



OHIO AUDITOR OF STATE
KEITH FABER



**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY
DECEMBER 31, 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	
General Fund.....	29
Women, Infants, and Children Fund.....	30
Maternal and Child Health Fund.....	31
Environmental Fees Fund	32
Statement of Fund Net Position	
Proprietary Fund.....	33
Statement of Revenues, Expenses and Changes in Fund Net Position	
Proprietary Fund.....	34
Statement of Cash Flows	
Proprietary Fund.....	35
Statement of Fiduciary Net Position	
Custodial Funds.....	36
Statement of Changes in Fiduciary Net Position	
Custodial Funds.....	37
Notes to the Basic Financial Statements	38

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY
DECEMBER 31, 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability / Net Pension Asset Ohio Public Employees Retirement System (OPERS)	72
Schedule of the District's Pension Contributions Ohio Public Employees Retirement System (OPERS)	74
Schedule of the District's Proportionate Share of the Net OPEB Liability Ohio Public Employees Retirement System (OPERS)	76
Schedule of the District's OPEB Contributions Ohio Public Employees Retirement System (OPERS)	78
Notes to the Required Supplementary Information	80
Schedule of Expenditures of Federal Awards	81
Notes to the Schedule of Expenditures of Federal Awards	82
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	83
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	85
Schedule of Findings.....	87
Prepared by Management:	
Summary Schedule of Prior Audit Findings	89
Corrective Action Plan	90



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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 Lucas County Regional Health District, Lucas County, Ohio (the District), as of and for the year ended December 31, 2019, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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 District, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Women, Infants, and Children, Maternal and Child Health, and Environmental Fees Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

As discussed in Note 3A to the financial statements, during 2019, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 3C to the financial statements, the District restated the beginning fund balances in the Maternal and Child Health Fund, Miscellaneous Grants Fund, and Other Governmental Funds to create a new fund to better report the activity and purpose. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 15, 2020

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(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, 2019. 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 2019 are as follows:

- For 2019, the total net position of the District decreased \$3,525,010 which represents a 31.95% decrease from December 31, 2018's net position. Net position of governmental activities decreased \$3,928,155 and net position of business-type activities increased \$403,145 from 2018's net position.
- General revenues accounted for \$3,148,390 in revenue or 28.10% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$8,055,358 or 71.90% of total governmental activities revenues of \$11,203,748.
- The District had \$14,622,986 in expenses related to governmental activities; \$8,055,358 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily unrestricted grants and allocations) of \$3,148,390 were not adequate to provide for these programs. The District had transfers out to business-type activities of \$508,917.
- The District's governmental major funds are the General Fund, the Women, Infants, and Children (WIC) Fund, the Maternal and Child Health Fund, and the Environmental Fees Fund. The General Fund had \$4,181,896 in revenues and \$4,135,575 in expenditures and other financing uses. During 2019, the General Fund's fund balance increased \$46,321 from \$1,546,963 to \$1,593,284.
- The WIC Fund, a District major fund, had \$2,073,018 in revenues and \$2,267,666 in expenditures. During 2019, the WIC Fund's fund balance decreased \$194,648 from a deficit balance of \$108,871 to a deficit balance of \$303,519. WIC is the District's largest federal grant program, reimbursed for allowable expenditures after they are incurred.
- The Maternal and Child Health Fund, a District major fund, had \$536,674 in revenues and \$1,508,463 in expenditures. During 2019, the Maternal and Child Health Fund's fund balance decreased \$971,789 from a balance of \$1,159,437 to a balance of \$187,648.
- The Environmental Fees Fund, a District major fund, had \$2,452,691 in revenues and other financing sources and \$2,473,741 in expenditures. During 2019, the Environmental Fees Fund's fund balance decreased \$21,050 from a balance of \$568,298 to a balance of \$547,248.
- Net position for the business-type activities, which is composed of the Federally Qualified Health Center Fund, increased in 2019 by \$403,145 from a 2018 deficit balance of \$3,083,552 to a deficit balance of \$2,680,407. During 2019, the Federally Qualified Health Center Fund had operating revenues of \$567,957, operating expenses of \$780,906, and \$107,177 in non-operating revenues consisting of grants. In addition, the Federally Qualified Health Center Fund received transfers in of \$508,917 during 2019.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(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 2019?" 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.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(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 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.

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.

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.

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.

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.

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, 2019 compared to 2018.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)

Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<u>Assets</u>						
Current and other assets	\$ 3,259,678	\$ 3,607,383	\$ 733,302	\$ 949,481	\$ 3,992,980	\$ 4,556,864
Capital assets, net	108,610	166,041	16,006	18,778	124,616	184,819
Total assets	3,368,288	3,773,424	749,308	968,259	4,117,596	4,741,683
<u>Deferred outflows of resources</u>	4,047,827	2,496,953	429,728	694,030	4,477,555	3,190,983
<u>Liabilities</u>						
Current liabilities	1,513,614	349,006	28,862	26,097	1,542,476	375,103
Long-term liabilities:						
Due within one year	509,044	464,213	49,977	118,100	559,021	582,313
Due in more than one year	16,972,290	11,283,994	2,008,742	3,424,940	18,981,032	14,708,934
Total liabilities	18,994,948	12,097,213	2,087,581	3,569,137	21,082,529	15,666,350
<u>Deferred inflows of resources</u>	298,947	2,122,789	1,771,862	1,176,704	2,070,809	3,299,493
<u>Net Position</u>						
Net investment in capital assets	75,114	110,016	16,006	18,778	91,120	128,794
Restricted	3,312	52,706	-	-	3,312	52,706
Unrestricted (deficit)	(11,956,206)	(8,112,347)	(2,696,413)	(3,102,330)	(14,652,619)	(11,214,677)
Total net position (deficit)	\$ (11,877,780)	\$ (7,949,625)	\$ (2,680,407)	\$ (3,083,552)	\$ (14,558,187)	\$ (11,033,177)

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
FOR THE YEARS ENDED DECEMBER 31, 2019
(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 *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick 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, 2019, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$14,558,187. At year-end, net position was a deficit balance of \$11,877,780 and \$2,680,407 for the governmental activities and the business-type activities, respectively.

At year-end, capital assets represented 3.03% of total assets. Capital assets include furniture, fixtures and equipment, and vehicles. Net investment in capital assets at December 31, 2019 were \$75,114 and \$16,006 in the governmental activities and business-type activities, respectively. 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, \$3,312, 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 \$14,652,619.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)**

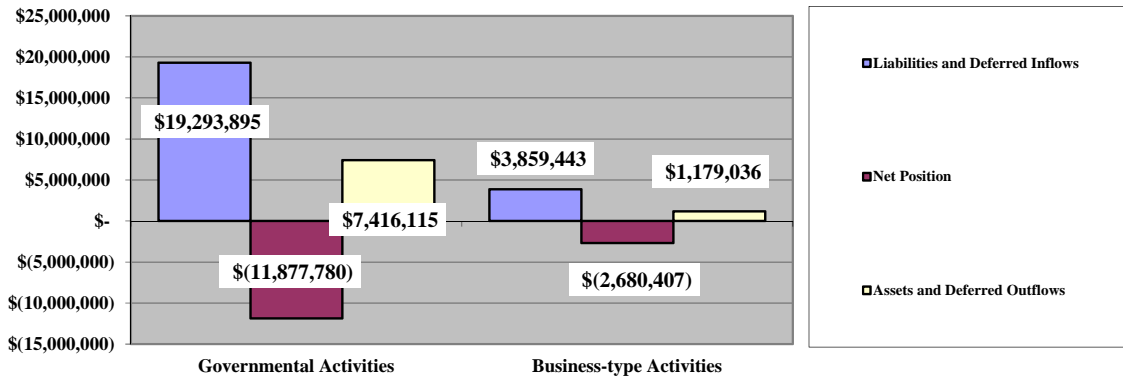
Current and other assets decreased 12.37% from the prior year due to a decrease in accounts receivable and amounts due from other governments associated with the District's governmental activities.

Current liabilities increased \$1,164,608 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 increased primarily due to an increase in the net pension liability. The District is required to report its proportionate share of the Ohio Public Employers Retirement System (OPERS) net pension liability and related deferred inflows and outflows of resources. Overall, the District's net pension liability increased \$4,057,340 from the prior year. This increase was partially offset by an increase in deferred outflows of resources related to pension of \$1,348,925. The increased in deferred outflows related to (1) the difference between projected and actual earnings of pension plan assets and (2) a change in assumptions of the pension system.

