

LUCAS COUNTY REGIONAL HEALTH DISTRICT

LUCAS COUNTY

Single Audit

For the Year Ended December 31, 2023





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Board of Health
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, 2023 through December 31, 2023. 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

July 12, 2024

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**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY
For the Year Ended December 31, 2023
Table of Contents**

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis	4
Statement of Activities – Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6 - 7
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance - Governmental Funds	8 - 9
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	10
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) - Women, Infants & Children	11
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) - Miscellaneous Grant	12
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) - Environmental Fees	13
Statement of Fiduciary Net Position - Cash Basis	14
Statement of Changes in Fiduciary Net Position - Cash Basis	15
Notes to the Basic Financial Statements	16 - 29
Schedule of Receipts and Expenditures of Federal Awards - (Prepared by Management)	30 - 31
Notes to the Schedule of Receipts and Expenditures of Federal Awards - (Prepared by Management)	32
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 <i>Government Auditing Standards</i>	33 - 34
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	35 - 37
Schedule of Findings	38

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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 Audit of the Financial Statements

Opinion

We have audited the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lucas County Regional Health District, Lucas County, Ohio (the Health District), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Health District, as of December 31, 2023, and the respective changes in cash basis financial position thereof and the respective budgetary comparison for the General, WIC, Miscellaneous Grant and Environmental Fees funds for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

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

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Supplementary Information

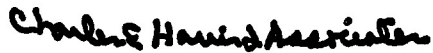
Our audit was conducted to opine on the financial statements as a whole that collectively comprise the Health District's basic financial statements.

The Schedule of Receipts and Expenditures of Federal Awards (Schedule) 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* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 10, 2024

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

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2023

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	
with fiscal agent.....	\$ 6,121,014
Total assets	\$ 6,121,014
 Net position:	
Restricted for:	
Other purposes.....	\$ 2,424,294
Unrestricted	3,696,720
Total net position	\$ 6,121,014

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Cash	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Disbursements	Charges for Services and Sales	
Governmental activities:				
Administration.....	\$ 2,239,578	\$ (4,579)	\$ 272,869	\$ (1,971,288)
Environmental public health.....	3,427,054	1,709,154	842,546	(875,354)
Community public health.....	5,874,862	584,580	4,459,878	(830,404)
Medical health services.....	4,305,223	642,585	2,930,356	(732,282)
Total governmental activities	\$ 15,846,717	\$ 2,931,740	\$ 8,505,649	(4,409,328)
General Receipts:				
Grants and entitlements not restricted to specific programs.....				3,737,371
Miscellaneous.....				534,223
Total general receipts.....				4,271,594
Change in net position.....				(137,734)
Net position at beginning of year.....				6,258,748
Net position at end of year.....				\$ 6,121,014

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	<u>General</u>	<u>Women, Infants, and Children (WIC)</u>	<u>Miscellaneous Grant Fund</u>	<u>Environmental Fees</u>
Assets:				
Equity in pooled cash and cash equivalents with fiscal agent.....	\$ 4,645,983	\$ (114,300)	\$ (245,844)	\$ 1,234,126
Total assets.....	<u>\$ 4,645,983</u>	<u>\$ (114,300)</u>	<u>\$ (245,844)</u>	<u>\$ 1,234,126</u>
Fund balances:				
Restricted	\$ 137,801	\$ -	\$ -	\$ 1,234,126
Committed.....	6,659	-	-	-
Assigned.....	103,585	-	-	-
Unassigned (deficit).....	<u>4,397,938</u>	<u>(114,300)</u>	<u>(245,844)</u>	<u>-</u>
Total fund balances (deficit).....	<u>\$ 4,645,983</u>	<u>\$ (114,300)</u>	<u>\$ (245,844)</u>	<u>\$ 1,234,126</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 601,049	\$ 6,121,014
<u>\$ 601,049</u>	<u>\$ 6,121,014</u>
\$ 1,052,367	\$ 2,424,294
-	6,659
-	103,585
<u>(451,318)</u>	<u>3,586,476</u>
<u>\$ 601,049</u>	<u>\$ 6,121,014</u>

