
PUBLIC HEALTH – DAYTON AND MONTGOMERY COUNTY

Basic Financial Statements

December 31, 2009

(with Independent Auditors' Report)



Mary Taylor, CPA
Auditor of State

Board of Health
Public Health - Dayton and Montgomery County
117 South Main Street
Dayton, Ohio 45422

We have reviewed the *Independent Auditors' Report* of the Public Health - Dayton and Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2009 through December 31, 2009. 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.

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 Public Health - Dayton and Montgomery County is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 9, 2010

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TABLE OF CONTENTS

Independent Auditors' Report	1 – 2
Management's Discussion and Analysis.....	3 – 9
Financial Statements:	
Statement of Net Assets – Cash Basis	10
Statement of Activities – Cash Basis.....	11
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	12
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds.....	13
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Budget and Actual – Budget Basis – General Fund	14
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Budget and Actual – Budget Basis – Federal Fund.....	15
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Budget and Actual – Budget Basis – Air Pollution Fund.....	16
Notes to the Basic Financial Statements	17 – 27
Schedule of Expenditures of Federal Awards.....	28
Notes to Schedule of Expenditures of Federal Awards.....	29
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>	30 – 31
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	32 – 33
Schedule of Findings and Questioned Costs.....	34

INDEPENDENT AUDITORS' REPORT

Board of Health
Public Health - Dayton & Montgomery County
Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Health - Dayton & Montgomery County (PHDMC), as of and for the year ended December 31, 2009, which collectively comprise the PHDMC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the PHDMC'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Health - Dayton & Montgomery County, as of December 31, 2009, and the respective changes in financial position and the respective budgetary comparison for the General Fund, the Federal Fund and the Air Pollution 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 May 28, 2010, on our consideration of PHDMC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 14 through 16 are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PHDMC's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co." The signature is written in black ink on a light-colored background.

Springfield, Ohio
May 28, 2010

This discussion and analysis of the Public Health – Dayton & Montgomery County's (PHDMC) financial performance provides an overall review of the PHDMC's financial activities for the year ended December 31, 2009, within the limitations of the PHDMC's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the PHDMC's financial performance.

Highlights

Key highlights for 2009 are as follows:

- H1N1 became a major activity for the agency in 2009. In June, the WHO (World Health Organization) declared H1N1 to be a pandemic. The agency committed considerable resources for mass vaccination, community-wide education and epidemiological surveillance. The flu hotline handled over 10,000 inquiries and Public Health facilitated the provision of over 100,000 vaccinations. A majority of employees of the agency assisted with the effort.
- The launching of the program Get Up Montgomery County took place in 2009. This is a community effort (over 100 partners, including schools, local governments, park districts, businesses, community groups, and faith-based organizations have joined in the effort) to assist children and their families in making healthier lifestyle choices, especially with eating and exercise.
- During 2009, Public Health added restaurant inspection results on its web site. This provides a detailed look into the inspectors' reports for Montgomery County residents. Residents can now look at the actual restaurant inspection reports. Over time, the residents will get a clearer picture of how committed the facility is to the safety of their customers.
- Northrop-Grumman awarded Public Health a contract in 2008 to prevent birth defects by the avoidance of the use of alcohol during pregnancy, FASD (Fetal Alcohol Syndrome Disorder). Coordinating with referrals from the WIC (Women, Infant and Children), the program has screened 4,134 clients.
- Net assets of the agency increased by \$2,815,917, which is the result of it being the first year of the new levy allocation and continued refund from Workers Compensation program of unused retention of care funds.
- From the strategic plan, the mission and vision statements are:

Mission Statement

Our mission is to lead and innovate by working with our community to achieve the goals of public health: prevention, promotion, and protection.