The graph below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2019 for both the governmental activities and business-type activities.

Governmental Activities



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)

The table below shows the comparative analysis of changes in net position for 2019 compared to 2018.

	Change in Net Position					
	Governmental Activities		Buisness-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 2,334,361	\$ 2,384,601	\$ 565,136	\$ 1,157,020	\$ 2,899,497	\$ 3,541,621
Operating grants and contributions	5,720,997	7,350,603	107,177	581,231	5,828,174	7,931,834
General revenues:						
Grants and entitlements	3,145,848	3,326,247	-	-	3,145,848	3,326,247
Gain on sale of capital asset	-	10,493	-	-	-	10,493
Other	2,542	-	2,821	23,220	5,363	23,220
Total revenues	11,203,748	13,071,944	675,134	1,761,471	11,878,882	14,833,415
<u>Expenses</u>						
Program expenses:						
Administration	2,037,924	1,686,234	-	-	2,037,924	1,686,234
Environmental public health	3,816,055	3,264,672	-	-	3,816,055	3,264,672
Community public health	5,062,998	3,521,104	-	-	5,062,998	3,521,104
Medical health services	3,704,178	3,922,727	-	-	3,704,178	3,922,727
Interest and fiscal charges	1,831	2,713	-	-	1,831	2,713
Federally Qualified Health Center	-	-	780,906	2,778,951	2,778,951	2,778,951
Total expenses	14,622,986	12,397,450	780,906	2,778,951	17,401,937	15,176,401
Increase (decrease) in net position before transfers	(3,419,238)	674,494	(105,772)	(1,017,480)	(3,525,010)	(342,986)
Transfers	(508,917)	(320,441)	508,917	320,441	-	-
Change in net position	(3,928,155)	354,053	403,145	(697,039)	(3,525,010)	(342,986)
Net position (deficit) at beginning of year	(7,949,625)	(8,303,678)	(3,083,552)	(2,386,513)	(11,033,177)	(10,690,191)
Net position (deficit) at end of year	\$(11,877,780)	\$(7,949,625)	\$(2,680,407)	\$(3,083,552)	\$(14,558,187)	\$(11,033,177)

Governmental Activities

Governmental activities net position decreased \$3,928,155 in 2019.

Medical services accounted for \$3,704,178 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 \$2,460,823 in operating grants and contributions and \$779 in charges for services.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)**

Environmental services accounted for \$3,816,055 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 increased \$551,383 or 16.89% primarily due to expense related to the District's net pension and OPEB liabilities, as well as the lead ODH program. These expenses were partially funded by \$1,696,090 in direct charges for licenses and fees to users of the services and \$276,991 in operating grants and contributions.

Community health services accounted for \$5,062,998 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 \$1,541,894 or 43.79% primarily due to the reporting of a \$1,039,474 payable for a refund due to the Ohio Medicaid managed care plans for unused Phase 2 infant mortality funding. In addition, there was an increase in expense related to the District's net pension and OPEB liabilities. These expenses were funded by \$622,617 in direct charges to patients as users of the services and \$2,659,694 in operating grants and contributions.

Administration of the District accounted for \$2,037,924 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. Administration expenses increased \$345,077 or 20.86% primarily related to an increase in net pension and OPEB liabilities and miscellaneous administrative services department expenses in the general fund. These expenses were partially funded by \$323,489 in operating grants and contributions and \$14,875 in direct charges for licenses and fees to users of the services.

General revenues totaled \$3,148,390 and amounted to 28.10% 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.

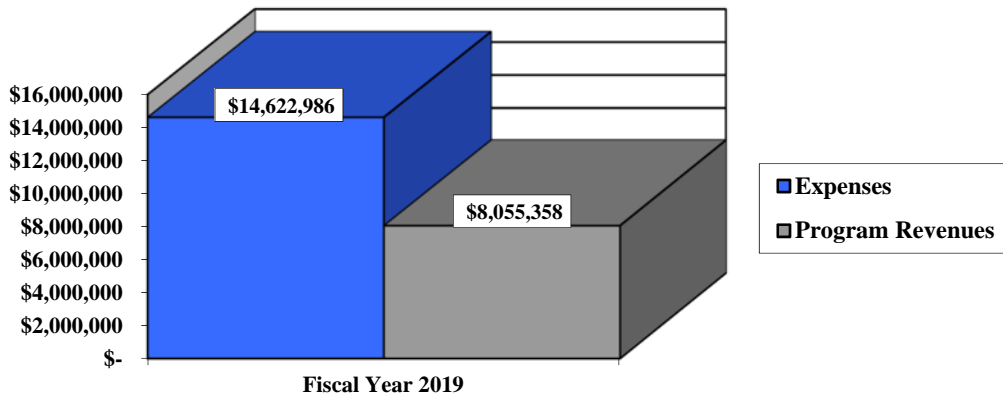
	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Program Expenses:				
Administration	\$ 2,037,924	\$ 1,699,560	\$ 1,686,234	\$ 1,346,100
Environmental public health	3,816,055	1,842,974	3,264,672	1,243,975
Community public health	5,062,998	1,780,687	3,521,104	(748,666)
Medical health services	3,704,178	1,242,576	3,922,727	818,124
Interest and fiscal charges	<u>1,831</u>	<u>1,831</u>	<u>2,713</u>	<u>2,713</u>
Total	<u><u>\$ 14,622,986</u></u>	<u><u>\$ 6,567,628</u></u>	<u><u>\$ 12,397,450</u></u>	<u><u>\$ 2,662,246</u></u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)**

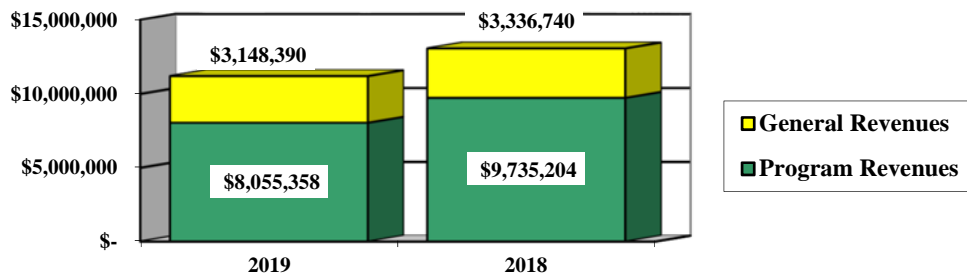
Program revenues supported 55.08% of total expenses. General revenues for governmental activities are not sufficient to cover the remaining 44.73% of expenses needing support through contractual allocations from participating local governments and other general revenues. Governmental activities transferred \$508,917 to the business-type activities during 2019. The graph below compares the District's governmental activities program revenues and total expenses for 2019.

Governmental Activities – Program Revenues vs. Total Expenses



The graph below compares the District's governmental activities general revenues and program revenues for fiscal years 2019 and 2018.

Governmental Activities – General and Program Revenues



Business-Type Activities

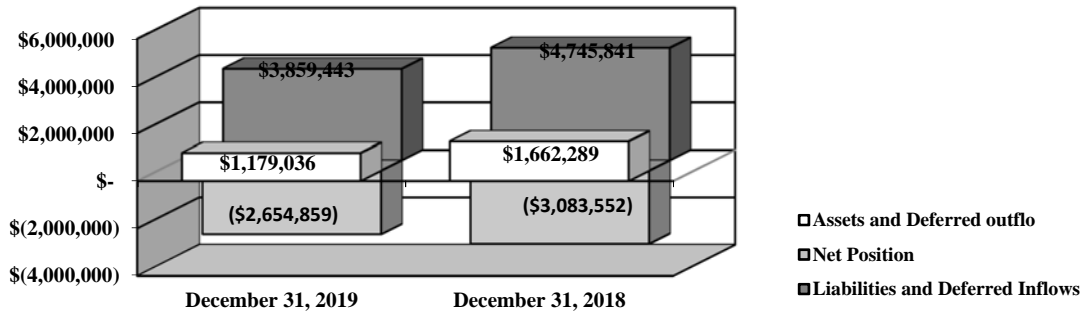
Business-type activities only include operations of the Federally Qualified Health Center. This program had total revenues of \$675,134, expenses of \$780,906, and transfers in of \$508,917 for 2019.