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General</u>	<u>Women, Infants, and Children (WIC)</u>	<u>Miscellaneous Grant Fund</u>	<u>Environmental Fees</u>
Receipts:				
Charges for services.....	\$ 1,123,224	\$ -	\$ -	\$ 314,130
Licenses and permits.....	-	-	-	1,394,834
Intergovernmental.....	4,265,122	2,195,624	1,598,238	533,925
Contributions and donations.....	11,764	-	-	-
Other.....	535,358	-	2,262	148
Total receipts.....	<u>5,935,468</u>	<u>2,195,624</u>	<u>1,600,500</u>	<u>2,243,037</u>
Disbursements:				
Current:				
Administration.....	2,214,051	-	25,527	-
Environmental public health.....	444,798	-	271,558	2,710,698
Community public health.....	681,357	-	1,351,263	-
Medical health services.....	1,499,264	2,146,130	134,597	-
Total disbursements	<u>4,839,470</u>	<u>2,146,130</u>	<u>1,782,945</u>	<u>2,710,698</u>
Excess (deficiency) of receipts over (under) disbursements.....	<u>1,095,998</u>	<u>49,494</u>	<u>(182,445)</u>	<u>(467,661)</u>
Other financing sources (uses):				
Transfers in.....	-	-	-	528,424
Transfers (out).....	(528,424)	-	-	-
Total other financing sources (uses).....	<u>(528,424)</u>	<u>-</u>	<u>-</u>	<u>528,424</u>
Net change in fund balances.....	567,574	49,494	(182,445)	60,763
Fund balances (deficit)				
at beginning of year	<u>4,078,409</u>	<u>(163,794)</u>	<u>(63,399)</u>	<u>1,173,363</u>
Fund balances (deficit) at end of year.....	<u>\$ 4,645,983</u>	<u>\$ (114,300)</u>	<u>\$ (245,844)</u>	<u>\$ 1,234,126</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 98,416	\$ 1,535,770
-	1,394,834
3,599,230	12,192,139
220	11,984
36,488	574,256
<u>3,734,354</u>	<u>15,708,983</u>
-	2,239,578
-	3,427,054
3,842,242	5,874,862
525,232	4,305,223
<u>4,367,474</u>	<u>15,846,717</u>
<u>(633,120)</u>	<u>(137,734)</u>
-	528,424
-	<u>(528,424)</u>
<u>-</u>	<u>-</u>
(633,120)	(137,734)
<u>1,234,169</u>	<u>6,258,748</u>
<u>\$ 601,049</u>	<u>\$ 6,121,014</u>

