

LUCAS COUNTY REGIONAL HEALTH DISTRICT

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

DECEMBER 31, 2007



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, prepared by Gilmore, Jasion & Mahler, LTD, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 4, 2008

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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	6-10
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	11-12
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	13
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>	14-15
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	16-17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	18
SCHEDULE OF STATUS OF PRIOR YEAR (2006) AUDIT FINDINGS	19

This Page is Intentionally Left Blank.

GILMORE, JASION & MAHLER, LTD

INDEPENDENT AUDITORS' REPORT

Board Members
Lucas County Regional Health District
Toledo, Ohio

We have audited the accompanying combined statement of cash receipts, cash disbursements, and changes in fund cash balances – all governmental and fiduciary fund types of Lucas County Regional Health District (the District) for the year ended December 31, 2007. 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 these 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, 2007. Instead of the combined funds the accompanying financial statement presented for 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007. 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.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

J. Stephen Schult, CPA

Linda J. Hillstrom, CPA

Charles F. Heid, CPA

Philip J. Newlove, CPA

Terry R. Thomas, CPA

Kathi M. Iott, CPA

Robert A. Sobek, CPA

Andrew L. Mahler,
Retired CPA, CVA, CFFA

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, 2007 do 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, 2007, 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, 2007 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, 2007. 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 October 30, 2008 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

October 30 2008

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, 2007

	Governmental Fund Types		Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Agency	
Cash Receipts:				
Intergovernmental	\$ 137,993	\$ 5,079,410	\$ -	\$ 5,217,403
Licenses and Permits	21,775	1,412,104	369,623	1,803,502
Charges for Services	1,971,028	168,502	659,541	2,799,071
Contractual Services	3,375,072			3,375,072
Other Receipts	216,209	69,942		286,151
Total Cash Receipts	5,722,077	6,729,958	1,029,164	13,481,199
Cash Disbursements:				
Salaries	2,696,230	3,166,884		5,863,114
Supplies	49,687	52,355		102,042
Materials (Drugs and Chemicals)	386,073	96,889		482,962
Equipment	9,419	35,162		44,581
Equipment Lease	9,470	4,898		14,368
Contract Services	257,190	1,444,536		1,701,726
Contract Utilities	106,330			106,330
Contract Services Temp	30,882	32,836		63,718
Training	66,769	68,061		134,830
Advertising and Printing	2,144	41,342		43,486
Other Expense	120,323	146,657		266,980
Refunds	2,213	9,697		11,910
Other Expense Telephone	44,682	33,717		78,399
FICA	33,387	41,780		75,167
Unemployment Compensation	2,256			2,256
Worker's Compensation	36,354	38,764		75,118
Public Employee's Retirement	370,966	431,569		802,535
Public Employee's Retirement-Deferred	2,662			2,662
Liability Insurance	76,364			76,364
Insurance Group	588,582	630,438		1,219,020
Distribution to State of Ohio			1,032,033	1,032,033
Total Cash Disbursements	4,891,983	6,275,585	1,032,033	12,199,601
Total Cash Receipts Over (Under) Cash Disbursements	830,094	454,373	(2,869)	1,281,598
Other Financing Receipts (Uses):				
Other Sources	104,723	(89,568)		15,155
Total Other Financing Receipts (Uses)	104,723	(89,568)		15,155
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over Cash Disbursements	934,817	364,805	(2,869)	1,296,753
Fund Cash Balances January 1	\$ 1,577,400	\$ 1,164,827	\$ 154,535	\$ 2,896,762
Fund Cash Balances, December 31	\$ 2,512,217	\$ 1,529,632	\$ 151,666	\$ 4,193,515
Reserves for Encumbrances, December 31	\$ 90,967	\$ 90,754	\$ -	\$ 181,721

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

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

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

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

B. Basis of Accounting

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

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

C. Cash

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

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED
DECEMBER 31, 2007

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.

HIV Prevention Program – This is a Federal grant fund used to provide HIV prevention education and HIV testing services to the Northwest Ohio region.

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, 2007

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 2007 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.

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, 2007 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, 2007 was \$4,193,515.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED
DECEMBER 31, 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2007 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,776,990	\$ 5,826,800	\$ 49,810
Special Revenue	6,959,294	6,640,390	\$ (318,904)
Total	<u>\$12,736,284</u>	<u>\$12,467,190</u>	<u>\$ (269,094)</u>

2007 Appropriated vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,726,750	\$ 4,982,950	\$ 743,800
Special Revenue	7,009,534	6,366,339	\$ 643,195
Total	<u>\$12,736,284</u>	<u>\$11,349,289</u>	<u>\$1,386,995</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 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 2007, OPERS members contributed 9.5 percent of their gross salaries. The District contributed an amount equal to 14.0 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

