt service: | | | | |
| Principal retirement | 23,447 | 22,529 | 918 | 4.07 % |
| Interest and fiscal charges | <u>913</u> | <u>1,831</u> | <u>(918)</u> | (50.14) % |
| Total | <u>\$ 3,873,036</u> | <u>\$ 3,056,348</u> | <u>\$ 816,688</u> | 26.72 % |

Overall, expenditures increased 26.72%. Community public health services increased \$83,709 or 16.66% from the prior year, due to increased salaries associated with the CSRAP, Vital Statistics, PHEP Match, and Minority Health Match departments. Medical services expense increased \$619,916, or 119.99% as a result of the reclassification of the Federally Qualified Health Center departments to the general fund. All other expenditures remained consistent with prior year amounts.

The General Fund also had \$323,766 in transfers to other funds and \$449,654 transfers in from the Federally Qualified Health Center fund.

WIC Fund

The WIC Fund, a District major fund, had \$2,300,348 in revenues and \$2,126,396 in expenditures. During 2020, the WIC Fund balance increased \$173,952 from a deficit balance of \$303,519 to a deficit balance of \$129,567.

Public Health Emergency Preparedness Fund

The Public Health Emergency Preparedness Fund, a District major fund, had \$2,402,911 in revenues and \$1,916,234 in expenditures. During 2020, the Public Health Emergency Preparedness Fund balance increased \$486,677 from a deficit fund balance of \$100,888 to a balance of \$385,789.

Maternal and Child Health Fund

The Maternal and Child Health Fund, a District major fund, had \$616,662 in revenues and \$348,653 in expenditures. During 2020, the Maternal and Child Health Fund's fund balance increased \$268,009 from a balance of \$187,648 to a balance of \$455,657. At December 31, 2020, the Maternal and Child Health Fund has reported a \$772,735 payable for a refund due to the Ohio Medicaid managed care plans for unused Phase 2 infant mortality funding.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Environmental Fees Fund

The Environmental Fees Fund, a District major fund, had \$2,165,456 in revenues and other financing sources and \$1,840,060 in expenditures. During 2020, the Environmental Fees Fund balance increased \$325,396 from a fund balance of \$547,248 to a balance of \$872,644.

Budgeting Highlights

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

During the course of 2020, the District amended its General Fund budget. For the General Fund, original budgeted revenues and other financing sources of \$6,161,240 were \$928,225 less than final budgeted revenues and other financing sources of \$5,233,015. Actual revenues and other financing sources for 2020 were \$6,902,938. This represents a \$1,669,923 increase from final budgeted revenues and other financing sources.

General Fund original appropriations and other financing uses totaled \$6,142,680 and final appropriations and other financing uses totaled \$6,527,723. The actual budget basis expenditures and other financing uses for 2020 totaled \$5,968,517, which was \$559,206 less than the final budget appropriations and other financing uses.

Proprietary Funds

The District's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

Capital Assets and Debt Administration

Capital Assets

At the end of 2020, the District had \$76,681 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. The following table shows 2020 balances compared to 2019.

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

| | Governmental Activities | | Business-type Activities | |
|-----------------------------------|-------------------------|--------------------------|--------------------------|--------------------|
| | | Restated | | Restated |
| | 2020 | 2019 | 2020 | 2019 |
| Furniture, fixtures and equipment | \$ 65,349 | \$ 99,309 | \$ - | \$ - |
| Vehicles | <u>11,332</u> | <u>25,307</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 76,681</u> | <u>\$ 124,616</u> | <u>\$ -</u> | <u>\$ -</u> |

The decrease in capital assets is the result of the District not reporting any additions to capital assets during 2020, while also experiencing depreciation expense of \$47,935 government-wide.

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

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Debt Administration

The District had \$10,049 for a copier capital lease obligation at December 31, 2020 in governmental activities.

See Note 7 to the basic financial statements for additional information on the District's long-term obligations.

Current Financial Related Activities

The Regional Health District opened a Reproductive Health and Wellness Clinic at the downtown location in April 2020. The Reproductive Health and Wellness Clinic staffs a nurse practitioner, a registered nurse, and a clerk. The clinic offers services such as birth control, physical exams, pregnancy counseling, testing & counseling for the human immunodeficiency virus, testing & counseling for sexually transmitted infection, testicular exams for men, erectile dysfunction counseling, and basic cancer screenings, along with referral services to specialty areas including mental health services. Additionally, the clinic offers evening hours one day per week, and one Saturday morning per month in effort to reach those patients who require alternate appointment times.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, donors, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Eric Zgodzinski, Health Commissioner, 635 N. Erie St., Toledo, Ohio 43604, or by calling the District at (419) 213-4100.

**BASIC
FINANCIAL STATEMENTS**

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2020

| | Governmental Activities |
|--|------------------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents with fiscal agent..... | \$ 4,889,637 |
| Receivables: | |
| Accounts..... | 128,682 |
| Due from other governments..... | 895,820 |
| Materials and supplies inventory..... | 99,972 |
| Prepayments..... | 22,856 |
| Net pension asset (Note 12) | 173,484 |
| Capital assets: | |
| Depreciable capital assets, net..... | 76,681 |
| Total assets | 6,287,132 |
| Deferred outflows of resources: | |
| Pension (Note 12)..... | 1,341,890 |
| OPEB (Note 13)..... | 927,965 |
| Total deferred outflows of resources | 2,269,855 |
| Liabilities: | |
| Accounts payable | 1,256,446 |
| Accrued wages and benefits payable..... | 249,598 |
| Due to other governments..... | 123,744 |
| Long-term liabilities: | |
| Due within one year..... | 612,872 |
| Due in more than one year | |
| Net pension liability (Note 12)..... | 7,680,745 |
| Net OPEB liability (Note 13)..... | 5,638,441 |
| Other amounts due in more than one year..... | 468,659 |
| Total liabilities | 16,030,505 |
| Deferred inflows of resources: | |
| Pension (Note 12)..... | 2,888,719 |
| OPEB (Note 13)..... | 1,616,154 |
| Total deferred inflows of resources | 4,504,873 |
| Net position: | |
| Net investment in capital assets..... | 66,632 |
| Restricted for: | |
| Other purposes..... | 265,802 |
| Unrestricted (deficit)..... | (12,310,825) |
| Total net position (deficit) | \$ (11,978,391) |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Expenses | Program Revenues | |
|--|----------------------|-----------------------------------|---------------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions |
| Governmental activities: | | | |
| Administration..... | \$ 1,865,370 | \$ 2,583 | \$ 180,685 |
| Environmental public health..... | 2,543,824 | 1,751,346 | 145,840 |
| Community public health..... | 5,131,225 | 619,633 | 5,262,142 |
| Medical health services..... | 2,741,452 | 362,150 | 3,046,216 |
| Interest and fiscal charges..... | 913 | - | - |
| Total governmental activities | \$ 12,282,784 | \$ 2,735,712 | \$ 8,634,883 |
| General Revenues: | | | |
| Grants and entitlements not restricted to specific programs..... | | | |
| Miscellaneous..... | | | |
| Total general revenues..... | | | |
| Transfers..... | | | |
| Total general revenues and transfers..... | | | |
| Change in net position..... | | | |
| Net position (deficit) at beginning of year (restated)..... | | | |
| Net position (deficit) at end of year..... | | | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|------------------------|
| \$ (1,682,102) | \$ - | \$ (1,682,102) |
| (646,638) | - | (646,638) |
| 750,550 | - | 750,550 |
| 666,914 | - | 666,914 |
| (913) | - | (913) |
| (912,189) | - | (912,189) |
| 3,326,248 | - | 3,326,248 |
| 165,737 | - | 165,737 |
| 3,491,985 | - | 3,491,985 |
| 449,654 | (449,654) | - |
| 3,941,639 | (449,654) | 3,491,985 |
| 3,029,450 | (449,654) | 2,579,796 |
| (15,007,841) | 449,654 | (14,558,187) |
| <u>\$ (11,978,391)</u> | <u>\$ -</u> | <u>\$ (11,978,391)</u> |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

