

**LUCAS COUNTY REGIONAL HEALTH DISTRICT**

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

**DECEMBER 31, 2004**





**Auditor of State  
Betty Montgomery**

Lucas County Regional Health District  
635 N. Erie Street  
Toledo, Ohio 43624

We have reviewed the *Independent Auditors' Report* of the Lucas County Regional Health District, Lucas County, prepared by Gilmore, Jason & Mahler, LTD for the audit period January 1, 2004 through December 31, 2004. 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's Office (AOS). 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 AOS 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 AOS 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 27, 2005

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## 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, 2004. 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 described more fully in Note 1, the District has prepared its 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.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

Andrew L. Mahler,  
CPA, CVA, CFFA

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

Debra S. Gossman, CPA

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statement presented for 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires 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, 2004 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, 2004, 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 – all governmental and fiduciary fund types of the District for the year ended December 31, 2004 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, 2004. 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 13, 2005 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 read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the 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 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Gilmore, Jason & Mahler, LTD*

September 13, 2005

**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, 2004**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds</u>	<b>Totals (Memorandum only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
<b>Cash receipts:</b>				
Contractual services	\$ 3,159,580	\$	\$	\$ 3,159,580
Charges for services	1,728,740	188,587	533,657	2,450,984
Other receipts	252,348	32,134		284,482
Intergovernmental	141,668	4,445,826		4,587,494
Licenses and permits	95,744	1,142,186	154,812	1,392,742
Total cash receipts	<u>5,378,080</u>	<u>5,808,733</u>	<u>688,469</u>	<u>11,875,282</u>
<b>Cash disbursements:</b>				
Salaries	2,629,376	2,601,607		5,230,983
Insurance	500,472	485,320		985,792
Drugs and chemicals	495,390	107,649		603,039
Contract services	460,722	1,735,955		2,196,677
Public employee's retirement	362,520	342,497		705,017
Other	158,034	167,017		325,051
Contract utilities	100,648			100,648
Travel	56,376	58,884		115,260
Other telephone	54,494	27,444		81,938
Liability insurance	52,204			52,204
Supplies	31,935	90,355		122,290
Payroll taxes	31,174	33,417		64,591
Office equipment	21,310	174,941		196,251
Worker's compensation	17,759	13,938		31,697
Equipment lease	16,955	5,866		22,821
Public employee's retirement-deferred	4,301			4,301
Contract services temporary	3,737	26,333		30,070
Unemployment compensation	1,777			1,777
Advertising and printing	1,568	63,683		65,251
Postage		5,680		5,680
Distribution to State of Ohio			727,999	727,999
Total cash disbursements	<u>5,000,752</u>	<u>5,940,586</u>	<u>727,999</u>	<u>11,669,337</u>
Total cash receipts over (under) cash disbursements	377,328	(131,853)	(39,530)	205,945
<b>Other financing receipts:</b>				
Other sources	328	3,345		3,673
Excess of cash receipts and other financing receipts over (under) cash disbursements	377,656	(128,508)	(39,530)	209,618
Fund cash balances, January 1	285,262	1,032,182	167,767	1,485,211
Fund cash balances, December 31	<u>\$ 662,918</u>	<u>\$ 903,674</u>	<u>\$ 128,237</u>	<u>\$ 1,694,829</u>
Reserves for encumbrances, December 31	<u>\$ 47,005</u>	<u>\$ 287,300</u>	<u>\$</u>	<u>\$ 334,305</u>

The accompanying notes are an integral part of this financial statement.



**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2004**

**Note 1-Summary of significant accounting policies**

**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.

**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.

**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.

**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:

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
NOTES TO THE FINANCIAL STATEMENT-CONTINUED  
DECEMBER 31, 2004**

**Note 1-Summary of significant accounting policies-continued**

**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.

**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 Supplemental Nutrition Program, and referrals to health care for low-income persons during critical periods of growth and development.

*Children and Family Health Services Fund* - This is a Federal grant fund used to provide health services for low-income persons during critical periods of growth and development.

*HIV Prevention Program* – This federal grant allows the Lucas County Health District to provide HIV prevention education and HIV testing services to the Northwest Ohio region.

*Public Health Infrastructure* - This is a Federal grant fund used to address bioterrorism, other outbreaks of infectious disease and other public health threats and emergencies at the county and regional public health level.

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

**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.

**Budgetary process**

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

**Appropriations**

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

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
NOTES TO THE FINANCIAL STATEMENT-CONTINUED  
DECEMBER 31, 2004**

**Note 1-Summary of significant accounting policies-continued**

**Estimated resources**

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

**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 2004 budgetary activity appears in Note 3.

**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.

**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.

**Note 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 requirements for the County of Lucas are presented in the December 31, 2004 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, 2004 was \$1,694,829.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
NOTES TO THE FINANCIAL STATEMENT-CONTINUED  
DECEMBER 31, 2004**

**Note 3-Budgetary activity**

Budgetary activity for the year ended December 31, 2004 follows:

<b>2004 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,370,700	\$ 5,378,408	\$ 7,708
Special revenue	7,035,647	5,812,078	(1,223,569)
Total	\$ 12,406,347	\$ 11,190,486	\$ (1,215,861)

<b>2004 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,273,383	\$ 5,000,752	\$ 272,631
Special revenue	6,968,015	5,940,585	1,027,430
Total	\$ 12,241,398	\$ 10,941,337	\$ 1,300,061

