



Dave Yost • Auditor of State

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Combined Health District
Clark County
529 East Home Road
Springfield, Ohio 45503

To the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clark County Combined Health District (the District), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

The Statement of Activities did not present governmental activities at the level of detail presented in the governmental fund statement of cash receipts, disbursements, and changes in cash basis fund balances as required by accounting principles generally accepted in the United States of America.

Since the District did not present the Statement of Activities according to generally accepted accounting principles as described in the paragraph above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on this financial statement.

In our opinion, except that the presentation of the statement of activities at the required level results in an incomplete presentation as explained in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clark County Combined Health District as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Help Me Grow/Early Start Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic 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 basic 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 basic financial statements. This schedule was subject to the auditing procedures we applied to the basic 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 basic financial statements or to the basic 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 basic financial statements taken as a whole.



Dave Yost
Auditor of State

August 25, 2011

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

This discussion and analysis of the Clark County Combined Health District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2010, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2010 are as follows:

- Net assets from all governmental activities increased by \$196,678 or 8.28 percent, a significant change predominantly due to the OPERS cash payments for the Early Retirement Incentive (ERI) Program. This nearly returns the net assets to the 2008 year end totals. The pursuant cash carryover in the Health Fund ended the year at \$1,816,400 up from \$1,309,409. The cash carryover increase is primarily due to repayment of grant funds in 2010 and the early stages of returns due to the ERI program. The cash carryover is necessary and should increase over the next several years to ensure financial stability in 2012 when the first significant effects of the loss of Tangible Personal Property Tax are budgeted. In addition, \$340,000 is available to the Board of Health to expense as the Health District Contingency Fund. The 9.1 percent decrease in 2009 was almost totally reversed in the 2010.
- The District spent the Capital Improvement Project Fund on the last significant capital project- the window replacement project during 2010. This fund has also received and disbursed money from the City of Springfield and Board of Health for capital projects such as the HVAC replacement and the new building addition.
- The District's general receipts are primarily property taxes. Total receipts increased by 1.19 percent mostly due to the Public Health Emergency Preparedness dollars received in 2010 for the H1N1 campaign and disbursements declined by 5.89 percent matching the decline in 2009. Property tax revenue including Tangible Personal Property Tax Reimbursement (Intergovernmental Receipts) for 2010 held steady with a slight increase of 1.6 percent compared to 2009.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Health District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the district-wide and fund financial statements and provide expanded explanation and details regarding the information reported in the statements.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Health District as a Whole

The Clark County Combined Health District is established to exercise the rights, privileges, and responsibilities conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an eight-member Board of Health that appoints a Health Commissioner as its Executive Officer. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and the issuance of health-related licenses and permits. The District also acts upon various complaints made by the public concerning the health and welfare of the county.

The statement of net assets and the statement of activities reflect how the District did financially during 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's services, grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in the cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating.

When evaluating the District's financial condition, you should also consider other non-financial factors as well, such as the District's property tax base (trend is in decline due to the housing crisis), the extent of the District's debt obligations (the District currently has no debt obligations), the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue resources such as property taxes.

In the statement of net assets and the statement of activities, all District activities are reported as governmental. State and federal grants and property taxes finance most of these activities and are not necessarily paid for by the people receiving them.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that restricted funds are being spent for the intended purpose.

All of the District's activities are reported in Governmental Funds. The Governmental Funds Financial Statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant Governmental Funds are presented on the financial statements in separate columns.

The information for non-major funds (funds whose activity or balance are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major Governmental Funds are the General Fund and the HMG/Early Start Fund. The programs reported in Governmental Funds are closely related to those reported in the Governmental Activities section of the entity-wide statements. We describe the relationship in reconciliations presented with the Governmental Fund Financial Statements.

