MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT AND SUBSIDIARY

Consolidated Financial and Compliance Report
December 31, 2020 and 2019

Arnett Carbis Toothman llp
CPAs & Advisors

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Governors
Mark-Milford Hicksville Joint Township Hospital District and Subsidiary
208 Columbus Street
Hicksville, Ohio 43526

We have reviewed the *Independent Auditor's Report* of Mark-Milford Hicksville Joint Township Hospital District and Subsidiary, Defiance County, prepared by Arnett Carbis Toothman, LLP, for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Mark-Milford Hicksville Joint Township Hospital District and Subsidiary is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 08, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Governors
Mark Milford Hicksville Joint Township
Hospital District and Subsidiary
Hicksville, Ohio

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mark Milford Hicksville Joint Township Hospital District and Subsidiary (Organization), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations and changes in net position (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mark Milford Hicksville Joint Township Hospital District and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of Mark Milford Hicksville Joint Township Hospital District and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Organization's internal control over financial reporting and compliance.

Arnett Carbis Toothman LLP

Charleston, West Virginia
October 28, 2021

Arnett Carbis Toothman llp
CPAs & Advisors

Introduction

The discussion and analysis of Mark Milford Hicksville Joint Township Hospital District and Subsidiary's financial performance provides an overview of the consolidated activities and operations of Community Memorial Hospital and Community Memorial Hospital Foundation, Inc. (collectively, the Organization) for the fiscal years ended December 31, 2020 and 2019. Please read it in conjunction with the Organization's consolidated financial statements. Unless otherwise indicated, amounts are in thousands.

Financial Highlights

- The Organization's net position decreased in 2020 and 2019 by $2,540 and $6,816, respectively.
- The Organization reported operating (losses) of $(8,353) and $(6,610) in 2020 and 2019, respectively.
- Total operating revenues decreased from 2019 to 2020 by $2,335 or 7%.
- The Organization made capital additions in 2020 totaling $1,030, which was funded from operations and through direct financing.

Using This Annual Report

The Organization's consolidated financial statements consist of three statements – a Consolidated Balance Sheet; a Consolidated Statement of Operations and Changes in Net Position (Deficit); and a Consolidated Statement of Cash Flows. These consolidated financial statements and related notes provide information about the activities of the Organization.

The Consolidated Balance Sheet and Statement of Operations and Changes in Net Position (Deficit)

The analysis of the Organization's finances begins on page 4. One of the most important questions asked about the Organization's finances is, "Is the Organization as a whole better or worse off as a result of the year's activities?" The Consolidated Balance Sheet and Statement of Operations and Changes in Net Position (Deficit) report information about the Organization's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Organization's net position and related changes. You can think of the Organization's net position (deficit) – the difference between assets and liabilities – as one way to measure the Organization's financial health or financial position. Over time, increases or decreases in the Organization's net position (deficit) are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Organization's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Organization.

Consolidated Statement of Cash Flows

The final required statement is the Consolidated Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, noncapital related financing and capital related financing, activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Net Position (Deficit)

The Organization's net position (deficit) is the difference between its assets, deferred outflows, liabilities, and deferred inflows reported on the Consolidated Balance Sheets on pages 9 and 10. The Organization's net position (deficit) decreased by $2,540 and $6,816 in 2020 and 2019, respectively, as illustrated in Table 1.

Table 1: Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net (Deficit) (in thousands)

ASSETS AND DEFERRED OUTFLOWS	2020	2019	2018
ASSETS			
Current assets	**$ 6,675**	$ 6,988	$ 7,769
Resticted and limited use assets	**4,847**	1,094	2,018
Capital assets, net	**7,639**	7,468	7,359
Other noncurrent assets	**427**	434	453
Total assets	**19,588**	15,984	17,599
NET PENSION ASSET	**286**	162	187
DEFERRED OUTFLOWS			
Public employee retirement system	**3,987**	7,295	3,211
Other post employment benefits	**2,341**	1,578	597
Total deferred outflows	**6,328**	8,873	3,808
Total assets and deferred outflows	**$ 26,202**	$ 25,019	$ 21,594
LIABILITIES, DEFERRED INFLOW AND NET POSITION (DEFICIT)			
LIABILITIES			
Current liabilities	**$ 10,005**	$ 14,713	$ 5,587
Long-term obligations, net of current portion	**8,217**	418	9,232
Interest rate swap	**18**	166	262
Net pension liability	**15,989**	20,560	10,385
Other post employment liability	**12,334**	11,023	8,116
Total liabilities	**46,563**	46,880	33,582
DEFERRED INFLOWS			
Public employee retirement system	**3,503**	637	3,119
Other post employment benefits	**2,118**	30	605
Total deferred inflows	**5,621**	667	3,724
NET POSITION (DEFICIT)			
Net invested in capital assets	**(1,086)**	(1,880)	(2,300)
Restricted	**2,628**	818	890
Unrestricted	**(27,524)**	(21,466)	(14,302)
Total net position (deficit)	**(25,982)**	(22,528)	(15,712)
Total liabilities, deferred inflows and net position (deficit)	**$ 26,202**	$ 25,019	$ 21,594

A significant component of the Organization's assets is capital assets. Capital assets increased by $171 or 2% in 2020 and increased by $109 or 1% in 2019. Fixed assets acquired by the Organization either through direct purchase or financing were $1,030 in 2020 and $907 in 2019. These additions were offset by depreciation of $809 and $798 in 2020 and 2019, respectively. The increase in assets from 2019 to 2020 primarily reflects capital expenditures in excess of depreciation expense.

The net pension liability (NPL) is the largest single liability reported by the Organization at December 31, 2020 and 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Organization adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this consolidated financial statement will gain a clearer understanding of the Organization'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.

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* or *net OBEP 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.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Organization'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, 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 Organization 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 Organization's consolidated 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 and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Operating Results and Changes in the Organization's Net Position (Deficit)

Table 2 shows three years of revenues and expenses for 2020, 2019, and 2018.

Table 2: Operating Results and Changes in Net Position (Deficit) (in thousands)

	2020	2019	2018
OPERATING REVENUES			
Net patient service revenue	**$ 27,999**	$ 30,135	$ 27,302
Other operating revenue	**864**	1,063	1,174
Total operating revenue	**28,863**	31,198	28,476
OPERATING EXPENSES			
Salaries and wages	**15,176**	16,352	13,862
Employee benefits	**9,324**	9,841	5,437
Purchased services	**4,192**	3,452	3,101
Supplies	**3,312**	3,516	2,024
Physician services	**1,175**	1,077	1,020
Depreciation and amortization	**809**	798	877
Maintenance and repairs	**1,390**	1,063	1,057
Utilities	**562**	664	635
Miscellaneous	**879**	673	332
Insurance	**397**	372	333
Total operating expenses	**37,216**	37,808	28,678
Operating income (loss)	**(8,353)**	(6,610)	(202)
NONOPERATING GAINS (LOSSES)	**4,899**	(335)	(261)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE CAPITAL APPROPRIATIONS	**(3,454)**	(6,945)	(463)
Capital appropirations	**-**	129	126
Decrease in Net Position (Deficit)	**(3,454)**	(6,816)	(337)
Net Net Position (Deficit), Beginning of Year	**(22,528)**	(15,712)	(15,375)
Net Position (Deficit), End of Year	**$ (25,982)**	$ (22,528)	$ (15,712)

Net patient service revenue decreased by $2,136 or 7% from 2019 to 2020 and increased by $2,833 or 10% from 2018 and 2019.

Salaries and wages decreased 7.2% from 2019 to 2020 and increased by 18.0% from 2018 to 2019 primarily due to an increase in FTEs. Employee benefits experienced a decrease of 5% from 2019 to 2020 and increase of 81% from 2018 to 2019, due primarily to fluctuations in pension cost, OPEB costs and employee health insurance claims.

Sources of Revenue

The Organization derives substantially all of its revenue from patient services and other related activities. Revenue includes, among other items, revenue from the Medicare and Medicaid programs, patients, insurance carriers, preferred provider organizations, and managed care programs.

The table below presents the percentages of gross revenue for patient services by payor, for the years ended December 31, 2020 and 2019, respectively.

	2020	2019
Medicare	**35%**	24%
Commerical and other	**49%**	60%
Medicaid	**9%**	9%
Self-pay	**7%**	7%
	100%	100%

The Organization provides care to patients under payment arrangements with Medicare, Medicaid, and various managed care programs. Services provided under those arrangements are paid at predetermined rates and/or reimbursable costs as defined by the related federal and state regulations. Provisions have been made in the consolidated financial statements for contractual adjustments which represent the difference between the standard charges for services and the actual or estimated reimbursement.

Operating Income (Loss)

The first component of the overall change in the Organization's net position (deficit) is its operating income (loss). Generally, operating income (loss) is the difference between net patient service revenue and the expenses incurred to perform those services. Operating (loss) was $(8,353) and $(6,610) in 2020 and 2019, respectively.