Vision Statement

Our vision is to be an innovative leader in achieving the highest possible health and well being for Dayton/Montgomery County residents and visitors. To that end, we provide vital, cost-effective and culturally proficient health services that protect and promote people's health and support and create healthy environments and communities. Through our services, we:

Prevent the spread of disease

Protect against health threats in air, food and water

Promote healthy behaviors

Reach out to vulnerable populations, linking or providing direct services

Mobilize community action through partnerships

Prepare for and respond to public health emergencies

Serve as a public health information resource to physicians and others working in the interests of health

Using the Basic Financial Statements

This annual report is in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the PHDMC'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 PHDMC as a whole. Fund financial statements provide a greater level of detail. Funds segregate money per legal regulations or for specific purposes. These statements present financial information by fund, presenting major funds in separate columns. The notes to the financial statements are an integral part of the PHDMC-wide and fund financial statements; notes provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The PHDMC 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 PHDMC's cash basis of accounting, receipts and disbursements are recorded when cash is received and paid out.

As a result of using the cash basis of accounting, certain assets, their related revenues (such as accounts receivable), 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 PHDMC as a Whole

The Public Health – Dayton & Montgomery County (PHDMC) is a combined general health district established under the laws of the State of Ohio.

A nine-member Board governs the PHDMC, which provides public health services to the citizens of Montgomery County and for certain programs in surrounding counties. These services range from personal health care to air pollution control.

A reporting entity is comprised of the primary PHDMC, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the PHDMC consists of all funds, departments, boards and agencies that are not legally separate from the PHDMC. The basic financial statements includes general operations, public health nursing, immunizations, communicable disease clinics and programs, food protection, community and special services, vital statistics, personal health care clinics, air pollution monitoring and control, water and solid waste programs and regional emergency preparedness programs.

The statement of net assets and the statement of activities reflect how the PHDMC did financially during 2009, within the limitations of the cash basis accounting. The statement of net assets presents the cash balances of the governmental type activities of the PHDMC at year-end. The statement of activities compares cash disbursements with program receipts for each Governmental program activity. 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. The comparison of cash disbursements with program receipts identifies how each Governmental function draws from the PHDMC's general receipts.

These statements report the PHDMC's cash position and the changes in 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 PHDMC's financial health. Over time, increases or decreases in the PHDMC's cash position is one indicator of whether the PHDMC's financial health is improving or deteriorating. When evaluating the PHDMC's financial condition, one should also consider other non-financial factors as well, such as the PHDMC's property tax base, the condition of the PHDMC's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the reports show all the PHDMC's activities as governmental. This category includes all of the PHDMC's basic services, including air pollution control, communicable disease clinics, and food protection services. State and federal grants, fees and property taxes finance most of these activities. The people receiving the benefits do not necessarily pay for the services provided through governmental activities.

Reporting the PHDMC's Most Significant Funds

Fund financial statements provide detailed information about the PHDMC's major funds – not the PHDMC as a whole. The PHDMC establishes separate funds to manage its many activities and to help demonstrate that money that is restricted in its use is spent for the intended purpose.

The Governmental activities include all of the PHDMC's activities. The Governmental fund financial statements provide a detailed view of the PHDMC's governmental operations and the basic services it provides. Governmental fund information helps determine the availability of financial resources to support the PHDMC's programs. The PHDMC's significant Governmental funds have separate columns on the financial statements. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) are combined into a single column. The PHDMC's major Governmental funds are the General Fund, Federal Fund, Air Pollution Fund and Capital Project Fund. The programs reported in Governmental funds are those reported in the Governmental activities section of the PHDMC-wide statements.

The PHDMC as a Whole

Table 1 provides a summary of the PHDMC’s net assets for 2009 compared to 2008 on a cash basis:

**Table 1
 Net Assets**

	Governmental Activities	
	2009	2008
Assets		
Cash and Cash Equivalents	\$ 10,714,211	7,898,294
Total Assets	10,714,211	7,898,294
Net Assets		
Restricted for:		
Federal Funds	1,655,822	1,436,359
Air Pollution	1,459,129	1,189,092
Food Service	121,580	107,787
Capital Projects	1,083,619	1,171,220
Unrestricted	6,394,061	3,993,836
Total Net Assets	\$ 10,714,211	7,898,294

The net assets of Governmental activities increased by 35.6% which is primarily the result of the 2009 levy allocation and other revenue and expense improvements.