| | <u>General</u> | <u>Women, Infants, and Children (WIC)</u> | <u>Public Health Emergency Preparedness</u> | <u>Maternal and Child Health</u> |
|--|---------------------|---|---|--------------------------------------|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents with fiscal agent..... | \$ 2,342,679 | \$ - | \$ 163,114 | \$ 1,202,597 |
| Receivables: | | | | |
| Accounts..... | 36,381 | - | - | 22,950 |
| Interfund loans..... | 442,723 | - | - | - |
| Due from other governments..... | - | 230,404 | 398,956 | 26,354 |
| Materials and supplies inventory..... | 99,972 | - | - | - |
| Prepayments..... | 11,893 | - | 2,949 | 556 |
| Total assets..... | <u>\$ 2,933,648</u> | <u>\$ 230,404</u> | <u>\$ 565,019</u> | <u>\$ 1,252,457</u> |
| Liabilities: | | | | |
| Accounts payable..... | \$ 49,317 | \$ 92,707 | \$ 99,637 | \$ 793,634 |
| Accrued wages and benefits payable..... | 96,039 | 25,492 | 40,777 | 2,038 |
| Due to other governments..... | 39,969 | 10,381 | 38,816 | 1,128 |
| Interfund loans payable..... | - | 231,391 | - | - |
| Total liabilities..... | <u>185,325</u> | <u>359,971</u> | <u>179,230</u> | <u>796,800</u> |
| Deferred inflows of resources: | | | | |
| Intergovernmental revenue not available..... | - | - | - | - |
| Miscellaneous revenue not available..... | - | - | - | - |
| Total deferred inflows of resources..... | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | |
| Nonspendable..... | 111,865 | - | 2,949 | 556 |
| Restricted | 21,242 | - | 382,840 | 455,101 |
| Committed..... | 6,659 | - | - | - |
| Assigned..... | 22,729 | - | - | - |
| Unassigned (deficit)..... | <u>2,585,828</u> | <u>(129,567)</u> | <u>-</u> | <u>-</u> |
| Total fund balances (deficit)..... | <u>2,748,323</u> | <u>(129,567)</u> | <u>385,789</u> | <u>455,657</u> |
| Total liabilities, deferred inflows of resources and fund balances..... | <u>\$ 2,933,648</u> | <u>\$ 230,404</u> | <u>\$ 565,019</u> | <u>\$ 1,252,457</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Environmental Fees | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|---|---|
| \$ 909,133 | \$ 272,114 | \$ 4,889,637 |
| 26,558 | 42,793 | 128,682 |
| - | - | 442,723 |
| 66 | 240,040 | 895,820 |
| - | - | 99,972 |
| 3,125 | 4,333 | 22,856 |
| <u>\$ 938,882</u> | <u>\$ 559,280</u> | <u>\$ 6,479,690</u> |
| \$ 135 | \$ 221,016 | \$ 1,256,446 |
| 44,859 | 40,393 | 249,598 |
| 18,112 | 15,338 | 123,744 |
| - | 211,332 | 442,723 |
| <u>63,106</u> | <u>488,079</u> | <u>2,072,511</u> |
| - | 5,736 | 5,736 |
| 3,132 | 5,048 | 8,180 |
| <u>3,132</u> | <u>10,784</u> | <u>13,916</u> |
| 3,125 | 4,333 | 122,828 |
| 869,519 | 304,596 | 2,033,298 |
| - | - | 6,659 |
| - | - | 22,729 |
| - | (248,512) | 2,207,749 |
| <u>872,644</u> | <u>60,417</u> | <u>4,393,263</u> |
| <u>\$ 938,882</u> | <u>\$ 559,280</u> | <u>\$ 6,479,690</u> |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

