

LUCAS COUNTY REGIONAL HEALTH DISTRICT

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

DECEMBER 31, 2011



Dave Yost • Auditor of State

Board of Health
Lucas County Regional Health District
635 N. Erie Street
Toledo, Ohio 43604

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, 2011 through December 31, 2011. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 11, 2013

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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	6-13
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	14-15
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	16
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>	17-18
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	19-20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21
SCHEDULE OF STATUS OF PRIOR YEAR (2010) AUDIT FINDINGS.....	22

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GILMORE, JASION & MAHLER, LTD

INDEPENDENT AUDITORS' REPORT

Board Members
Lucas County Regional Health District
635 N. Erie Street
Toledo, Ohio 43604

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) as of and for the year ended December 31, 2011. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require District to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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, 2011 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, 2011, 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, 2011 on the basis of accounting described in Note 1.

As described in Note 9, during 2011 the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 17, 2012 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.

We conducted our audit to opine on the District's financial statements taken as a whole. The federal awards expenditure schedule provides additional information 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 financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Gilmore, Jason & Mahler, LTD

December 17, 2012



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, 2011

	Governmental Fund Types		Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Agency	
Cash Receipts:				
Fees	\$ 1,536,555	\$ 122,251	\$ 1,010,407	\$ 2,669,213
Fees - Other Receipts	364,871	102,788		467,659
Miscellaneous Revenue Other Receipts	17,520			17,520
Vendors License		1,239,276		1,239,276
Permits	17,431	89,327		106,758
Fines		2,994		2,994
Contractual Services Revenue	3,234,060			3,234,060
Grants-Federal		4,962,829		4,962,829
Grants-State	95,622	380,992		476,614
Contract Revenue - Reimbursements	118,299	122,649		240,948
Operating Revenue - Reimbursements	163,563	(163,563)		0
Total Cash Receipts	\$ 5,547,921	\$ 6,859,543	\$ 1,010,407	\$ 13,417,871
Cash Disbursements:				
Salaries	3,030,895	3,246,585		6,277,480
OPERS	419,820	451,245		871,065
FICA	45,048	43,575		88,623
Unemployment Compensation	13,412			13,412
Worker's Compensation	31,102	35,466		66,568
Health Insurance	572,289	657,120		1,229,409
Liability Insurance	65,206			65,206
Contract Services	478,931	1,706,011		2,184,942
Contract Services-Temp	2,138	15,932		18,070
Contract Repairs	5,123	3,630		8,753
Contract Repairs-Other	12,421	322,152		334,573
Equipment Lease	17,642			17,642
Professional Service	205,594			205,594
Legal Services	125			125
Materials	348,905	5,018		353,923
Gasoline	675			675
Supplies	27,076	57,936		85,012
Office Supplies	35,268	28,318		63,586
Medical Supplies	34,832	46,328		81,160
Other-Supplies	141	150		291
Equipment-Parts	653			653
Postage	14,714	20,075		34,789
Advertising and Printing	18,801	63,706		82,507
Refunds		39,347		39,347
Copying	7,983	108		8,091
Rent	1			1
Telecommunications	49,517	34,869		84,386
Desk Phones		1,698		1,698
Cell Phones	979	5,269		6,248
Training	35,892	93,066		128,958
Conferences	883	4,339		5,222
Staff Development	5,284	666		5,950
Membership Dues	7,989			7,989
Miscellaneous for Board of Health		20,803		20,803
Equipment	102,948	46,080		149,028
Other Equipment	3,737	39,414		43,151
Equipment less than \$5,000	29,533	193,363		222,896
Equipment greater than \$5000	336,115	130,486		466,601
Other Expense	459,810	329,003	1,085,156	1,873,969
Capital Outlay		36,546		36,546
Total Cash Disbursements	6,421,482	7,678,304	1,085,156	15,184,942
Total Cash Receipts Under Cash Disbursements	(873,561)	(818,761)	(74,749)	(1,767,071)
Other Financing Sources (Uses):				
Refunds	186	182		368
Other Sources	2,395			2,395
Transfers In		198,164		198,164
Transfers (Out)	(198,164)			(198,164)
Total Other Financing Receipts (Uses)	(195,583)	198,346	0	2,763
Deficiency of Cash Receipts and Other Financing Receipts Over Cash Disbursements	(1,069,144)	(620,415)	(74,749)	(1,764,308)
Fund Cash Balances January 1	\$ 2,483,667	\$ 2,155,341	\$ 295,497	\$ 4,934,505
Fund Cash Balances, December 31				
Assigned	0	1,534,926		
Unassigned	1,414,523	0		
Fund Cash Balances, December 31	\$ 1,414,523	\$ 1,534,926	\$ 220,748	\$ 3,170,197