Table 2 provides a summary of the PHDMC’s receipts, disbursements and changes in net assets for 2009 as compared to 2008 on a cash basis:

**Table 2
Change in Net Assets**

	Governmental Activities	
	2009	2008
Receipts		
Program Receipts		
Charges for Services and Sales	\$ 10,104,438	9,443,444
Operating Grants	9,032,166	8,089,461
Total Program Receipts	<u>19,136,604</u>	<u>17,532,905</u>
General Receipts		
Property and Other Local Taxes	17,267,040	14,389,504
Miscellaneous	913,346	972,418
Total General Receipts	<u>18,180,386</u>	<u>15,361,922</u>
Total Receipts	<u>37,316,990</u>	<u>32,894,827</u>
Disbursements		
Public Health Services	33,967,794	34,124,033
Capital Outlay	<u>533,279</u>	<u>643,172</u>
Total Disbursements	<u>34,501,073</u>	<u>34,767,205</u>
Change in Net Assets	2,815,917	(1,872,378)
Net Assets, Beginning of Year	<u>7,898,294</u>	<u>9,770,672</u>
Net Assets, End of Year	<u>\$ 10,714,211</u>	<u>7,898,294</u>

Program receipts represent 51.3% of total receipts. These receipts are primarily comprised of restricted intergovernmental receipts such as inspection fees, record fees, grant funds and patient fees: private pay, insurance, Medicaid or Medicare.

General receipts represent 48.7% of the PHDMC’s total receipts, and of this amount, over 95.0% are local taxes. Miscellaneous receipts of \$913,346 are somewhat of an unpredictable revenue source.

Capital outlays signify the disbursements for equipment and infrastructure for use in providing the PHDMC’s services to the public.

Governmental Activities

The “Total Cost of Service” column of the Statement of Activities lists the major services provided by the PHDMC. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public health services. The next three columns of the Statement entitled “Program Receipts” identify amounts collected through fees and grants received by the PHDMC that have a restricted use. The net receipt (disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the services that expend general receipts the source of which to a significant extent, is the local taxpayer. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Total and Cost of Program Services

	Governmental Activities			
	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Public Health Services	\$ 33,967,794	14,831,190	34,124,033	16,591,128
Capital Outlay	<u>533,279</u>	<u>533,279</u>	<u>643,172</u>	<u>643,172</u>
Total Disbursements	\$ <u>34,501,073</u>	<u>15,364,469</u>	<u>34,767,205</u>	<u>17,234,300</u>

The property tax and other general receipts support 44.5% of the governmental activities.

The PHDMC’s Funds

Total Governmental funds had receipts of \$37,280,678 and disbursements of \$34,501,073, excluding other financing sources and uses. The greatest change within governmental funds occurred within the General Fund with the increase in levy receipts followed by the Federal Fund.

General Fund Budget Highlights

The PHDMC’s budget is prepared according to Ohio law and accounts for certain transactions on a cash basis: receipts and disbursements. The most significant budgeted fund is the General Fund.

During 2009, the Board of Health amended the General Fund budget as necessary to reflect incremental revenues and corresponding expenditures. The Health Commissioner approves all adjustments to categories within the Board approved appropriations.

Final expenditure budget for Public Health Services was \$22,890,868 while actual disbursements were \$21,101,581. The \$1,789,287 variance reflects vacant positions and the related benefits, under-spending operating supplies and general decline in activity affecting contracts. Also, a reduction in the payment of state fees, insurance, maintenance costs, and rent added to the variance to a lesser degree.

