

**LUCAS COUNTY REGIONAL HEALTH DISTRICT**

**AUDITED FINANCIAL STATEMENT  
AND OTHER SUPPLEMENTARY INFORMATION  
AND AUDITORS' REPORTS**

**DECEMBER 31, 2009**





# Mary Taylor, CPA

Auditor of State

Board Members  
Lucas County Regional Health District  
635 North Erie Street  
Toledo, Ohio 43624

We have reviewed the *Independent Auditors' Report* of the Lucas County Regional Health District, Lucas County, prepared by Gilmore, Jasion & Mahler, LTD, for the audit period January 1, 2009 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 23, 2010

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GILMORE, JASION & MAHLER, LTD

**INDEPENDENT AUDITORS' REPORT**

Board Members  
Lucas County Regional Health District  
Toledo, Ohio

We have audited the accompanying combined statement of cash receipts, cash disbursements, and changes in fund cash balances – all governmental and fiduciary fund types of Lucas County Regional Health District (the District) for the year ended December 31, 2009. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, the District has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2009. Instead of the combined funds the accompanying financial statement presented for 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009. While the District does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2009 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the combined statement of cash receipts, cash disbursements, and changes in fund cash balances and reserves for encumbrances – all governmental and fiduciary fund types of the District for the year ended December 31, 2009 on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2009. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 10, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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*, and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

*Gilmore, Jason & Mahler, LTD*

June 10, 2010

LUCAS COUNTY REGIONAL HEALTH DISTRICT

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES –  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types		Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Agency	
<b>Cash Receipts:</b>				
Fees	\$ 1,499,085	\$ 106,111		\$ 1,605,196
Other Receipts	347,079	93,451		440,530
Vendors License		1,185,332		1,185,332
Permits	23,210	60,425		83,635
Rollback/Homestead	3,510,178			3,510,178
Grants-Federal		4,660,460		4,660,460
Grants-State	159,870	607,843		767,713
Reimbursements	105,643	134,732		240,375
Other Receipts	3,373	1,989		5,362
Miscellaneous	1,967	50	882,355	884,372
Total Cash Receipts	\$ 5,650,405	\$ 6,850,393	\$ 882,355	\$ 13,383,153
<b>Cash Disbursements:</b>				
Salaries	3,039,850	3,451,803		6,491,653
Opers	410,961	473,861		884,822
Fica	38,303	47,262		85,565
Unemployment Compensation	5,242			5,242
Worker's Compensation	3,633	12,085		15,718
Health Insurance	581,053	645,333		1,226,386
Liability Insurance	84,583			84,583
Contract Services	343,144	1,736,426		2,079,570
Contract Services-Temp		3,156		3,156
Contract Repairs	11,572	3,440		15,012
Equipment Lease	13,160			13,160
Professional Service	159,895	250		160,145
Materials	286,447	5,959		292,406
Supplies	31,384	54,267		85,651
Office Supplies	32,580	17,126		49,706
Medical Supplies	57,007	48,291		105,298
Postage	14,939	21,547		36,486
Advertising and Printing	16,180	59,259		75,439
Copying	9,576	431		10,007
Telecommunications	30,847	26,101		56,948
Desk Phones		1,544		1,544
Cell Phones		12,256		12,256
Training	51,386	66,463		117,849
Staff Development	5,759	1,520		7,279
Membership Dues	2,941			2,941
Other Expense	269,992	146,494	786,656	1,203,142
Equipment	94,969	34,888		129,857
Total Cash Disbursements	5,595,403	6,869,762	786,656	13,251,821
Total Cash Receipts Over (Under) Cash Disbursements	55,002	(19,369)	95,699	131,332
<b>Other Financing Receipts (Uses):</b>				
Refunds	26,310	540		26,850
Other Sources	888			888
Other Uses	2,641			2,641
Total Other Financing Receipts (Uses)	24,557	540		25,097
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over Cash Disbursements	79,559	(18,829)	95,699	156,429
Fund Cash Balances January 1	\$ 2,883,095	\$ 2,100,380	\$ 94,602	\$ 5,078,077
<b>Fund Cash Balances, December 31</b>	<b>\$ 2,962,654</b>	<b>\$ 2,081,551</b>	<b>\$ 190,301</b>	<b>\$ 5,234,506</b>
Reserves for Encumbrances, December 31	\$ 301,875	\$ 170,613	\$ -	\$ 472,488

The accompanying notes are an integral part of these financial statements.



LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

The District is established under Ohio Revised Code § 3709.07, and each member serves a four year term. The Lucas County Auditor is the fiscal agent responsible for fiscal control of the District's funds and financial report preparation. The District provides services for licensing of mobile homes; campgrounds; swimming pools; food services and vending machines; water wells and sewage permits; public health and home health services; Women, Infants, and Children's Grant Program; Children Family Health Service Grant Program; Sixty Plus Nursing Assessment Program; school health nursing services; nutrition services; and ambulatory care services.

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

**B. Basis of Accounting**

The financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

LUCAS COUNTY REGIONAL HEALTH DISTRICT  
NOTES TO THE FINANCIAL STATEMENT - CONTINUED  
DECEMBER 31, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

*Women, Infants and Children (WIC) Fund* – This is a Federal grant fund used to account for the Special Supplement Nutrition Program, and referrals to health care for low-income persons during critical periods of growth and development.

*Food Services Fund* - This fund receives money for food services licenses and permits.

**3. Fiduciary Funds**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the District is acting in an agency capacity. The District had the following significant Fiduciary Fund:

*State Remittance Fund* – This fund receives money for the state portion of fee collections.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

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

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED  
DECEMBER 31, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2009 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting. As of December 31, 2009 the accumulated leave totaled \$328,190.

**2. EQUITY IN POOLED CASH**

As required by the Ohio Revised Code, the Lucas County Auditor is the fiscal agent of the District. The District's cash pool, used by all funds, is deposited with the Lucas County Treasurer. The cash pool is commingled with Lucas County's cash and investment pool and is not identifiable as to demand deposits or investments. All collections are remitted to the Lucas County Treasurer for deposit and all disbursements are made by warrants prepared by the Lucas County Auditor drawn on deposits held in the name of Lucas County. GASB 3 and GASB 40 requirements for the County of Lucas are presented in the December 31, 2009 Comprehensive Annual Financial Report. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Lucas County Treasurer at December 31, 2009 was \$5,234,506.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED  
DECEMBER 31, 2009

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2009 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,905,477	\$ 5,677,603	\$ (227,874)
Special Revenue	8,099,529	6,850,933	\$ (1,248,596)
Total	<u>\$ 14,005,006</u>	<u>\$ 12,528,536</u>	<u>\$ (1,476,470)</u>

2009 Appropriated vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,841,006	\$ 5,899,919	\$ (58,913)
Special Revenue	8,164,000	7,040,375	\$ 1,123,625
Total	<u>\$ 14,005,006</u>	<u>\$ 12,940,294</u>	<u>\$ 1,064,712</u>

**4. INTERGOVERNMENTAL FUNDING**

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in contractual services on the financial statement.

**5. RETIREMENT SYSTEM**

The employees of the District are covered by the Ohio Public Employees Retirement System (OPERS), a statewide cost-sharing multiple-employer defined benefit pension plan. 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 provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling 614-222-5601 or 800-222-7377.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED  
DECEMBER 31, 2009

**5. RETIREMENT SYSTEM - CONTINUED**

The Ohio Revised Code provides statutory authority for member and employer contributions. The 2008 member contribution rate was 10.0% of qualifying gross wages for all employees. The 2009 employer contribution rate was 14.0% of covered payroll. The District's contributions to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$884,822, \$863,353, and \$805,197, respectively. All required contributions were made prior to each of those fiscal year ends. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

OPERS provides post-employment health care coverage to age-and-service retirees under the Traditional Pension and Combined Plans with 10 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 12. A portion of each employer's contribution to OPERS is set aside for the funding of post employment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2009 employer contribution rate was 14.00% of covered payroll. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS.

OPEB is financed through employer contributions and investment earnings thereon. OPERS uses advance funding of its OPEB's on an actuarially determined basis. The most recent actuarial valuation of OPERS' OPEB liability was performed as of December 31, 2008. The following significant actuarial assumptions were used in this valuation:

Funding Method

An individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return

The investment assumption rate for 2008 was 6.5%.

Active Employee Total Payroll

An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED  
DECEMBER 31, 2009

**5. RETIREMENT SYSTEM - CONTINUED**

Health Care

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 3% for the next 6 years. In subsequent years, (7 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in December 31, 2008, actuarial valuation was 356,388. The rates stated above are the contractually required contribution rates for OPERS. The amount of \$10.7 billion represents the actuarial funding value of OPERS' net assets available for OPEB at December 31, 2008. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.6 billion and \$18.9 billion, respectively.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance and dental and vision coverage to full-time employees through Lucas County by use of a private carrier.