The decrease in the Organization's total operating income in 2020 of $2,335 from 2019 is the result of a significant increase in net patient service revenue due to additional services provided in fiscal year 2020. Excluded from net patient service revenue are charges for patient service waived under the Organization's charity care policy. Charity care represents unreimbursed charges incurred by the Organization in providing uncompensated care to indigent patients. Based on established rates, charges of $64 and $44 were waived during 2020 and 2019, respectively. The Organization participates in the Hospital Care Assurance Program (HCAP), which provides for additional payments to hospitals that provide a disproportionate share of uncompensated services. The net amounts received under the HCAP program resulted in revenue of $953 and $1,446 in 2020 and 2019, respectively.

The Organization provides care for patients who have little or no health insurance or other means of repayment. This service to the community is consistent with the goals of the Organization when it was established. Because there is no expectation of repayment, charity care is not reported as patient service revenue of the Organization.

Net Nonoperating Gains (Losses)

Net nonoperating gains (losses) increased due to a change in swap valuation. The Organization recognized a change in the value of swap agreement of $148 in 2020. In 2019, the Organization recognized an adjustment related to the value of swap of $96. The Organization received significant amount through the CARES Act in 2020 due to the COVID-19 pandemic. Total nonoperating gains (losses) by $4,899 in 2020.

Cash Flows

Changes in the Organization's cash flows are consistent with changes in operating gains and non-operating gains and losses as discussed earlier. Non-cash expenses such as depreciation and bad debt expense represent primary reasons the net cash from operating activities is greater than the change in net position (deficit). The Organization generated negative cash flows from operations in 2020 and 2019 of $600 and $584, respectively.

Capital Asset and Debt Administration

Capital Assets

The Organization had $7,639 and $7,468 invested in capital assets, net of accumulated depreciation in 2020 and 2019, respectively. The Organization acquired or constructed capital assets in the amount of $1,030 and $907 during 2020 and 2019, respectively.

Debt

The Organization had $11,300 and $9,348 in bonds, paycheck protection program loan and capital lease obligations outstanding at December 31, 2020 and 2019, respectively. The Organization expect the Small Business Administration to forgive the paycheck protection program loan of 2,452 in 2021.

Contacting the Organization's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at 208 Columbus Street, Hicksville, Ohio 43526.

MARK MILFORD HICKSVILLE JOINT TOWNSHIP
HOSPITAL DISTRICT AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019

ASSETS AND DEFERRED OUTFLOWS	**2020**	2019
CURRENT ASSETS		
Cash and cash equivalents	**$ 2,371,467**	$ 1,001,288
Patient accounts receivable, net of estimated uncollectible accounts of $2,452,211 in 2020 and $1,979,000 in 2019	**3,429,214**	4,672,082
Estimated third party settlement	**-**	648,085
Inventories	**488,962**	483,038
Prepaid expense and other assets	**385,560**	183,491
Total current assets	**6,675,203**	6,987,984
ASSETS LIMITED AS TO USE	**4,846,955**	1,093,580
CAPITAL ASSETS, net	**7,639,063**	7,467,939
OTHER ASSETS	**427,364**	433,760
Total assets	**19,588,585**	15,983,263
NET PENSION ASSET	**285,163**	161,710
DEFERRED OUTFLOWS		
Public employee retirement system	**3,987,453**	7,294,695
Other post employment benefits	**2,341,270**	1,578,179
Total deferred outflows	**6,328,723**	8,872,874
Total assets and deferred outflows	**$ 26,202,471**	$ 25,017,847

See Notes to Consolidated Financial Statements

LIABILITIES, DEFERRED INFLOW AND NET POSITION (DEFICIT)	2020	2019
CURRENT LIABILITIES		
Current portion of long-term debt	$ 3,083,284	$ 8,930,433
Accounts payable and accrued expenses	2,657,739	3,461,981
Estimated third party settlement	1,428,306	-
Deferred revenue	913,077	-
Accrued salaries, wages, and employee benefits	1,923,735	2,321,102
Total current liabilities	10,006,141	14,713,516
LONG-TERM DEBT, net of current portion	8,216,726	417,643
OTHER LIABILITIES		
Interest rate swap liability	17,751	165,617
Net pension liability	15,988,853	20,560,151
Other post employment liability	12,333,959	11,023,194
Total current liabilities	28,340,563	31,748,962
Total liabilities	46,563,430	46,880,121
DEFERRED INFLOWS		
Public employee retirement system	3,503,045	636,607
Other post employment benefits	2,118,248	29,909
Total deferred inflows	5,621,293	666,516
Total liabilities and deferred inflows	52,184,723	47,546,637
NET POSITION (DEFICIT)		
Net invested in capital assets	(1,086,291)	(1,880,137)
Restricted	2,627,605	817,517
Unrestricted	(27,523,566)	(21,466,170)
Total net position (deficit)	(25,982,252)	(22,528,790)
Total liabilities and net position (deficit)	$ 26,202,471	$ 25,017,847

See Notes to Consolidated Financial Statements

MARK MILFORD HICKSVILLE JOINT TOWNSHIP
HOSPITAL DISTRICT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET POSITION (DEFICIT)
Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUE		
Net patient service revenue (net of provision for bad debts of $2,847,710 in 2020 and $1,725,772 in 2019)	**$ 27,999,490**	$ 30,134,835
Other operating revenue	**864,021**	1,062,879
Total operating revenue	**28,863,511**	31,197,714
OPERATING EXPENSES		
Salaries and wages	**15,176,484**	16,352,124
Employee benefits	**9,324,391**	9,841,164
Purchased services	**4,192,088**	3,452,134
Supplies	**3,312,105**	3,515,876
Physician services	**1,174,577**	1,076,526
Depreciation and amortization	**808,531**	797,788
Maintenance and repairs	**1,390,184**	1,063,068
Utilities	**562,438**	664,314
Miscellaneous	**878,373**	673,410
Insurance	**396,882**	372,371
Total operating expenses	**37,216,053**	37,808,775
Operating (loss)	**(8,352,542)**	(6,611,061)
NON-OPERATING GAINS (LOSSES)		
Grant, contributions, and program revenue	**5,146,100**	-
Investment and other income, net	**155,479**	139,050
Interest expense	**(550,365)**	(570,740)
Change in the value of swap agreement	**147,866**	96,402
Total net nonoperating gains (losses)	**4,899,080**	(335,288)
(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE CAPITAL APPROPRIATIONS	**(3,453,462)**	(6,946,349)
CAPITAL APPROPRIATIONS	**-**	128,653
DECREASE IN NET POSITION (DEFICIT)	**(3,453,462)**	(6,817,696)
Net position (deficit):		
Beginning of year	**(22,528,790)**	(15,711,094)
End of year	**$ (25,982,252)**	$ (22,528,790)

See Notes to Consolidated Financial Statements

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	$ 31,318,749	$ 29,609,396
Cash paid to employees for wages and benefits	(21,190,175)	(20,840,379)
Cash paid to vendors for goods and services	(12,505,611)	(10,416,118)
Other receipts, net	1,777,098	1,062,879
Net cash (used in) operating activities	(599,939)	(584,222)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of long-term debt and capital leases	(770,866)	(614,369)
Interest paid on long-term debt and capital leases	(550,365)	(570,740)
New borrowings of long term debt	2,452,800	-
Grant, contributions, and program revenue	5,146,100	-
Capital appropriations	-	128,653
Proceeds on sale of assets	50,278	-
Purchase of capital assets	(759,533)	(603,273)
Net cash provided by (used in) capital and related financing activities	5,568,414	(1,659,729)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in assets limited as to use	(30,767)	(84,380)
Investment income	155,079	139,050
Net cash provided by investing activities	124,312	54,670
Net increase (decrease) in cash and cash equivalents	5,092,787	(2,189,281)
Cash and cash equivalents:		
Beginning of year	2,010,488	4,199,769
End of year	$ 7,103,275	$ 2,010,488
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Cash and cash equivalents and investments	$ 2,371,467	$ 1,001,288
Cash and cash equivalents in assets limited as to use	4,731,808	1,009,200
Total cash and cash equivalents	$ 7,103,275	$ 2,010,488

See Notes to Consolidated Financial Statements

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
Years Ended December 31, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	**$ (8,352,542)**	$ (6,611,061)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	**808,531**	797,788
(Loss) on disposal of capital assets	**-**	-
Provision for bad debts	**2,847,710**	1,725,772
Changes in:		
Patient accounts receivable	**(1,604,842)**	(3,040,189)
Inventories, prepaid expenses, and other assets	**(201,597)**	146,326
Accounts payable and accrued expenses, accrued salaries, wages, and employee benefits	**(1,201,609)**	624,033
Deferred revenue	**913,077**	
Estimated third-party payor settlements	**2,076,391**	787,126
Deferred outflow of resources	**2,544,151**	(5,064,484)
Deferred inflow of resources	**4,954,777**	(3,057,153)
Net pension asset	**(123,453)**	25,514
Net pension liability	**(4,571,298)**	10,175,125
Other post employment liability	**1,310,765**	2,906,981
Net cash (used in) operating activities	**$ (599,939)**	$ (584,222)
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING		
Activities change in fair value of interest rate swap	**$ 147,866**	$ 96,402
Acquisition of capital assets through direct financing	**$ 270,000**	$ 303,451

See Notes to Consolidated Financial Statements

Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies

Reporting entity: Mark Milford Hicksville Joint Township Hospital District doing business as Community Memorial Hospital (the Hospital), was established for the purpose of exercising the rights and privileges conveyed to it by law. The Hospital is a hospital district created under provisions of Section 513.07 of the Ohio Revised Code. The Hospital operates under the direction of a nine-member board consisting of the township trustees of Mark, Milford, and Hicksville Townships. The Hospital is responsible for establishing and maintaining a joint township district hospital or other hospital facilities for residents of the contiguous townships of Mark, Milford, and Hicksville.