The District as a Whole

Table 1 provides a summary of the District's net assets for 2010 compared to 2009 on a cash basis:

Cash and Cash Equivalents	\$2,570,717	\$2,374,039
Net Assets:		
Restricted for:		
Other Purposes	754,317	1,044,630
Unrestricted	1,816,400	1,329,409
Total Net Assets	<u>\$2,570,717</u>	<u>\$2,374,039</u>

As mentioned previously, net assets of all governmental activities increased \$196,678 or 8.28 percent during 2010. The primary reasons contributing to the increase in cash balances are as follows:

- OPERS payments for ERI
- Repayment of grant funds received during 2010 but spent in 2009
- ERI job eliminations showing in the expense budget

Table 2 reflects the changes of net assets during 2010 compared to 2009 on a cash basis.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

**(Table 2)
Changes in Net Assets
Statement of Activities**

	<u>2010</u>	<u>2009</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,267,860	\$1,229,084
Operating Grants	986,776	1,217,033
Contract for Services	1,154,424	1,051,156
Total Program Receipts	<u>3,409,060</u>	<u>3,497,273</u>
General Receipts:		
Property and Other Local Taxes and Intergovernmental Receipts	2,361,847	2,324,761
Miscellaneous	228,322	97,197
State Subsidy	37,696	46,498
Total General Receipts	<u>2,627,865</u>	<u>2,468,456</u>
Total Receipts	6,036,925	5,965,729
Disbursements:		
Public Health Services	5,756,774	5,868,094
Capital Outlay	83,473	337,385
Total Disbursements	<u>5,840,247</u>	<u>6,205,479</u>
Increase (decrease) in Net Assets	196,678	(239,750)
Net Assets, January 1	<u>2,374,039</u>	<u>2,613,789</u>
Net Assets, December 31	<u><u>\$2,570,717</u></u>	<u><u>\$2,374,039</u></u>

Program receipts represent 56.47 percent of total receipts and are primarily comprised of state and federal grants, contracts and user fees.

General receipts represent 43.53 percent of the District's total receipts, and of this amount, over 90 percent are property and other local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for the Health District represent the overhead costs of running the District and the support services provided for the other District activities. These include primarily the costs of personnel and personnel support, as the primary product of the District is preventive health services which are labor-intensive.

Capital equipment outlay signifies the disbursements for equipment for use in administering the District's services. The District began an ongoing computer/technology modernization program in 2007. This effort annually applies \$25,000 to the need for ongoing modernization of computer networking, hardware, software and communication equipment.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Governmental Activities

If you look at the Statement of Activities-Cash Basis, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. All of the major program disbursements for governmental activities are for Public Health services. The next column of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the District that must be used to provide a specific service.

The Net Cost (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost of Services 2010	Program Receipts 2010	Net Cost of Services 2010	Total Cost of Services 2009	Program Receipts 2009	Net Cost of Services 2009
Public Health Services	\$5,755,774	\$3,409,060	\$2,346,714	\$5,868,094	\$3,247,273	\$2,620,821
Total Expenses	\$5,840,247	\$3,409,060	\$2,431,187	\$6,205,479	\$3,497,273	\$2,708,206

The District's Funds

Total Governmental funds had receipts of \$6,036,925 and disbursements of \$5,840,247. The greatest change within Governmental funds occurred within the General Fund, the balance of which increased \$166,991 based on the planned equation of the receipts exceeding the expenditures.

Receipts were more than disbursements in all but 4 of the 15 non-grant funds. This is better than previous years. The Environmental Services fund is subsidized heavily by local tax receipts and raising fees high enough to completely cover the costs is not feasible in the foreseeable future. All of the funds began and ended 2010 with positive cash balances.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the District amended its General and Special Revenue fund budgets to reflect changing circumstances. The advent of Public Health Emergency Response monies for H1N1 Influenza required an Amended Certificate of Estimated Revenue.

General Fund disbursements were originally budgeted at \$2,919,393, amended to \$2,941,793 and actual disbursements were \$2,941,495. Receipts were initially budgeted at \$3,061,308, amended to \$3,280,261 and actual receipts were \$3,291,542. The increase in funds (actual receipts minus actual disbursements) was \$350,047 most of which was transferred to other funds.

Transfers from the General Fund to help operate the various Environmental Funds continue to be in excess of \$250,000 per year. The 2011 Budget has those transfers reduced to less than \$200,000 due to personnel changes.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Current Issues

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and the county's industry is now in the early stages of recovering from a downturn in the past few years. With the passage of a replacement levy for operating expenses coupled with a downturn in Tangible Personal Property Tax revenue projected beginning in 2011 and beyond, we can predict fairly flat to slightly declining total dollar amount in local tax receipts in the next six years. With these resources, along with conservative spending, the District can continue its slow rate of financial growth and can be assured that basic service provision can continue even with shrinkage of grant funding.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Charles Patterson, Health Commissioner, Clark County Combined Health District, 529 East Home Road, Springfield, Ohio 45503.

CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$2,570,717
Total Assets	<u>2,570,717</u>
Net Assets:	
Restricted for:	
Other Purposes	754,317
Unrestricted:	
General Fund	<u>1,816,400</u>
Total Net Assets	<u>\$2,570,717</u>

See accompanying notes to the basic financial statements.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Contract For Services	Primary Government Governmental Activities
Governmental Activities:					
Environmental Health:					
Food Service Fund	\$250,330	\$226,231			(\$24,099)
Solid Waste Fund	139,771			\$142,986	3,215
Plumbing Fund	167,615	151,060			(16,555)
Environmental Services Fund	68,405	19,741			(48,664)
Sewage Treatment	149,839	48,478			(101,361)
Water System Fund	98,830	59,774			(39,056)
CD&D Fund	60,721	53,609			(7,112)
Other Environmental Health Funds	49,769	45,288		11,920	7,439
Capital Improvement Projects	83,473				(83,473)
Grant Programs:					
Help Me Grow	854,577			856,938	2,361
Child and Family Health Services/OIMRI	189,273		\$208,222		18,949
Public Health Emergency Preparedness	470,171		510,728	13,000	53,557
Other Grants	383,402		267,826	129,580	14,004
Immunizations	183,291	357,493			174,202
Vital Statistics	185,146	306,186			121,040
Administration	2,060,165				(2,060,165)
Building Lease Payments	1,000				(1,000)
Other Health Expenditures	444,469				(444,469)
Total Governmental Activities	\$5,840,247	\$1,267,860	\$986,776	\$1,154,424	(2,431,187)
General Receipts:					
Property Taxes Levied					1,877,994
Intergovernmental Receipts for General Health District Purposes					483,853
State Subsidy/contract with New Carlisle					37,696
Miscellaneous					228,322
Total General Receipts					2,627,865
Change in Net Assets					196,678
Net Assets Beginning of Year					2,374,039
Net Assets End of Year					\$2,570,717

See accompanying notes to the basic financial statements.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>HMG/Early Start Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,816,400	\$57,850	\$696,467	\$2,570,717
Total Assets	<u>1,816,400</u>	<u>57,850</u>	<u>696,467</u>	<u>2,570,717</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	123,578	5,000	105,660	234,238
Designated:				
Contingencies and Compensated Absences	340,000			340,000
Unreserved:				
General Fund	1,352,822			1,352,822
Special Revenue Funds		52,850	590,807	643,657
Total Fund Balances	<u>\$1,816,400</u>	<u>\$57,850</u>	<u>\$696,467</u>	<u>\$2,570,717</u>