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Charges for services.....	\$ 1,343,430	\$ 1,445,019	\$ 1,115,548	\$ (329,471)
Intergovernmental.....	5,136,394	5,524,804	4,265,122	(1,259,682)
Contributions and donations	14,167	15,238	11,764	(3,474)
Grants non-governmental.....	-	-	-	-
Other.....	644,720	693,473	535,358	(158,115)
Total receipts	<u>7,138,711</u>	<u>7,678,534</u>	<u>5,927,792</u>	<u>(1,750,742)</u>
Disbursements:				
Current:				
Administration	2,477,573	3,027,170	2,252,904	774,266
Environmental public health.....	655,949	681,955	487,529	194,426
Community public health.....	857,431	888,421	685,280	203,141
Medical health services	1,735,459	2,015,525	1,517,342	498,183
Total disbursements	<u>5,726,412</u>	<u>6,613,071</u>	<u>4,943,055</u>	<u>1,670,016</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,412,299</u>	<u>1,065,463</u>	<u>984,737</u>	<u>(80,726)</u>
Other financing uses:				
Transfers out.....	(1,116,510)	(1,126,930)	(528,424)	598,506
Total other financing uses	<u>(1,116,510)</u>	<u>(1,126,930)</u>	<u>(528,424)</u>	<u>598,506</u>
Net change in fund balance.....	295,789	(61,467)	456,313	517,780
Fund balance at beginning of year	4,025,329	4,025,329	4,025,329	-
Prior year encumbrances appropriated.....	45,816	45,816	45,816	-
Fund balance at end of year.....	<u>\$ 4,366,934</u>	<u>\$ 4,009,678</u>	<u>\$ 4,527,458</u>	<u>\$ 517,780</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WOMEN, INFANTS, AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental.....	\$ 2,228,648	\$ 2,410,011	\$ 2,195,624	\$ (214,387)
Disbursements:				
Current:				
Medical health services.....	4,701,260	2,291,249	3,320,906	(1,029,657)
Net change in fund balance.....	(2,472,612)	118,762	(1,125,282)	(1,244,044)
Fund balance (deficit) at beginning of year.....	(1,225,075)	(1,225,075)	(1,225,075)	-
Prior year encumbrances appropriated.....	1,061,281	1,061,281	1,061,281	-
Fund balance (deficit) at end of year.....	<u>\$ (2,636,406)</u>	<u>\$ (45,032)</u>	<u>\$ (1,289,076)</u>	<u>\$ (1,244,044)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental.....	\$ 1,754,239	\$ 1,896,996	\$ 1,598,238	\$ (298,758)
Other.....	2,483	2,685	2,262	(423)
Total receipts.....	<u>1,756,722</u>	<u>1,899,681</u>	<u>1,600,500</u>	<u>(299,181)</u>
Disbursements:				
Current:				
Administration.....	66,575	66,575	65,551	1,024
Environmental public health.....	719,598	719,598	271,558	448,040
Community public health.....	4,298,039	4,298,039	1,366,059	2,931,980
Medical health services.....	312,401	312,401	134,597	177,804
Total disbursements.....	<u>5,396,613</u>	<u>5,396,613</u>	<u>1,837,765</u>	<u>3,558,848</u>
Net change in fund balances.....	(3,639,891)	(3,496,932)	(237,265)	3,259,667
Fund balance (deficit) at beginning of year.....	(176,839)	(176,839)	(176,839)	-
Prior year encumbrances appropriated.....	113,440	113,440	113,440	-
Fund balance (deficit) at end of year.....	<u>\$ (3,703,290)</u>	<u>\$ (3,560,331)</u>	<u>\$ (300,664)</u>	<u>\$ 3,259,667</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENVIRONMENTAL FEES FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for services.....	\$ 375,847	\$ 394,748	\$ 314,130	\$ (80,618)
Licenses and permits.....	1,668,876	1,752,804	1,394,834	(357,970)
Intergovernmental.....	638,825	670,952	533,925	(137,027)
Other.....	177	186	148	(38)
Total receipts	<u>2,683,725</u>	<u>2,818,690</u>	<u>2,243,037</u>	<u>(575,653)</u>
Disbursements:				
Current:				
Environmental services.....	3,956,242	3,342,596	2,711,482	631,114
Excess (deficiency) of receipts over (under) disbursements	(1,272,517)	(523,906)	(468,445)	55,461
Other financing source:				
Transfers in.....	632,243	664,039	528,424	(135,615)
Net change in fund balance.....	(640,274)	140,133	59,979	(80,154)
Fund balance at beginning of year	1,169,688	1,169,688	1,169,688	-
Prior year encumbrances appropriated	3,675	3,675	3,675	-
Fund balance at end of year	<u>\$ 533,089</u>	<u>\$ 1,313,496</u>	<u>\$ 1,233,342</u>	<u>\$ (80,154)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2023

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	
with fiscal agent.....	<u>\$ 291,709</u>
Net position:	
Restricted for other governments.....	<u>\$ 291,709</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Custodial
Additions:	
Licenses, permits and fees collected for other governments.....	\$ 1,239,285
Deductions:	
Licenses, permits and fees distributed to other governments.....	1,232,426
Net change in fiduciary net position.....	6,859
Net position beginning of year	284,850
Net position end of year	\$ 291,709

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, 2023**

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District’s accounting policies.