| | | |
|---|-------------|------------------------|
| Total governmental fund balances | | \$ 4,393,263 |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds..... | | 76,681 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds. | | |
| Accounts receivable..... | \$ 8,180 | |
| Intergovernmental receivable..... | 5,736 | |
| Total | | 13,916 |
| The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/ outflows are not reported in the governmental funds: | | |
| Deferred outflows of resources..... | 1,341,890 | |
| Deferred inflows of resources..... | (2,888,719) | |
| Net pension asset..... | 173,484 | |
| Net pension liability..... | (7,680,745) | |
| Total | | (9,054,090) |
| The net OPEB liability is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds. | | |
| Deferred outflows of resources..... | 927,965 | |
| Deferred inflows of resources..... | (1,616,154) | |
| Net OPEB liability..... | (5,638,441) | |
| Total | | (6,326,630) |
| Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds. | | |
| Compensated absences | (1,071,482) | |
| Capital lease payable..... | (10,049) | |
| Total | | (1,081,531) |
| Net position (deficit) of governmental activities | | \$ (11,978,391) |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>General</u> | <u>Women, Infants, and Children (WIC)</u> | <u>Public Health Emergency Preparedness</u> | <u>Maternal and Child Health</u> |
|--|----------------------------|---|---|--------------------------------------|
| Revenues: | | | | |
| Charges for services..... | \$ 929,722 | \$ - | \$ - | \$ - |
| Licenses and permits..... | - | - | - | - |
| Intergovernmental..... | 3,623,215 | 2,300,348 | 2,402,911 | 545,225 |
| Contributions and donations..... | - | - | - | - |
| Grants non-governmental | 23,233 | - | - | 71,437 |
| Other..... | 165,737 | - | - | - |
| Total revenues..... | <u>4,741,907</u> | <u>2,300,348</u> | <u>2,402,911</u> | <u>616,662</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Administration..... | 1,710,827 | - | - | - |
| Environmental public health..... | 415,212 | - | - | - |
| Community public health..... | 586,095 | - | 1,916,234 | 348,653 |
| Medical health services..... | 1,136,542 | 2,126,396 | - | - |
| Debt service: | | | | |
| Principal retirement..... | 23,447 | - | - | - |
| Interest and fiscal charges..... | 913 | - | - | - |
| Total expenditures..... | <u>3,873,036</u> | <u>2,126,396</u> | <u>1,916,234</u> | <u>348,653</u> |
| Excess of revenues over expenditures..... | <u>868,871</u> | <u>173,952</u> | <u>486,677</u> | <u>268,009</u> |
| Other financing sources (uses): | | | | |
| Transfers in..... | 449,654 | - | - | - |
| Transfers (out)..... | (323,766) | - | - | - |
| Total other financing sources (uses)..... | <u>125,888</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances..... | 994,759 | 173,952 | 486,677 | 268,009 |
| Fund balances (deficit) | | | | |
| at beginning of year (restated)..... | 1,753,564 | (303,519) | (100,888) | 187,648 |
| Fund balances (deficit) at end of year..... | <u><u>\$ 2,748,323</u></u> | <u><u>\$ (129,567)</u></u> | <u><u>\$ 385,789</u></u> | <u><u>\$ 455,657</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Environmental Fees | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|---|---|
| \$ 378,455 | \$ 54,913 | \$ 1,363,090 |
| 1,369,490 | - | 1,369,490 |
| 93,625 | 2,892,339 | 11,857,663 |
| - | 1,642 | 1,642 |
| - | - | 94,670 |
| 120 | 65 | 165,922 |
| <u>1,841,690</u> | <u>2,948,959</u> | <u>14,852,477</u> |
| - | - | 1,710,827 |
| 1,840,060 | 42,262 | 2,297,534 |
| - | 1,986,128 | 4,837,110 |
| - | 578,964 | 3,841,902 |
| - | - | 23,447 |
| - | - | 913 |
| <u>1,840,060</u> | <u>2,607,354</u> | <u>12,711,733</u> |
| <u>1,630</u> | <u>341,605</u> | <u>2,140,744</u> |
| 323,766 | - | 773,420 |
| - | - | (323,766) |
| <u>323,766</u> | <u>-</u> | <u>449,654</u> |
| 325,396 | 341,605 | 2,590,398 |
| 547,248 | (281,188) | 1,802,865 |
| <u>\$ 872,644</u> | <u>\$ 60,417</u> | <u>\$ 4,393,263</u> |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | | |
|---|-----------|------------------|
| Net change in fund balances - total governmental funds..... | \$ | 2,590,398 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| 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 depreciation expense exceeded capital outlays in the current period. | | |
| Current year depreciation..... | | (47,935) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Intergovernmental revenues..... | \$ 5,736 | |
| Other..... | 4,367 | |
| Total | | 10,103 |
| Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position..... | | |
| | | 23,447 |
| Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. | | |
| Pension..... | 900,269 | |
| OPEB..... | 8,991 | |
| Total | | 909,260 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities. | | |
| Pension..... | (260,355) | |
| OPEB..... | (41,210) | |
| Total | | (301,565) |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds..... | | |
| | | (154,258) |
| Change in net position of governmental activities..... | \$ | 3,029,450 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|--------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Charges for services..... | \$ 867,259 | \$ 736,602 | \$ 971,661 | \$ 235,059 |
| Intergovernmental..... | 3,233,478 | 2,746,336 | 3,622,729 | 876,393 |
| Grants non-governmental..... | 20,737 | 17,613 | 23,233 | 5,620 |
| Other..... | 147,929 | 125,643 | 165,737 | 40,094 |
| Total revenues..... | <u>4,269,403</u> | <u>3,626,194</u> | <u>4,783,360</u> | <u>1,157,166</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 2,103,460 | 2,305,607 | 1,725,670 | 579,937 |
| Environmental public health..... | 519,854 | 589,072 | 390,411 | 198,661 |
| Community public health..... | 542,569 | 697,702 | 579,006 | 118,696 |
| Medical health services | 2,255,029 | 2,232,074 | 1,279,740 | 952,334 |
| Total expenditures..... | <u>5,420,912</u> | <u>5,824,455</u> | <u>3,974,827</u> | <u>1,849,628</u> |
| Excess (deficiency) of revenues over (under) expenditures..... | <u>(1,151,509)</u> | <u>(2,198,261)</u> | <u>808,533</u> | <u>3,006,794</u> |
| Other financing sources (uses): | | | | |
| Transfers in..... | 1,891,837 | 1,606,821 | 2,119,578 | 512,757 |
| Transfers (out)..... | (721,768) | (703,268) | (1,993,690) | (1,290,422) |
| Total other financing sources (uses)..... | <u>1,170,069</u> | <u>903,553</u> | <u>125,888</u> | <u>(777,665)</u> |
| Net change in fund balance..... | 18,560 | (1,294,708) | 934,421 | 2,229,129 |
| Fund balance at beginning of year (restated)..... | 1,699,506 | 1,699,506 | 1,699,506 | - |
| Prior year encumbrances appropriated..... | 98,544 | 98,544 | 98,544 | - |
| Fund balance at end of year..... | <u>\$ 1,816,610</u> | <u>\$ 503,342</u> | <u>\$ 2,732,471</u> | <u>\$ 2,229,129</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WOMEN, INFANTS, AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|---------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental..... | \$ 1,874,715 | \$ 4,123,432 | \$ 2,069,944 | \$ (2,053,488) |
| Expenditures: | | | | |
| Current: | | | | |
| Medical health services..... | <u>1,874,715</u> | <u>4,123,432</u> | <u>3,187,718</u> | <u>935,714</u> |
| Net change in fund balance..... | - | - | (1,117,774) | (1,117,774) |
| Fund balance (deficit) at beginning of year..... | (1,237,551) | (1,237,551) | (1,237,551) | - |
| Prior year encumbrances appropriated..... | <u>1,051,894</u> | <u>1,051,894</u> | <u>1,051,894</u> | - |
| Fund balance (deficit) at end of year..... | <u>\$ (185,657)</u> | <u>\$ (185,657)</u> | <u>\$ (1,303,431)</u> | <u>\$ (1,117,774)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC HEALTH EMERGENCY PREPAREDNESS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|--------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental..... | \$ 138,582 | \$ 3,528,871 | \$ 2,003,955 | \$ (1,524,916) |
| Expenditures: | | | | |
| Current: | | | | |
| Community public health..... | 138,582 | 3,528,871 | 1,897,623 | 1,631,248 |
| Net change in fund balance..... | - | - | 106,332 | 106,332 |
| Fund balance (deficit) at beginning of year..... | <u>(92,760)</u> | <u>(92,760)</u> | <u>(92,760)</u> | <u>-</u> |
| Fund balance (deficit) at end of year..... | <u>\$ (92,760)</u> | <u>\$ (92,760)</u> | <u>\$ 13,572</u> | <u>\$ 106,332</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MATERNAL AND CHILD HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental..... | \$ 1,450,271 | \$ 2,081,689 | \$ 495,921 | \$ (1,585,768) |
| Grants non-governmental..... | 251,314 | 360,731 | 85,937 | (274,794) |
| Total revenues..... | <u>1,701,585</u> | <u>2,442,420</u> | <u>581,858</u> | <u>(1,860,562)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Community public health..... | 1,701,585 | 2,442,420 | 734,784 | 1,707,636 |
| Net change in fund balances..... | - | - | (152,926) | (152,926) |
| Fund balance at beginning of year..... | 1,080,098 | 1,080,098 | 1,080,098 | - |
| Prior year encumbrances appropriated..... | 148,192 | 148,192 | 148,192 | - |
| Fund balance at end of year..... | <u>\$ 1,228,290</u> | <u>\$ 1,228,290</u> | <u>\$ 1,075,364</u> | <u>\$ (152,926)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENVIRONMENTAL FEES FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Charges for services..... | \$ 501,483 | \$ 366,936 | \$ 366,936 | \$ - |
| Licenses and permits..... | 1,870,803 | 1,368,870 | 1,368,870 | - |
| Intergovernmental..... | 127,955 | 93,625 | 93,625 | - |
| Other..... | 164 | 120 | 120 | - |
| Total revenues..... | <u>2,500,405</u> | <u>1,829,551</u> | <u>1,829,551</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Environmental services..... | 2,915,303 | 2,972,530 | 1,857,120 | 1,115,410 |
| Excess of expenditures over revenues..... | (414,898) | (1,142,979) | (27,569) | 1,115,410 |
| Other financing source: | | | | |
| Transfers in..... | 442,484 | 323,766 | 323,766 | - |
| Net change in fund balance..... | 27,586 | (819,213) | 296,197 | 1,115,410 |
| Fund balance at beginning of year..... | 611,711 | 611,711 | 611,711 | - |
| Prior year encumbrances appropriated..... | 510 | 510 | 510 | - |
| Fund balance at end of year..... | <u>\$ 639,807</u> | <u>\$ (206,992)</u> | <u>\$ 908,418</u> | <u>\$ 1,115,410</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | | <u>Enterprise</u> |
|--|-----------|--|
| | | <u>Federally Qualified Health Center</u> |
| Transfer out..... | \$ | (449,654) |
| Change in net position..... | | (449,654) |
| Net position at beginning of year (restated)..... | | <u>449,654</u> |
| Net position at end of year..... | <u>\$</u> | <u>-</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Enterprise |
|---|--|
| | Federally Qualified Health Center |
| Cash flows from noncapital financing activities: | |
| Cash used in transfers out..... | \$ (449,654) |
| Net cash used by noncapital financing activities..... | (449,654) |
| Net decrease in cash and cash equivalents..... | (449,654) |
| Cash and cash equivalents at beginning of year (restated)..... | 449,654 |
| Cash and cash equivalents at end of year..... | \$ - |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

| | Custodial |
|--|------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents with fiscal agent..... | \$ 265,200 |
| Receivables: | |
| Accounts..... | 66,338 |
| Due from other governments..... | 199 |
| Total assets..... | 331,737 |
| Liabilities: | |
| Due to other governments..... | 250,866 |
| Total liabilities..... | 250,866 |
| Net position: | |
| Restricted for other governments..... | \$ 80,871 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Custodial |
|---|------------------|
| Additions: | |
| Licenses, permits and fees collected for other governments..... | \$ 1,216,256 |
| Deductions: | |
| Licenses, permits and fees distributed to other governments..... | 1,210,484 |
| Net change in fiduciary net position..... | 5,772 |
| Net position beginning of year | 75,099 |
| Net position end of year | \$ 80,871 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - DESCRIPTION OF THE HEALTH DISTRICT AND REPORTING ENTITY

The Lucas County Regional Health District (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a thirteen-member Advisory Council made up of the following:

- Four members to be appointed by the Lucas County General Health District Advisory Council.
- Four members to be appointed by the Mayor of the District of Toledo.
- One member to be appointed by the Mayor of the District of Maumee.
- One member to be appointed by the Mayor of the District of Oregon.
- One member to be appointed by the Mayor of the District of Sylvania.
- One member to be appointed by the Mayor of the District of Waterville.
- One member to be appointed by the Health District Licensing Council.

