

LUCAS COUNTY REGIONAL HEALTH DISTRICT

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

DECEMBER 31, 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, 2010. 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, 2010. Instead of the combined funds the accompanying financial statement presented for 2010, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010. 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, 2010 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, 2010, 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, 2010 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, 2010. 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 2, 2011 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 2, 2011



GILMORE, JASON & MAHLER, LTD

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, 2010

	Governmental Fund Types		Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Agency	
Cash Receipts:				
Fees	\$ 1,295,258	\$ 110,915	\$ 1,014,603	\$ 2,420,776
Other Receipts	274,937	107,050		381,987
Miscellaneous Revenue Other Receipts	11,668	190		11,858
Vendors License		1,182,301		1,182,301
Permits	13,835	58,256		72,091
Rollback/Homestead	3,510,179			3,510,179
Grants-Federal		5,435,728		5,435,728
Grants-State	96,559	367,340		463,899
Reimbursements	160,932	99,126		260,058
Other Non-Operating Revenue Receipts	568			568
Miscellaneous	3,336	211		3,547
Total Cash Receipts	\$ 5,367,272	\$ 7,361,117	\$ 1,014,603	\$ 13,742,992
Cash Disbursements:				
Salaries	3,085,636	3,304,867		6,390,503
OPERS	424,125	472,447		896,572
FICA	39,555	46,793		86,348
Worker's Compensation	20,934	23,626		44,560
Health Insurance	572,414	644,919		1,217,333
Liability Insurance	66,925			66,925
Contract Services	418,321	1,709,265		2,127,586
Contract Services-Temp		1,049		1,049
Contract Repairs	10,804	2,880		13,684
Equipment Lease	16,276			16,276
Professional Service	185,642			185,642
Materials	259,048	543		259,591
Supplies	39,331	37,550		76,881
Office Supplies	40,110	19,383		59,493
Medical Supplies	38,127	52,470		90,597
Postage	17,568	23,044		40,612
Advertising and Printing	13,597	73,966		87,563
Copying	7,199	889		8,088
Telecommunications	46,059	5,042		51,101
Desk Phones		1,503		1,503
Cell Phones		10,674		10,674
Training	49,242	60,974		110,216
Staff Development	6,246	1,222		7,468
Membership Dues	4,216			4,216
Capital Outlay	39,779			39,779
Other Expense	172,714	616,875	909,407	1,698,996
Equipment	272,778	178,446		451,224
Total Cash Disbursements	5,846,646	7,288,427	909,407	14,044,480
Total Cash Receipts Over (Under)				
Cash Disbursements	(479,374)	72,690	105,196	(301,488)
Other Financing Receipts (Uses):				
Refunds	387	-	-	387
Gifts and Donations		1,100	-	1,100
Total Other Financing Receipts (Uses)	387	1,100	-	1,487
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over Cash Disbursements	(478,987)	73,790	105,196	(300,001)
Fund Cash Balances January 1	\$ 2,962,654	\$ 2,081,551	\$ 190,301	\$ 5,234,506
Fund Cash Balances, December 31	\$ 2,483,667	\$ 2,155,341	\$ 295,497	\$ 4,934,505
Reserves for Encumbrances, December 31	\$ 797,267	\$ 432,833	\$ 122,922	\$ 1,353,022

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

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT

DECEMBER 31, 2010

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, 2010

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.

Public Health Emergency Preparedness Fund – This fund is used to develop and maintain plans, procedures and policies for a response to a disaster event. The funding for the program is used to develop and implement consistent and timely tracking of infectious diseases as well as the possible use of biological/chemical or radiological agents. The fund provides for the Regional Coordinator of Northwest Ohio to operate coordination activities out of the Health District. Training, exercise, volunteer recruitment and response to disaster issues on a departmental wide scale are just some of the other services made possible by this fund.

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.

LUCAS COUNTY REGIONAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENT - CONTINUED
DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 re-appropriated.

A summary of 2010 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, 2010 the accumulated leave totaled \$351,090.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED
DECEMBER 31, 2010

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. Governmental Accounting Standards Board (GASB) 3 and GASB 40 requirements for the County of Lucas are presented in the December 31, 2010 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, 2010 was \$4,934,505.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2010 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,526,350	\$ 5,367,659	\$ (158,691)
Special Revenue	\$ 7,961,059	\$ 7,362,217	\$ (598,842)
Total	<u>\$ 13,487,409</u>	<u>\$ 12,729,876</u>	<u>\$ (757,533)</u>

2010 Appropriated vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,746,166	\$ 6,643,913	\$ 102,253
Special Revenue	\$ 8,196,062	\$ 7,721,260	\$ 474,802
Total	<u>\$ 14,942,228</u>	<u>\$ 14,365,173</u>	<u>\$ 577,055</u>

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED
DECEMBER 31, 2010

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 maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualified members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 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 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. 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 OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. For 2010, member and employer contributions rates were consistent across all three plans. The 2010 member contribution rate was 10.0% of qualifying gross wages for all employees. The 2010 employer contribution rate was 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED
DECEMBER 31, 2010

5. RETIREMENT SYSTEM - CONTINUED

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's contributions to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$896,572, \$884,822, and \$863,353, respectively. The portion of employer contributions that were used to fund post-employment benefits are \$72,533 for January 1 through February 28, 2010, and \$254,242 for March 1 through December 31, 2010. 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 are extracted from the employer's records.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. This rate increase allows additional funds to be allocated to the health care plan.