LUCAS COUNTY REGIONAL HEALTH DISTRICT

NOTES TO THE FINANCIAL STATEMENT - CONTINUED
DECEMBER 31, 2007

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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

7. CONTINGENT LIABILITIES

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

SUPPLEMENTARY INFORMATION

LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING DECEMBER 31, 2007

FEDERAL GRANTOR	Pass Through	Federal	
<i>Pass-Through Grantor</i>	Entity Number/ Contract Number	CFDA Number	Federal
Program Title/Fund Number Location			
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children (724)	48-1-001-1-CL	10.557	\$ 1,873,027
Total United States Department of Agriculture			<u>1,873,027</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 (735)	MRC 07466	93.008	\$ 35
Total National Association of County & City Health Officials (NACCHO)			35
<i>Passed Through the Ohio Department of Health</i>			
Project Grants and Cooperative Agreement for Tuberculosis Control Program (722)	48-1-001-2-CK	93.118	51,969
Childhood Lead Poisoning Prevention Program (704)	48-1-03-F-BD-392	93.197	-
Immunization Grants (705)	48-1-001-2-AZ	93.268	178,591
CDC-Lead Grant (704)	48-1-001-2-AZ	93.197	36,539
Public Health Infrastructure Grants (734)	48-1-001-2-BI	93.283	640,803
HIV Care Formula Grants (738)	48-1-001-1-BV	93.917	34,056
HIV Prevention Activities Health Department Based (737)	48-1-001-2-AS	93.940	382,111
Preventative Health and Health Services Block Grant (707)	48-1-001-2-ED	93.991	66,471
Maternal and Child Health Services Block Grant to the States (714 & 716)	48-1-001-1-AJ 48-1-001-1-MC	93.994	534,862
Preventative Health Services Sexually Transmitted Diseases Control Grant (719)	48-1-001-2-BX	93.977	68,178
Total Ohio Department of Health			1,993,581

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, 2007**

FEDERAL GRANTOR	Pass Through	Federal	Federal
<i>Pass-Through Grantor</i>	Entity Number/ Contract Number	CFDA Number	Federal
Program Title/Fund Number Location			
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 (0725)	n/a	93.558	<u>114,723</u>
Passed Through the Ohio Department of Health			
<i>Passed Through The Toledo Hospital</i>			
Preventative Health and Health Services Block Grant (756)	n/a	93.991	<u>11,784</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 (740)	n/a	93.994	7,763
Child Care and Development Block Grant (740)	n/a	93.575	5,117
Special Education Grants for Infants and Families with Disabilities (740)	n/a	84.181	<u>4,764</u>
Total Ohio Child Care Resource and Referral Association			<u>17,644</u>
Total Ohio Department of Health			<u>2,137,732</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 (745 & 753)	n/a	93.043	<u>20,213</u>
Total Ohio Department of Aging			<u>20,213</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 (709)	n/a	14.905	41,410
Community Development Block Grants/Entitlement Grants Rodent/Nuisance Control (728)	n/a	14.218	<u>94,092</u>
Total Department of Housing and Urban Development (HUD)			<u>135,503</u>
Total United States Department of Health and Human Services			<u>2,293,482</u>
TOTAL - FEDERAL ASSISTANCE			<u>\$ 4,166,509</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, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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

GILMORE, JASION & MAHLER, LTD

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, 2007, and have issued our report thereon dated October 30, 2008, 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

Kevin M. Gilmore, CPA, CVA

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.

Adele M. Jasion, CPA

J. Stephen Schult, CPA

Linda J. Hillsman, CPA

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 statements is more than inconsequential will not be prevented or detected by the entity's internal control.

Charles F. Heid, CPA

Philip J. Newlove, CPA

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.

Terry R. Thomas, CPA

Kathi M. Iotti, CPA

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.

Robert A. Bobek, CPA

Andrew L. Mahler,
Retired CPA, CVA, CFFA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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

October 30, 2008

GILMORE, JASION & 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, 2007. 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.

Kevin M. Gilmore, CPA, CVA

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.

Adele M. Jasion, CPA

J. Stephen Schult, CPA

Linda J. Hillstrom, CPA

Charles F. Heid, CPA

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, 2007.

Philip J. Newlove, CPA

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.

Terry R. Thomas, CPA

Kathi M. Iott, CPA

Robert A. Bobek, CPA

Andrew L. Mahler,
Retired CPA, CVA, CFFA

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

October 30, 2008

**LUCAS COUNTY REGIONAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2007**

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 (724)
93.940	HIV Prevention Activities-Health Department

Dollar threshold used to distinguish between type A and type B programs	\$300,000
---	-----------

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 (2006)
AUDIT FINDINGS**

There were no reportable findings for the year ended December 31, 2006.



Mary Taylor, CPA
Auditor of State

LUCAS COUNTY REGIONAL HEALTH DISTRICT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 16, 2008**