The District is established under Ohio Revised Code § 3709.07, and each member serves a four-year term. The Lucas County Auditor is the fiscal agent responsible for fiscal control of the District's funds and financial report preparation. The District provides services for licensing of recreational vehicle parks; tattoo parlors; swimming pools; food services and vending machines; water wells; solid waste and sewage permits. Furthermore, the District provides public health and medical services; Women, Infants, and Children's Grant Program; Maternal Family Health Service Grant Program; Sixty Plus Program for the seniors; Healthy Start Initiative Program; school health nursing services; nutrition services; pediatric and adult immunizations; pediatric dental services; pediatric optometry services; pharmacy and lab services for the District's patients; ambulatory care services; and many other programs and public health initiatives important to our community.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation and Measurement Focus

The 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The statement of net position presents the financial condition of the governmental activities and business-type 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 District's governmental activities and for the business-type activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. 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 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 revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental and enterprise financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The 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. There are three categories of funds utilized by the District: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which all governmental functions of the District are financed. Governmental fund reporting focuses of the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

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

Women, Infants, and Children (WIC) Fund - This fund accounts for grant monies that are restricted in use for the Special Supplement Nutrition Program, and referrals to health care for low income persons during critical periods of growth and development.

Public Health Emergency Preparedness Fund - This fund is used to promote, protect and improve the health of individuals and communities. Public health workers are often called upon to participate in a coordinated response in effort to prevent epidemics and the spread of disease, protect against environmental hazards, prevent injuries, promote healthy behaviors and prevent unfavorable outcomes to vulnerable population.

Maternal and Child Health Fund - This fund is used to account for all grant monies that are restricted for community programs promoting and improving the health and well-being of reproductive age men and women, mothers, children and their families.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Environmental Fees Fund - This fund accounts for licenses, permits and other fees that are committed for use for environmental health programs that address all the physical, chemical, and biological factors external to a person, and all the related factors impacting behaviors. It encompasses the assessment and control of those environmental factors that can potentially affect health. It is targeted toward preventing disease and creating health-supportive environments. The majority of revenue is generated by the food safety program, which provides assistance in all aspects of food safety to the food service industry and the general public in Lucas County. Licensing is provided to all food service operations (e.g., restaurants, vending machine locations, mobile and temporary food service operations). Other programs address private water systems (i.e. wells), and private sewage systems (tanks, septic).

Other governmental funds of the District are used to account for grants and other resources, whose use is restricted to a particular purpose.

Proprietary Funds - Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows. The District's proprietary funds include one enterprise fund.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The District has one major enterprise fund:

Federally Qualified Health Center Fund - This fund is used to account for the provision of medical services as a Federally Qualified Health Center (FQHC) to residents within the District.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds and custodial funds. The District only maintains custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds are primarily established to account for resources restricted by legally binding trust agreements and funds for which the District is acting in a custodial capacity. The fiduciary fund receives money for the state portion of fees collected and timely remits them to the state.

C. Measurement Focus

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

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Like the government-wide statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its enterprise activity.

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; enterprise and agency funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include intergovernmental contractual allocations from participating local governments, grants, entitlements, and donations. Revenue from intergovernmental contractual allocations, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 12 and 13 for deferred outflows of resources related to the District's net pension liability and net OPEB liability, respectively.

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

For the District, see Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

The Ohio Revised Code requires that all funds, except custodial funds, be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire 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 District during the year.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

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 District.

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which the service is consumed. Governmental fund balance has been presented as nonspendable equal to the balance of the prepaid item at year-end.

G. Inventories of Materials and Supplies

Inventory is valued at cost using the first-in, first-out method. Inventory is recorded as an expenditure/expense when consumed. Governmental fund balance has been presented as nonspendable equal to the balance of the inventory at year-end.

H. Accounts Receivable

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

I. Cash and Investments

The Lucas County Treasurer is the custodian for the District's cash. Lucas County's cash and investment pool holds the District's cash, which is reported at the County Treasurer's carrying amount. See Note 4 for more detail on the District's cash held by Lucas County as fiscal agent.

For purposes of the statement of cash flows, monies held by Lucas County as fiscal agent for the District are considered to be "cash equivalents".

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Contractual Allocation Funding

Annually, the District identifies the intergovernmental revenue amount. That amount is defined as the total District budget minus grant revenues (projected and actual), fee revenues, all other funding sources, and in-kind services provided by the Board of Commissioners and the District of Toledo. The resulting intergovernmental revenue portion of the District's budget is apportioned among the Cities, Townships and Villages based on an agreed percentage. The District of Toledo provides 69.25% of the total intergovernmental revenue; the Villages and Townships of Lucas County, through the District Advisory Council of the Lucas County General Health District provide 16.70% of the total intergovernmental revenue; the District of Oregon provides 4.30%, the District of Maumee provides 3.80%, the District of Sylvania provides 3.35%, the District of Waterville provides 0.85% of the total intergovernmental revenue; and the Board of Commissioners provides 1.75% of the total intergovernmental revenue. The parties agreed and authorized the Lucas County Auditor to deduct each parties' share of the intergovernmental revenue directly from the real estate settlement. The amount of intergovernmental revenue received by the District is included on the financial statement.

K. Capital Assets

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

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> | <u>Business-type Activities Estimated Lives</u> |
|-----------------------------------|--|---|
| Vehicles | 7 - 10 years | N/A |
| Furniture, fixtures and equipment | 5 - 10 years | 5 - 10 years |

L. Net Position

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

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Interfund Transactions and Balances

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

N. Compensated Absences

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate 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.

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees of the District immediately, at the time of employment, become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employee’s eligible to retire or upon retirement under a District recognized retirement plan, with a minimum of ten years of service, are paid one-half of accumulated sick, not to exceed 640 hours of accumulated sick time. All sick, vacation, and personal and compensation payments are made at employees’ current wage rates.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund is reported on the enterprise funds’ financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the District's enterprise fund is charges to customers for services. Operating expenses for the enterprise fund include personnel costs, contract services, materials and supplies, administrative expenses, depreciation on capital assets, fringe benefits, and other miscellaneous expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The enterprise fund reports nonoperating revenues for grants.

Q. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District 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 classification includes amounts that cannot be spent because they are not in spendable form or are legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the Board of Directors (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor 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 policies of the Board of Directors, which includes giving the Chief Financial Officer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

R. Use of Estimates

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred in 2020.

T. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2020, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the District has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the District has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2020 included the following individual fund deficits:

| | |
|--|----------------|
| <u>Major Governmental Fund</u> | <u>Deficit</u> |
| Women, Infants, and Child (WIC) | \$ 129,567 |
| <u>Nonmajor Governmental Funds</u> | |
| HIV and STD Prevention Program | 8,338 |
| Healthy Start | 205,248 |
| Miscellaneous Grants | 33,236 |

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

C. Fund Reclassifications

The District reclassified various departments that previously supported the Federally Qualified Health Center (FQHC) previously reported in the separate FQHC enterprise fund to the general fund. As of June 30, 2018, the District was no longer a Federally Qualified Health Center applicant.