See accompanying notes to the basic financial statements.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>HMG/Early Start Funds</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
Receipts:				
State Funds	\$509,192		\$11,781	\$520,973
Tax Levies	1,877,994			1,877,994
License Fees			308,044	308,044
Nursing Fees	294,356			294,356
Vital Statistics Fees	306,186			306,186
Contractual Services		\$605,890	549,177	1,155,067
Medicaid	63,137			63,137
Other Receipts	27,161		15,867	43,028
Reimbursements	213,516		45,703	259,219
Grants			964,946	964,946
Fees/Fines/Permits			243,975	243,975
Total Receipts	<u>3,291,542</u>	<u>605,890</u>	<u>2,139,493</u>	<u>6,036,925</u>
Disbursements:				
Salaries	1,345,493	295,191	1,116,265	2,756,949
PERS	314,718	41,108	148,410	504,236
Supplies	243,319	23,183	7,840	274,342
Equipment	49,987		1,626	51,613
Contract Services/Repair	35,000			35,000
Contract Services/Other	153,163	85,010	260,786	498,959
Travel	28,237		30,267	58,504
Advertising & Printing	9,317		880	10,197
Health Insurance	297,879	117,662	301,298	716,839
Workers Compensation	20,943	5,170	18,721	44,834
Medicare	19,044	4,081	15,880	39,005
Dental Insurance	5,269	1,104	4,540	10,913
Life Insurance	663	164	557	1,384
Vital Statistics	185,146			185,146
Maintenance	28,629		107,026	135,655
Utilities	75,219		5,762	80,981
Marketing and PR	2,000			2,000
Lactation	2,891			2,891
Remittance - State Certification Fee			76,771	76,771
Wraparound		10,252		10,252
Admin Costs		32,000	5,000	37,000
Building Lease	1,000			1,000
Grant Return			222,303	222,303
Capital Improvement			83,473	83,473
Total Disbursements	<u>2,817,917</u>	<u>614,925</u>	<u>2,407,405</u>	<u>5,840,247</u>
Excess of Receipts Over (Under) Disbursements	<u>473,625</u>	<u>(9,035)</u>	<u>(267,912)</u>	<u>196,678</u>
Other Financing Sources (Uses):				
Transfer In			405,500	405,500
Transfers Out	(405,500)			(405,500)
Advances In	128,866	30,000		158,866
Advances Out	(30,000)		(128,866)	(158,866)
Total Other Financing Sources (Uses)	<u>(306,634)</u>	<u>30,000</u>	<u>276,634</u>	
Net Change in Fund Balance	166,991	20,965	8,722	196,678
Fund Balance Beginning of Year	<u>1,649,409</u>	<u>36,885</u>	<u>687,745</u>	<u>2,374,039</u>
Fund Balance End of Year	<u>\$1,816,400</u>	<u>\$57,850</u>	<u>\$696,467</u>	<u>\$2,570,717</u>

See accompanying notes to the basic financial statements.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
State Funds	\$527,754	\$509,192	\$509,192	
Taxes	1,851,832	1,883,908	1,877,994	(\$5,914)
Nursing Fees	290,000	292,200	294,356	2,156
Vital Statistic Fees	275,000	306,568	306,186	(382)
Medicaid	50,000	54,000	63,137	9,137
Other Receipts	11,722	25,877	27,161	1,284
Reimbursements	55,000	208,516	213,516	5,000
Total receipts	<u>3,061,308</u>	<u>3,280,261</u>	<u>3,291,542</u>	<u>11,281</u>
Disbursements:				
Salaries	1,322,226	1,357,334	1,345,495	11,839
PERS	296,962	318,322	314,716	3,606
Supplies	281,340	264,640	265,337	(697)
Unemployment	15,000			
Equipment	27,500	52,500	58,487	(5,987)
Contract Services/Other	165,000	170,000	165,423	4,577
Contract Services/Repair	43,900	43,900	43,900	
Travel	33,250	33,210	36,137	(2,927)
Advertising and Printing	10,000	10,000	10,317	(317)
Health Insurance	298,572	313,166	297,879	15,287
Worker's Compensation	31,100	20,943	20,943	
Medicare	18,102	19,311	19,044	267
Dental Insurance	4,857	6,070	5,269	801
Life Insurance	584	697	663	34
Vital Statistics	185,000	185,000	229,146	(44,146)
Maintenance	81,000	51,700	31,629	20,071
Utilities	85,000	85,000	92,219	(7,219)
Marketing and PR	5,000	5,000	2,000	3,000
Capital Improvement	10,000			
Lactation	5,000	5,000	2,891	2,109
Total Disbursements	<u>2,919,393</u>	<u>2,941,793</u>	<u>2,941,495</u>	<u>298</u>
Excess of Receipts Over (Under) Disbursements	<u>141,915</u>	<u>338,468</u>	<u>350,047</u>	<u>11,579</u>
Other Financing Sources (Uses):				
Transfers Out	(345,500)	(405,500)	(405,500)	
Advances In	20,000	128,866	128,866	
Advances Out	(20,000)	(30,000)	(30,000)	
Total Other Financing Sources (Uses)	<u>(345,500)</u>	<u>(306,634)</u>	<u>(306,634)</u>	
Fund Balance Beginning of Year	<u>1,649,409</u>	<u>1,649,409</u>	<u>1,649,409</u>	
Fund Balance End of Year	<u>\$1,445,824</u>	<u>\$1,681,243</u>	<u>\$1,692,822</u>	<u>\$11,579</u>