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 – cash basis and a statement of activities – cash basis, 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 show those activities of the District that are governmental. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

The statement of net position – cash basis presents the financial condition of the governmental activities and business-type activities for the District at year end. The statement of activities - cash basis compares disbursements and program receipts for each program or function of the District’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain, limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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: governmental, proprietary, and fiduciary. The District has no proprietary funds. Funds are used to segregate resources that are restricted as to use.

Governmental Funds - Governmental funds are those through which all governmental functions of the District are financed.

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.

Miscellaneous Grant Fund - This fund is used to account for all grant monies that are not accounted for in another fund.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Proprietary Funds - Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows. The District does not have any proprietary funds.

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. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets, and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

E. 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.

F. 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.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

K. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

L. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

M. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

N. Net Position

Net position is reported as restricted to the extent of limitations imposed on its use, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes monies restricted by grantors and reported in special revenue funds.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

O. 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 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 (resolution) of the Board of Directors. 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 (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. 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 or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Directors or a District official delegated that authority by resolution, or by State statute. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated receipts and appropriations in the subsequent year's appropriated budget in the general fund.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is 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, 2023

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

The District applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 disbursements to the funds that initially paid for them are not presented in the financial statements.

Q. Leases

Accruals related to leases (as defined by GASB 87) are not reflected under the District's cash basis of accounting. Lease receipts/disbursements are recognized when they are received/paid.

R. Subscription Based Information Technology Arrangements

Accruals related to Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the District's cash basis of accounting. SBITA disbursements are recognized when they are paid.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2023, the District has implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at December 31, 2023 included the following individual fund deficits:

	<u>Deficit</u>
<u>Major governmental funds</u>	
Women, Infant, and Children (WIC)	\$ 114,300
Miscellaneous Grants	245,844
 <u>Nonmajor governmental funds</u>	
HIV and STD Prevention Program	\$ 59,620
Creating Healthy Communities	12,757
Healthy Start	378,941

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

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, 2023 Annual Comprehensive Financial Report. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Lucas County Treasurer at December 31, 2023 was \$6,412,723.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2023, consisted of the following, as reported on the fund financial statements.

	<u>Transfers from:</u>
<u>Transfers to:</u>	General Fund
Environmental Fees Fund	\$ 528,424

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

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.

NOTE 6 - 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.

NOTE 7 - 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 in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 103,585
Women, Infants, and Children (WIC)	1,174,776
Miscellaneous Grants	54,820
Environmental Fees	784
Nonmajor Governmental	<u>492,706</u>
Total	<u>\$ 1,826,671</u>

NOTE 8 – PENSION PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 8 – PENSION PLAN – (Continued)

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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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 amount of a member’s pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible 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 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 – PENSION PLAN – (Continued)

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 20.00% 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 and will continue to be administered by OPERS), 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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 \$1,016,776 for 2023.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 – POSTEMPLOYMENT BENEFIT PLAN

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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 – POSTEMPLOYMENT BENEFIT PLAN – (Continued)

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, 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. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. 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 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$17,128 for 2023.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 10 – 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 11 - 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, 2023.

B. Litigation

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 12 - 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:

Fund balance	General Fund	Women, Infants, and Children (WIC) Fund	Miscellaneous Grants Fund	Environmental Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:						
Clinical programs	34,878	-	-	-	366,656	401,534
Environmental programs	-	-	-	1,234,126	392	1,234,518
Community programs	102,923	-	-	-	685,319	788,242
Total restricted	<u>137,801</u>	<u>-</u>	<u>-</u>	<u>1,234,126</u>	<u>1,052,367</u>	<u>2,424,294</u>
Committed:						
Clinical programs	6,659	-	-	-	-	6,659
Assigned:						
Clinical programs	18,078	-	-	-	-	18,078
Environmental programs	42,731	-	-	-	-	42,731
Community programs	3,923	-	-	-	-	3,923
Administration	38,853	-	-	-	-	38,853
Total assigned	<u>103,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,585</u>
Unassigned (deficit)	4,397,938	(114,300)	(245,844)	-	(451,318)	3,586,476
Total fund balances (deficit)	<u>\$ 4,645,983</u>	<u>\$ (114,300)</u>	<u>\$ (245,844)</u>	<u>\$ 1,234,126</u>	<u>\$ 601,049</u>	<u>\$ 6,121,014</u>