The fund reclassifications had the following effect on fund balance as reported at December 31, 2019:

| | <u>General</u> | <u>Women, Infants, and Children (WIC)</u> | <u>Public Health Emergency Preparedness</u> | <u>Maternal and Child Health</u> | <u>Environmental Fees</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---|---|--------------------------------------|-------------------------------|--|---|
| Fund Balance as previously reported | \$ 1,593,284 | \$ (303,519) | \$ (100,888) | \$ 187,648 | \$ 547,248 | \$ (281,188) | \$ 1,642,585 |
| Reclassification of FQHC operations | <u>160,280</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>160,280</u> |
| Restated Fund Balance, at December 31, 2019 | <u>\$ 1,753,564</u> | <u>\$ (303,519)</u> | <u>\$ (100,888)</u> | <u>\$ 187,648</u> | <u>\$ 547,248</u> | <u>\$ (281,188)</u> | <u>\$ 1,802,865</u> |

The fund reclassifications had the following effect on the net position as reported at December 31, 2019:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|--|------------------------------------|-------------------------------------|
| Net position as previously reported | \$ (11,877,780) | \$ (2,680,407) |
| Reclassification of FQHC operations | <u>(3,130,061)</u> | <u>3,130,061</u> |
| Restated net position at December 31, 2019 | <u>\$ (15,007,841)</u> | <u>\$ 449,654</u> |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

As required by the Ohio Revised Code, the Lucas County Auditor is the fiscal agent of the District. The District's cash pool, used by all funds, is deposited with the Lucas County Treasurer. The cash pool is commingled with Lucas County's cash and investment pool and is not identifiable as to demand deposits or investments. All collections are remitted to the Lucas County Treasurer for deposit and all disbursements are made by warrants prepared by the Lucas County Auditor drawn on deposits held in the name of Lucas County. GASB 3 and GASB 40 requirements for the County of Lucas are presented in the December 31, 2020 Comprehensive Annual Financial Report. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Lucas County Treasurer at December 31, 2020 was \$5,154,839.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2020 consisted of charges for services (primarily billings from clinic services) and intergovernmental receivables arising from grants. Receivables have been recorded to the extent that they are measurable at December 31, 2020. All receivables are expected to be collected in the subsequent year. Amounts due from other governments consisted of the following at year end:

| <u>Fund</u> | <u>Description</u> | <u>Amount</u> |
|--------------------------------------|--------------------|-------------------|
| <u>Governmental</u> | | |
| Women, Infants, and Children (WIC) | Grants - federal | \$ 230,404 |
| Public Health Emergency Preparedness | Grants - federal | 398,956 |
| Maternal and Child Health | Grants - state | 26,354 |
| Environmental Fees | Other | 66 |
| Nonmajor Governmental | Grants - federal | 230,392 |
| Nonmajor Governmental | Grants - state | 4,600 |
| Nonmajor Governmental | Reimbursement | 5,048 |
| | | <u>240,040</u> |
| Total due from other governments | | <u>\$ 895,820</u> |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - CAPITAL ASSETS

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

| | Restated Balance 12/31/19 | Additions | Disposals | Balance 12/31/20 |
|---|---------------------------------|--------------------|-------------|---------------------|
| <u>Governmental activities:</u> | | | | |
| <i>Capital assets, being depreciated:</i> | | | | |
| Furniture, fixtures and equipment | \$ 376,273 | \$ - | \$ - | \$ 376,273 |
| Vehicles | <u>160,893</u> | <u>-</u> | <u>-</u> | <u>160,893</u> |
| Total capital assets, being depreciated | <u>537,166</u> | <u>-</u> | <u>-</u> | <u>537,166</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Furniture, fixtures and equipment | (276,964) | (33,960) | - | (310,924) |
| Vehicles | <u>(135,586)</u> | <u>(13,975)</u> | <u>-</u> | <u>(149,561)</u> |
| Total accumulated depreciation | <u>(412,550)</u> | <u>(47,935)</u> | <u>-</u> | <u>(460,485)</u> |
| Governmental activities capital assets, net | <u>\$ 124,616</u> | <u>\$ (47,935)</u> | <u>\$ -</u> | <u>\$ 76,681</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------|------------------|
| Administration | <u>\$ 47,935</u> |
|----------------|------------------|

NOTE 7 - LONG-TERM OBLIGATIONS

During 2020, the following activity occurred in the District's governmental and business-type long-term obligations.

| <u>Governmental Activities:</u> | Restated Balance 12/31/19 | Additions | Reductions | Balance 12/31/20 | Amounts Due Within One Year |
|---------------------------------|---------------------------------|-------------------|-----------------------|----------------------|-----------------------------------|
| Compensated absences | \$ 999,814 | \$ 622,437 | \$ (550,769) | \$ 1,071,482 | \$ 602,823 |
| Capital lease obligation | 33,496 | - | (23,447) | 10,049 | 10,049 |
| Net pension liability | 12,304,868 | - | (4,624,123) | 7,680,745 | - |
| Net OPEB liability | <u>6,201,875</u> | <u>-</u> | <u>(563,434)</u> | <u>5,638,441</u> | <u>-</u> |
| Total | <u>\$ 19,540,053</u> | <u>\$ 622,437</u> | <u>\$ (5,761,773)</u> | <u>\$ 14,400,717</u> | <u>\$ 612,872</u> |

See Note 8 for further information on the District's capital lease obligation.

Compensated absences will be paid from the General Fund.

See Notes 12 and 13 for further information on the District's net pension liability and net OPEB liability, respectively. The District pays obligations related to employee compensation from the fund benefitting from their services.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - CAPITAL LEASE OBLIGATION

During 2016, the District entered into capital lease agreements for the acquisition of copiers. This lease meets the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by the leases have been capitalized in the amount of \$110,389, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2020 was \$99,351, leaving a current book value of \$11,038.

A corresponding liability was recorded on the statement of net position. In 2020, principal payments of \$23,447 are reflected as debt service principal retirement in the General Fund. The principal payments are reported as a reduction to the long-term liabilities reported on the statement of net position. The following is a schedule of the future minimum lease payments required under the capital lease obligation and the present value of the minimum lease payments as of December 31, 2020:

| <u>Year Ending</u> <u>December 31,</u> | <u>Copiers</u> |
|--|------------------|
| 2021 | \$ 10,150 |
| Total minimum lease payments | 10,150 |
| Less: amount representing interest | <u>(101)</u> |
| Present value of future minimum lease payments | <u>\$ 10,049</u> |

NOTE 9 - INTERFUND TRANSACTIONS

A. Interfund Loans Receivable/Payable

The District had the following interfund loans receivable/payable at year-end:

| | <u>Interfund Loan Receivable</u> |
|---|--------------------------------------|
| <u>Interfund Loan Payable:</u> | <u>General Fund</u> |
| <u>Major Governmental Fund:</u> | |
| Women, Infants, and Children (WIC) Fund | \$ 231,391 |
| Nonmajor Governmental Funds | <u>211,332</u> |
| Total | <u>\$ 442,723</u> |

Interfund loans receivable/payable are reported to cover negative cash balances at year end. The interfund balances will be repaid once the anticipated revenue is received.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - INTERFUND TRANSACTIONS – (Continued)

B. Transfers

Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements.

| | Transfers from: | |
|-------------------------|-----------------|--------------------------------------|
| Transfers to: | General Fund | Federally Qualified Health Center |
| General Fund | \$ - | \$ 449,655 |
| Environmental Fees Fund | 323,766 | - |
| Total | \$ 323,766 | \$ 449,655 |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The District transferred \$449,655 from the Federally Qualified Health Center (FQHC) enterprise fund to the general fund for the close-out of the FQHC fund.

NOTE 10 - RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The District also provides health insurance and dental and vision coverage to eligible employees through Lucas County by use of a private carrier. Settlements did not exceed insurance coverage in any of the past three years. There has been no significant change in coverage from last year.