See accompanying notes to the basic financial statements.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
HMG/EARLY START FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Grants	\$550,000	\$633,574	\$605,890	(\$27,684)
Total receipts	<u>550,000</u>	<u>633,574</u>	<u>605,890</u>	<u>(27,684)</u>
Disbursements:				
Salaries	278,980	307,957	295,191	12,766
PERS	39,057	43,200	41,108	2,092
Contract Services	67,057	66,557	87,010	(20,453)
Health Insurance	113,058	119,228	117,662	1,566
Worker's Compensation	5,000	5,170	5,170	
Medicare	610	4,470	4,081	389
Dental Insurance	4,045	1,159	1,104	55
Life Insurance	144	166	164	2
Wraparound	9,000	9,000	10,252	(1,252)
Maintenance (travel/training, supplies, and utilities)	9,500	21,500	26,183	(4,683)
Administrative Costs	32,000	32,000	32,000	
Total Disbursements	<u>558,451</u>	<u>610,407</u>	<u>619,925</u>	<u>(9,518)</u>
Excess of Receipts Over (Under) Disbursements	(8,451)	23,167	(14,035)	
Transfer In		<u>30,000</u>	<u>30,000</u>	
Fund Balance Beginning of Year	<u>36,885</u>	<u>36,885</u>	<u>36,885</u>	
Fund Balance End of Year	<u>\$28,434</u>	<u>\$90,052</u>	<u>\$52,850</u>	<u>(\$37,202)</u>

See accompanying notes to the basic financial statements.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Clark County Combined Health District, (the District) as a body corporate and politic.

An eight-member Board and a Health Commissioner govern the District. Services provided by the District include: prevention and control of diseases, sanitation, vital statistics, abatement and removal of nuisances, and air pollution control.

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

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For acceptable OCBOA, this includes general operations, immunization, vital statistics, health related licenses and permits, disease prevention and control, and public health nursing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from the accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the District-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

A. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self balancing set of accounts. The District classifies each fund as either governmental, proprietary or fiduciary. The District has no proprietary or fiduciary funds.

1. **Governmental Funds** - The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

General Fund - The general fund accounts for all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

Special Revenue Funds - The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose. The District has the following major special revenue fund:

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HMG/Early Start Fund – This fund receives State grant money used to provide services to the Help Me Grow system in Clark County. These monies are passed through the local Family and Children First Council. Funds are predominantly for early childhood issues including early detection and intervention.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a state of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-wide Financial Statement of Activities

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or part by fees charged to external parties for goods or services. The District has no business-type activities.

The statement of net assets presents the cash balances of the governmental activities of the District at yearend. The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the District's general receipts.

2. Fund Financial Statements

During the year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

C. Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than the generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of using the cash basis of accounting, certain assets and the related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when viewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

D. Cash

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

E. Inventory and Prepaid Items

On the cash basis of accounting, inventories of supplies are reported as disbursements when purchased.

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these items as assets.

G. Compensated Absences

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 cash basis of accounting. The District has set aside a portion of the general fund to offset these potential liabilities, which is reported as "Designated" in the general fund.

H. Fund Balance Reserves

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. The District has reserved fund equity for encumbrances.

I. Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

J. Budgetary Data

The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts the Board may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The District uses the object level within each fund and function as its legal level of control.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources may be amended during the year if the District projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

Budget versus actual statements for major funds are presented as part of the financial statements.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes primarily include programs mandated by the Ohio Revised Code and grant awarded by the Ohio Department of Health or other agencies. The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with budget. The difference between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).

	General Fund	HMG/ES Fund
Budgetary Basis	\$1,692,822	\$52,850
Net Adjustments for Encumbrances	123,578	5,000
Cash Basis	\$1,816,400	\$57,850

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

4. PROPERTY TAXES

The County Commissioners serve as a special taxing authority to levy a special levy outside the property tax ten-mill limitation to provide the District with sufficient funds to carry out health programs and general operations. The County Commissioners placed a countywide (excepting The City of New Carlisle) levy of 1.0 mill on the ballot in 2001 and gained approval by the electors of the county. This levy was for a period of five years and collections continued through 2007. The County Commissioners also authorized the placement of a 1.0 mill replacement levy on the November 2008 ballot. The voters passed the replacement levy to begin collections in 2008 and continue through 2012.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Health District. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date.

Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last triennial update was completed in tax year 2008. The last revaluation update was completed in tax year 2007. Real property taxes are payable annually or semiannually. The first payment is due in February; the remainder payable in July.

Property tax revenues received in 2010 represents the collection of 2009 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Amounts paid by multi-county taxpayers were due October 20. Single county taxpayers paid annually or semiannually. If paid annually, the first payment was due April 30; if paid semiannually, the first payment was due April 30, with the remainder payable by October 20.

Public utility real taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date.

Certain public utility tangible personal property currently is assessed at one hundred percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, and the County Auditor periodically remits to the taxing districts their portion of the taxes collected.

The full tax rate for all the District operations for the year ended December 31, 2010, was \$1.00 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property and Public Utility	\$2,285,776,620
Tangible Personal Property	2,829,829
Public Utility Tangible Personal Property	68,445,000
Total Assessed Values	<u>\$2,357,051,449</u>

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

5. INTERFUND TRANSFERS/ADVANCES

Interfund transfers for the year ended December 31, 2010, were as follows:

Transfers from the General Fund to :	
Other Governmental Funds	\$405,500

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund advances for the year ended December 31, 2010, were as follows:

Advances from the General Fund to:	
Help Me Grow/Early Start Fund	\$ 30,000
 Return Advances from Other Governmental Funds to:	
General Fund	\$128,866

Advances represents the allocation of unrestricted receipts to finance a program that had not received the total grant funds awarded as of December 31, 2010, or return advances from those programs to the General fund.

6. RISK MANAGEMENT

A. Risk Pool Membership

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

6. RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the District's share of these unpaid claims collectible in future years is approximately \$44,126.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$47,447	\$50,146

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

B. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

For 2010, the District, through Clark County as their fiscal agent, participated in the County/Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

6. RISK MANAGEMENT (Continued)

The GRP then calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the plan is limited to counties that can meet the Plan's selection criteria.

C. Employee Medical Benefits

The District participates in a health insurance plan through Anthem available for all fulltime employees. The fully insured plan includes health, mental health and prescription benefits.

The cost of the program for 2010 was \$716,840 compared to \$676,217 in 2009 and \$640,872 in 2008. This shows a 6.01 percent increase in one year and 10.4 over the two year period. The increase in 2010 is primarily due to the increase in the premium by 9.1 percent and changes in the mix of single to family policies for individual employees and their replacement.

The District also participates in group dental plans with MCA and Superior.

The total cost for the combined programs was \$10,914 for 2010, \$11,661 for 2009 and \$11,690 for 2008. This indicates a slight decrease due to fewer employees.

7. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

The District participates in the OPERS which administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2010, members of all three plans were required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The District's contribution rate for pension benefits for 2010 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

7. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14 percent.

The District's required contribution for pension obligations to the traditional, combined, and member directed plans for the years ended December 31, 2010, 2009, and 2008, were \$504,236, \$662,321, and \$379,431, respectively.

8. POSTEMPLOYMENT BENEFITS

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, and survivor benefits as well as post-employment health care coverage 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 12. 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.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 local government employer units contributed at 14 percent of covered payroll. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, Attn: Finance Director, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Each year, the OPERS Retirement Board 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 members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

8. POSTEMPLOYMENT BENEFITS

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

9. CONTINGENT LIABILITIES

The Health District is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Health District's financial condition.

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.

10. CONTRACTUAL OBLIGATIONS

The District is a party to a multi-year lease for rental of office space. This new lease was initiated April 28, 2008 and is a ninety-nine (99) year lease. This lease required the District to pay \$498,000 in year one and \$1,000 per year for the following two years. The District has fulfilled its monetary obligations to the county for this lease and looks forward to the next 96 years without lease payments. All utilities and other costs are the responsibility of the Combined Health District.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Passed Through Ohio Department of Health)</i>			
Childhood Lead Poisoning Prevention Projects	01210011LD0310	93.197	\$34,015
	01210011LD0411		<u>32,630</u>
Total Childhood Lead Poisoning Prevention Projects			<u>66,645</u>
Immunization Grants	01210012IM0209	93.268	4,577
	01210012IM0310		<u>101,231</u>
Total Immunization Grants			<u>105,808</u>
Maternal and Child Health Services Block Grant to the States	01210011MC0310	93.994	105,049
	01210011MC0411		<u>84,224</u>
Total Maternal and Child Health Services Block Grant to the States			<u>189,273</u>
Public Health Emergency Preparedness	01210012PH0110	93.069	414,508
	01210012PH0211		<u>55,663</u>
Total Public Health Emergency Preparedness			<u>470,171</u>
Total U.S. Department of Health and Human Services			<u>831,897</u>
U.S. DEPARTMENT OF TRANSPORTATION / NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION			
<i>(Passed Through Ohio Department of Public Safety)</i>			
State and Community Highway Safety	SC-2010-12-00-00-00381-00	20.600	64,731
	SC-2011-12-00-00-00401-00		<u>5,554</u>
Total State and Community Highway Safety			<u>70,285</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	OVITF-2011-12-00-00-00382-00	20.608	<u>12,954</u>
Total U.S. Department of Transportation			<u>83,239</u>
Total			<u><u>\$915,136</u></u>