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget basis presented for the general fund and each major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The following table summarizes the adjustments necessary to reconcile the change in fund balance on the cash 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	Miscellaneous Grant Fund	Environmental Fees Fund
Budget basis	\$ 456,313	\$ (1,125,282)	\$ (237,265)	\$ 59,979
Net adjustment for reclassifications	7,676	-	-	-
Encumbrances	<u>103,585</u>	<u>1,174,776</u>	<u>54,820</u>	<u>784</u>
Cash basis	<u>\$ 567,574</u>	<u>\$ 49,494</u>	<u>\$ (182,445)</u>	<u>\$ 60,763</u>

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Prepared by Management)**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL 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>					
Special Supplemental Nutrition Program for Women, Infants and Children WIC (H24XXX)	10.557	048-1-001-1-WA	\$ 1,052,940	\$ 2,190,281	\$ 2,146,129
Total U.S. Department of Agriculture			<u>1,052,940</u>	<u>2,190,281</u>	<u>2,146,129</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 (H28XX)	14.218	4600006942	-	69,099	66,710
Total CDBG - Entitlement Grants Cluster			<u>-</u>	<u>69,099</u>	<u>66,710</u>
Total U.S. Department of Housing and Urban Development			<u>-</u>	<u>69,099</u>	<u>66,710</u>
U.S. DEPARTMENT OF TREASURY (TREAS)					
<i>Passed Through City of Toledo</i>					
Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	-	-	5,950
Total Coronavirus State and Local Fiscal Recovery Funds			<u>-</u>	<u>-</u>	<u>5,950</u>
Total U.S. Department of Treasury			<u>-</u>	<u>-</u>	<u>5,950</u>
U.S. Department of Transportation (DOT)					
<i>Passed Through Ohio Traffic Safety Office</i>					
State and Community Highway Safety (H51XX)	20.600	SC-2023-Toledo-Lucas County Health 00045	34,900	88,788	101,336
Total U.S. Department of Transportation			<u>34,900</u>	<u>88,788</u>	<u>101,336</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA)					
<i>Passed Through Ohio Environmental Protection Agency</i>					
Capitalization Grants for Clean Water State Revolving Funds (H04XX)	66.458	HS291682	179,289	186,850	179,289
Total U.S. Environmental Protection Agency			<u>179,289</u>	<u>186,850</u>	<u>179,289</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					
<i>Direct Program</i>					
Healthy Start Initiative (H91XX)	93.926	n/a	873,705	1,054,231	1,447,719
<i>Passed Through National Association of County and City Health Officials (NACCHO)</i>					
Implementing Overdose Prevention Strategies at the Local Level (H43XX)	93.421	2022-030402	52,670	179,194	287,500
<i>Passed Through Ohio Department of Job and Family Services</i>					
OCTF Early Childhood Safety Initiative (H16XX)	93.558	G-2223-22-0480	-	8,851	6,582
<i>Passed Through by New Concepts</i>					
Opioid STR- MSOR (H51XX)	93.788	n/a	-	-	99,730
<i>Passed Through by Mental Health & Recovery Services Board of Lucas County</i>					
Opioid STR- SOR 2.0 (H39XX)	93.788	n/a	-	235,371	164,749
<i>Passed Through by Ohio Commission on Minority Health</i>					
Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises	93.391	2300004	-	27,241	15,670
<i>Passed Through Ohio Department of Health</i>					
Public Health Emergency Preparedness (H34XX)	93.069	048-1-001-2-PH	-	251,782	220,190
Environmental Public Health and Emergency Response (H26XX)	93.070	51981-5	-	2,000	1,214
Injury Prevention and Control Research and State and Community Based Programs (H41XX)	93.136	048-1-001-4-DR	-	93,857	83,318
Family Planning Services (H12XX)	93.217	048-1-001-1-RH	16,843	193,891	262,376
Immunization Cooperative Agreements (H05XX), (H81XX)	93.268	048-1-001-2-GV 048-1-001-2-CN	38,516	87,888 53,912	88,046 45,193
COVID-19 -Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (H83XX)	93.323	048-1-001-2-EO	-	33,981	31,195
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (H32XX)	93.354	048-1-001-2-WF	18,000	300,640	310,969
National and State Tobacco Control Program (H80XX)	93.387	048-1-001-4-TU	-	850	16