The graph below shows the business-type activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at year-end for 2019 and 2018.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)

Net Position in Business – Type Activities



Expenses of the business-type activities were \$780,906 for 2019. Charges for services revenue accounted for 83.71% of total revenues for business-type activities. Operating grants and contributions and miscellaneous general revenues accounted for the remaining 16.29% of total business-type revenues.

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 reported a combined fund balance of \$1,642,585 which is \$1,388,455 less than last year's total of \$3,031,040. Certain project codes have been reclassified from 2018 as described in Note 3.C. The schedule below indicates the fund balances as of December 31, 2019 and 2018 for all major and nonmajor governmental funds.

	Fund Balances (Deficit)	Fund Balances (Deficit) Restated	Increase (Decrease)
	<u>12/31/19</u>	<u>12/31/18</u>	<u>(Decrease)</u>
Major Funds:			
General	\$ 1,593,284	\$ 1,546,963	\$ 46,321
WIC	(303,519)	(108,871)	(194,648)
Maternal and Child Health	187,648	1,159,437	(971,789)
Environmental Fees	547,248	568,298	(21,050)
Nonmajor Governmental	<u>(382,076)</u>	<u>(134,787)</u>	<u>(247,289)</u>
Total	<u>\$ 1,642,585</u>	<u>\$ 3,031,040</u>	<u>\$ (1,388,455)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)

General Fund

The District's General Fund balance increased \$46,321 from 2018. The table that follows assists in illustrating the revenues of the General Fund.

	<u>2019</u> Amount	<u>2018</u> Amount	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Charges for services	\$ 639,080	\$ 628,086	\$ 10,994	1.75 %
Intergovernmental	3,539,674	3,882,371	(342,697)	(8.83) %
Contributions and donations	600	850	(250)	(29.41) %
Other	2,542	-	2,542	100.00 %
Total	<u>\$ 4,181,896</u>	<u>\$ 4,511,307</u>	<u>\$ (329,411)</u>	(7.30) %

Overall, revenues decreased 7.30% from the prior year. Intergovernmental revenue decreased \$342,697 or 8.83% due to a decrease in reimbursement receipts related to school nursing and health services. Charges for services revenue increased \$10,994 or 1.75% due to an increase in Vital Statistics fees received. Contributions and donations revenue decreased 29.41% due to a reduction in administrative services department donations received in 2019. Other revenues increased 100% due to receiving various refunds that were not received in 2018.

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

	<u>2019</u> Amount	<u>2018</u> Amount	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
Current:				
Administration	\$ 1,598,411	\$ 1,499,430	\$ 98,981	6.60 %
Environmental services	414,565	426,856	(12,291)	(2.88) %
Community health services	502,386	356,442	145,944	40.94 %
Medical services	516,626	605,773	(89,147)	(14.72) %
Debt service:				
Principal retirement	22,529	21,647	882	4.07 %
Interest and fiscal charges	1,831	2,713	(882)	(32.51) %
Total	<u>\$ 3,056,348</u>	<u>\$ 2,912,861</u>	<u>\$ 143,487</u>	4.93 %

Overall, expenditures increased 4.93%. Medical services expense decreased \$89,147, or 14.72% as a result of decreased costs for health insurance. Community health services increased \$145,944, or 40.94% from the prior year, due to increased salaries associated with the CSRAP, Vital Statistics, PHEP Match, and Minority Health Match departments. Administrative expense increased \$98,981 or 6.60% primarily due to severance expenses incurred throughout the year. All other expenditures remained consistent with prior year amounts.

The General Fund also had \$1,079,227 in transfers to other funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)

WIC Fund

The WIC Fund, a District major fund, had \$2,073,018 in revenues and \$2,267,666 in expenditures. During 2019, the WIC Fund balance decreased \$194,648 from a deficit balance of \$108,871 to a deficit balance of \$303,519.

Maternal and Child Health Fund

The Maternal and Child Health Fund, a District major fund, had \$536,674 in revenues and \$1,508,463 in expenditures. During 2019, the Maternal and Child Health Fund's fund balance decreased \$971,789 from a balance of \$1,159,437 to a balance of \$187,648. At December 31, 2019, the Maternal and Child Health Fund has reported a \$1,039,474 payable for a refund due to the Ohio Medicaid managed care plans for unused Phase 2 infant mortality funding.

Environmental Fees Fund

The Environmental Fees Fund, a District major fund, had \$2,452,691 in revenues and other financing sources and \$2,473,741 in expenditures. During 2019, the Environmental Fees Fund balance decreased \$21,050 from a fund balance of \$568,298 to a balance of \$547,248.

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 2019, the District amended its General Fund budget. For the General Fund, original budgeted revenues and other financing sources of \$3,765,132 were \$82,997 greater than final budgeted revenues and other financing sources of \$3,682,135. Actual revenues and other financing sources for 2019 were \$5,830,525. This represents a \$2,148,390 increase from final budgeted revenues and other financing sources.

General Fund original appropriations totaled \$3,768,211 and final appropriations and other financing uses totaled \$4,928,175. The actual budget basis expenditures and other financing uses for 2019 totaled \$5,781,073, which was \$852,898 more 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 2019, the District had \$124,616 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. Of this total, \$108,610 was reported in the governmental activities and \$16,006 was reported in business-type activities. The following table shows 2019 balances compared to 2018:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)

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

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Furniture, fixtures and equipmen	\$ 83,303	\$ 125,622	\$ 16,006	\$ 18,778
Vehicles	25,307	40,419	-	-
Total	\$ 108,610	\$ 166,041	\$ 16,006	\$ 18,778

The decrease in capital assets is the result of the District not reporting any additions to capital assets during 2019, while also experiencing depreciation expense of \$60,203 government-wide.

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

Debt Administration

The District had \$33,496 for a copier capital lease obligation at December 31, 2019 in governmental activities.

Current Financial Related Activities

As of June 30, 2018, the Lucas County Regional Health District (dba Toledo-Lucas County Health Department) made the decision to no longer be a Federally Qualified Health Center (FQHC) applicant. This resulted in the District retaining the clinics that are closely related to public health while separating from those clinics which focus on direct patient care that did not directly align with the core mission of the population public health. The separated clinics will be assimilated into a new, stand-alone FQHC under the direction of the Health Partners of Western Ohio.

Late in 2019, the Ohio Department of Health asked the District to assume a Title X grant for Lucas County, after Planned Parenthood withdrew. To fill a gap of preventive care in the area, the District agreed to accept the grant and began finalizing plans to open a Reproductive Health and Wellness Center downtown by April 1, 2020. The Center will feature a nurse practitioner and offer 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.

The Opiate epidemic remains a significant threat to our community. The District is working diligently with our community partners to reduce and eliminate its impact. We are the leading local agency providing education and distribution of Naloxone to police, fire, EMS, and the public. If readily available during an overdose, Naloxone can save a life.

The District is in support of raising the age to buy tobacco products from 18 to 21 years of age. We are marketing this issue and meeting with local communities to drive this grass roots programmatic approach which is supported by grant funding.

The Environmental Health Division continues to ensure safe food is available across our community through inspections and education of food operators on best and required practices found in the food code. We are dedicated to preventing and reducing the impact of foodborne disease outbreaks to make sure all Lucas County residents and visitors can enjoy safe dining and cooking experiences with friends and family. Our Lead Prevention Program assists

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019
(UNAUDITED)**

the public through the funding of risk assessments and the abatement of lead contaminated homes. Additionally, the District is currently crafting procedures and working with stakeholders to implement an Operations and Maintenance Program in the water quality program to ensure safely maintained and managed septic systems for property owners who cannot connect to a local sewer system.

The District continues to be a key contributor on planning committees that deal with mass disaster or terrorism threats to ensure our community is prepared to handle and recover from any issue we may face. In addition, the District is looking to collaborate with academia on research topics that are specific to public health issues in Lucas County.

The District's staff remain one of the most dedicated and well-trained groups of people in their profession. It is their commitment to the Public Health needs of our community that's the main driving force behind the District's success.