Capital Assets and Debt Administration

Capital Assets

The PHDMC currently tracks its capital assets. However, since the financial statements are presented on a cash basis, none of these assets are reflected on the PHDMC’s financial statements. Instead, the acquisitions of property, plant and equipment are recorded as disbursements when paid.

Debt

The PHDMC has no debt obligations.

Contractual Obligations

The PHDMC is paying on a bond issued by the County to assist in the renovating of the current residence of the PHDMC, 117 S. Main St., Dayton, Ohio, a.k.a. the Reibold Building. The PHDMC occupies the Lower Level, Main Floor and Second Floor. The payments consist of principal and interest payable semi-annually. The PHDMC agreed to a bond of \$8,000,000 with repayment to occur semiannually with increasing payments through the year 2020. Payments made during 2009 totaled \$661,069.

Current Issues

The challenge for all PHDMCs is to provide quality services to the public while staying within the restrictions imposed by limited and in some cases shrinking funding. Generally, 46.0% of the PHDMC's receipts are from the local levy allocations. Current issues are the economy downturn and possible effects on levy collections and disbursements.

Contacting the PHDMC's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the PHDMC's finances and to reflect the PHDMC's accountability for the monies it receives. Direct any questions concerning any of the information in this report or requests for additional information to Director of Administration, Public Health – Dayton & Montgomery County, 117 S. Main Street, Dayton, Ohio 45422.

Public Health - Dayton and Montgomery County
Montgomery County
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ <u>10,714,211</u>
Total Assets	<u>10,714,211</u>
Net Assets	
Restricted for:	
Federal Fund	1,655,822
Air Pollution	1,459,129
Food Service	121,580
Capital Projects	1,083,619
Unrestricted	<u>6,394,061</u>
Total Net Assets	\$ <u>10,714,211</u>

See accompanying notes to the basic financial statements.

Public Health - Dayton and Montgomery County
Montgomery County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Change in Net Assets Governmental Activities
		Charges for Services	Operating Grants	
Governmental Activities				
Public Health Services	\$ 33,967,794	10,104,438	9,032,166	(14,831,190)
Capital Outlay	<u>533,279</u>	<u>-</u>	<u>-</u>	<u>(533,279)</u>
Total Governmental Activities	<u>\$ 34,501,073</u>	<u>10,104,438</u>	<u>9,032,166</u>	<u>(15,364,469)</u>
General Receipts				
Property Taxes Levied for Human Services				17,267,040
Miscellaneous				<u>913,346</u>
Total General Receipts				<u>18,180,386</u>
Change in Net Assets				2,815,917
Net Assets, Beginning of Year				<u>7,898,294</u>
Net Assets, End of Year				\$ <u>10,714,211</u>

See accompanying notes to the basic financial statements.

Public Health - Dayton and Montgomery County
 Montgomery County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2009

	General	Federal Fund	Air Pollution Fund	Capital Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 6,394,061	1,655,822	1,459,129	1,083,619	121,580	10,714,211
Total Assets	\$ 6,394,061	1,655,822	1,459,129	1,083,619	121,580	10,714,211
Fund Balances						
Reserved for Encumbrances	\$ 1,264,253	1,056,402	96,937	-	1,236	2,418,828
Unreserved, Undesignated reported in:						
General Fund	5,129,808	-	-	-	-	5,129,808
Special Revenue Funds	-	599,420	1,362,192	-	120,344	2,081,956
Capital Projects Funds	-	-	-	1,083,619	-	1,083,619
Total Fund Balances	\$ 6,394,061	1,655,822	1,459,129	1,083,619	121,580	10,714,211

See accompanying notes to the basic financial statements.