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**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - OTHER COMMITMENTS

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

| <u>Fund</u> | <u>Year-End Encumbrances</u> |
|--------------------------------------|----------------------------------|
| General | \$ 22,729 |
| Women, Infants, and Children (WIC) | 979,333 |
| Public Health Emergency Preparedness | 50,147 |
| Maternal and Child Health | 106,380 |
| Environmental Fees | 660 |
| Nonmajor Governmental | <u>158,972</u> |
| Total | <u>\$ 1,318,221</u> |

NOTE 12 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability/asset and the net OPEB liability represent 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 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/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires 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 premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’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. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

| Group A | Group B | Group C |
|--|--|--|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 |

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

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**LUCAS COUNTY REGIONAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 % |

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The District's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$900,269 for 2020. Of this amount, \$111,386 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The District's proportion of the net pension liability or asset 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:

| | OPERS - Traditional | OPERS - Combined | OPERS - Member- Directed | Total |
|--|------------------------|---------------------|--------------------------------|--------------|
| Proportion of the net pension liability/asset prior measurement date | 0.04492800% | 0.09832000% | 0.07188100% | |
| Proportion of the net pension liability/asset current measurement date | 0.03885900% | 0.08217800% | 0.05617200% | |
| Change in proportionate share | -0.00606900% | -0.01614200% | -0.01570900% | |
| Proportionate share of the net pension liability | \$ 7,680,745 | \$ - | \$ - | \$ 7,680,745 |
| Proportionate share of the net pension asset | - | (171,361) | (2,123) | (173,484) |
| Pension expense | 223,991 | 19,632 | (1,251) | 242,372 |

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

| | OPERS - Traditional | OPERS - Combined | OPERS - Member- Directed | Total |
|--|------------------------|---------------------|--------------------------------|---------------------|
| Deferred outflows of resources | | | | |
| Differences between expected and actual experience | \$ - | \$ - | \$ 7,097 | \$ 7,097 |
| Changes of assumptions | 410,242 | 17,669 | 344 | 428,255 |
| Changes in employer's proportionate percentage/difference between employer contributions | 6,269 | - | - | 6,269 |
| Contributions subsequent to the measurement date | 825,517 | 52,273 | 22,479 | 900,269 |
| Total deferred outflows of resources | <u>\$ 1,242,028</u> | <u>\$ 69,942</u> | <u>\$ 29,920</u> | <u>\$ 1,341,890</u> |
| Deferred inflows of resources | | | | |
| Differences between expected and actual experience | \$ 97,111 | \$ 40,233 | \$ - | \$ 137,344 |
| Net difference between projected and actual earnings on pension plan investments | 1,532,138 | 22,227 | 671 | 1,555,036 |
| Changes in employer's proportionate percentage/difference between employer contributions | 1,196,339 | - | - | 1,196,339 |
| Total deferred inflows of resources | <u>\$ 2,825,588</u> | <u>\$ 62,460</u> | <u>\$ 671</u> | <u>\$ 2,888,719</u> |

\$900,269 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Ending December 31: | OPERS - Traditional | OPERS - Combined | OPERS - Member- Directed | Total |
|--------------------------|------------------------|---------------------|--------------------------------|-----------------------|
| 2021 | \$ (1,089,800) | \$ (10,916) | \$ 835 | \$ (1,099,881) |
| 2022 | (774,364) | (10,503) | 847 | (784,020) |
| 2023 | 63,443 | (4,306) | 1,013 | 60,150 |
| 2024 | (608,356) | (12,444) | 755 | (620,045) |
| 2025 | - | (2,318) | 909 | (1,409) |
| Thereafter | - | (4,304) | 2,411 | (1,893) |
| Total | \$ (2,409,077) | \$ (44,791) | \$ 6,770 | \$ (2,447,098) |

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 was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

| | |
|---|--|
| Wage inflation | 3.25% |
| Future salary increases, including inflation COLA or ad hoc COLA | 3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple |
| Investment rate of return | |
| Current measurement date | 7.20% |
| Prior measurement date | 7.20% |
| Actuarial cost method | Individual entry age |

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% 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 long-term expected rate of return on defined benefit 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|---|
| Fixed income | 25.00 % | 1.83 % |
| Domestic equities | 19.00 | 5.75 |
| Real estate | 10.00 | 5.20 |
| Private equity | 12.00 | 10.70 |
| International equities | 21.00 | 7.66 |
| Other investments | 13.00 | 4.98 |
| Total | 100.00 % | 5.61 % |

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan 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/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---------------|--------------------------|--------------|
| District's proportionate share of the net pension liability (asset): | | | |
| Traditional Pension Plan | \$ 12,668,034 | \$ 7,680,745 | \$ 3,197,319 |
| Combined Plan | (103,544) | (171,361) | (220,237) |
| Member-Directed Plan | (1,123) | (2,123) | (2,809) |

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 12 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 allowing 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

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 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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 was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$8,991 for 2020. Of this amount, \$1,112 is reported as due to other governments.

Net 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. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

| | OPERS |
|---|----------------------------|
| Proportion of the net OPEB liability prior measurement date | 0.04756900% |
| Proportion of the net OPEB liability current measurement date | <u>0.04082100%</u> |
| Change in proportionate share | <u><u>-0.00674800%</u></u> |
| | |
| Proportionate share of the net OPEB liability | \$ 5,638,441 |
| OPEB expense | \$ 59,193 |

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

| | OPERS |
|---|----------------------------|
| Deferred outflows of resources | |
| Differences between expected and actual experience | \$ 151 |
| Changes of assumptions | 892,506 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 26,317 |
| Contributions subsequent to the measurement date | 8,991 |
| Total deferred outflows of resources | <u><u>\$ 927,965</u></u> |
| | |
| | OPERS |
| Deferred inflows of resources | |
| Differences between expected and actual experience | \$ 515,660 |
| Net difference between projected and actual earnings on OPEB plan investments | 287,108 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 813,386 |
| Total deferred inflows of resources | <u><u>\$ 1,616,154</u></u> |

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FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$8,991 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

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

| Year Ending December 31: | OPERS |
|--------------------------|--------------|
| 2021 | \$ (426,890) |
| 2022 | (147,832) |
| 2023 | 227 |
| 2024 | (122,684) |
| 2025 | (1) |
| Thereafter | - |
| Total | \$ (697,180) |

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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between 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, including inflation | 3.25 to 10.75% including wage inflation |
| Single Discount Rate: | |
| Current measurement date | 3.16% |
| Prior Measurement date | 3.96% |
| Investment Rate of Return | |
| Current measurement date | 6.00% |
| Prior Measurement date | 6.00% |
| Municipal Bond Rate | |
| Current measurement date | 2.75% |
| Prior Measurement date | 3.71% |
| Health Care Cost Trend Rate | |
| Current measurement date | 10.00% initial, 3.50% ultimate in 2030 |
| Prior Measurement date | 7.50%, initial 3.25%, ultimate in 2029 |
| Actuarial Cost Method | Individual Entry Age Normal |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The most recent experience study was 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.70% for 2019.

The allocation of investment assets within 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 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.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

| <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 | 4.90 |
| 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. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% 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 proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the 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:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| District's proportionate share of the net OPEB liability | \$ 7,378,804 | \$ 5,638,441 | \$ 4,244,976 |

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 1.00% lower or 1.00% higher than the current rate.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

| | 1% Decrease | Current Health Care Trend Rate Assumption | 1% Increase |
|---|--------------|---|--------------|
| District's proportionate share of the net OPEB liability | \$ 5,472,055 | \$ 5,638,441 | \$ 5,802,705 |

Changes between Measurement Date and Reporting Date

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

NOTE 14 - OTHER EMPLOYEE BENEFITS

Compensated Absences

All employees shall be entitled to sick leave in accordance with Sections 124.38 and 124.39 of the Ohio Revised Code as follows. Each employee shall be entitled to 4.615 hours of sick pay for each 80 hours of service completed. Upon retirement, an eligible employee shall be paid one-half of accrued, but unused sick leave credit up to a maximum of 80 days (640 hours).

District's employees are entitled to vacation leave, depending upon length of service. Accumulated, unused vacation leave is paid to employees upon termination of employment.

NOTE 15 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2020.