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 North Erie Street, Toledo, Ohio 43604, or by calling the District at (419) 213-4100.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents with fiscal agent.....	\$ 3,048,916	\$ 578,673	\$ 3,627,589
Receivables:			
Accounts.....	50,660	75,358	126,018
Due from other governments.....	48,082		48,082
Materials and supplies inventory.....		67,355	67,355
Prepayments.....	12,354		12,354
Net pension asset (Note 12)	99,666	11,916	111,582
Capital assets:			
Depreciable capital assets, net.....	108,610	16,006	124,616
Total assets	<u>3,368,288</u>	<u>749,308</u>	<u>4,117,596</u>
Deferred outflows of resources:			
Pension (Note 12).....	3,448,326	376,382	3,824,708
OPEB (Note 13).....	599,501	53,346	652,847
Total deferred outflows of resources.....	<u>4,047,827</u>	<u>429,728</u>	<u>4,477,555</u>
Liabilities:			
Accounts payable	1,274,328	976	1,275,304
Accrued wages and benefits payable.....	157,724	18,849	176,573
Due to other governments.....	81,562	9,037	90,599
Long-term liabilities:			
Due within one year.....	509,044	49,977	559,021
Due in more than one year			
Net pension liability (Note 12).....	10,990,790	1,314,078	12,304,868
Net OPEB liability (Note 13).....	5,539,824	662,051	6,201,875
Other amounts due in more than one year.....	441,676	32,613	474,289
Total liabilities.....	<u>18,994,948</u>	<u>2,087,581</u>	<u>21,082,529</u>
Deferred inflows of resources:			
Pension (Note 12).....	283,915	1,059,494	1,343,409
OPEB (Note 13).....	15,032	712,368	727,400
Total deferred inflows of resources.....	<u>298,947</u>	<u>1,771,862</u>	<u>2,070,809</u>
Net position:			
Net investment in capital assets.....	75,114	16,006	91,120
Restricted for:			
Other purposes.....	3,312	-	3,312
Unrestricted (deficit).....	(11,956,206)	(2,696,413)	(14,652,619)
Total net position (deficit).....	<u>\$ (11,877,780)</u>	<u>\$ (2,680,407)</u>	<u>\$ (14,558,187)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Administration.....	\$ 2,037,924	\$ 14,875	\$ 323,489
Environmental public health.....	3,816,055	1,696,090	276,991
Community public health.....	5,062,998	622,617	2,659,694
Medical health services.....	3,704,178	779	2,460,823
Interest and fiscal charges.....	1,831		
Total governmental activities	14,622,986	2,334,361	5,720,997
Business-type activities:			
Federally Qualified Health Center.....	780,906	565,136	107,177
Totals.....	\$ 15,403,892	\$ 2,899,497	\$ 5,828,174
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.....			
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
\$ (1,699,560)		\$ (1,699,560)
(1,842,974)		(1,842,974)
(1,780,687)		(1,780,687)
(1,242,576)		(1,242,576)
(1,831)		(1,831)
<u>(6,567,628)</u>		<u>(6,567,628)</u>
	\$ (108,593)	(108,593)
<u>(6,567,628)</u>	<u>(108,593)</u>	<u>(6,676,221)</u>
3,145,848		3,145,848
2,542	2,821	5,363
<u>3,148,390</u>	<u>2,821</u>	<u>3,151,211</u>
(508,917)	508,917	
<u>2,639,473</u>	<u>511,738</u>	<u>3,151,211</u>
(3,928,155)	403,145	(3,525,010)
<u>(7,949,625)</u>	<u>(3,083,552)</u>	<u>(11,033,177)</u>
<u>\$ (11,877,780)</u>	<u>\$ (2,680,407)</u>	<u>\$ (14,558,187)</u>

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General</u>	<u>Women, Infants, and Children (WIC)</u>	<u>Maternal and Child Health</u>	<u>Environmental Fees</u>
Assets:				
Equity in pooled cash and cash equivalents with fiscal agent.....	\$ 1,120,501		\$ 1,228,290	\$ 612,221
Receivables:				
Accounts.....	3,047		14,500	11,353
Interfund loans.....	555,040			
Due from other governments.....				
Prepayments.....	9,722			2,632
Total assets.....	<u>1,688,310</u>		<u>1,242,790</u>	<u>626,206</u>
Liabilities:				
Accounts payable.....	\$ 21,598	\$ 87,934	\$ 1,044,080	\$ 3,838
Accrued wages and benefits payable.....	48,178	19,647	7,355	49,728
Due to other governments.....	25,250	10,281	3,707	25,392
Interfund loans payable.....		185,657		
Total liabilities	<u>95,026</u>	<u>303,519</u>	<u>1,055,142</u>	<u>78,958</u>
Deferred inflows of resources:				
Non-governmental grant revenue not available.....				
Fund balances:				
Nonspendable.....	9,722			2,632
Restricted	23,435		187,648	544,616
Committed.....	11,681			
Assigned.....	41,215			
Unassigned (deficit).....	<u>1,507,231</u>	<u>(303,519)</u>		
Total fund balances (deficit) - restated.....	<u>1,593,284</u>	<u>\$ (303,519)</u>	<u>187,648</u>	<u>547,248</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ 1,688,310</u>		<u>\$ 1,242,790</u>	<u>\$ 626,206</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 87,904	\$ 3,048,916
21,760	50,660
48,082	555,040
	48,082
	12,354
<u>157,746</u>	<u>3,715,052</u>
\$ 116,878	\$ 1,274,328
32,816	157,724
16,932	81,562
369,383	555,040
<u>536,009</u>	<u>2,068,654</u>
<u>3,813</u>	<u>3,813</u>
100,804	12,354
	856,503
	11,681
	41,215
<u>(482,880)</u>	<u>720,832</u>
<u>(382,076)</u>	<u>1,642,585</u>
<u>\$ 157,746</u>	<u>\$ 3,715,052</u>

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**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances		\$ 1,642,585
<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.....		108,610
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Accounts receivable.....	\$ 3,813	
Total		3,813
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.....	3,448,326	
Deferred inflows of resources.....	(283,915)	
Net pension asset.....	99,666	
Net pension liability.....	(10,990,790)	
Total		(7,726,713)
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.....	599,501	
Deferred inflows of resources.....	(15,032)	
Net OPEB liability.....	(5,539,824)	
Total		(4,955,355)
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	(917,224)	
Capital lease payable.....	(33,496)	
Total		(950,720)
Net position (deficit) of governmental activities		\$ (11,877,780)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Women, Infants, and Children (WIC)</u>	<u>Maternal and Child Health</u>	<u>Environmental Fees</u>
Revenues:				
Charges for services.....	\$ 639,080			\$ 347,801
Licenses and permits.....				1,345,230
Fines and forfeitures.....				2,250
Intergovernmental.....	3,539,674	\$ 2,073,018	\$ 339,940	186,000
Contributions and donations.....	600			500
Grants non-governmental			196,734	
Other.....	2,542			600
Total revenues.....	<u>4,181,896</u>	<u>2,073,018</u>	<u>536,674</u>	<u>1,882,381</u>
Expenditures:				
Current:				
Administration.....	1,598,411			
Environmental public health.....	414,565			2,473,741
Community public health.....	502,386		1,508,463	
Medical health services.....	516,626	2,267,666		
Debt service:				
Principal retirement.....	22,529			
Interest and fiscal charges.....	1,831			
Total expenditures.....	<u>3,056,348</u>	<u>2,267,666</u>	<u>1,508,463</u>	<u>2,473,741</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>1,125,548</u>	<u>(194,648)</u>	<u>(971,789)</u>	<u>(591,360)</u>
Other financing sources (uses):				
Transfers in.....				570,310
Transfers (out).....	(1,079,227)			
Total other financing sources (uses).....	<u>(1,079,227)</u>			<u>570,310</u>
Net change in fund balances.....	46,321	(194,648)	(971,789)	(21,050)
Fund balances (deficit)				
at beginning of year (restated).....	1,546,963	(108,871)	1,159,437	568,298
Fund balances (deficit) at end of year.....	<u>\$ 1,593,284</u>	<u>\$ (303,519)</u>	<u>\$ 187,648</u>	<u>\$ 547,248</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$ 986,881
	1,345,230
	2,250
\$ 2,604,482	8,743,114
	1,100
28,977	225,711
300	3,442
<u>2,633,759</u>	<u>11,307,728</u>
	1,598,411
78,087	2,966,393
2,364,058	4,374,907
438,903	3,223,195
	22,529
	1,831
<u>2,881,048</u>	<u>12,187,266</u>
<u>(247,289)</u>	<u>(879,538)</u>
	570,310
	<u>(1,079,227)</u>
	<u>(508,917)</u>
(247,289)	(1,388,455)
(134,787)	3,031,040
<u>\$ (382,076)</u>	<u>\$ 1,642,585</u>