Public Health - Dayton and Montgomery County
 Montgomery County
 Statement of Cash Receipts, Cash Disbursements, and Changes in
 Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2009

	General	Federal Fund	Air Pollution Fund	Capital Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Receipts						
Levy Funds	\$ 17,267,040	-	-	-	-	17,267,040
Intergovernmental Receipts	591,081	6,008,488	2,673,204	-	-	9,272,773
Licenses, Permits, and Fees	1,878,954	18,523	84,178	-	1,158,177	3,139,832
Charges for Services	3,674,655	3,189,290	100,607	-	54	6,964,606
Miscellaneous	603,483	4,822	24,497	-	3,625	636,427
Total Receipts	<u>24,015,213</u>	<u>9,221,123</u>	<u>2,882,486</u>	<u>-</u>	<u>1,161,856</u>	<u>37,280,678</u>
Disbursements						
Current:						
Salaries and Benefits	13,265,768	7,784,522	2,615,286	-	1,024,580	24,690,156
Supplies	740,522	440,199	33,870	-	14,209	1,228,800
Contracts	2,146,255	742,254	85,768	-	7,831	2,982,108
Other Disbursements	3,465,097	1,278,933	182,498	757	139,445	5,066,730
Capital Outlay	219,686	55,752	131,124	111,844	14,873	533,279
Total Disbursements	<u>19,837,328</u>	<u>10,301,660</u>	<u>3,048,546</u>	<u>112,601</u>	<u>1,200,938</u>	<u>34,501,073</u>
Receipts Over/(Under) Disbursements	<u>4,177,885</u>	<u>(1,080,537)</u>	<u>(166,060)</u>	<u>(112,601)</u>	<u>(39,082)</u>	<u>2,779,605</u>
Other Financing Sources (Uses)						
Transfers In	-	1,300,000	432,066	25,000	50,000	1,807,066
Transfers Out	(1,807,066)	-	-	-	-	(1,807,066)
Other Financing Sources	29,406	-	4,031	-	2,875	36,312
Total Other Financing Sources (Uses)	<u>(1,777,660)</u>	<u>1,300,000</u>	<u>436,097</u>	<u>25,000</u>	<u>52,875</u>	<u>36,312</u>
Net Change in Fund Balances	<u>2,400,225</u>	<u>219,463</u>	<u>270,037</u>	<u>(87,601)</u>	<u>13,793</u>	<u>2,815,917</u>
Fund Balances, Beginning of Year	<u>3,993,836</u>	<u>1,436,359</u>	<u>1,189,092</u>	<u>1,171,220</u>	<u>107,787</u>	<u>7,898,294</u>
Fund Balances, End of Year	<u>\$ 6,394,061</u>	<u>1,655,822</u>	<u>1,459,129</u>	<u>1,083,619</u>	<u>121,580</u>	<u>10,714,211</u>

See accompanying notes to the basic financial statements.

Public Health - Dayton and Montgomery County
 Montgomery County
 Statement of Cash Receipts, Cash Disbursements, and Changes in
 Cash Basis Fund Balances - Budget and Actual - Budget Basis
 General Fund
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Levy Funds	\$ 18,972,000	18,972,000	17,267,040	(1,704,960)
Intergovernmental Revenues	498,725	616,750	591,081	(25,669)
Licenses, Permits, and Fees	2,072,458	2,042,458	1,878,954	(163,504)
Charges for Services	3,487,042	3,609,042	3,674,655	65,613
Miscellaneous	482,600	482,600	603,483	120,883
Total Receipts	25,512,825	25,722,850	24,015,213	(1,707,637)
Disbursements				
Public Health Services	21,751,434	22,446,650	20,800,377	1,646,273
Capital Outlay	356,051	444,218	301,204	143,014
Total Disbursements	22,107,485	22,890,868	21,101,581	1,789,287
Receipts Over/(Under) Disbursements	3,405,340	2,831,982	2,913,632	81,650
Other Financing Sources (Uses)				
Transfers Out	(1,879,566)	(1,804,566)	(1,807,066)	(2,500)
Other Financing Sources	-	-	29,406	29,406
Total Other Financing Sources (Uses)	(1,879,566)	(1,804,566)	(1,777,660)	26,906
Net Change in Fund Balances	1,525,774	1,027,416	1,135,972	108,556
Fund Balances, Beginning of Year	3,010,097	3,010,097	3,010,097	-
Prior Year Encumbrances Appropriated	983,739	983,739	983,739	-
Fund Balances, End of Year	\$ 5,519,610	5,021,252	5,129,808	108,556

See accompanying notes to the basic financial statements.