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

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2011

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
DECEMBER 31, 2011

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.

Advanced Practice Center Fund – This is a Federal grant fund from the National Association of County and City Health Officials (NACCHO), in collaboration with the Centers for Disease Control and Prevention (CDC). The District developed new, innovative solutions or enhanced currently existing Advanced Practice Center (APC) tools and resources to assist public health professionals in preparing for, responding to, and recovering from the consequences of disasters and other public health emergencies.

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.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 2011 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, 2011 the accumulated leave totaled \$299,208.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2011

H. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon use of the resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District. The committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the District.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011**

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, 2011 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, 2011 was \$3,170,197.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2011 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 6,054,251	\$ 5,550,502	\$ (503,749)
Special Revenue	10,069,434	7,057,889	(3,011,545)
Total	\$ 16,123,685	\$ 12,608,391	\$ (3,515,294)

2011 Appropriated vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,706,537	\$ 6,619,645	\$ 86,892
Special Revenue	10,083,131	8,935,284	1,147,846
Total	\$ 16,789,668	\$ 15,554,929	\$ 1,234,739

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.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2011

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 health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying 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 visiting <https://www.opers.org/invetments/fafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or 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 2011, state and local employers contributed at a rate of 14.00% of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

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 4% during the calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to the change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011**

5. RETIREMENT SYSTEM - CONTINUED

The District's contributions to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$871,065, \$896,572, and \$884,822, respectively. The portion of employer contributions that were used to fund post-employment benefits was \$248,863. 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 on January 1 of each year from 2006 to 2008. This rate increase allows additional funds to be allocated to the health care plan.

6. TRANSFERS

Transfers represent transfers of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financial sources (uses) in general fund and as transfers in special revenue funds.

The General fund transferred out \$198,164 to the Special Revenue Grant fund to subsidize the Bureau of Children with Medical Handicap (BCMh) program. A Board of Health Resolution taken during the Board's June 23, 2011 meeting transferred \$198,164 from the General fund to the Special Revenue Grant fund.

7. 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.

8. 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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011**

9. FUND BALANCE

During the year ending December 31, 2011, the District adopted Governmental Accounting Standards Board Statement No. 54 resulting in fund balances being classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Special Revenue	Total Governmental Funds
Assigned for:			
Environmental		445,581	445,581
Grants		1,089,345	1,089,345
Unassigned for:			
Administration and Clinical Programs	1,414,523		1,414,523
Total Fund Balance	\$ 1,414,523	\$ 1,534,926	\$ 2,949,449

10. COMMITMENTS

The District has outstanding encumbrances totaling \$1,256,980 as of December 31, 2011.