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

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, 2019

Net change in fund balances - total governmental funds.....	\$	(1,388,455)
<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.....	\$ (57,431)	
Total		(57,431)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental revenues.....	(105,789)	
Other.....	1,809	
Total		(103,980)
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.....		
		22,529
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.....	718,242	
OPEB.....	11,930	
Total		730,172
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.....	(2,399,890)	
OPEB.....	(636,651)	
Total		(3,036,541)
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.....		
		(94,449)
Change in net position of governmental activities.....	\$	(3,928,155)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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.....	\$ 413,667	\$ 404,548	\$ 640,587	\$ 236,039
Intergovernmental.....	2,251,779	2,202,141	3,487,010	1,284,869
Contributions and donations.....	387	379	600	221
Other.....	1,699	1,662	2,631	969
Total revenues.....	<u>2,667,532</u>	<u>2,608,730</u>	<u>4,130,828</u>	<u>1,522,098</u>
Expenditures:				
Current:				
Administration	2,565,866	2,176,534	1,646,235	530,299
Environmental public health.....	257,623	550,045	429,745	120,300
Community public health.....	473,583	602,526	496,266	106,260
Medical health services	471,139	617,681	496,019	121,662
Total expenditures	<u>3,768,211</u>	<u>3,946,786</u>	<u>3,068,265</u>	<u>878,521</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(1,100,679)</u>	<u>(1,338,056)</u>	<u>1,062,563</u>	<u>2,400,619</u>
Other financing sources (uses):				
Advances in.....	3,805	3,721	5,892	2,171
Advances (out).....		(300,000)		300,000
Transfers in.....	1,093,795	1,069,684	1,693,805	624,121
Transfers (out).....		(681,389)	(2,712,808)	(2,031,419)
Total other financing sources (uses).....	<u>1,097,600</u>	<u>92,016</u>	<u>(1,013,111)</u>	<u>(1,105,127)</u>
Net change in fund balance.....	(3,079)	(1,246,040)	49,452	1,295,492
Fund balance at beginning of year.....	1,538,594	1,538,594	1,538,594	
Prior year encumbrances appropriated.....	39,771	39,771	39,771	
Fund balance at end of year.....	<u>\$ 1,575,286</u>	<u>\$ 332,325</u>	<u>\$ 1,627,817</u>	<u>\$ 1,295,492</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.....	\$ 1,897,489	\$ 4,139,112	\$ 2,350,852	\$ (1,788,260)
Expenditures:				
Current:				
Medical health services.....	1,897,489	4,139,112	3,316,293	822,819
Net change in fund balance.....			(965,441)	(965,441)
Fund balance (deficit) at beginning of year.....	(1,310,372)	(1,310,372)	(1,310,372)	
Prior year encumbrances appropriated.....	1,038,262	1,038,262	1,038,262	
Fund balance (deficit) at end of year.....	<u>\$ (272,110)</u>	<u>\$ (272,110)</u>	<u>\$ (1,237,551)</u>	<u>\$ (965,441)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.....	\$ 519,888	\$ 765,619	\$ 385,522	\$ (380,097)
Grants non-governmental.....	951,939	1,401,884	705,909	(695,975)
Total revenues.....	<u>1,471,827</u>	<u>2,167,503</u>	<u>1,091,431</u>	<u>(1,076,072)</u>
Expenditures:				
Current:				
Community public health.....	<u>1,402,009</u>	<u>2,064,684</u>	<u>614,111</u>	<u>1,450,573</u>
Excess of revenues over expenditures.....	69,818	102,819	477,320	374,501
Other financing (uses):				
Transfers (out).....	<u>(69,818)</u>	<u>(102,819)</u>	<u>(30,582)</u>	<u>72,237</u>
Net change in fund balances.....			446,738	446,738
Fund balance (deficit) at beginning of year (restated).....	(134,374)	(134,374)	(134,374)	
Prior year encumbrances appropriated.....	<u>767,734</u>	<u>767,734</u>	<u>767,734</u>	
Fund balance at end of year.....	<u>\$ 633,360</u>	<u>\$ 633,360</u>	<u>\$ 1,080,098</u>	<u>\$ 446,738</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services.....	\$ 379,121	\$ 351,633	\$ 351,633	
Licenses and permits.....	1,455,821	1,350,269	1,350,269	
Fines and forfeitures.....	2,426	2,250	2,250	
Intergovernmental.....	202,292	187,625	187,625	
Contributions and donations.....	539	500	500	
Other.....	647	600	600	
Total revenues.....	<u>2,040,846</u>	<u>1,892,877</u>	<u>1,892,877</u>	
Expenditures:				
Current:				
Environmental services.....	2,605,665	2,651,897	2,460,934	\$ 190,963
Excess of expenditures over revenues.....	(564,819)	(759,020)	(568,057)	190,963
Other financing source:				
Transfers in.....	614,892	570,310	570,310	
Net change in fund balance.....	50,073	(188,710)	2,253	190,963
Fund balance at beginning of year.....	608,680	608,680	608,680	
Prior year encumbrances appropriated.....	778	778	778	
Fund balance at end of year.....	<u>\$ 659,531</u>	<u>\$ 420,748</u>	<u>\$ 611,711</u>	<u>\$ 190,963</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2019

	Enterprise
	Federally Qualified Health Center
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	
with fiscal agent.....	\$ 578,673
Receivables:	
Accounts.....	75,358
Materials and supplies inventory.....	67,355
Total current assets.....	721,386
Noncurrent assets:	
Net pension asset (Note 12).....	11,916
Capital assets:	
Depreciable capital assets, net.....	16,006
Total noncurrent assets.....	27,922
Total assets.....	749,308
Deferred outflows of resources:	
Pension (Note 12).....	376,382
OPEB (Note 13).....	53,346
Total deferred outflows of resources.....	429,728
Liabilities:	
Current liabilities:	
Accounts payable.....	976
Accrued wages and benefits payable.....	18,849
Due to other governments.....	9,037
Compensated absences payable - current.....	49,977
Total current liabilities.....	78,839
Long-term liabilities:	
Compensated absences payable.....	32,613
Net pension liability (Note 12).....	1,314,078
Net OPEB liability (Note 13).....	662,051
Total long-term liabilities.....	2,008,742
Total liabilities.....	2,087,581
Deferred inflows of resources:	
Pension (Note 12).....	1,059,494
OPEB (Note 13).....	712,368
Total deferred inflows of resources.....	1,771,862
Net position:	
Investment in capital assets.....	16,006
Unrestricted (deficit).....	(2,696,413)
Total net position (deficit).....	\$ (2,680,407)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Enterprise
	Federally Qualified Health Center
Operating revenues:	
Charges for services.....	\$ 565,136
Other operating revenues.....	2,821
Total operating revenues.....	567,957
Operating expenses:	
Personal services.....	31,675
Fringe benefits.....	253,441
Contract services.....	137,518
Materials and supplies.....	336,166
Administrative costs.....	13,343
Depreciation.....	2,772
Other.....	5,991
Total operating expenses.....	780,906
Operating (loss).....	(212,949)
Nonoperating revenues:	
Grants.....	107,177
Loss before transfers.....	(105,772)
Transfer in.....	508,917
Change in net position.....	403,145
Net position (deficit) at beginning of year.....	(3,083,552)
Net position (deficit) at end of year.....	\$ (2,680,407)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Enterprise
	Federally Qualified Health Center
Cash flows from operating activities:	
Cash received from charges for services.....	\$ 696,058
Cash received from other operations.....	2,821
Cash payments for personal services.....	(624,829)
Cash payments for fringe benefits.....	(253,285)
Cash payments for contractual services.....	(138,171)
Cash payments for materials and supplies.....	(326,171)
Cash payments for administrative costs.....	(14,979)
Cash payments for other operating expenses.....	(6,665)
	(665,221)
Net cash (used in) operating activities.....	
Cash flows from noncapital financing activities:	
Cash received from grants.....	107,177
Cash received from transfers in.....	508,917
	616,094
Net cash provided by noncapital financing activities.....	
Net decrease in cash and cash equivalents.....	(49,127)
Cash and cash equivalents at beginning of year.....	627,800
Cash and cash equivalents at end of year.....	\$ 578,673
Reconciliation of operating loss to net cash (used in) operating activities:	
Operating (loss).....	\$ (212,949)
Adjustments:	
Depreciation.....	2,772
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Decrease in accounts receivable.....	130,922
Decrease in materials and supplies inventory.....	11,039
Decrease in net pension asset.....	25,091
Decrease in deferred outflows of resources - pension.....	209,619
Decrease in deferred outflows of resources - OPEB.....	54,683
(Decrease) in accounts payable.....	(3,851)
Increase in accrued wages and benefits.....	6,784
(Decrease) in due to other governments.....	(168)
(Decrease) in compensated absences payable.....	(95,617)
(Decrease) in net pension liability.....	(635,556)
(Decrease) in net OPEB liability.....	(753,148)
Increase in deferred inflows of resources - pension.....	240,533
Increase in deferred inflows of resources - OPEB.....	354,625
Net cash (used in) operating activities.....	\$ (665,221)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2019