Public Health - Dayton and Montgomery County
 Montgomery County
 Statement of Cash Receipts, Cash Disbursements, and Changes in
 Cash Basis Fund Balances - Budget and Actual - Budget Basis
 Federal Fund
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Intergovernmental Revenues	\$ 5,384,799	6,706,919	6,008,488	(698,431)
Licenses, Permits, and Fees	-	-	18,523	18,523
Charges for Services	2,558,450	2,558,450	3,189,290	630,840
Miscellaneous	-	-	4,822	4,822
Total Receipts	<u>7,943,249</u>	<u>9,265,369</u>	<u>9,221,123</u>	<u>(44,246)</u>
Disbursements				
Public Health Services	9,887,701	11,502,004	11,265,565	236,439
Capital Outlay	101,605	136,006	92,497	43,509
Total Disbursements	<u>9,989,306</u>	<u>11,638,010</u>	<u>11,358,062</u>	<u>279,948</u>
Receipts Over/(Under) Disbursements	<u>(2,046,057)</u>	<u>(2,372,641)</u>	<u>(2,136,939)</u>	<u>235,702</u>
Other Financing Sources (Uses)				
Transfers In	1,400,000	1,400,000	1,300,000	(100,000)
Total Other Financing Sources (Uses)	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,300,000</u>	<u>(100,000)</u>
Net Change in Fund Balances	<u>(646,057)</u>	<u>(972,641)</u>	<u>(836,939)</u>	<u>135,702</u>
Fund Balances, Beginning of Year	1,206,206	1,206,206	1,206,206	-
Prior Year Encumbrances Appropriated	230,153	230,153	230,153	-
Fund Balances, End of Year	<u>\$ 790,302</u>	<u>463,718</u>	<u>599,420</u>	<u>135,702</u>

See accompanying notes to the basic financial statements.

Public Health - Dayton and Montgomery County
 Montgomery County
 Statement of Cash Receipts, Cash Disbursements, and Changes in
 Cash Basis Fund Balances - Budget and Actual - Budget Basis
 Air Pollution Fund
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Intergovernmental Revenues	\$ 2,221,349	2,320,050	2,673,204	353,154
Licenses, Permits, and Fees	71,547	71,547	84,178	12,631
Charges for Services	124,000	124,000	100,607	(23,393)
Miscellaneous	-	-	24,497	24,497
Total Receipts	<u>2,416,896</u>	<u>2,515,597</u>	<u>2,882,486</u>	<u>366,889</u>
Disbursements				
Public Health Services	1,213,228	3,068,512	2,928,034	140,478
Capital Outlay	177,850	246,473	217,449	29,024
Total Disbursements	<u>1,391,078</u>	<u>3,314,985</u>	<u>3,145,483</u>	<u>169,502</u>
Receipts Over/(Under) Disbursements	<u>1,025,818</u>	<u>(799,388)</u>	<u>(262,997)</u>	<u>536,391</u>
Other Financing Sources (Uses)				
Transfers In	432,066	432,066	432,066	-
Other Financing Sources	-	-	4,031	4,031
Total Other Financing Sources (Uses)	<u>432,066</u>	<u>432,066</u>	<u>436,097</u>	<u>4,031</u>
Net Change in Fund Balances	<u>1,457,884</u>	<u>(367,322)</u>	<u>173,100</u>	<u>540,422</u>
Fund Balances, Beginning of Year	<u>1,166,045</u>	<u>1,166,045</u>	<u>1,166,045</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>23,047</u>	<u>23,047</u>	<u>23,047</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,646,976</u>	<u>821,770</u>	<u>1,362,192</u>	<u>540,422</u>