Blended component unit: In order to comply with the provisions of *GASB Statement No. 61 The Financial Reporting Entity – An Amendment of GASB Statements No. 14 and No. 34, and No. 39, Determining Whether Certain Organizations are Component Units,* issued by the Governmental Accounting Standards Board (GASB), the accompanying consolidated financial statements include the accounts of Community Memorial Hospital Foundation, Inc. (the Foundation), a blended component unit of the Hospital (collectively, the Organization). The Foundation exists solely to support the operations of the Hospital. All significant inter-company transactions and balances have been eliminated in consolidation.

Enterprise fund accounting: The Organization uses Enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Fund Accounting, as superseded by GASB Statement No. 62, codification of Accounting and Financial Reporting Guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant of the Organization’s accounting policies are described below.

Cash and cash equivalents: Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Patient accounts receivable: Patient accounts receivable are carried at the original charge less an estimate made for doubtful or uncollectable accounts. The allowance is based upon a review of the outstanding balances aged by financial class. Management uses collection percentages based upon historical collection experience to determine collectability. Management also reviews troubled, aged accounts to determine collection potential. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Recoveries of accounts previously written off are recorded as a reduction to bad debt expense when received. Interest is not charged on patient accounts receivable.

Inventories: Inventories are stated at the lower of cost (first-in, first-out) or market.

Assets limited as to use: Assets limited as to use consist of assets restricted by donors, assets held by trustees under an indenture agreement, externally restricted under a reimbursement agreement, assets externally restricted for capital improvements, and assets internally designated by the Board of Governors for capital improvements. The Organization's policy is to invest available funds in obligations of the U.S. Government, certificates of deposit, mutual funds, and money market funds.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in nonoperating gains/(losses) when earned.

Capital assets: Capital assets are reported at historical cost. Contributed capital assets are recorded at their estimated fair value at the time of their donation. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation over the expected useful lives of depreciable assets.

Amortization expense on capital leases is included in depreciation expense. The Organization recognizes a capital asset when the cost of the item purchased is (1) greater than $2,500 or a minimum useful life of 3 years, (2) a group of 3 or more like items costing more than $1,500, or (3) a building or remodeling project with total costs in excess of $10,000.

Grants and contributions: From time to time, the Organization receives grants and contributions from governmental organizations, private individuals, and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Grants that are unrestricted are reported as other operating revenue and those restricted for a specific purpose are reported as nonoperating gains/(losses). Contributions that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating gains/(losses). Contributions restricted to capital acquisitions are reported after non-operating revenues and expenses.

Restricted resources: When the Organization has both restricted and unrestricted resources available to finance a particular program, it is the Organization's policy to use restricted resources before unrestricted resources.

Pensions/Other Postemployment Benefits (OPEB): Substantially all of the Organization's employees are eligible to participate in a defined benefit pension plan sponsored by the Ohio Public Employees' Retirement System (OPERS). The Organization funds pension costs based on contribution rates determined by OPERS. 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.

Deferred outflows/inflows of resources: In addition to assets, the balance sheet reports 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 outflows of resources (expense) until then. For the Organization, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

In addition to liabilities, the statement of financial position reports 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 Organization, deferred inflows of resources include pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

Net position (deficit): Net position (deficit) of the Organization is classified in three components. *Net position invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net position* are noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Organization, including amounts deposited with trustees as required by revenue bond indentures and reimbursement agreement. *Unrestricted net position* are remaining net position that do not meet the definition of *invested in capital assets net of related debt or restricted*.

Compensated absences: The Organization's employees earn vacation time at varying rates depending on years of service. Employees may accumulate vacation time, up to a specified amount, to be carried over to the subsequent year. The estimated amount of vacation time payable for hours earned is reported as a current liability. The Organization's employees also earn sick leave on an annual basis at a flat rate regardless of years of service. The estimated amount of sick leave time payable for hours earned is reported as a current liability.

Risk management: The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this coverage in any of the three preceding years.

Net patient service revenue and patient accounts receivable: Normal billing rates for patient services less contractual adjustments are included in patient service revenue. Patient accounts receivable is adjusted for contractual allowances which are recorded on the basis of preliminary estimates of the amounts to be received from third-party payors. Final adjustments are recorded in the period such amounts are finally determined.

Charity care: The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as net revenue. The Organization maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. The amount of charity care not recorded as revenue was approximately $64,000 and $44,000 in 2020 and 2019, respectively. The cost of caring for charity care patient for the years ended December 31, 2020 and 2019, was approximately $46,000 and $31,000, respectively. The Organization participates in the Hospital Care Assurance Program (HCAP), which provides for additional payments to hospitals that provide a disproportionate share of uncompensated services to the indigent and uninsured. Net amount received through this program totaled approximately $953,000 and $1,446,000 in 2020 and 2019, respectively. This amount is reported as net patient service revenue on the consolidated statements of operations and changes in net position (deficit).

Operating revenues and expenses: The Organization's consolidated statements of operations and changes in net position (deficit) distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Organization's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Subsequent events: The Organization has evaluated subsequent events through October 28, 2021, the date on which the consolidated financial statements were available to be issued.

New or recent accounting statements: GASB No. 84, *Fiduciary Activities*, issued January 2017, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The new guidance provides that governments should report activities meeting certain criteria in a fiduciary fund in the basic financial statements and present a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement also describes four fiduciary funds that should be reported, if applicable: pension/employee benefit trust funds; investment trust funds; private purpose trust funds; and custodial funds with fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The new standard is effective for financial statements for periods beginning after December 15, 2019. Adoption of this standard did not have a material impact on the Hospital's combined financial statements.

GASB No. 87, *Leases*, issued June 2017, relates to improving accounting and financial reporting for leases by governments. The new guidance increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activity. The new standard is effective for financial statements for periods beginning after June 15, 2022. The Organization is currently evaluating the impact that adoption will have on its consolidated financial statements.

GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. For financial statements prepared using the current financial resources measurement focus, interest incurred before the end of a construction period should continue to be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The Hospital adopted this guidance during the year ended December 15, 2020. Adoption of this standard did not have a material impact on the Organization's combined financial statements

Note 2. Deposits and Investments and Investment Risks

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Organization's deposits may not be returned to it. The Organization's deposit policy for custodial risk is to require all deposits with financial institutions to be entirely insured or collateralized by securities held by financial institutions. At December 31, 2020 and 2019, the carrying amount of the Organization's bank deposits for all funds was $7,098,865 and $2,007,768, respectively, as compared to a bank balance of $7,793,161 and $2,500,137, respectively. Of the bank balances at December 31, 2020 and 2019, $1,042,514 and $1,168,859, respectively, are covered by Federal insurance programs and $4,434,431 and $1,331,278, respectively, are collateralized with securities held by the financial institution or by its trust department or agent but not in the Organization's name. The Organization has $2,316,216 and $0 as of December 31, 2020 and 2019, respectively, as uninsured and uncollateralized accounts.

Assets Limited as to Use

The composition of assets limited as to use at December 31, 2020 and 2019, are set forth in the following table. The Organization's investments included in assets limited as to use are categorized to give an indication of the level of risk assumed by the Organization. Investments with limited use are comprised of the following:

	2020	2019
INTERNALLY DESIGNATED FOR OPERATIONS AND CAPITAL IMPROVEMENTS		
Cash and cash equivalents	**$ 2,219,350**	$ 276,063
HELD BY TRUSTEE UNDER INDENTURE AGREEMENT		
Cash and cash equivalents	**386,914**	385,833
EXTERNALLY RESTRICTED UNDER REIMBURSEMENT AGREEMENT		
Cash and cash equivalents	**1,851,931**	226,770
EXTERNALLY RESTRICTED BY DONORS		
Cash and cash equivalents	**258,383**	105,309
Mutual funds	**115,147**	84,380
	373,530	189,689
EXTERNALLY RESTRICTED FOR CAPITAL IMPROVEMENTS		
Cash and cash equivalents	**15,230**	15,225
Total	**$ 4,846,955**	$ 1,093,580

Investments

Interest rate risk – The Organization has a formal investment policy that limits investment maturities to two years or less as a means of managing its exposure to fair value losses arising from changes in interest rates.