	Custodial
Assets:	
Equity in pooled cash and cash equivalents with fiscal agent.....	\$ 247,661
Receivables:	
Accounts.....	25,200
Total assets.....	272,861
Liabilities:	
Accounts payable.....	197,762
Net position:	
Restricted for other governments.....	\$ 75,099

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Custodial
Additions:	
Licenses, permits and fees collected for other governments.....	\$ 1,072,216
Deductions:	
Licenses, permits and fees distributed to other governments.....	1,244,047
Net change in fiduciary net position.....	(171,831)
Net position beginning of year (restated).....	246,930
Net position end of year.....	\$ 75,099

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 on 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.

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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 2019.

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 2019, the District has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and determined that all will be reported in the new fiduciary classification of custodial funds.

The implementation of GASB Statement No. 84 did not have an effect on the net position of the governmental activities, business-type activities, or the enterprise fund as previously reported. It also did not have an effect on the fund balance of the governmental funds as previously reported. Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$246,930.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the District.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances / Net Position

Fund balances at December 31, 2019 included the following individual fund deficits:

<u>Major Governmental Fund</u>	<u>Deficit</u>
Women, Infants, and Children (WIC)	\$ 303,519
 <u>Nonmajor Governmental Funds</u>	
Immunization Action Plan	6,252
Reproductive Health and Wellness	5,557
Public Health Emergency Preparedness	100,888
HIV Prevention Program	102,800
Creating Healthy Communities	23,132
Healthy Start	124,080
Miscellaneous Grants	120,171
 <u>Major Enterprise Fund</u>	
Federally Qualified Health Center	2,680,407

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.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Fund Reclassifications

During 2019, the District has reclassified certain project codes previously reported in the Miscellaneous Grants Fund and the Child and Family Health Service Program Fund (a nonmajor governmental fund) to create a new and separate fund called the Maternal and Child Health Fund. The District reclassified these project codes to better report their activity and purpose. The reclassifications did not have an effect on total fund balance or net position as previously reported by the District. The reclassification of the project codes had the following effect on fund balance as previously reported:

	Maternal and Child Health Fund ⁽¹⁾	Miscellaneous Grants Fund ⁽²⁾	Other Governmental Funds	All Other Major Governmental Funds ⁽³⁾	Total Governmental Funds
Fund Balance					
at December 31, 2018	\$ -	\$ 954,434	\$ 70,216	\$ 2,006,390	\$ 3,031,040
Reclassification of cost centers and creation of new fund	<u>1,159,437</u>	<u>(1,039,130)</u>	<u>(120,307)</u>	<u>-</u>	<u>-</u>
Restated Fund Balance at December 31, 2018	<u>\$ 1,159,437</u>	<u>\$ (84,696)</u>	<u>\$ (50,091)</u>	<u>\$ 2,006,390</u>	<u>\$ 3,031,040</u>

⁽¹⁾ This fund is reported as a major fund for 2019

⁽²⁾ This fund was reported as a major fund in 2018, however, in 2019, it is no longer required to be reported as major and has been included in the other governmental funds.

⁽³⁾ Includes the General Fund, Women, Infants, and Children (WIC) Fund, and the Environmental Fees Fund.

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, 2019 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, 2019 was \$3,875,250.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 - RECEIVABLES

Receivables at December 31, 2019 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, 2019. 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>		
Miscellaneous Grants	Other	\$ 35,182
Nonmajor Governmental	Grants - federal	<u>12,900</u>
Total due from other governments		<u><u>\$ 48,082</u></u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2019, was as follows:

	<u>Balance</u>			<u>Balance</u>
<u>Governmental activities:</u>	<u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/19</u>
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 348,547	\$ -	\$ -	\$ 348,547
Vehicles	<u>160,893</u>	<u>-</u>	<u>-</u>	<u>160,893</u>
Total capital assets, being depreciated	<u>509,440</u>	<u>-</u>	<u>-</u>	<u>509,440</u>
<i>Less: accumulated depreciation:</i>				
Furniture, fixtures and equipment	(222,925)	(42,319)	-	(265,244)
Vehicles	<u>(120,474)</u>	<u>(15,112)</u>	<u>-</u>	<u>(135,586)</u>
Total accumulated depreciation	<u>(343,399)</u>	<u>(57,431)</u>	<u>-</u>	<u>(400,830)</u>
Total capital assets being depreciated, net	<u>166,041</u>	<u>(57,431)</u>	<u>-</u>	<u>108,610</u>
Governmental activities capital assets, net	<u>\$ 166,041</u>	<u>\$ (57,431)</u>	<u>\$ -</u>	<u>\$ 108,610</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
Administration	<u>\$ 57,431</u>

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 - CAPITAL ASSETS - (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2019, was as follows:

<u>Business-type activities:</u>	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/19</u>
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 27,726	\$ -	\$ -	\$ 27,726
Total capital assets, being depreciated	<u>27,726</u>	<u>-</u>	<u>-</u>	<u>27,726</u>
<i>Less: accumulated depreciation:</i>				
Furniture, fixtures and equipment	(8,948)	(2,772)	-	(11,720)
Total accumulated depreciation	<u>(8,948)</u>	<u>(2,772)</u>	<u>-</u>	<u>(11,720)</u>
Total capital assets being depreciated, net	<u>18,778</u>	<u>(2,772)</u>	<u>-</u>	<u>16,006</u>
Business-type activities capital assets, net	<u>\$ 18,778</u>	<u>\$ (2,772)</u>	<u>\$ -</u>	<u>\$ 16,006</u>

Depreciation expense was charged to the District's enterprise fund as follows:

<u>Business-type activities:</u>	
Federally Qualified Health Center	\$ 2,772

NOTE 7 - LONG-TERM OBLIGATIONS

During 2019, the following activity occurred in the District's governmental and business-type long-term obligations.

<u>Governmental Activities:</u>	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/19</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 822,775	\$ 539,360	\$ (444,911)	\$ 917,224	\$ 485,597
Capital lease obligation	56,025	-	(22,529)	33,496	23,447
Net pension liability	6,297,894	4,692,896	-	10,990,790	-
Net OPEB liability	<u>4,571,513</u>	<u>968,311</u>	<u>-</u>	<u>5,539,824</u>	<u>-</u>
Total	<u>\$ 11,748,207</u>	<u>\$ 6,200,567</u>	<u>\$ (467,440)</u>	<u>\$ 17,481,334</u>	<u>\$ 509,044</u>

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-type Activities:</u>	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/19</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 178,207	\$ 32,993	\$ (128,610)	\$ 82,590	\$ 49,977
Net pension liability	1,949,634	-	(635,556)	1,314,078	-
Net OPEB liability	<u>1,415,199</u>	<u>-</u>	<u>(753,148)</u>	<u>662,051</u>	<u>-</u>
Total	<u>\$ 3,543,040</u>	<u>\$ 32,993</u>	<u>\$ (1,517,314)</u>	<u>\$ 2,058,719</u>	<u>\$ 49,977</u>

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

Compensated absences will be paid from the General Fund and the Federally Qualified Health Center enterprise 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.

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, 2019 was \$77,273, leaving a current book value of \$33,116.