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE HEALTH PHDMC AND REPORTING ENTITY

The Public Health – Dayton & Montgomery County (PHDMC) is a combined general health district established under the laws of the State of Ohio. A nine-member Board governs the PHDMC, which provides public health services to the citizens of Montgomery and for certain programs surrounding counties also. These services range from personal health care to air pollution control.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the PHDMC consists of all funds, departments, boards and agencies that are not legally separate from the PHDMC; including general operations, public health nursing, immunizations, communicable disease clinics and programs, food protection, community and special services, vital statistics, personal health care clinics, air pollution monitoring and control, water and solid waste programs and regional emergency preparedness programs.

The PHDMC's management believes these financial statements present all activities for which the PHDMC is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from 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 government-wide financial statements and the fund 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 PHDMC's accounting policies.

A. Basis of Presentation

The PHDMC's Basic Financial Statements consist of government-wide statements, including a Statement 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 Statements

The statement of net assets and a statement of activities display information about the PHDMC as a whole. These statements include the financial activities of the primary government.

The Statement of Net Assets presents the financial condition of the governmental activities of the PHDMC at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the PHDMC's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the PHDMC, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the PHDMC.

2. Fund Financial Statements

During the year, the PHDMC segregates transactions related to certain PHDMC functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the PHDMC at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The PHDMC 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 that relate to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The PHDMC utilizes the governmental category of funds.

1. Governmental Funds

Governmental funds are those through which most governmental functions of the PHDMC typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the PHDMC'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 in accordance with Ohio law.

Federal Fund – This fund includes all programs that have as a source of funds, a federally funded grant whether directly from the federal government or from the State in the form of a pass-through.

Air Pollution Fund – This fund encompasses the services provided for monitoring and controlling air pollution within Montgomery and surrounding counties.

Capital Fund – This fund is established to assist the PHDMC in gathering the funds needed to repair and maintain the various health centers.

The other governmental funds of the PHDMC account for other resources whose use is restricted to a particular purpose, i.e. food protection program.

C. Basis of Accounting

The PHDMC's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the PHDMC's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

D. Budgetary Process

Ohio law requires the Board of Health to budget and appropriate all funds. The major documents prepared are 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 certificate of estimated resources establishes a limit on the amounts the Board of Health 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 Board of Health uses the fund level as its legal level of control. Individual grants are limited to their approved budget: the Board must approve an increase or decrease.

The PHDMC amends the certificate of estimated resources during the year if the PHDMC receives additional or new sources of funds. 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.

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.

E. Cash and Cash Equivalents

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

F. Inventory and Prepaid Items

With the cash basis of accounting, supply inventories are expensed at time of purchase as are items paid for in advance.

G. Capital Assets

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

H. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Cash basis of accounting does not recognize unpaid leave as a liability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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. The PHDMC's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

J. Fund Balance Reserves

The PHDMC reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

K. Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange 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 report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

NOTE 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, cash disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General Fund, the Federal Fund and the Air Pollution Fund at December 31, 2009 amounted to \$1,264,253, \$1,056,402 and \$96,937, respectively.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Montgomery County Treasurer maintains a cash pool used by all of the County's funds, including those of the PHDMC. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the PHDMC's deposits with the Montgomery County Commissioners was \$10,714,211. The Montgomery County Treasurer is the fiscal agent for the PHDMC and is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and deposit accounts.

NOTE 5 – PROPERTY TAXES

The County Commissioners have established a Human Services Levy Council (HSLC) in which the PHDMC participates. Distribution of levy funds to the participating agencies is on a semi-annual basis in accordance with HSLC recommendations. Currently the combined millage for the two levies is 11.24.

The HSLC established a policy regarding agencies maintaining fund balances: maximum allowable fund balance is 9% of budgeted expenses.