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, 2010**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title/Fund Number Location	Pass Through Entity Number/ Contract Number	Federal CFDA Number	Federal
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children (H24XX)	48-1-001-1-WA	10.557	\$ 2,067,938
Total United States Department of Agriculture			<u>2,067,938</u>
UNITED STATES DEPARTMENT OF EDUCATION <i>Passed Through the Ohio Child Care Resource and Referral Association</i>			
Special Education Grants for Infants and Families with Disabilities (H60XX)	n/a	84.181	5,380
Total United States Department of Education			<u>5,380</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) <i>Passed Through the National Association of County & City Health Officials</i>			
CDC Investigations, Technical Assistance and Affordable Care Act Projects (H68XX)	APC 092002	93.283	178,913
Medical Reserve Corps Units (H35XX)	MRC 061001	93.008	4,092
Total National Association of County & City Health Officials (NACCHO)			<u>183,005</u>
<i>Passed Through the Ohio Department of Health</i>			
Project Grants and Cooperative Agreement for Tuberculosis Control Program (H22XX)	48-1-002-2-TB	93.118	47,062
CDC Investigations, Technical Assistance and Affordable Care Act Projects (H80XX)	48-1-001-4-TP	93.283	17,551
Immunization Grants (H05XX)	48-1-001-2-IM	93.268	204,304
CDC-Lead Grant (H04XX)	48-1-001-1-LD	93.197	95,713
Public Health Emergency Preparedness Grants (H34XX)	48-1-001-2-PH	93.069	377,448
Public Health Emergency Response Grants - H1N1 (H69XX;H70XX;H71XX,H78IV)	48-1-001-2-PH	93.069	1,150,656
HIV Prevention Activities Health Department Based (H37XX)	48-1-001-2-HP	93.940	265,477
Preventative Health and Health Services Block Grant (H07XX,H72XX)	48-1-001-4-CH 48-1-001-4-CC	93.991	129,852
Dental Public Health Residency Training DPHRT and Grants to States to Support Oral Health Workforce Activities SSOHWA (H57XX)	48-1-001-1-DS	93.236	23,985
Maternal and Child Health Services Block Grant to the States (H14XX ; H16XX & H57XX)	48-1-001-1-DS 48-1-001-1-MC 48-1-001-1-SC	93.994	465,952
Preventative Health Services Sexually Transmitted Diseases Control Grant (H19XX)	48-1-001-2-ST	93.977	82,054
Total Ohio Department of Health			<u>2,860,054</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, 2010**

FEDERAL GRANTOR Pass-Through Grantor Program Title/Fund Number Location	Pass Through Entity Number/ Contract Number	Federal CFDA Number	Federal
Passed Through the Ohio Department of Health Passed Through The Toledo Hospital			
Preventative Health and Health Services Block Grant (H56XX)	n/a	93.991	<u>7,054</u>
Passed Through the Ohio Department of Health Passed Through Ohio Child Care Resource and Referral Association			
Maternal and Child Health Services Block Grant to the States (H60XX)	n/a	93.994	5,380
	n/a	93.110	5,381
Child Care and Development Block Grant (H60XX)	n/a	93.575	<u>5,380</u>
Total Ohio Child Care Resource and Referral Association			<u>16,141</u>
Total Ohio Department of Health			<u>2,883,249</u>
Passed Through the Ohio Department of Aging Passed Through the Area Office on Aging of Northwest Ohio, Inc.			
Special Programs for the Aging Title III, Part D -Disease Prevention and Health Promotion Services (H45XX)	n/a	93.043	<u>35,251</u>
Total Ohio Department of Aging			<u>35,251</u>
Passed Through the Ohio Department of Job and Family Services Passed Through the Lucas County Job and Family Services			
Social Services Block Program (H62XX)	n/a	93.667	<u>868</u>
Total Ohio Department of Job and Family Services			<u>868</u>
Total United States Department of Health and Human Services			<u>3,102,373</u>
Passed Through the Department of Housing and Urban Development (HUD) Passed Through the City of Toledo			
Community Development Block Grants/Entitlement Grants Rodent/Nuisance Control (H28XX)	n/a	14.218	<u>78,464</u>
Total Department of Housing and Urban Development (HUD)			<u>78,464</u>
TOTAL - FEDERAL ASSISTANCE			<u>\$ 5,254,155</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, 2010

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, 2010, and have issued our report thereon dated June 2, 2011, 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 and correct 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of 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 2, 2011



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, 2010. 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 federal programs for the year ended December 31, 2010.

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.

This report is intended solely for the information and use of 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 2, 2011



GILMORE, JASON & MAHLER, LTD

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2010**

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?	No

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?	No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (H240X)
93.069	Public Health Emergency Preparedness Grants (H34XX) Public Health Emergency Response Grants – H1N1 (H69XX; H70XX, H71XX, H78IV)
Dollar threshold used to distinguish between type A and type B programs	<u>\$300,000</u>

Auditee qualified as low-risk auditee?	No
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Section II – Financial Statement Findings

None

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR (2009)
AUDIT FINDINGS**

United States Department of Health and Human Services

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

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.

In June of 2010, management issued a payment requisition payable to the granting agency in the amount of \$10,031 and this matter has been corrected.

Ohio Revised Code Compliance

Finding 2009-02

The 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.

Management implemented procedures to compare actual expenditures including encumbrances against the approved budgetary expenditures. At December 31, 2010, the fund's actual expenditures including encumbrances were below the apportioned amount.