B. Litigation

The District is not currently involved in litigation for which the District's legal counsel anticipates a loss.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - FUND BALANCE

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

| Fund balance | General Fund | Women, Infants, and Children (WIC) Fund | Public Health Emergency Preparedness Fund | Maternal and Child Health Fund | Environmental Fees Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------|---------------------|--|--|--------------------------------------|-------------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | | | |
| Materials and supplies inventory | \$ 99,972 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 99,972 |
| Prepayments | 11,893 | - | 2,949 | 556 | 3,125 | 4,333 | 22,856 |
| Total nonspendable | 111,865 | - | 2,949 | 556 | 3,125 | 4,333 | 122,828 |
| Restricted: | | | | | | | |
| Clinical programs | - | - | - | - | - | 200,278 | 200,278 |
| Environmental programs | - | - | - | - | 869,519 | 392 | 869,911 |
| Community programs | 21,242 | - | 382,840 | 455,101 | - | 103,926 | 963,109 |
| Total restricted | 21,242 | - | 382,840 | 455,101 | 869,519 | 304,596 | 2,033,298 |
| Committed: | | | | | | | |
| Clinical programs | 6,659 | - | - | - | - | - | 6,659 |
| Assigned: | | | | | | | |
| Clinical programs | 17,231 | - | - | - | - | - | 17,231 |
| Environmental programs | 31 | - | - | - | - | - | 31 |
| Community programs | 319 | - | - | - | - | - | 319 |
| Administration | 5,148 | - | - | - | - | - | 5,148 |
| Total assigned | 22,729 | - | - | - | - | - | 22,729 |
| Unassigned (deficit) | 2,585,829 | (129,567) | - | - | - | (248,512) | 2,207,750 |
| Total fund balances (deficit) | \$ 2,748,324 | \$ (129,567) | \$ 385,789 | \$ 455,657 | \$ 872,644 | \$ 60,417 | \$ 4,393,264 |

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of revenues, expenditures and changes in fund balances - budget 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 compared to budgeted. The major differences between the budget basis and GAAP basis are as follows:

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP); and,
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (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.

| | General Fund | Women, Infants, and Children (WIC) Fund | Public Health Emergency Preparedness Fund | Maternal and Child Health Fund | Environmental Fees Fund |
|---|-------------------|--|--|---|-------------------------------|
| Budget basis | \$ 934,421 | \$ (1,117,774) | \$ 106,332 | \$ (152,926) | \$ 296,197 |
| Net adjustment for revenue accruals | (41,453) | 230,404 | 398,956 | 34,804 | 12,139 |
| Net adjustment for expenditure accruals | 55,940 | (10,718) | (168,153) | 258,898 | 16,345 |
| Net adjustment for other financing (uses) accruals | - | - | - | - | - |
| Encumbrances | <u>45,851</u> | <u>1,072,040</u> | <u>149,542</u> | <u>127,233</u> | <u>715</u> |
| GAAP basis | <u>\$ 994,759</u> | <u>\$ 173,952</u> | <u>\$ 486,677</u> | <u>\$ 268,009</u> | <u>\$ 325,396</u> |

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the District participate 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 District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the District received \$1,680,930 as an on-behalf of grant from another government.

REQUIRED SUPPLEMENTARY INFORMATION

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|--------------|---------------|--------------|---------------|
| <i>Traditional Plan:</i> | | | | |
| District's proportion of the net pension liability | 0.038859% | 0.044928% | 0.052572% | 0.052278% |
| District's proportionate share of the net pension liability | \$ 7,680,745 | \$ 12,304,868 | \$ 8,247,528 | \$ 11,871,445 |
| District's covered payroll | \$ 5,536,879 | \$ 6,019,529 | \$ 6,950,369 | \$ 6,557,275 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 138.72% | 204.42% | 118.66% | 181.04% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.17% | 74.70% | 84.66% | 77.25% |
| <i>Combined Plan:</i> | | | | |
| District's proportion of the net pension asset | 0.082178% | 0.098320% | 0.113134% | 0.152181% |
| District's proportionate share of the net pension asset | \$ 171,361 | \$ 109,944 | \$ 154,012 | \$ 84,699 |
| District's covered payroll | \$ 365,821 | \$ 420,507 | \$ 463,338 | \$ 592,375 |
| District's proportionate share of the net pension asset as a percentage of its covered payroll | 46.84% | 26.15% | 33.24% | 14.30% |
| Plan fiduciary net position as a percentage of the total pension asset | 145.28% | 126.64% | 137.28% | 116.55% |
| <i>Member Directed Plan:</i> | | | | |
| District's proportion of the net pension asset | 0.056172% | 0.071881% | 0.072736% | 0.655500% |
| District's proportionate share of the net pension asset | \$ 2,123 | \$ 1,638 | \$ 2,539 | \$ 2,730 |
| District's covered payroll | \$ 333,900 | \$ 410,900 | \$ 398,660 | \$ 269,392 |
| District's proportionate share of the net pension asset as a percentage of its covered payroll | 0.64% | 0.40% | 0.64% | 1.01% |
| Plan fiduciary net position as a percentage of the total pension asset | 118.84% | 113.42% | 124.46% | 103.40% |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------|--------------|--------------|
| 0.052733% | 0.043174% | 0.043174% |
| \$ 9,134,020 | \$ 5,207,267 | \$ 5,089,652 |
| \$ 7,325,283 | \$ 5,715,592 | \$ 5,121,985 |
| 124.69% | 91.11% | 99.37% |
| 81.08% | 86.45% | 86.36% |
| 0.125450% | 0.081099% | 0.081099% |
| \$ 61,047 | \$ 31,225 | \$ 8,510 |
| \$ 286,675 | \$ 296,450 | \$ 243,415 |
| 21.29% | 10.53% | 3.50% |
| 116.90% | 114.83% | 104.56% |
| 0.064203% | n/a | n/a |
| \$ 245 | n/a | n/a |
| \$ 357,567 | n/a | n/a |
| 0.07% | n/a | n/a |
| 103.91% | n/a | n/a |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

| | LAST TEN YEARS | | | |
|--|------------------|------------------|------------------|------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ 825,517 | \$ 775,163 | \$ 842,734 | \$ 903,548 |
| Contributions in relation to the contractually required contribution | <u>(825,517)</u> | <u>(775,163)</u> | <u>(842,734)</u> | <u>(903,548)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 5,896,550 | \$ 5,536,879 | \$ 6,019,529 | \$ 6,950,369 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 13.00% |
| <i>Combined Plan:</i> | | | | |
| Contractually required contribution | \$ 52,273 | \$ 51,215 | \$ 58,871 | \$ 60,234 |
| Contributions in relation to the contractually required contribution | <u>(52,273)</u> | <u>(51,215)</u> | <u>(58,871)</u> | <u>(60,234)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 373,379 | \$ 365,821 | \$ 420,507 | \$ 463,338 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 13.00% |
| <i>Member Directed Plan:</i> | | | | |
| Contractually required contribution | \$ 22,479 | \$ 33,390 | \$ 41,090 | \$ 39,866 |
| Contributions in relation to the contractually required contribution | <u>(22,479)</u> | <u>(33,390)</u> | <u>(41,090)</u> | <u>(39,866)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 224,790 | \$ 333,900 | \$ 410,900 | \$ 398,660 |
| Contributions as a percentage of covered payroll | 10.00% | 10.00% | 10.00% | 10.00% |