Credit risk – The Organization may invest in United States obligations or any other obligation guaranteed by the United States; bonds, notes, or any other obligations or securities issued by any federal government or instrumentality; time certificate of deposit or savings or deposit accounts, including passbook accounts, in eligible institutions; bonds and other obligations of the State of Ohio or the political subdivisions of the state provided that such political subdivisions are located wholly or partly within the same county; certain no load money market mutual funds; certain commercial paper; and certain repurchase agreements.

Concentration of credit risk – The Organization places no limit on the amount it may invest in any one issuer. The Organization maintains its investments, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes that it is not exposed to any significant credit risk on investments.

Note 3. Patient Accounts Receivable and Accrued Salaries, Wages and Employee Benefits

Patient accounts receivable reported as current assets and accrued expenses reported as current liabilities at December 31, 2020 and 2019, consisted of these amounts:

		2020		2019
Patient accounts receivable	**$**	**10,501,489**	$	10,907,328
Allowance for uncollectible accounts		**(4,620,064)**		(1,978,530)
Allowance for contractual adjustments		**(2,452,211)**		(4,256,716)
Patient accounts receivable, net	**$**	**3,429,214**	$	4,672,082

The Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2020 and 2019, are as follows:

	2020	2019
Other third-party payors	**40%**	37%
Self-pay	**15%**	19%
Medicare and Managed Medicare	**35%**	33%
Medicaid and Managed Medicaid	**10%**	11%
	100%	100%

Accrued salaries, wages, and employee benefits consist of the following as of December 31:

		2020		2019
Payroll and related items	**$**	**464,982**	$	1,141,042
Self-insured benefits		**109,526**		105,624
Health insurance claims		**283,936**		271,589
Compensated absences		**1,065,291**		802,847
Total	**$**	**1,923,735**	$	2,321,102

Note 4. Capital Assets

Capital assets additions, retirements, and balances for the year ended December 31 are as follows:

	2020				
	December 31, 2019	**Additions**	**Transfers**	**Retirements**	**December 31, 2020**
CAPITAL ASSETS					
Land improvements	**$ 552,408**	**$ 10,317**	**$ -**	**$ -**	**$ 562,725**
Buildings and equipment	**29,294,422**	**380,294**	**-**	**(100,000)**	**29,574,716**
Land	**226,643**	**44,500**	**-**	**(49,872)**	**221,271**
Construction in process	**-**	**594,422**	**-**	**-**	**594,422**
Total capital assets	**30,073,473**	**1,029,533**	**-**	**(149,872)**	**30,953,134**
Less accumulated depreciation and amortization for:					
Land improvements	**(349,028)**	**(14,711)**	**-**	**-**	**(363,739)**
Buildings and equipment	**(22,256,506)**	**(793,820)**	**-**	**99,994**	**(22,950,332)**
Total accumulated depreciation and amortization	**(22,605,534)**	**(808,531)**	**-**	**99,994**	**(23,314,071)**
CAPITAL ASSETS, net	**$ 7,467,939**	**$ 221,002**	**$ -**	**$ (49,878)**	**$ 7,639,063**

	2019				
	December 31, 2018	**Additions**	**Transfers**	**Retirements**	**December 31, 2019**
CAPITAL ASSETS					
Land improvements	$ 477,161	$ 75,247	$ -	$ -	$ 552,408
Buildings and equipment	28,371,821	831,477	91,124	-	29,294,422
Land	226,643	-	-	-	226,643
Construction in process	91,124	-	(91,124)	-	-
Total capital assets	29,166,749	906,724	-	-	30,073,473
Less accumulated depreciation and amortization for:					
Land improvements	(334,940)	(14,088)	-	-	(349,028)
Buildings and equipment	(21,472,806)	(783,700)	-	-	(22,256,506)
Total accumulated depreciation and amortization	(21,807,746)	(797,788)	-	-	(22,605,534)
CAPITAL ASSETS, net	$ 7,359,003	$ 108,936	$ -	$ -	$ 7,467,939

The cost of equipment under capital lease included in capital assets for the Center as of December 31 are as follows:

		2020		2019
Cost of equipment under capital lease	$	776,179	$	2,327,623
Accumulated amortization		(335,025)		(2,030,803)
Net carrying amount	$	441,154	$	296,820

Note 5. Estimated Third-Party Payor Settlements

Estimated third-party payor settlements consist of amounts due from the Medicare and Medicaid programs for the settlement of current and prior year cost reports. The balance at December 31 consist of estimated amounts as follows:

		2020		2019
Medicare	$	1,102,833	$	488,428
HCAP		230,436		159,657
Medicare Advance Payments		(2,761,575)		-
Total third-party payor settlements	$	(1,428,306)	$	648,085

Note 6. Long-Term Debt, Capital Lease Obligations, and Other Noncurrent Liabilities

A schedule of changes in the Organization's noncurrent liabilities for 2020 and 2019, are as follows:

	December 31, 2019	Additions	Reductions	December 31, 2020	Amounts Due within 1 year
LONG-TERM DEBT					
2005 bonds	$ 4,340,000	$ -	$ 340,000	$ 4,000,000	$ 190,000
2007 bonds	4,414,000	-	170,000	4,244,000	177,000
Paycheck Protection Program loan	-	2,452,800	-	2,452,800	2,452,800
Capital lease obligations	289,651	-	81,323	208,328	86,472
Notes payable	304,425	270,000	179,543	394,882	177,012
	9,348,076	2,722,800	770,866	11,300,010	3,083,284
OTHER NONCURRENT LIABILITIES					
Interest rate swap	165,617	-	147,866	17,751	-
Total noncurrent liabilities	$ 9,513,693	$ 2,722,800	$ 918,732	$ 11,317,761	$ 3,083,284

	December 31, 2018	Additions	Reductions	December 31, 2019	Amounts Due within 1 year
LONG-TERM DEBT					
2005 bonds	$ 4,665,000	$ -	$ 325,000	$ 4,340,000	$ 4,340,000
2007 bonds	4,577,000	-	163,000	4,414,000	4,414,000
Capital lease obligations	105,578	229,263	45,190	289,651	89,421
Notes payable, bank	311,416	74,188	81,179	304,425	87,012
	9,658,994	303,451	614,369	9,348,076	8,930,433
OTHER NONCURRENT LIABILITIES					
Interest rate swap	262,019	-	96,402	165,617	-
Total noncurrent liabilities	$ 9,921,013	$ 303,451	$ 710,771	$ 9,513,693	$ 8,930,433

A description of long-term debt at December 31 follows:

	2020	2019
2005 County Hospital Facilities Revenue Bonds (2005 Bonds), adjustable interest rate (1.15% at December 31, 2020 and an effective rate of 4.46%), due December 1, 2037, mandatory annual redemption beginning December 1, 2008, in installments ranging from $95,000 to $410,000 plus interest.	**$ 4,000,000**	$ 4,340,000
Ohio Hospital Facilities Revenue Refunding (2007 Bonds), 4.125% fixed rate, mandatory annual redemption beginning December 1, 2008, in installments ranging from $105,000 to $338,000, maturity date of December 1, 2037.	**4,244,000**	4,414,000
Payroll Protection Program Loan (See Below)	**2,452,800**	-
Note payable - three annual principle and interest payments of $90,000 beginning December 2020, and $96,805 through December 2022, with interest at 5% per annum, secured by the property financed	**180,000**	-
Capital lease obligation - monthly principal and interest payments of $3,050 through January 2022, with interest at 8.11%, secured by the equipment leased.	**32,329**	69,940

		2020		2019
Equipment financing obligation, due in monthly installments of $6,181 through November 2023 with interest at 7.096%, secured by related equipment.		**175,129**		243,942
Capital lease obligation, due in monthly installments of $5,379 through November 2023 with interest at 11.20%, secured by related equipment.		**175,999**		219,711
Equipment financing obligation, due in monthly installments of $2,316 through June 2022 with interest at 7.096%, secured by related equipment.		**39,753**		60,483
		11,300,010		9,348,076
Less current portion		**(3,083,284)**		(8,930,433)
Long-term debt	**$**	**8,216,726**	$	417,643

Minimum payments on these obligations to maturity as of December 31, 2020, follows:

	Long-Term Debt		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2021	$ 2,996,812	$ 407,161	$ 86,472	$ 8,386
2022	552,307	389,852	60,343	7,252
2023	453,903	369,788	61,513	8,381
2024	420,000	342,599	-	-
2025	438,000	324,537	-	-
Thereafter	6,230,660	2,149,836	-	-
	$ 11,091,682	$ 3,983,773	$ 208,328	$ 24,019

During 2005, the Organization obtained $12,600,000 of Adjustable Rate Demand County Hospital Facilities Revenue Bonds, Series 2005 (2005 Bonds), for constructing, equipping, installing, and improving additional Hospital facilities. The bonds are payable in varying annual installments beginning December 2008. The bonds mature December 2037. The adjustable interest rate for the year ended December 31, 2020 was 1.15%.

