

LUCAS COUNTY REGIONAL HEALTH DISTRICT

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

DECEMBER 31, 2008



Mary Taylor, CPA

Auditor of State

Board Members

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, Jasion & Mahler, LTD, for the audit period January 1, 2008 through December 31, 2008. 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 9, 2009

This Page is Intentionally Left Blank.

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3-4
BASIC FINANCIAL STATEMENT	
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES.....	5
NOTES TO THE FINANCIAL STATEMENT	6-11
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	12-14
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	15
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16-17
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	18-19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	20
SCHEDULE OF STATUS OF PRIOR YEAR (2007) AUDIT FINDINGS.....	21

This Page is Intentionally Left Blank.



GILMORE, JASON & 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, 2008. 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 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, 2008. Instead of the combined funds the accompanying financial statement presented for 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008. 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, 2008 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, 2008, 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, 2008 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, 2008. 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, 2009 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, 2009

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, 2008

	Governmental Fund Types		Fiduciary Funds	Totals
	General	Special Revenue	Agency	(Memorandum Only)
Cash Receipts:				
Fees	\$ 1,574,929	\$ 143,722	\$ -	\$ 1,718,651
Other Receipts	282,614	114,042		396,656
Vendor's License		1,146,710		1,146,710
Permits	17,345	78,743		96,088
Rollback/Homestead	3,375,172			3,375,172
Grants		15,950		15,950
Grants-Federal		4,544,948		4,544,948
Grants-State	161,182	930,675		1,091,857
Reimbursements	174,307	67,509		241,816
Other Receipts	3,191	8,985		12,176
Gifts & Donations	300	61		361
Miscellaneous	11,890	546	861,623	874,059
Total Cash Receipts	\$ 5,600,930	\$ 7,051,891	\$ 861,623	\$ 13,514,444
Cash Disbursements:				
Salaries	2,879,168	3,358,066		6,237,234
Opers	400,055	463,298		863,353
Fica	35,383	45,554		80,937
Worker's Compensation	35,077	39,530		74,607
Health Insurance	612,676	625,175		1,237,851
Liability Insurance	107,478			107,478
Contract Services	363,197	1,542,737		1,905,934
Contract Services-Temp	3,466	773		4,239
Contract Repairs	10,748	2,880		13,628
Equipment Lease	8,018	867		8,885
Professional Service	141,015			141,015
Materials	263,131	19,795		282,926
Supplies	34,377	32,057		66,434
Office Supplies	37,065	18,707		55,772
Medical Supplies	56,066	53,283		109,349
Postage	22,527	20,621		43,148
Advertising and Printing	18,701	24,396		43,097
Copying	14,431	3,013		17,444
Telecommunications	33,447	29,572		63,019
Desk Phones		1,574		1,574
Cell Phones	1,882	8,647		10,529
Training	55,492	80,353		135,845
Staff Development	5,023	1,505		6,528
Membership Dues	2,516			2,516
Other Expense	72,488	64,961	918,687	1,056,136
Equipment	25,649	43,779		69,428
Total Cash Disbursements	5,239,076	6,481,143	918,687	12,638,906
Total Cash Receipts Over (Under)				
Cash Disbursements	361,854	570,748	(57,064)	875,538
Other Financing Receipts:				
Refunds	9,024			9,024
Total Other Financing Receipts	9,024			9,024
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over Cash Disbursements	370,878	570,748	(57,064)	884,562
Fund Cash Balances January 1	\$ 2,512,217	\$ 1,529,632	\$ 151,666	\$ 4,193,515
Fund Cash Balances, December 31	\$ 2,883,095	\$ 2,100,380	\$ 94,602	\$ 5,078,077
Reserves for Encumbrances, December 31	\$ 140,694	\$ 406,167	\$ -	\$ 546,861

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

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2008

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.

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, 2008

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 2008 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, 2008 the accumulated leave totaled \$315,353.

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, 2008 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, 2008 was \$5,078,077.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED
DECEMBER 31, 2008

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2008 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,691,224	\$ 5,600,930	\$ (90,294)
Special Revenue	7,112,925	7,051,891	\$ (61,034)
Total	<u>\$ 12,804,149</u>	<u>\$ 12,652,821</u>	<u>\$ (151,328)</u>

2008 Appropriated vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,691,224	\$ 5,239,076	\$ 452,148
Special Revenue	6,844,143	6,481,143	\$ 363,000
Total	<u>\$ 12,535,367</u>	<u>\$ 11,720,219</u>	<u>\$ 815,148</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, 2008

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 2008 employer contribution rate was 14.0% of covered payroll. The District's contributions to OPERS for the years ending December 31, 2008, 2007, and 2006 were \$863,353, \$805,197, and \$792,524, 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 2008 employer contribution rate was 14.00% of covered payroll. The portion of employer contributions allocated to health care was 7.00% in 2008 for all employees.