A corresponding liability was recorded on the statement of net position. In 2019, principal payments of \$22,529 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, 2019:

<u>Year Ending December 31,</u>	<u>Copiers</u>
2020	\$ 24,360
2021	<u>10,150</u>
Total minimum lease payments	34,510
Less: amount representing interest	<u>(1,014)</u>
Present value of future minimum lease payments	<u>\$ 33,496</u>

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - INTERFUND TRANSACTIONS

A. Interfund Loans Receivable/Payable

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

	Interfund Loan Receivable
<u>Interfund Loan Payable:</u>	<u>General Fund</u>
<u>Major Governmental Fund:</u>	
Women, Infants, and Children (WIC) Fund	\$ 185,657
Nonmajor Governmental Funds	369,383
Total	\$ 555,040

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.

B. Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund financial statements.

	Transfers from: General Fund
<u>Transfers to:</u>	<u>General Fund</u>
Environmental Fees	\$ 570,310
Federally Qualified Health Center	508,917
Total	\$ 1,079,227

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.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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.

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	\$ 41,215
Women, Infants, and Children	1,051,894
Maternal and Child Health	148,192
Environmental Fees	510
Nonmajor Governmental	<u>402,684</u>
Total	<u>\$ 1,644,495</u>

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability/Asset

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

The net pension liability/asset represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

GASB 68 assumes any net pension liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/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.

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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

**** 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 the Member-Directed Plan was \$859,768 for 2019. Of this amount, \$86,690 is reported as due to other governments.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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 Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The 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	0.05257200%	0.11313400%	0.07273600%	
Proportion of the net pension liability/asset current measurement date	<u>0.04492800%</u>	<u>0.09832000%</u>	<u>0.07188100%</u>	
Change in proportionate share	<u>-0.00764400%</u>	<u>-0.01481400%</u>	<u>-0.00085500%</u>	
Proportionate share of the net pension liability	\$ 12,304,868	\$ -	\$ -	\$ 12,304,868
Proportionate share of the net pension asset	-	(109,944)	(1,638)	(111,582)
Pension expense	2,275,725	30,509	(425)	2,305,809

At December 31, 2019, 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	\$ 569	\$ -	\$ 6,819	\$ 7,388
Net difference between projected and actual earnings on pension plan investments	1,670,116	23,683	544	1,694,343
Changes of assumptions	1,071,170	24,556	509	1,096,235
Changes in employer's proportionate percentage/difference between employer contributions	166,974	-	-	166,974
Contributions subsequent to the measurement date	<u>775,163</u>	<u>51,215</u>	<u>33,390</u>	<u>859,768</u>
Total deferred outflows of resources	<u>\$ 3,683,992</u>	<u>\$ 99,454</u>	<u>\$ 41,262</u>	<u>\$ 3,824,708</u>

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 161,569	\$ 44,904	\$ -	\$ 206,473
Changes in employer's proportionate percentage/difference between employer contributions	1,136,936	-	-	1,136,936
Total deferred inflows of resources	<u>\$ 1,298,505</u>	<u>\$ 44,904</u>	<u>\$ -</u>	<u>\$ 1,343,409</u>

\$859,768 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, 2020.

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
2020	\$ 639,608	\$ 3,713	\$ 1,133	\$ 644,454
2021	114,349	(1,017)	1,036	114,368
2022	154,938	(520)	1,053	155,471
2023	701,429	6,896	1,269	709,594
2024	-	(2,838)	945	(1,893)
Thereafter	-	(2,899)	2,436	(463)
Total	<u>\$ 1,610,324</u>	<u>\$ 3,335</u>	<u>\$ 7,872</u>	<u>\$ 1,621,531</u>

Actuarial Assumptions - OPERS

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

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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

During 2018, 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 2.94% for 2018.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

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 the Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. 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 District's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the District's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 18,177,869	\$ 12,304,868	\$ 7,424,352
Combined Plan	(36,378)	(109,944)	(163,211)
Member-Directed Plan	(719)	(1,638)	(2,875)

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 13 - DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 13 - DEFINED BENEFIT OPEB PLAN - (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 requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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 2019 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 \$13,356 for 2019. Of this amount, \$1,347 is reported as due to other governments.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLAN - (Continued)

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the net OPEB liability prior measurement date	0.05513000%
Proportion of the net OPEB liability current measurement date	<u>0.04756900%</u>
Change in proportionate share	<u><u>-0.00756100%</u></u>
Proportionate share of the net OPEB liability	\$ 6,201,875
OPEB expense	\$ 294,237

At December 31, 2019, 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	\$ 2,100
Net difference between projected and actual earnings on OPEB plan investments	284,318
Changes of assumptions	199,956
Changes in employer's proportionate percentage/difference between employer contributions	153,117
Contributions subsequent to the measurement date	<u>13,356</u>
Total deferred outflows of resources	<u><u>\$ 652,847</u></u>

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLAN - (Continued)

	OPERS
Deferred inflows of resources	
Differences between expected and actual experience	\$ 16,828
Changes in employer's proportionate percentage/difference between employer contributions	710,572
Total deferred inflows of resources	\$ 727,400

\$13,356 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, 2020.

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

	OPERS
Year Ending December 31:	
2020	\$ (56,640)
2021	(213,111)
2022	38,613
2023	143,229
Total	\$ (87,909)

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 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, 2017, rolled forward to the measurement date of December 31, 2018.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 13 - DEFINED BENEFIT OPEB PLAN - (Continued)

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	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

The most recent experience study was 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.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 13 - DEFINED BENEFIT OPEB PLAN - (Continued)

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60% for 2018.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 3.71%. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLAN - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 7,934,509	\$ 6,201,875	\$ 4,823,972

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.

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 2019 is 10.00%. 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 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	\$ 5,961,347	\$ 6,201,875	\$ 6,478,898

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.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019.

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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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	WIC Fund	Maternal and Child Health Fund	Environmental Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepayments	\$ 9,722	\$ -	\$ -	\$ 2,632	\$ -	\$ 12,354
Restricted:						
Clinical programs	-	-	-	-	2,920	2,920
Environmental programs	-	-	-	544,616	392	545,008
Community programs	23,435	-	187,648	-	97,492	308,575
Total restricted	<u>23,435</u>	<u>-</u>	<u>187,648</u>	<u>544,616</u>	<u>100,804</u>	<u>856,503</u>
Committed:						
Clinical programs	6,659	-	-	-	-	6,659
Environmental programs	5,022	-	-	-	-	5,022
Total committed	<u>11,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,681</u>
Assigned:						
Clinical programs	1,434	-	-	-	-	1,434
Environmental programs	1,066	-	-	-	-	1,066
Community health programs	156	-	-	-	-	156
Administration	38,559	-	-	-	-	38,559
Total assigned	<u>41,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,215</u>
Unassigned (deficit)	<u>1,507,231</u>	<u>(303,519)</u>	<u>-</u>	<u>-</u>	<u>(482,880)</u>	<u>720,832</u>
Total fund balances (deficit)	<u>\$ 1,593,284</u>	<u>\$ (303,519)</u>	<u>\$ 187,648</u>	<u>\$ 547,248</u>	<u>\$ (382,076)</u>	<u>\$ 1,642,585</u>

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.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

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:

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	WIC Fund	Maternal and Child Health Fund	Environmental Fees Fund
Budget basis	\$ 49,452	\$ (965,441)	\$ 446,738	\$ 2,253
Net adjustment for revenue accruals	51,068	(277,834)	(554,757)	(10,496)
Net adjustment for expenditure accruals	(29,298)	(3,267)	(1,042,544)	(13,317)
Net adjustment for other financing sources/(uses) accruals	(66,116)	-	30,582	-
Encumbrances	41,215	1,051,894	148,192	510
GAAP basis	<u>\$ 46,321</u>	<u>\$ (194,648)</u>	<u>\$ (971,789)</u>	<u>\$ (21,050)</u>

NOTE 18 - SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investments of the pension and other employee benefit plan in which the District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**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 SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
District's proportion of the net pension liability	0.044928%	0.052572%	0.052278%	0.052733%
District's proportionate share of the net pension liability	\$ 12,304,868	\$ 8,247,528	\$ 11,871,445	\$ 9,134,020
District's covered payroll	\$ 6,019,529	\$ 6,950,369	\$ 6,557,275	\$ 7,325,283
District's proportionate share of the net pension liability as a percentage of its covered payroll	204.42%	118.66%	181.04%	124.69%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Combined Plan:</i>				
District's proportion of the net pension asset	0.098320%	0.113134%	0.152181%	0.125450%
District's proportionate share of the net pension asset	\$ 109,944	\$ 154,012	\$ 84,699	\$ 61,047
District's covered payroll	\$ 420,507	\$ 463,338	\$ 592,375	\$ 286,675
District's proportionate share of the net pension asset as a percentage of its covered payroll	26.15%	33.24%	14.30%	21.29%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%
<i>Member Directed Plan:</i>				
District's proportion of the net pension asset	0.071881%	0.072736%	0.655500%	0.064203%
District's proportionate share of the net pension asset	\$ 1,638	\$ 2,539	\$ 2,730	\$ 245
District's covered payroll	\$ 410,900	\$ 398,660	\$ 269,392	\$ 357,567
District's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.64%	1.01%	0.07%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%	103.40%	103.91%