The debt was collateralized by total revenues and a letter of credit issued by Fifth Third Bank. On October 29, 2020, the agreement was amended to extend the expiration date to January 20, 2022. At December 31, 2020 and 2019, the Reserve Account had a balance of $1,851,931 and $226,770, and are included within assets limited as to use in the accompanying balance sheets.

During 2007, the Organization obtained $6,000,000 of Ohio Hospital Facilities Revenue Refunding Bonds (2007 Bonds). The bonds refunded a portion of the series 2005 bond issue. The bonds are payable in varying annual installments beginning December 2008 and mature December 2037. The bonds bear interest at an annual fixed rate of 4.125%. The bonds are collateralized by total revenues.

On April 28, 2020, the Organization obtained a loan under the Paycheck Protection Program (PPP) in the amount of $2,452,800 pursuant to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (see Note 15). In order to obtain forgiveness, proceeds from the loan must be spent on qualifying expenses as allowed under the CARES Act and matures in April 2022. The allowable costs under the PPP include covered payroll costs, mortgage interest on real or personal property, rental obligations on real or personal property, and covered utility costs. The Hospital has recorded the PPP loan in long-term debt. The Organization has applied for forgiveness with the Small Business Administration. Subsequent to year end, the Organization received forgiveness of the loan from the Small Business Administration.

The Organization is required to meet certain financial covenants including debt service. At December 31, 2020, the Organization was in compliance with the debt service requirements.

Note 7. Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payment to the Organization at amounts different from its established rates. The Organization is designated as a Critical Access Hospital (CAH) under the Medicare and Medicaid programs. Contractual adjustments under third-party reimbursement programs represent the difference between the Organization's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

Medicare: The Organization is a Critical Access Hospital. Inpatient services and most outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. Other outpatient services are based on fee schedules.

The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare fiscal intermediary. The Organization's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.

Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge. Medicaid outpatient services are reimbursed based upon the lesser of the Organization's charge or predetermined fee schedule amounts. Capital related expenditures are subject to annual cost report settlement.

Other payors: The Organization has entered into agreements with certain commercial carriers. Reimbursement for services under these agreements includes discounts from established charges and other payment methodologies.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Gross patient service revenue and the allowances to reconcile to net patient service revenue for the year ended December 31 are as follows:

		2020		2019
Gross patient service revenue		**51,770,969**	$	55,089,938
Uncompensated care reimbursement, net		**830,571**		1,333,241
Less third-party allowances		**21,690,506**		24,561,730
Less bad debts and charity care		**2,911,544**		1,726,614
	$	**27,999,490**	$	30,134,835

Note 8. Pension Plans

Plan Description

The Organization contributes to the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees. All employees are required to join OPERS. OPERS administers three pension plans as described below. Each of the three options is discussed in greater detail in the following sections:

1. The Traditional Pension Plan – cost-sharing, multiple-employer defined benefit pension plan.

2. The Member-Directed (MD) Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan – a cost-sharing, multi-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS issues a stand-alone financial report, these reports may be obtained by contacting the organization as follows:

OPERS
277 East Town Street
Columbus, Ohio 43215-4642
Telephone: (800) 222-7377
www.opers.org

Benefits Provided

Plan benefits for OPERS are established under Chapter 145 of the Ohio Revised Code (ORC). Members are categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire on January 7, 2013, and those eligible to retire no later than five years after that date comprise transition group A. Members who have 20 years of service credit prior to January 7, 2013, or are eligible to retire no later than 10 years after January 7, 2013, are included in transition group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013. Additionally, OPERS has three separate divisions with varying degrees of benefits: (1) state and local, (2) law enforcement and (3) public safety. The Organization does not have any employees included in the law enforcement or public safety divisions.

Benefits in the Traditional Plan for state and local members are calculated on the basis of age, final average salary and service credit. State and local members in transition groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for state and local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For group C the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. Final average salary 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 benefit receive a percentage reduction in the benefit amount.

OPERS offers a combined plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Eligibility requirements under the combined plan for age and years of service are identical to the defined benefit plan described earlier. The benefit formula for the defined benefit component of the plan for state and local members in transition groups A and B applies a factor of 1.0% to the member's final average salary and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

A cost-of-living adjustment (COLA) is provided each year and 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% 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%.

All employees are required to become contributing members of OPERS when they begin employment at the Organization unless they are exempted or excluded as defined by the ORC. For actuarial purposes, employees who have earned sufficient service credit (60 contributing months) are entitled to a future benefit from OPERS.

Contributions

The ORC provides OPERS statutory authority over employee and employer contributions. The required contractually determined contribution rates, respectively of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contractually required contribution rates for the employee and the Organization are as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Employee	**10 %**	10 %
Organization	**14 %**	14 %

For the years ended December 31, 2020 and 2019, contributions to the pension plans from the Organization were as follows:

	2020	2019
Traditional	**$ 1,584,835**	$ 1,593,418
Combined	**71,794**	85,227
	$ 1,656,629	$ 1,678,645

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

The Organization reported a liability for OPERS of $15,988,853 and $20,560,151 as of December 31, 2020 and 2019, respectively, for its proportionate share of the net pension liability. The Organization reported an asset for OPERS of $285,163 and $161,710 as of December 31, 2020 and 2019, respectively, for its proportionate share of the net pension asset. The net pension liability and net pension asset as of December 31, 2020, are measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) were determined by an actuarial valuation as of that date. The net pension liability and net pension asset as of December 31, 2019, are measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) were determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability and net pension asset were based on the Organization's share of contributions to the respective defined benefit pension plans relative to the contributions of all participating employers during the measurement period. At December 31, 2020 and 2019, the Organization's proportion was 0.080892% and 0.075070%, respectively, for the Traditional Plan and 0.136753% and 0.144613%, respectively, for the Combined Plan.

For the years ended December 31, 2020 and 2019, the Organization recognized pension expense related to the defined benefit pension plans of $2,647,120 and $6,008,099, respectively. At December 31, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan		**Combined Plan**	
2020	**Outflows of Resources**	**Inflows of Resources**	**Outflows of Resources**	**Inflows of Resources**
Differences between expected and actual experience	**$ -**	**$ 3,189,417**	**$ -**	**$ 36,987**
Net difference between projected and actual earnings on pension plan investments	**-**	**202,156**	**-**	**66,947**
Change in assumptions	**853,992**	**-**	**29,403**	**-**
Changes in proportion and differences between employer and proportionate share contributions	**1,422,661**	**-**	**24,768**	**7,538**
Organization's contributions subsequent to the measurement date	**1,584,835**	**-**	**71,794**	**-**
	$ 3,861,488	**$ 3,391,573**	**$ 125,965**	**$ 111,472**

	Traditional Plan		**Combined Plan**	
2019	**Outflows of Resources**	**Inflows of Resources**	**Outflows of Resources**	**Inflows of Resources**
Differences between expected and actual experience	$ 948	$ 269,967	$ -	$ 66,046
Net difference between projected and actual earnings on pension plan investments	2,790,588	-	34,835	-
Change in assumptions	1,789,812	-	36,117	-
Changes in proportion and differences between employer and proportionate share contributions	943,652	292,005	20,098	8,589
Organization's contributions subsequent to the measurement date	1,593,418	-	85,227	-
	$ 7,118,418	$ 561,972	$ 176,277	$ 74,635

At December 31, 2020, the Organization reported $1,584,835 and $71,794 for the traditional and combined plans, respectively, as deferred outflows of resources related to pensions resulting from Organization contributions subsequent to the measurement date that will be recognized as a(n) decrease (increase) to the net pension liability/(asset) in the year ended December 31, 2020. At December 31, 2019, the Organization reported $1,593,418 and $85,227 for the traditional and combined plans, respectively, as deferred outflows of resources related to pensions resulting from Organization contributions subsequent to the measurement date that will be recognized as a(n) decrease (increase) to the net pension liability/(asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2020, related to pensions will be recognized in pension expense as follows:

	Traditional	Combined	Total
2021	$ 680,846	$ (15,104)	$ 665,742
2022	(661,431)	(14,410)	(675,841)
2023	132,073	(4,096)	127,977
2024	(1,266,408)	(17,637)	(1,284,045)
2025	-	(1,272)	(1,272)
Thereafter	-	(4,782)	(4,782)
	$ (1,114,920)	$ (57,301)	$ (1,172,221)

Actuarial Assumptions

The total pension liability in the December 31, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2019	
Accrual Information	**Traditional Plan**	**Combined Plan**
Experience study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Wage Inflation	3.25%	3.25%
Future salary increases, including inflation	3.25%-10.75% including inflation at 3.25%	3.25%-8.25% including inflation at 3.25%
Investment rate of return	7.20%	7.20%
Cost-of-living adjustments	Pre 1/7/2013 Retirees 3.00% simple Post 1/7/2013 Retirees 3.00% simple through 2019, then 2.15% simple	Pre 1/7/2013 Retirees 3.00% simple Post 1/7/2013 Retirees 3.00% simple through 2019, then 2.15% simple

	December 31, 2018	
Accrual Information	**Traditional Plan**	**Combined Plan**
Experience study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Wage Inflation	3.25%	3.25%
Future salary increases, including inflation	3.25%-10.75% including inflation at 3.25%	3.25%-8.25% including inflation at 3.25%
Investment rate of return	7.20%	7.20%
Cost-of-living adjustments	Pre 1/7/2013 Retirees 3.00% simple Post 1/7/2013 Retirees 3.00% simple through 2019, then 2.15% simple	Pre 1/7/2013 Retirees 3.00% simple Post 1/7/2013 Retirees 3.00% simple through 2019, then 2.15% simple

For the December 31, 2019 and 2018, actuarial evaluation, mortality rates were based on the RP-2014 Healthy Annuitant mortality table. The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2020 and 2019 and the long-term expected real rates of return.