The accompanying notes are an integral part of this schedule.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.

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.

NOTE C – COMMINGLING

Federal funds received from the Ohio Department of Health for the Public Health Emergency Preparedness grant were commingled with contractual services revenue. It was assumed that federal dollars were expended first.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Combined Health District
Clark County
529 East Home Road
Springfield, Ohio 45503

To the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clark County Combined Health District, (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 25, 2011 wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. Our report indicated that because the District failed to present the Statement of Activities in accordance with accounting principles generally accepted in the United States of America, we did not express an opinion on the Statement of Activities. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a 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 timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 25, 2011.

We intend this report solely for the information and use of management, Board, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 25, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Combined Health District
Clark County
529 East Home Road
Springfield, Ohio 45503

To the Board:

Compliance

We have audited the compliance of the Clark County Combined 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 directly and materially affect the District's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Clark County Combined Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining 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 opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected.

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 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.

We intend this report solely for the information and use of the management, Board, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

August 25, 2011

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse on Statement of Activities; Otherwise Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA 93.069: Public Health Emergency Preparedness Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

1. Financial Statement Presentation

<i>Finding Number</i>	2010-01
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MATERIAL WEAKNESS

The financial statements should reflect an accurate account of the Health District’s activity. The following errors were noted on the Health District’s financial statements:

- Unreserved fund balance for the HMG/Early Start Fund on the Statement of Cash Basis Assets and Fund Balances was reported as Unreserved General Fund in the amount of \$52,850; however, the fund balance should be reported as Unreserved Special Revenue Funds. The audited financial statements reflect the adjustment of equity.
- The Health District posted Homestead rollback receipts from the state as tax revenue when it should have been posted as intergovernmental revenue. This resulted in a reclassification of revenue on the financial statements in the amount of \$483,854, which was adjusted in the accompanying financial statements. Also, various tax settlement receipts were recorded net of settlement fees. This resulted in understatement to tax revenue and operating disbursements of \$36,841. This error was not adjusted on the financial statements.
- The budget versus actual statements presented in the financial statements contained errors resulting in both adjustments and unadjusted variances. Reserve for encumbrances for the General and Help Me Grow/Early Start funds in the amounts of \$123,578 and \$5,000 respectively were excluded from the actual disbursement columns. These errors were required to be adjusted on the financial statements. Original appropriations presented in the Help Me Grow fund did not agree to the legislatively adopted amounts resulting in a total understatement of \$12,048 among three line items. These errors were not adjusted on the audited financial statements.
- Statement of Activity disbursements were not presented at the same level of detail as presented on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances as required by GASB 34 ¶ 39.

Failure to properly present fund balances led to a financial statement error and an audit adjustment. Failure to properly classify revenue, post gross amount of receipt and applicable auditor and treasurer fees results in the Health District’s financial statements understating revenue and expenditures. Failure to properly present budget and actual statements led to discrepancies in the presentation of budgetary measures and actual obligations of the District for the year. The failure to properly record transactions on the annual report limits the ability of the Board to properly monitor the District’s financial activity and could lead to erroneous financial decisions. The Health District should develop internal control procedures to provide for accurate and consistent reporting of financial activity.

Official’s Response:

The Client did not provide a response to the above finding.

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

CLARK COUNTY COMBINED HEALTH DISTRICT

CLARK 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
OCTOBER 13, 2011**