**7. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**SUPPLEMENTARY INFORMATION**

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING DECEMBER 31, 2009**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title/Fund Number Location	Pass Through Entity Number/ Contract Number	Federal CFDA Number	Federal
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b> <i>Passed Through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children (H240X)	48-1-001-1-WA	10.557	\$ 2,069,327
Total United States Department of Agriculture			<u>2,069,327</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b> <i>Passed Through the Ohio Child Care Resource and Referral Association</i>			
Special Education Grants for Infants and Families with Disabilities (H600X)	n/a	84.181	\$ 3,779
Total United States Department of Education			<u>3,779</u>
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b> <i>Passed Through the Ohio Child Care Resource and Referral Association</i>			
Metropolitan Medical Response System (H350X)	n/a	97.071	\$ 487
Total United States Department of Homeland Security			<u>487</u>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</b> <i>Passed Through the National Association of County &amp; City Health Officials</i>			
Medical Reserve Corps Units (H350X)	MRC 061001	93.008	\$ 9,381
Total National Association of County & City Health Officials (NACCHO)			<u>9,381</u>
<i>Passed Through the Ohio Department of Health</i>			
Project Grants and Cooperative Agreement for Tuberculosis Control Program (H220X)	48-1-001-2-TB	93.118	\$ 53,259
Immunization Grants (H050X)	48-1-001-2-IM	93.268	210,200
CDC-Lead Grant (H040X)	48-1-001-1-LD	93.197	100,627
Public Health Emergency Response Grants (H340X)	48-1-001-2-PH	93.283	504,558
Public Health Emergency Response Grants (H69XX; H70XX; H71XX)	48-1-001-2-PH	93.283	218,024
HIV Care Formula Grants (H380X)	48-1-001-1-PE	93.917	20,383
HIV Prevention Activities Health Department Based (H370X)	48-1-001-2-HP	93.940	378,594
Preventative Health and Health Services Block Grant (H070X)	48-1-001-4-CD	93.991	96,338
Maternal and Child Health Services Block Grant to the States (H140X ; H160X & H570X)	48-1-001-1-DS 48-1-001-1-MC 48-1-001-1-SC	93.994	639,371
Preventative Health Services Sexually Transmitted Diseases Control Grant (H190X)	48-1-001-2-BX	93.977	72,231
Total Ohio Department of Health			<u>2,293,583</u>

*The accompanying notes are an integral part of this schedule.*



**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDING DECEMBER 31, 2009**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title/Fund Number Location	Pass Through Entity Number/ Contract Number	Federal CFDA Number	Federal
<b>Passed Through the Ohio Department of Health</b> <i>Passed Through Lucas County Child and Family First Council</i>			
Temporary Assistance for Needy Families Help Me Grow (H250X)	n/a	93.558	\$ <u>35,720</u>
<b>Passed Through the Ohio Department of Health</b> <i>Passed Through The Toledo Hospital</i>			
Preventative Health and Health Services Block Grant (H560X)	n/a	93.991	\$ <u>7,774</u>
<b>Passed Through the Ohio Department of Health</b> <i>Passed Through Ohio Child Care Resource and Referral Association</i>			
Maternal and Child Health Services Block Grant to the States (H600X)	n/a	93.994	\$ 9,198
Child Care and Development Block Grant (H600X)	n/a	93.575	<u>8,356</u>
Total Ohio Child Care Resource and Referral Association			<u>17,554</u>
Total Ohio Department of Health			<u>2,354,631</u>
<b>Passed Through the Ohio Department of Aging</b> <i>Passed Through the Area Office on Aging of Northwest Ohio, Inc.</i>			
Special Programs for the Aging Title III, Part D -Disease Prevention and Health Promotion Services (H450X)	n/a	93.043	\$ <u>18,820</u>
Total Ohio Department of Aging			<u>18,820</u>
<b>Passed Through the Ohio Department of Job and Family Services</b> <i>Passed Through the Lucas County Job and Family Services</i>			
Social Services Block Program (H620X)	n/a	93.667	\$ <u>10,475</u>
Total Ohio Department of Job and Family Services			<u>10,475</u>
Total United States Department of Health and Human Services			<u>2,393,307</u>