2020	**Allocation**	**Long-Term Expected Rate of Return**
ASSET CLASS		
Domestic equities	**19.00 %**	**5.75 %**
International equities	**21.00**	**7.66**
Fixed income	**25.00**	**1.83**
Real estate	**10.00**	**5.20**
Private equity	**12.00**	**10.70**
Other investments	**13.00**	**4.98**
	100.00 %	

2019	**Allocation**	**Long-Term Expected Rate of Return**
ASSET CLASS		
Domestic equities	19.00 %	6.21 %
International equities	20.00	7.83
Fixed income	23.00	2.79
Real estate	10.00	4.90
Private equity	10.00	10.81
Other investments	18.00	5.50
	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 7.20% for both valuation periods ending December 31, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total pension asset.

Sensitivity of the Organization's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The Organization's proportionate share of the net pension liability (asset) has been calculated using a discount rate of 7.20%. The following presents the Organization's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate as:

2020	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Organization's proportionate share of the net pension liability - Traditional	**$ 26,370,792**	**$ 15,988,853**	**$ 6,655,794**
Organization's proportionate share of the net pension (asset) - Combined	**$ (172,309)**	**$ (285,163)**	**$ (366,498)**

2019	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Organization's proportionate share of the net pension liability - Traditional	$ 30,373,322	$ 20,560,151	$ 12,405,318
Organization's proportionate share of the net pension (asset) - Combined	$ (53,507)	$ (161,710)	$ (240,058)

Pension Plans Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued OPERS financial report.

Payable to the Pension Plans

At December 31, 2020 and 2019, the Organization reported payables of $129,469 and $129,067, respectively, for the outstanding amount of contributions to the pension plans required for the years ended December 31, 2020 and 2019.

Defined Contribution Plan

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

Pension (benefit) expense recorded for the years ended December 31, 2020 and 2019 for contributions to Member-Directed Plan were approximately ($3,046) and $210,000, respectively.

Note 9. Defined Benefit OPEB Plans and Change in Accounting Principle

Net Other Post-Retirement Employee Benefit 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 employee, of salaries and benefits for employee services. OPEB are provided to an employee, on a deferred-payment basis, as part of the total compensation package offered by an employer for employee services each financial period. The 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 Organization'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 Organization's obligation for this liability to annually required payments. The Organization cannot control benefit terms or the manner in which OPEB are financed; however, the Organization 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 intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Other Post-Retirement Employee Benefit (OPEB)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020 and 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 and 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Organization's contractually required contribution was $58,679 and $60,019 for 2020 and 2019.

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, 2018, rolled forward to the measurement date of December 31, 2019 for year ended December 31, 2020 and December 31, 2017, rolled forward to the measurement date of December 31, 2018 for year ended December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Organization's proportion of the net OPEB liability was based on the Organization'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:

	2020	2019
Proportionate Share of the Net OPEB Liability	**$ 12,333,959**	$ 11,023,194
Proportion of the Net OPEB Asset/Liability	**0.08929500%**	0.08454900%
OPEB Expense	**$ 1,398,508**	$ 1,007,222

At December 31, 2020 and 2019, the Organization reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2020	**Deferred Inflows**	**Deferred Outflows**
Net difference between projected and actual earnings on OPEB plan investments	**$ 628,042**	**$ -**
Change in assumptions	**-**	**1,952,334**
Change in proportion and differences between employer contributions and proportionate share of contributions	**362,209**	**388,605**
Differences between expected and actual experience	**1,127,997**	**331**
	$ 2,118,248	**$ 2,341,270**

2019	Deferred Inflows	Deferred Outflows
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 505,348
Change in assumptions	-	355,401
Change in proportion and differences between employer contributions and proportionate share of contributions	-	713,697
Differences between expected and actual experience	29,909	3,733
	$ 29,909	$ 1,578,179

The Organization reported $0 as deferred outflows of resources related to OPEB resulting from Organization contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the years ending December 31, 2020 and 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:	
2021	$ 195,018
2022	295,873
2023	500
2024	(268,369)
	$ 223,022

Actuarial Assumptions - OPEB

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019 and December 31, 2017, rolled forward to the measurement date of December 31, 2018. 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:

December 31, 2019

Actuarial Information	Traditional Plan
Wage Inflation	3.25 percent
Future Salary Increases, including Inflation	3.25 percent to 10.75 percent, including wage inflation
Single Discount Rate	
Current Measurement Rate	3.16 percent
Prior Measurement Rate	3.96 percent
Investment Rate of Return	6.00 percent
Health Care Cost Trend Rate	10.5 percent initial, 3.50 percent ultimate in 2030
Actuarial Cost Method	Individual Entry Age

December 31, 2018

Actuarial Information	Traditional Plan
Wage Inflation	3.25 percent
Future Salary Increases, including Inflation	3.25 percent to 10.75 percent, including wage inflation
Single Discount Rate	
Current Measurement Rate	3.96 percent
Prior Measurement Rate	3.85 percent
Investment Rate of Return	6.00 percent
Health Care Cost Trend Rate	10.0 percent initial, 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual Entry Age

For both years 2019 and 2018, 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.

OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 19.7 percent for 2019 and a loss of 5.60 percent 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 2019 and 2018 and the long-term expected real rates of return:

2020	**Target Allocation**	**Long-Term Expected Real Rate of Return**
ASSET CLASS		
Domestic equities	**21.00%**	**5.75%**
International equities	**23.00%**	**7.66%**
Fixed income	**36.00%**	**1.53%**
REITs	**6.00%**	**5.69%**
Other investments	**14.00%**	**4.90%**
	100.00%	

2019	Target Allocation	Long-Term Expected Real Rate of Return
ASSET CLASS		
Domestic equities	21.00%	6.21%
International equities	22.00%	7.83%
Fixed income	34.00%	2.42%
REITs	6.00%	5.98%
Other investments	17.00%	5.57%
	100.00%	

Discount Rate - A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the Organization's proportionate share of the net OPEB liability calculated using the single discount rate, as well as what the Organization's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

2020	1% Decrease 2.96%	Current Discount Rate 3.96%	1% Increase 4.96%
Net OPEB Liability	**$ 16,140,964**	**$ 12,333,959**	**$ 9,285,787**

2019	1% Decrease 2.85%	Current Discount Rate 3.85%	1% Increase 4.85%
Net OPEB Liability	$ 14,102,773	$ 11,023,194	$ 8,574,114

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

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

2020	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	**$ 11,969,995**	**$ 12,333,959**	**$ 12,693,284**

2019	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	$ 10,595,681	$ 11,023,194	$ 11,515,574

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 and 2019 is 10.50% and 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 3.50% in the most recent valuation.

Note 10. Professional Liability Insurance

The Organization has professional liability insurance with a commercial carrier. Coverage is $1,000,000 per occurrence and $3,000,000 in the aggregate. In addition, the Organization has umbrella coverage of $5,000,000 per occurrence and $5,000,000 in the aggregate. The policy also requires that certain members of the medical staff carry professional liability coverage of no less than $1,000,000 per occurrence and $3,000,000 in the aggregate. The Organization's coverage is on a claims made basis.

Note 11. Risk Management – Health Insurance

The Organization is self-insured, subject to certain stop-loss coverage, for its employees' health benefits. The Organization accrues the estimated costs of reported and incurred-but-not-reported claims based on its actual claims history. The plan is covered by a stop-loss policy that covers claims over $90,000 per employee per annum up to an aggregate amount of $1,000,000. Expenses charged to operations, including an estimate of incurred but unreported claims, totaled $2,933,519 and $2,508,620 for 2020 and 2019, respectively.

Note 12. Fair Value of Financial Instruments

The *Fair Value Measurements and Disclosures Topic* of the Financial Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

This Topic defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. This Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair Value Measurements

Following are description of the valuation methodologies used for assets and a liability measured at fair value on a recurring basis and recognized on the accompanying consolidated balance sheet, as well as the general classification of such assets and liability pursuant to the valuation hierarchy.

Investments and Assets Limited as to Use: Investment securities and assets limited as to use are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating. Level 1 securities include those traded by dealers or brokers in active over-the-counter markets and money market funds.