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>2015</u>	<u>2014</u>
0.043174%	0.043174%
\$ 5,207,267	\$ 5,089,652
\$ 5,715,592	\$ 5,121,985
91.11%	99.37%
86.45%	86.36%
0.081099%	0.081099%
\$ 31,225	\$ 8,510
\$ 296,450	\$ 243,415
10.53%	3.50%
114.83%	104.56%
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 775,163	\$ 842,734	\$ 903,548	\$ 786,873
Contributions in relation to the contractually required contribution	<u>(775,163)</u>	<u>(842,734)</u>	<u>(903,548)</u>	<u>(786,873)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,536,879	\$ 6,019,529	\$ 6,950,369	\$ 6,557,275
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 51,215	\$ 58,871	\$ 60,234	\$ 71,085
Contributions in relation to the contractually required contribution	<u>(51,215)</u>	<u>(58,871)</u>	<u>(60,234)</u>	<u>(71,085)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 365,821	\$ 420,507	\$ 463,338	\$ 592,375
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 33,390	\$ 41,090	\$ 39,866	\$ 32,327
Contributions in relation to the contractually required contribution	<u>(33,390)</u>	<u>(41,090)</u>	<u>(39,866)</u>	<u>(32,327)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 333,900	\$ 410,900	\$ 398,660	\$ 269,392
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	12.00%

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 879,034	\$ 685,871	\$ 665,858	\$ 521,711	\$ 597,859	\$ 532,309
<u>(879,034)</u>	<u>(685,871)</u>	<u>(665,858)</u>	<u>(521,711)</u>	<u>(597,859)</u>	<u>(532,309)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,325,283	\$ 5,715,592	\$ 5,121,985	\$ 5,217,110	\$ 5,978,590	\$ 5,967,590
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
\$ 34,401	\$ 35,574	\$ 31,644	\$ 18,283	\$ 21,515	\$ 24,841
<u>(34,401)</u>	<u>(35,574)</u>	<u>(31,644)</u>	<u>(18,283)</u>	<u>(21,515)</u>	<u>(24,841)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 286,675	\$ 296,450	\$ 243,415	\$ 229,975	\$ 270,629	\$ 256,357
12.00%	12.00%	13.00%	7.95%	7.95%	9.69%
\$ 42,908					
<u>(42,908)</u>					
<u>\$ -</u>					
\$ 357,567					
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 THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.047569%	0.055130%	0.055453%
District's proportionate share of the net OPEB liability	\$ 6,201,875	\$ 5,986,712	\$ 5,600,972
District's covered payroll	\$ 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	90.53%	76.63%	75.49%
Plan fiduciary net position as a percentage of the total OPEB liability	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

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 13,356	\$ 16,436	\$ 90,083	\$ 158,306
Contributions in relation to the contractually required contribution	<u>(13,356)</u>	<u>(16,436)</u>	<u>(90,083)</u>	<u>(158,306)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,236,600	\$ 6,850,936	\$ 7,812,367	\$ 7,419,042
Contributions as a percentage of covered payroll	0.21%	0.24%	1.15%	2.13%

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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%.

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 2017-2019.

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.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Health				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	048-1-001-1-WA	\$1,198,172	\$2,263,621
Total U.S. Department of Agriculture			<u>1,198,172</u>	<u>2,263,621</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through City of Toledo				
<u>CDBG - Entitlement Grants Cluster:</u>				
Community Development Block Grants/Entitlement Grants	14.218			56,683
Total CDBG - Entitlement Grants Cluster				56,683
Total U.S. Department of Housing and Urban Development				<u>56,683</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed Through Ohio Environmental Protection Agency				
<u>Clean Water State Revolving Fund Cluster:</u>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	9066		6,950
Total Clean Water State Revolving Fund Cluster				6,950
Total U.S. Department of Environmental Protection Agency				<u>6,950</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program				
Healthy Start Initiative	93.926	H49MC27825	408,792	822,354
Passed Through Ohio Department of Aging				
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043			30,433
Passed Through Ohio Department of Youth Services				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	CSP902718		55,854
Passed Through Ohio Department of Health				
Public Health Emergency Preparedness	93.069	048-1-001-2-PH		113,768
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	048-1-001-2-PH		128,704
Injury Prevention and Control Research and State and Community Based Programs	93.136	048-1-001-4-DR		81,408
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	34194		9,942
Family Planning Services	93.217	048-1-001-4-RH		17,218
Immunization Cooperative Agreements	93.268	048-1-001-2-GV		99,281
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	048-1-001-4-TU		4,337
National State Based Tobacco Control Programs	93.305	048-1-001-4-CC		2,997
State Physical Activity and Nutrition	93.439	048-1-001-4-CK		14,100
Preventative Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	048-1-001-4-CC		663
Opioid STR	93.788	FY 2019 MOU		150,874
HIV Prevention Activities Health Department Based	93.940	048-1-001-2-HP	43,176	241,838
Preventative Health Services Sexually Transmitted Diseases Control Grants	93.977	048-1-001-2-ST		53,540
Preventive Health and Health Services Block Grant	93.991	048-1-001-4-CC		112,953
Maternal and Child Health Services Block Grant to the States	93.994	048-1-001-1-OE		139,528
Total U.S. Department of Health and Human Services			<u>451,968</u>	<u>2,079,792</u>
Total Expenditures of Federal Awards			<u>\$1,650,140</u>	<u>\$4,407,046</u>

The accompanying notes are an integral part of this schedule.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lucas County Regional Health District, Lucas County, Ohio (the District') under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

The District passes certain federal awards received from the U.S. 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
REQUIRED BY 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 and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lucas County Regional Health District, Lucas County, Ohio (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2020, wherein we noted the financial statement impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District. We also noted the District restated beginning fund balances to create a new fund to better report the activity and purpose and that the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*..

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 15, 2020



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

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 Program

We have audited 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 Lucas County Regional Health District's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

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 program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, 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 program for the year ended December 31, 2019.

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 a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

December 15, 2020

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS
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(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)?	Yes
(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 – CFDA # 10.557
(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**

FINDING NUMBER 2019-001

Significant Deficiency – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Errors were noted in the pension calculation resulting in Business-Type Activities fringe benefit expenses related to pension expense being understated in the amount of \$25,548.

This error was not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board Members to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to reflect this change. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$1,511 to \$47,262 that were not significant to the financial statements that we have brought to the District's attention.

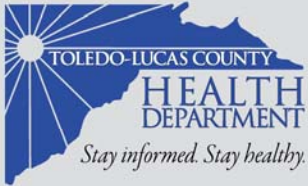
To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board Members to help identify and correct errors and omissions.

Officials' Response:

The District's Management will perform detailed reviews of financial information to help ensure financial statements are correct and to identify any errors and omissions.

3. FINDINGS FOR FEDERAL AWARDS

None



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2019**

635 North Erie Street
Toledo, Ohio 43604-5317
419.213.4100
419.213.4017 Fax
boardofhealth@co.lucas.oh.us



Finding Number	Finding Summary	Status	Additional Information
2018-001	Finding was first issued in the 2017 audit. Material weakness over financial reporting due to material audit adjustments.	Not corrected and repeated as Finding 2019-001 in this report.	The finding reoccurred due to inadequate policies and procedures in reviewing the financial statements for errors and omissions. The District's management will perform detailed reviews of financial information to help ensure financial statements are correct.



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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2019

Finding Number:	2019-001
Planned Corrective Action:	The District's Management will perform detailed reviews of financial information to help ensure financial statements are correct and to identify any errors and omissions.
Anticipated Completion Date:	12/31/2020
Responsible Contact Person:	Tina Stokes, Fiscal Administrator

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 12/31/2020

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