SUPPLEMENTARY INFORMATION

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING DECEMBER 31, 2011**

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	\$ 2,416,641
Total United States Department of Agriculture			<u>2,416,641</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	<u>3,307</u>
Total United States Department of Education			<u>3,307</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)			
Emergency Countermeasure Dispensing Staffing Plan (H84XX)		93.069	<u>25,316</u>
Total United States Department of Health and Human Services (HHS)			<u>25,316</u>
<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	256,677
Medical Reserve Corps Units (H35XX)	MRC 061001	93.008	<u>4,663</u>
Total National Association of County & City Health Officials (NACCHO)			<u>261,340</u>
<i>Passed Through the Ohio Department of Health</i>			
Affordable Care Act (ACA) Personal Responsibility Education Program (H83XX)	48-1-001-1-PR	93.092	32,310
Project Grants and Cooperative Agreement for Tuberculosis Control Program (H22XX)	48-1-002-2-TB	93.118	60,138
CDC Investigations, Technical Assistance and Affordable Care Act Projects (H80XX)	48-1-001-4-TP	93.283	59,368
Immunization Grants (H05XX)	48-1-001-2-IM	93.268	163,956
CDC-Lead Grant (H04XX)	48-1-001-1-LD	93.197	61,884
Public Health Emergency Preparedness Grants (H34XX)	48-1-001-2-PH	93.069	378,232
Public Health Emergency Response Grants - H1N1 (H69XX;H70XX;H71XX,H78IV)	48-1-001-2-PH	93.069	403,539
HIV Prevention Activities Health Department Based (H37XX)	48-1-001-2-HP	93.940 93.943	370,032 8,000
Preventative Health and Health Services Block Grant (H07XX,H72XX)	48-1-001-4-CH 48-1-001-4-CC	93.991	129,555
Dental Public Health Residency Training DPHRT and Grants to States to Support Oral health Workforce Activities SSOHWA (H14XX,H57XX)	48-1-001-1-DS	93.236	48,493
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	518,876
Preventative Health Services Sexually Transmitted Diseases Control Grant (H19XX)	48-1-001-2-ST	93.977	<u>89,167</u>
Total Ohio Department of Health			<u>2,323,550</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, 2011**

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 Health			
<i>Passed Through The Toledo Hospital</i>			
Preventative Health and Health Services Block Grant (H56XX)	n/a	93.991	<u>680</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 (H60XX)	n/a	93.994	3,307
	n/a	93.110	3,309
Child Care and Development Block Grant (H60XX)	n/a	93.575	<u>3,307</u>
Total Ohio Child Care Resource and Referral Association			<u>9,923</u>
Total Ohio Department of Health			<u>2,334,153</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 (H45XX)	n/a	93.043	<u>90,498</u>
Total Ohio Department of Aging			<u>90,498</u>
Passed Through the State of Ohio			
<i>Passed Through the Hospital Council of N.W. Ohio</i>			
Health Information Technology Regional Extension Centers Program (H81XX) ARRA	n/a	93.718	<u>10,129</u>
Total State of Ohio			<u>10,129</u>
Total United States Department of Health and Human Services			<u>2,721,437</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	557
Community Development Block Grants/Entitlement Grants Rodent/Nuisance Control (H280X)	n/a	14.218	<u>94,235</u>
Total Department of Housing and Urban Development (HUD)			<u>94,792</u>
TOTAL - FEDERAL ASSISTANCE			\$ <u>5,236,176</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, 2011**

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.

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

Board Members
Lucas County Regional Health District
635 N. Erie Street
Toledo, Ohio 43604

We have audited the financial statement of Lucas County Regional Health District (the District) as of and for the year ended December 31, 2011, and have issued our report thereon dated December 17, 2012, 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. As described in Note 9, during 2011 the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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

December 17, 2012





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
635 N. Erie Street
Toledo, Ohio 43604

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 could have a direct and material effect on each of Lucas County Regional Health District's major federal programs for the year ended December 31, 2011. The District's major federal programs are identified in the summary of auditor's 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

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

December 17, 2012

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

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 (H24XX)
93.283	CDC Investigations, Technical Assistance and Affordable Care Act Projects (H68XX)
93.940	HIV Prevention Activities Health Department Based (H37XX)

Dollar threshold used to distinguish between type A and type B programs	<u>\$300,000</u>
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Auditee qualified as low-risk auditee?	No
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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 (2010)
AUDIT FINDINGS**

There were no reportable findings for the year ended December 31, 2010.



Dave Yost • Auditor of State

LUCAS COUNTY REGIONAL HEALTH DISTRICT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 24, 2013