Interest Rate Swap Agreement: Valued using pricing models that are derived principally from observable market data based on discounted cash flows and interest rate yield curves.

Assets at Fair Value on a Recurring Basis

The table below presents the recorded amount of assets measured at fair value on a recurring basis.

December 31, 2020	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	$ 7,103,275	$ -	$ -	$ 7,103,275
Mutual funds	115,147	-	-	115,147
Total	$ 7,218,422	$ -	$ -	$ 7,218,422
LIABILITIES				
Interest rate swap agreement	$ -	$ 17,751	$ -	$ 17,751

December 31, 2019	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	$ 2,010,488	$ -	$ -	$ 2,010,488
Mutual funds	84,380	-	-	84,380
Total	$ 2,094,868	$ -	$ -	$ 2,094,868
LIABILITIES				
Interest rate swap agreement	$ -	$ 165,617	$ -	$ 165,617

Assets Recorded at Fair Value on a Nonrecurring Basis

The Organization has no assets or liabilities that are recorded at fair value on a nonrecurring basis.

Note 13. Lease Commitments and Rental Expense

Operating leases consist of several cancelable and noncancelable leasing arrangements expiring at various dates through 2023 with renewal options thereafter. Aggregate rental expense under operating lease agreements was approximately $78,000 and $91,000 for the year ended December 31, 2020 and 2019, respectively. For the year ended December 31, 2020, future minimum lease payments under noncancelable operating lease agreements were as follows:

Years ending December 31,	Minimum Lease Payments
2021	$ 78,631
2022	78,631
2023	26,210
Total minimum lease payments	$ 183,472

Note 14. Interest Rate Risk Management

The Organization uses variable-rate debt to finance its capital needs. The debt obligations expose the Organization to variability in interest payments due to changes in interest rates. Conversely, fixed rate debt obligations can be more expensive in times of declining interest rates. Management believes it is prudent to monitor and manage its cost of capital on a regular basis. To meet this objective, management, from time to time, enters into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

Contract

The Organization has an interest-rate related derivative instrument in effect at December 31, 2019, to manage the exposure on its debt instruments. The Organization does not enter into derivative instruments for any purpose other than cash flow hedging purposes related to its debt.

Objective

In January 2006, the Organization entered into an interest rate swap agreement in the notional amount of $6,600,000 related to the Series 2005 Bonds (Note 6). The purpose of the swap was to convert the Organization's variable rate cash flow exposure on the debt obligations to fixed-rate cash flows. Under the terms of the interest rate swap, the Organization receives a variable interest rate payment in exchange for making fixed interest rate payments (4.46%) to the swap counter-party, thereby creating the equivalent of fixed-rate debt.

Terms, Fair Value, Credit Risk, and Market Risk

By using derivative financial instruments to hedge exposures to changes in interest rates, the Organization exposes themselves to credit risk and market risk. Credit risk is the failure of the counter-party to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counter-party owes the Organization, which creates credit risk for the Organization. When the fair value of a derivative contract is negative, the Organization owes the counter-party and, therefore, it does not possess credit risk. The Organization minimizes the credit risk in derivative instruments by entering into transactions with high-quality counter-parties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rates is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

The following table summarizes the terms, fair value, and credit rating of the Organization's interest rate swap agreement as of December 31:

	2020					
Asociated Bond Issue	Notional Amount	Effective Date	Fixed Rate	Fair Value	Terminiation Date	Counterparty Credit Rating
Adjustable Rate Demand Hospital Facilities Revenue Bonds, Series 2005	$ 4,375,000	1/1/2008	4.460%	$ (17,751)	January 1, 2021	A3, A-, A

	2019					
Asociated Bond Issue	Notional Amount	Effective Date	Fixed Rate	Fair Value	Terminiation Date	Counterparty Credit Rating
Adjustable Rate Demand Hospital Facilities Revenue Bonds, Series 2005	$ 4,630,000	1/1/2008	4.460%	$(165,617)	January 1, 2021	A3, A-, A

The variable rate on the swap is the USD-BMA Municipal Swap Index and the variable rate on the Series 2005 Bonds is Securities Industry and Financial Markets Association (SIFMA) swap index and resets weekly. The counterparty carries a guarantee by an entity ("counterparty guarantor") rated A3 by Moody's Investors Service (Moody's), A- by Standard and Poor's (S&P), and A by Fitch Ratings (Fitch).

Basis Risk

The swap exposes the Organization to basis risk should the relationship between SIFMA and USD-BMA Municipal Swap Index converges, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rates of 4.46% and the synthetic rate of 4.60% for 2020. As of December 31, 2020, the variable rate on the Hospital's Series 2005 bonds was 1.15% whereas the variable rate from the counterparty was 0.90%.

Termination Risk

The Organization or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative fair value, the Organization would be liable to the counterparty for a payment equal to the swap's fair value.

Note 15. COVID-19 Pandemic

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. The pandemic has significantly impacted both the world and U.S. economies. Since March 2020, many state and local governments, in addition to the federal government, reacted to the public health crisis, creating significant uncertainties in the U.S. economy. In response to this coronavirus outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. In certain geographic regions in which the Hospital operates, temporary closures of businesses have been ordered or suggested and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses.

As a result of the COVID-19 pandemic, the Organization has experienced a decline in volume, visits, and revenue which has contributed to decreases in total operating revenue and increases in expenses related to supplies such as personal protective equipment and other expenditures.

Federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist health care providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020, which included, among other programs, Paycheck Protection Program (Note 6), the Provider Relief Fund and Medicare Advance Payments.

CARES Act, Provider Relief Fund (PRF): In March 2020, the CARES Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund to provide financial support for health care providers. The Organization received $5,390,864 as of December 31, 2020, related to this funding. In accordance with the terms and conditions, the Organization can apply the funding against lost revenues and eligible expenses. Noncompliance with the terms and conditions could result in repayment of some or all of the support. The Department of Health and Human Services has indicated relief fund payments are subject to future reporting and audit requirements.

Based on the Organization's calculation of lost revenue and COVID-19 expenses, the Organization has recognized $4,477,787 as grants, contributions, and program revenue on the consolidated statements of revenue, expenses, and changes in net position (deficit) during the year ended December 31, 2020. As of December 31, 2020, $913,077 was recorded as deferred revenue on the consolidated balance sheets. As it relates to the amount recognized as revenue, the Hospital believes that the conditions for receipt and conditions for expenditure have both occurred during the year ended December 31, 2020.

While the Organization has utilized all available current information in determining the proper utilization and accounting for these funds, additional regulatory guidance is expected that could have an impact on how the Organization has recognized PRF funds.

Medicare Advance Payments: The Organization received $2,761,575 in provider relief funding as a result of the COVID-19 Pandemic from the CMS Medicare Advanced Payment Program to be used to offset lost revenues or direct costs incurred as a result of the pandemic. Amounts are recorded as payable under the terms set forth by the Centers for Medicare & Medicaid Services' (CMS) Expanded Accelerated and Advance Payments (AAP) Program. The Organization has recorded these advance payments as liabilities in estimated third party settlements as of December 31, 2020. Repayment of accelerated or advance payments begin one year from the issuance date of accelerated or advance payment. Thus, the Organization will begin repayment in April 2021. During the first eleven months after repayment begins, repayment will occur through an automatic recoupment of 25% of Medicare payments. During the succeeding six months, repayment will occur through an automatic recoupment of 50% of Medicare payments. At the conclusion of the succeeding six months, the outstanding balance of Medicare payments are due on demand, subject to a 4% interest rate.

Note 16. Blended Component Unit

The consolidated financial statements include Community Memorial Hospital Foundation, Inc., a separate not-for-profit entity organized to support the operations of the Hospital as a blended component unit. The following is a summary of the financial position and activities of the Foundation as of and for the years ended December 31:

	2020	2019
ASSETS		
Current assets	**$ -**	$ 150,000
Assets limited as to use	**373,530**	-
Other	**76,250**	189,688
Total assets	**$ 449,780**	$ 339,688
NET ASSETS		
Restricted	**$ 373,530**	$ 189,688
Unrestricted	**76,250**	150,000
Total liabilities and net position	**$ 449,780**	$ 339,688
OPERATING EXPENSES	**$ 37,125**	$ 25,982
NON-OPERATING GAINS	**147,217**	62,167
EXCESS OF REVENUES OVER EXPENSES	**$ 110,092**	$ 36,185
CASH PROVIDED BY (USED IN)		
Operating activities	**$ 112,875**	$ (14,750)
Investing activities	**(31,247)**	(9,380)
Financing activities	**71,446**	52,787
Net increase (decrease) in cash	**153,074**	28,657
Cash:		
Beginning of year	**105,308**	76,651
End of year	**$ 258,382**	$ 105,308

Schedule of Organization's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS)