**Note 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 as contractual services on the financial statements.

**Note 5-Retirement system**

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

**Note 6-Risk management**

**Commercial insurance**

The District has obtained commercial insurance for the following risks:

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

The District provides health insurance to its employees in conjunction with Lucas County. The County is self-insured for health and dental benefits. The District is charged for its participant's share of the cost for its covered employees.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
NOTES TO THE FINANCIAL STATEMENT-CONTINUED  
DECEMBER 31, 2004**

**Note 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 ENDED DECEMBER 31, 2004**

<b><u>Federal Grantor/ Pass-through Grantor/ Program Title</u></b>	<b><u>Pass Through Entity Number/ Contract Number</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Federal Expenditures</u></b>
<b>United States Environmental Protection Agency</b>			
Surveys, Studies, Investigations, and Special Projects			
Initiate Indoor Air Quality-Tools for Schools (736)	X-00569401-0	66.606	\$ 385
Total United States Environmental Protection Agency			<u>385</u>
<b>United States Department of Agriculture</b>			
<b>Passed Through the Ohio Department of Health</b>			
Special Supplemental Nutrition Program for			
Women, Infants and Children (724)	48-1-001-1-CL	10.557	1,773,246
Total United States Department of Agriculture			<u>1,773,246</u>
<b>United States Department of Health and Human Services (HHS)</b>			
Medical Reserve Corps Small Grant Program (0735)	U2SG00368A	93.008	57,541
Total United States Department of HHS			<u>57,541</u>
<b>Passed Through the Ohio Department of Health</b>			
Project Grants and Cooperative Agreement for Tuberculosis			
Control Program (722)	48-1-001-2-CK	93.118	17,145
Immunization Grants (705)	48-1-001-2-AZ	93.268	178,049
Public Health Infrastructure Grants (734)	48-1-001-2-BI	93.283	609,445
Tobacco Risk Reduction Grants (741)	48-1-001-2-TR	93.283	11,871
HIV Care Formula Grants (738)	48-1-001-1-BV	93.917	28,980
HIV Prevention Activities Health Department Based (737)	48-1-001-2-AS	93.940	392,782
Preventative Health and Health Services			
Block Grant (707)	48-1-001-2-ED	93.991	87,913
Maternal and Child Health Services Block Grant	48-1-001-1-AJ		
to the States (714 & 716)	48-1-001-1-MC	93.994	295,452
Preventative Health Services Sexually Transmitted			
Diseases Control Grant (719)	48-1-001-2-BX	93.977	99,974
Total Ohio Department of Health			<u>1,721,611</u>
<b>Passed Through the Ohio Department of Health</b>			
<b>Passed Through Lucas County Family Council</b>			
Temporary Assistance for Needy Families			
Help Me Grow (0725)	n/a	93.043	146,728
Total Ohio Department of Health			<u>1,868,339</u>
<b>Passed Through the Ohio Department of Aging</b>			
<b>Passed Through the Area Office on Aging</b>			
<b>of Northwest Ohio, Inc.</b>			
Special Programs for the Aging Title III, Part D -Disease			
Prevention and Health Promotion Services (745 & 753)	n/a	93.043	58,182
Total Ohio Department of Aging			<u>\$ 58,182</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 ENDED DECEMBER 31, 2004**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Pass Through Entity Number/ Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>Passed Through the Department of Housing and Urban Development (HUD)</b>			
<b>Passed Through the City of Toledo</b>			
Lead Hazard Reduction Demonstration Grant Program			
Lead-HUD (709)	n/a	14.905	\$ 105,074
Community Development Block Grants/ Entitlement Grants/Rodent/Nuisance Control (728)	n/a	14.218	<u>97,393</u>
Total Department of Housing and Urban Development (HUD)			202,467
Total United States Department of Health and Human Services			<u>2,186,529</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,960,160</u></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, 2004**

**Note 1-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 2-Matching requirements**

Certain Federal programs require the District to 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.

## 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 statements of Lucas County Regional Health District (the District) as of and for the year ended December 31, 2004, and have issued our report thereon dated September 13, 2005, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Kevin M. Gilmore, CPA, CVA

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether District'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 Standard*.

Adele M. Jasion, CPA

Andrew L. Mahler,  
CPA, CVA, CFFA

J. Stephen Schult, CPA

We noted certain matters that we have reported to management of the District in a separate letter dated September 13, 2005.

Philip J. Newlove, CPA

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.

Linda J. Hillstrom, CPA

Debra S. Gossman, CPA

*Gilmore, Jasion & Mahler, LTD*

September 13, 2005

## 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, 2004. 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, 2004.

### Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

Andrew L. Mahler,  
CPA, CVA, CFFA

J. Stephen Schult, CPA

Phillip J. Newlove, CPA

Linda J. Hillstrom, CPA

Debra S. Gossman, CPA

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

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*

September 13, 2005

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2004**

**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
• Reportable condition(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
• Reportable condition(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 93.940 93.283	Special Supplemental Nutrition Program for Women, Infants and Children HIV Prevention Activities Health Department Based Public Health Infrastructure Grants

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**LUCAS COUNTY REGIONAL HEALTH DISTRICT  
SCHEDULE OF STATUS OF PRIOR YEAR (2003)  
AUDIT FINDINGS**

There were no reportable findings for the year ended December 31, 2003.



**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**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  
NOVEMBER 15, 2005**