Note: Information prior to 2010 for the District's traditional plan and combined plan and prior to 2015 for the District's member directed plan was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 786,873 | \$ 879,034 | \$ 685,871 | \$ 665,858 | \$ 521,711 | \$ 597,859 |
| <u>(786,873)</u> | <u>(879,034)</u> | <u>(685,871)</u> | <u>(665,858)</u> | <u>(521,711)</u> | <u>(597,859)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 6,557,275 | \$ 7,325,283 | \$ 5,715,592 | \$ 5,121,985 | \$ 5,217,110 | \$ 5,978,590 |
| 12.00% | 12.00% | 12.00% | 13.00% | 10.00% | 10.00% |
| \$ 71,085 | \$ 34,401 | \$ 35,574 | \$ 31,644 | \$ 18,283 | \$ 21,515 |
| <u>(71,085)</u> | <u>(34,401)</u> | <u>(35,574)</u> | <u>(31,644)</u> | <u>(18,283)</u> | <u>(21,515)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 592,375 | \$ 286,675 | \$ 296,450 | \$ 243,415 | \$ 229,975 | \$ 270,629 |
| 12.00% | 12.00% | 12.00% | 13.00% | 7.95% | 7.95% |
| \$ 32,327 | \$ 42,908 | | | | |
| <u>(32,327)</u> | <u>(42,908)</u> | | | | |
| <u>\$ -</u> | <u>\$ -</u> | | | | |
| \$ 269,392 | \$ 357,567 | | | | |
| 12.00% | 12.00% | | | | |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|
| District's proportion of the net OPEB liability | 0.040821% | 0.047569% | 0.055130% | 0.055453% |
| District's proportionate share of the net OPEB liability | \$ 5,638,441 | \$ 6,201,875 | \$ 5,986,712 | \$ 5,600,972 |
| District's covered payroll | \$ 6,236,600 | \$ 6,850,936 | \$ 7,812,367 | \$ 7,419,042 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 90.41% | 90.53% | 76.63% | 75.49% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 47.80% | 46.33% | 54.14% | 54.05% |

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 8,991 | \$ 13,356 | \$ 16,436 | \$ 90,083 |
| Contributions in relation to the contractually required contribution | <u>(8,991)</u> | <u>(13,356)</u> | <u>(16,436)</u> | <u>(90,083)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 6,494,719 | \$ 6,236,600 | \$ 6,850,936 | \$ 7,812,367 |
| Contributions as a percentage of covered payroll | 0.14% | 0.21% | 0.24% | 1.15% |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u> | <u>2015</u> | <u>2014</u> |
|------------------|------------------|------------------|
| \$ 158,306 | \$ 152,239 | \$ 114,731 |
| <u>(158,306)</u> | <u>(152,239)</u> | <u>(114,731)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 7,419,042 | \$ 7,969,525 | \$ 6,012,042 |
| 2.13% | 1.91% | 1.91% |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

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**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title | Federal CFDA Number | Pass Through Entity Identifying Number | Provided Through to Subrecipients | Total Federal Receipts | Total Federal Expenditures |
|---|---------------------------|--|---|------------------------------|----------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE (AG) <i>Passed Through Ohio Department of Health</i> | | | | | |
| WIC Special Supplemental Nutrition Program for Women, Infants and Children | 10.557 | 048-1-001-1-WA | \$ 1,138,154 | \$ 2,069,944 | \$ 2,115,678 |
| Total U.S. Department of Agriculture | | | <u>1,138,154</u> | <u>2,069,944</u> | <u>2,115,678</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) <i>Passed Through City of Toledo</i> | | | | | |
| CDBG - Entitlement Grants Cluster: | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | n/a | | 49,040 | 41,381 |
| COVID-19 - Community Development Block Grants/Entitlement Grants | | | | - | 1,964 |
| Total CDBG - Entitlement Grants Cluster | | | | <u>49,040</u> | <u>43,345</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>49,040</u> | <u>43,345</u> |
| U.S. DEPARTMENT OF TREASURY (TREAS) <i>Passed Through Ohio Department of Health</i> | | | | | |
| COVID-19 - Coronavirus Relief Fund | 21.019 | 048-1-001-2-CT | | 495,587 | 793,624 |
| | 21.019 | 048-1-001-2-CO | | 276,150 | 164,800 |
| | 21.019 | 048-1-001-1-RC | | <u>383,592</u> | <u>13,042</u> |
| Total COVID-19 - Coronavirus Relief Fund | | | | <u>1,155,328</u> | <u>971,466</u> |
| Total U.S. Department of Treasury | | | | <u>1,155,328</u> | <u>971,466</u> |
| U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA) <i>Passed Through Ohio Environmental Protection Agency</i> | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | n/a | | - | 223 |
| Total U.S. Environmental Protection Agency | | | | - | <u>223</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) <i>Direct Program</i> | | | | | |
| Healthy Start Initiative | 93.926 | H49MC27825 | 351,594 | 790,555 | 778,550 |
| <i>Passed Through Ohio Department of Aging</i> <i>Passed Through Area Office on Aging of Northwest Ohio, Inc.</i> | | | | | |
| Aging Cluster | | | | | |
| Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | n/a | | 8,536 | 21,536 |
| Total Aging Cluster | | | | 8,536 | 21,536 |
| <i>Passed Through Ohio Department of Health</i> | | | | | |
| Public Health Emergency Preparedness | 93.069 | 048-1-001-2-PH | | 323,023 | 270,557 |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | 048-1-001-4-DR | | 84,167 | 75,977 |
| Family Planning Services | 93.217 | 048-1-001-1-RH | | 256,683 | 276,109 |
| Immunization Cooperative Agreements | 93.268 | 048-1-001-2-GV | | 65,150 | 54,349 |
| Centers for Disease Control and Prevention Investigations and Technical Assistance | 93.283 | n/a | | - | 30 |
| PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs- Financed in part by 2018 Prevention and Public Health funds (PPHF) | 93.305 | 048-1-001-4-CC 048-1-001-4-TU | | - | 1,745 |
| COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | 048-1-001-2-CO | | 525,603 | 504,094 |
| National and State Tobacco Control Program | 93.387 | 048-1-001-4-TU | | - | 4,851 |
| State Physical Activity and Nutrition (SPAN) | 93.439 | 048-1-001-4-CK | | 8,477 | 8,930 |
| Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) | 93.758 | 048-1-001-4-CC | | - | 245 |
| Opioid STR | 93.788 | 048-1-001-4-IN | | 331,625 | 258,293 |
| HIV Prevention Activities Health Department Based | 93.940 | 048-1-001-2-HP | 39,995 | 226,460 | 269,241 |
| Sexually Transmitted Diseases (STD) Prevention and Control Grants | 93.977 | 048-1-001-2-ST | | 57,158 | 60,934 |
| Preventative Health and Health Services Block Grant | 93.991 | 048-1-001-4-CC | | 103,105 | 81,309 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 048-1-001-1-OE | | 179,321 | 127,017 |
| Total U.S. Department of Health and Human Services | | | <u>391,589</u> | <u>2,959,861</u> | <u>2,793,767</u> |
| TOTAL Expenditures of Federal Awards | | | <u>\$ 1,529,743</u> | <u>6,234,173</u> | <u>\$ 5,924,479</u> |

The accompanying notes are an integral part of this schedule.

**Lucas County Regional Health District
Lucas County**

**Notes to the Schedule of Federal Awards Receipts and Expenditures
2 CFR 200.510(b)(6)
For the Year Ended December 31, 2020**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - MATCHING REQUIREMENTS

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

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

Lucas County Regional Health District
Lucas County
635 North Erie Street
Toledo, Ohio 43604

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lucas County Regional Health District, Lucas 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 basic financial statements and have issued our report thereon dated August 25, 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 25, 2021.

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.
August 25, 2021

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

Lucas County Regional Health District
Lucas County
635 North Erie Street
Toledo, Ohio 43604

To the Members of the Board:

Report on Compliance for the Major Federal Programs

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

Management's Responsibility

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

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

Opinion on the Major Federal Programs

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

Report on Internal Control Over Compliance

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

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

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

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



Charles E. Harris & Associates, Inc.
August 25, 2021

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Coronavirus Relief Fund – CFDA # 21.019 Health Start Initiative – CFDA# 93.926 COVID-19 PHEP – CFDA# 93.354 Opioid STR – CDFA # 93.788 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR §200.520? | No |

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS 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**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management
December 31, 2020

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|--|-----------|------------------------|
| 2019-001 | Significant Deficiency – Financial Reporting | Corrected | |

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OHIO AUDITOR OF STATE KEITH FABER



LUCAS COUNTY REGIONAL HEALTH DISTRICT

LUCAS 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 11/16/2021

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