Traditional Defined Benefit Pension Plan	2020	2019	2018	2017	2016	2015
Organization's proportion of the net pension liability	**0.080892%**	0.075070%	0.066197%	0.070177%	0.063390%	0.063652%
Organization's proportionate share of the net pension liability	**$ 15,988,853**	$ 20,560,151	$ 10,385,026	$ 15,936,003	$ 10,979,947	$ 7,677,154
Organization's covered-employee payroll	**$ 11,381,557**	$ 10,139,414	$ 8,749,877	$ 9,080,225	$ 7,889,017	$ 7,803,792
Organization's proportionate share of the net pension liability as a percentage of its covered-employee payroll	**140.48%**	202.77%	118.69%	175.50%	139.18%	98.38%
Plan fiduciary net position as a percentage of the total pension liability	**82.17%**	74.70%	84.66%	77.25%	81.08%	86.36%

Combined Defined Benefit Pension Plan	2020	2019	2018	2017	2016	2015
Organization's proportion of the net pension asset	**0.136753%**	0.144613%	0.137531%	0.147146%	0.182490%	0.202127%
Organization's proportionate share of the net pension asset	**$ (285,163)**	$ (161,710)	$ (187,224)	$ (81,897)	$ (88,803)	$ (77,824)
Organization's covered-employee payroll	**$ 608,764**	$ 618,500	$ 610,192	$ 569,925	$ 664,125	$ 738,850
Organization's proportionate share of the net pension asset as a percentage of its covered-employee payroll	**(46.84)%**	(26.15)%	(30.68)%	(14.37)%	(13.37)%	(3.66)%
Plan fiduciary net position as a percentage of the total pension asset	**145.28%**	126.64%	137.28%	116.55%	116.90%	114.83%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information has been determined under the provisions of GASB 68. Information in these schedules has been determined as of the measurement date (December 31, of the prior fiscal year) of the collective net pension liability (asset).

Schedule of Organization's Contributions
Ohio Public Employees Retirement System (OPERS)

Traditional Defined Benefit Pension Plan	2020	2019	2018	2017	2016	2015
Statutorily required contribution	**$ 1,584,835**	$ 1,593,418	$ 1,419,518	$ 1,137,484	$ 1,089,627	$ 946,682
Contributions in relation to the statutorily required contributions	**(1,584,835)**	(1,593,418)	(1,419,518)	(1,137,484)	(1,089,627)	(946,682)
Contributions deficiency (excess)	**$ -**	$ -	$ -	**$** -	**$** -	**$** -
Organization's covered-employee payroll	**$ 11,320,250**	$ 11,381,557	$ 10,139,414	$ 8,749,877	$ 9,080,225	$ 7,889,017
Contributions as a percentage of covered-employee payroll	**14.00%**	14.00%	14.00%	13.00%	12.00%	12.00%

Combined Defined Benefit Pension Plan	2020	2019	2018	2017	2016	2015
Statutorily required contribution	**$ 71,794**	$ 85,227	$ 86,590	$ 73,223	$ 68,391	$ 79,695
Contributions in relation to the statutorily required contributions	**(71,794)**	(85,227)	(86,590)	(73,223)	(68,391)	(79,695)
Contributions deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
Organization's covered-employee payroll	**$ 512,814**	$ 608,764	$ 618,500	$ 610,192	$ 569,925	$ 664,125
Contributions as a percentage of covered-employee payroll	**14.00%**	14.00%	14.00%	13.00%	12.00%	12.00%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information has been determined under the provisions of GASB 68. Information in these schedules has been determined as of the Organization's most recent fiscal year-end.

Schedule of Organization's Proportionate Share of the Net OPEB Liability

		2020		2019		2018
Organization's proportion of the net OPEB liability (percentage)		**0.089295%**		0.084549%		0.074740%
Organization's proportionate share of the net OPEB liability	**$**	**12,333,959**	$	11,023,194	$	8,116,213
Organization's covered-employee payroll	**$**	**13,490,786**	$	12,263,429	$	10,588,571
Organization's proportionate share of the net OPEB liability as a pecentage of its covered-employee payroll		**91.43%**		89.89%		76.65%
Plan fiduciary net position as a percentage of the total OPEB liability		**47.80%**		46.33%		54.14%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information has been determined under the provisions of GASB 75. Information in these schedules has been determined as of the measurement date (December 31, of the prior fiscal year) of the collective net OPEB liability (asset).

Schedule of the Organization's OPEB Contributions

		2020		2019		2018		2017
Contractually required contribution	**$**	**58,679**	$	60,019	$	60,221	$	144,109
Contribution in relation to the contractually required contribution		**(58,679)**		(60,019)		(60,221)		(144,109)
Contribution deficiency (excess)	**$**	**-**	$	-	$	-	$	-
Organization's covered-employee payroll	**$**	**13,300,014**	$	13,490,786	$	12,263,429	$	10,588,571
Contributions as a percentage of covered-employee payroll		**0.44%**		0.44%		0.49%		1.36%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information has been determined under the provisions of GASB 75. Information in these schedules has been determined as of the Organization's most recent fiscal year-end.

Pension Information

Benefit Changes

There were no changes of benefit terms in 2020 and 2019.

Changes in Assumptions

There were no changes in methods and assumptions used in the calculation of the actuarially determined contribution for 2015-2016. In 2016, the OPERS' Board of Trustees; actuarial consultants conducted an experience study for the period 2011 through 2015. The experienced study compared assumptions to actual results and led to changes in both demographic and economic assumptions for the actuarial valuation as of December 31, 2016 and used for the Hospital's 2017 fiscal year. For 2017, the most significant changes of assumptions that affected the net pension liability included a reduction in the investment rate of return from 8.0% to 7.5%, a decrease in the wage inflation from 3.75% to 3.25%, and a change in the future salary increase from a range of 4.25% to 10.05% to a range of 3.25% to 10.75%. For 2018, the most significant change of assumption that affected the net pension liability included an increase in inflation from 2.5% to 3.25%. For 2019, the most significant change included a decrease in the investment rate of return from 7.50% to 7.20%. There were no significant changes to assumptions for 2020.

OPEB Information

Benefit Changes

There were no changes of benefit terms in 2020 and 2019.

Changes in Assumptions

For 2019, there was no changes in assumptions. For 2020, the health care cost trend rate increased from 10.0% initial, 3.25% ultimate in 2028 to 3.5% ultimate in 2030. The discount rate also decreased from 3.96% to 3.16%.

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

Board of Governors
Mark Milford Hicksville Joint Township
Hospital District and Subsidiary
Hicksville, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Mark Milford Hicksville Joint Township Hospital District and Subsidiary (Organization), which comprise the balance sheet, as of December 31, 2020, and the related statements of operations and changes in net position (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, a material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal controls, described in the accompanying schedule of audit findings and responses as finding 2020-1 and 2020-2 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

Arnett Carbis Toothman LLP

Charleston, West Virginia
October 28, 2021

Findings Required to be Reported by Government Auditing Standards:

2020-01 ACCRUED PAYROLL

Criteria or Specific Requirement

An accrued payroll calculation should be calculated on a monthly basis and reconciled to the general ledger monthly to ensure liability and expenses are properly recorded.

Condition and Cause

During 2020, an accrued payroll calculation was not being reconciled to the general ledger on a monthly basis that resulted in liabilities and expenses being overstated. Monthly reconciling routines should include research of reconciling differences to the extent necessary to determine if adjustments to the general ledger account balances are required.

Effect

Liabilities and expenses were overstated by approximately $326,000. The additional salary expense is an allowable expense for Medicare cost report reimbursement.

Recommendation

We recommend that management reconcile the general ledger accrued payroll account balance to the supporting calculation on a monthly basis and that differences be investigated to the extent necessary to ensure the financial statement amount for accrued expenses are properly reported. We further recommend that management continue to develop accurate and reliable monthly accounts payable listings to be used in this process.

Views of Responsible Officials and Planned Corrective Actions

Management agrees with the auditor's recommendation and reconciliations will be completed on a monthly basis going forward.

2020-02 ALLOWANCE FOR BAD DEBT

Criteria or Specific Requirement

The allowance for bad debt calculation should be reviewed on a monthly basis to include any possible changes in collections in accounts receivable to ensure accounts receivable and net patient service revenue are properly estimated.

Condition and Cause

Monthly review routines should include monitoring of collections and researching collection decreases to the extent necessary to determine if adjustments to the allowance calculation are required.

2020-02 ALLOWANCE FOR BAD DEBT (Continued)

Effect

Net patient receivables and net patient revenue were overstated by approximately $919,000.

Recommendation

We recommend that management establish monthly collections and billing monitoring procedures and update the allowance for bad debt calculation appropriately. Monthly review routines should include monitoring of collections and researching collection decreases to the extent necessary to determine if adjustments to the allowance calculation are required.

Views of Responsible Officials and Planned Corrective Actions

Management agrees with the auditor’s recommendation and monitoring procedures will be established on a monthly basis going forward.

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES
Year Ended December 31, 2020

Financial Statement Findings:

No matters were reported.

Findings and Questioned Costs for Federal Awards:

No matters were reported.

OHIO AUDITOR OF STATE
KEITH FABER

MARK-MILFORD-HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

DEFIANCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 11/18/2021

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