*The accompanying notes are an integral part of this schedule.*

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDING DECEMBER 31, 2009**

<b>FEDERAL GRANTOR</b>	Pass Through	Federal	Federal
<i>Pass-Through Grantor</i>	Entity Number/ Contract Number	CFDA Number	Federal
Program Title/Fund Number Location			
<b>Passed Through the Department of Housing and Urban Development (HUD)</b>			
<i>Passed Through the City of Toledo</i>			
Lead Hazard Reduction Demonstration Grant Program Lead-HUD (H090X)	n/a	14.905 \$	6,625
Community Development Block Grants/Entitlement Grants Rodent/Nuisance Control (H280X)	n/a	14.218	<u>40,819</u>
Total Department of Housing and Urban Development (HUD)			<u><b>47,444</b></u>
<b>TOTAL - FEDERAL ASSISTANCE</b>			<u><b>4,514,346</b></u>

*The accompanying notes are an integral part of this schedule.*

**LUCAS COUNTY REGIONAL HEALTH DISTRICT**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the basis of accounting as described in Note 1 of the financial statements.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



GILMORE, JASION & MAHLER, LTD

**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 Members  
Lucas County Regional Health District  
Toledo, Ohio

We have audited the financial statement of Lucas County Regional Health District (the District) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 10, 2010, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion the effectiveness of Lucas County Regional Health District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lucas County Regional Health District's internal control over financial reporting.

*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 misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statement is 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2009-02.

We noted certain matters that we reported to management of the District in a separate letter dated June 10, 2010.

This report is intended solely for the information and use of the management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Gilmore, Jason & Mahler, LTD*

June 10, 2010





GILMORE, JASION & MAHLER, LTD

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board Members  
Lucas County Regional Health District  
Toledo, Ohio

**Compliance**

We have audited the compliance of Lucas County Regional Health District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying *Schedule of Findings and Questioned Costs* as item 2009-01.

**Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The District's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit the District's response and accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the District in a separate letter dated June 10, 2010.

This report is intended solely for the information and use of the management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Gilmore, Jason & Mahler, LTD*

June 10, 2010



**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2009**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	Adverse: GAAP Unqualified: Regulatory Basis
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	No
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes

**Identification of major programs**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.994	Maternal and Child Health Services Block Grant To the States (H14XX; H16XX, H57XX, H60XX)
93.283	Public Health Emergency Preparedness Grants (H34XX) Public Health Emergency Response Grants – H1N1 (H69XX; H70XX, H71XX)
Dollar threshold used to distinguish between type A and type B programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

No



**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
For the Year Ended December 31, 2009**

**United States Department of Health and Human Services**

**Finding 2009-01 CFDA 93.994 Maternal and Child Health Services Block Grant to the States**

**Condition**

Program income received must be used as a deductive alternative to reduce grant income. During the year ended December 31, 2009 the agency collected an additional \$10,031 of program income that was not used to reduce the grant income.

**Cause**

Management's misunderstanding that excess program income could be carry forward and used in the next reporting cycle.

**Recommendation**

We recommend that all program income received be reported as program income to the granting agency in the appropriate period.

**Management's response**

Management is aware of the importance of reporting all program income to the granting agency in the appropriate period. In June of 2010, Management issued a payment requisition payable to the granting agency in the amount of \$10,031.

**Ohio Revised Code Compliance**

**Finding 2009-02**

**Condition**

Ohio Revised Code § 3709.28 states that no subdivision or taxing unit is to expend money unless it has been appropriated. The District's general fund's expenditures exceeded appropriations by \$58,913 as of December 31, 2009.

**Cause**

In monitoring the budgeted expenditures, management did not include the amount encumbered as additional expenditures. The amount expended without the encumbrances was below the budgeted expenditures.

**Recommendation**

The failure to limit appropriations to estimated revenues and expenditures could result in expenditures exceeding available resources. The District should review estimated resources and expenditures prior to appropriating the funds. Management should include encumbrances when comparing actual expenditures to budgeted expenditures. Management may request Board of Directors to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Management's response**

Management will implement procedures to compare actual expenditures including encumbrances against the approved budgetary expenditures, and if necessary request from the board an increase in appropriations and amending estimated resources.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
SCHEDULE OF STATUS OF PRIOR YEAR (2008)  
AUDIT FINDINGS**

There were no reportable findings for the year ended December 31, 2008.



**Mary Taylor, CPA**  
Auditor of State

**LUCAS COUNTY REGIONAL HEALTH DISTRICT**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 2, 2010**