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, 2007. 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 2007 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, 2008

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 0.5% to 4.0% for the next 7 years. In subsequent years, (8 and beyond) health care costs were assumed to increase at 4.0% (the projected wage inflation rate).

The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in December 31, 2007, actuarial valuation was 364,076. The rates stated above are the contractually required contribution rates for OPERS. The amount of \$12.8 billion represents the actuarial funding value of OPERS' net assets available for OPEB at December 31, 2007. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.8 billion and \$17.0 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.

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING DECEMBER 31, 2008**

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 (H240X)	48-1-001-1-WA	10.557	\$ 1,939,777
Total United States Department of Agriculture			<u>1,939,777</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 (H600X)	n/a	84.181	\$ 6,526
Total United States Department of Education			<u>6,526</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY <i>Passed Through the Ohio Child Care Resource and Referral Association</i>			
Metropolitan Medical Response System (H350X)	n/a	97.071	\$ 8,446
Total United States Department of Homeland Security			<u>8,446</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) <i>Passed Through the National Association of County & City Health Officials</i>			
Medical Reserve Corps Units (H350X)	MRC 061001	93.008	\$ 6,797
Total National Association of County & City Health Officials (NACCHO)			<u>6,797</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	40,818
Immunization Grants (H050X)	48-1-001-2-IM	93.268	236,777
CDC-Lead Grant (H040X)	48-1-001-1-LD	93.197	109,076
Public Health Infrastructure Grants (H340X)	48-1-001-2-PI	93.283	475,389
HIV Care Formula Grants (H380X)	48-1-001-1-PE	93.917	43,296
HIV Prevention Activities Health Department Based (H370X)	48-1-001-2-HP	93.940	420,052
Preventative Health and Health Services Block Grant (H070X)	48-1-001-4-CD	93.991	89,666
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	454,087
Preventative Health Services Sexually Transmitted Diseases Control Grant (H190X)	48-1-001-2-BX	93.977	55,154
Total Ohio Department of Health			<u>1,924,315</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, 2008**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title/Fund Number Location	Pass Through Entity Number/ Contract Number	Federal CFDA Number	Federal
Passed Through the Ohio Department of Health			
<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>96,789</u>
Passed Through the Ohio Department of Health			
<i>Passed Through The Toledo Hospital</i>			
Preventative Health and Health Services Block Grant (H560X)	n/a	93.991	<u>12,107</u>
Passed Through the Ohio Department of Health			
<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	6,526
Child Care and Development Block Grant (H600X)	n/a	93.575	6,526
Maternal and Child Health Federal Consolidated Program (H600X)	n/a	93.110	<u>6,526</u>
Total Ohio Child Care Resource and Referral Association			<u>19,578</u>
Total Ohio Department of Health			<u>2,052,789</u>
Passed Through the Ohio Department of Aging			
<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>19,494</u>
Total Ohio Department of Aging			<u>19,494</u>
Passed Through the Ohio Department of Job and Family Services			
Special Programs Refugee and Entrant Assistance State Administred Programs (H630X)	n/a	93.566	2,500

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, 2008**

FEDERAL GRANTOR	Pass Through	Federal	Federal
<i>Pass-Through Grantor</i>	Entity Number/ Contract Number	CFDA Number	Federal
<u>Program Title/Fund Number Location</u>			
Passed Through the Ohio Department of Job and Family Services			
<i>Passed Through the Lucas County Job and Family Services</i>			
Social Services Block Program (H620X)	n/a	93.667	<u>1,119</u>
Total Ohio Department of Job and Family Services			<u>3,619</u>
Total United States Department of Health and Human Services			<u>2,082,699</u>
Passed Through the Department of Housing and Urban Development (HUD)			
<i>Passed Through the City of Toledo</i>			
Lead Hazard Reduction Demonstration Grant Program Lead-HUD (H090X)	n/a	14.905	976
Community Development Block Grants/Entitlement Grants Rodent/Nuisance Control (H280X)	n/a	14.218	<u>82,133</u>
Total Department of Housing and Urban Development (HUD)			<u>83,109</u>
TOTAL - FEDERAL ASSISTANCE			<u>\$ 4,120,558</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, 2008**

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.

SUPPLEMENTARY INFORMATION



GILMORE, JASON & MAHLER, LTD

**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, 2008, and have issued our report thereon dated June 2, 2009, 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 control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the entity's financial statement is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 significant deficiencies or material weaknesses. 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 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 2, 2009



GILMORE, JASON & MAHLER, LTD

**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, 2008. 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, 2008.

Internal Control Over Compliance

The 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, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 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 2, 2009

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2008**

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)
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

Section III – Federal Award Findings and Questioned Costs

None

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR (2007)
AUDIT FINDINGS**

There were no reportable findings for the year ended December 31, 2007.



Mary Taylor, CPA
Auditor of State

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
JULY 21, 2009**