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Prepared by Management)**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Receipts	Total Federal Expenditures
Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises (H92XX), (H32XX)	93.391	048-1-001-1-WD 048-1-001-2-WF	- -	- 2,135	41,672 15
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the National Health (H73XX)	93.421	048-1-001-2-BR		21,824	1,257
Opioid STR (H42XX), (H40XX)	93.788	048-1-001-4-IN 048-1-001-4-IH 52257	- - -	17,250 30,000 20,000	2,848 51,926 19,982
HIV Prevention Activities Health Department Based (H37XX)	93.940	048-1-001-2-HP	91,467	275,468	314,415
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health (H32XX)	93.967	048-1-001-2-WF	-	-	2,240
Sexually Transmitted Diseases (STD) Prevention and Control Grants (H19XXX) (H20XXX)	93.977	048-1-001-2-ST 048-1-001-2-II	128,869	495,126 36,054	492,824 28,047
Preventative Health and Health Services Block Grant (H72XX)	93.991	048-1-001-4-CC	38,695	160,303	171,947
Maternal and Child Health Services Block Grant to the States (H15XX, H17XX, H12XX)	93.994	048-1-001-1-OE 048-1-001-1-CK 048-1-001-1-RH	13,186 - -	154,729 20,197 21,901	125,507 19,845 29,747
			1,271,951	3,778,676	4,366,739
Total U.S. Department of Health and Human Services			\$ 2,539,080	\$ 6,313,694	\$ 6,866,153
TOTAL Expenditures of Federal Awards					

**Lucas County Regional Health District
Lucas County**

**Notes to the Schedule of Receipts and Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended December 31, 2023
(Prepared by Management)**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Lucas County Regional Health District, Lucas County, (the Health District's) under programs of the federal government for the year ended December 31, 2023. 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 Health District, it is not intended to and does not present the financial position or changes in Net Position of the Health 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 Health District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

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

As a subrecipient, the Health 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 - FEDERAL GRANTS COMINGLED WITH STATE GRANTS

Cash receipts from the U.S. Department of Health and Human Services, as passed through by the Ohio Department of Health are commingled with State funds for Maternal and Child Health Block (Cribs for Kids, Ohio Equity Institute, Reproductive Health and Wellness Grant), Family Planning, HIV Prevention and the Tobacco Use Prevention and Cessation Grant. The Health District has determined the percentage of federal dollars based on the Notices of Award, in which, constitute the overall grant funds. The Health District has applied these percentages to the Schedule of Receipts and Expenditures of Federal Awards to reflect the federal portion of expenditures disbursed during the fiscal period.

NOTE F - MATCHING REQUIREMENTS

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

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

To the Board of Health:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lucas County Regional Health District, Lucas County, Ohio (the Health District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements, and have issued our report thereon dated June 10, 2024, wherein we noted the Health District uses a special purpose framework other than general accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health 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 Health District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Health District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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 Health District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

June 10, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM 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 Board of Health:

Report on Compliance for Each Major Federal Program

We have audited the Lucas County Regional Health District's (the Health District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Health District's major federal programs for the year ended December 31, 2023. The Health District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Health District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Charles E. Harris & Associates, Inc.

June 10, 2024

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

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):	Special Supplemental Nutrition Program for Women, Infants and Children (WIC) – (AL# 10.557) Healthy Start Initiative - (AL# 93.926)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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 7/25/2024

65 East State 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