NOTE 6 – INTERFUND TRANSFERS

Interfund cash transfers for the year ended December 31, 2009 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Governmental Activities:		
General Fund	Air Pollution Fund	\$ 432,066
General Fund	Federal Fund	1,300,000
General Fund	Capital Project Fund	25,000
General Fund	Other Nonmajor Governmental	<u>50,000</u>
		<u>\$ 1,807,066</u>

NOTE 7 – RISK MANAGEMENT

A. Commercial Insurance

The PHDMC has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions (including medical malpractice and health care professional liability),
- Employee health, life and dental insurance

B. Risk Pool Membership

The Government 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 the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. At December 31, 2009 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

NOTE 7 – RISK MANAGEMENT (Continued)

Error and Omissions (Wrongful Acts)

Coverage for public officials errors and omissions (wrongful acts), including malpractice and health care professional liability, is up to \$5.0 million per occurrence.

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, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
<u>Casualty & Property Coverage:</u>		
Assets	\$ 36,374,898	35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Retained Earnings	\$ <u>21,118,036</u>	<u>20,459,329</u>
 # of members	 447	 445
 Unpaid claims to be billed in the future (approx)	 \$ 13.7 million	 12.9 million

At December 31, 2009 and 2008, respectively, the casualty coverage liabilities noted above include approximately \$13.7 million and \$12.9 million of estimated incurred, but unpaid, claims payable, which are billed to the 447 member governments in future periods when the related claims are due for payment. PHDMC's share of these unpaid claims is approximately \$102,000. This payable included the subsequent year's contribution due if the PHDMC terminates participation, as described in the last paragraph below.

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.

NOTE 7 – RISK MANAGEMENT (Continued)

Contributions to PEP for Coverage Year	
2007	\$ 178,128
2008	188,236
2009	204,652

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.

C. Workers’ Compensation

Montgomery County manages the Workers Compensation program in which the PHDMC participates. Allocation of cost to the PHDMC takes place annually.

NOTE 8 – EMPLOYEE BENEFITS

A. Employee Medical Benefits

The PHDMC participates in a health insurance plan offered through Montgomery County for all of its employees. The plans include health and prescription benefits. In addition, the PHDMC provides dental insurance through Superior Dental, vision and life insurance benefits.

In addition, the PHDMC has established a “Flexible Spending Account” to supplement the services provided under the health insurance plans. Voluntary employee payroll deductions fund the plan, and employees file their own claims. FlexBank administers the plan. The PHDMC pays \$4.50 per month per participating employee as an administrative fee.

The plan account activity was:

Year	Beginning of the Year	Deposits	Claims Paid	End of the Year
2008	\$ 13,689	\$ 177,886	\$ 185,866	\$ 5,709
2009	\$ 5,709	\$ 195,168	\$ 194,735	\$ 6,142

B. Tuition Reimbursement Program

The PHDMC implemented a program to reimburse a limited number of employees for their tuition and other institutional fees associated with obtaining a Master in Public Health degree at a college or university approved by the Health Commissioner. On successful completion of a course(s), and with accompanying receipts for the costs, the PHDMC will reimburse the employee 70 percent of the costs. The employee must agree to remain with the PHDMC for a minimum of 3 years after graduation or repay up to 90 percent of the total reimbursement.

C. Continuing Education Reimbursement Program

The PHDMC offers 100 percent reimbursement: passing grade and up to \$1,500 per year associated with college/university courses that benefit the employee maintaining, enhancing, or remaining current with new methodologies. All courses are subject to prior approval by management.

NOTE 9 – PENSION OBLIGATIONS

The PHDMC participates in the Ohio Public Employees Retirement System (OPERS). OPERS 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 the retirement system 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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

For the year ended December 31, 2009, the members of all three plans were required to contribute 10.0% of their annual covered salaries. The PHDMC's contribution rate for pension benefits for 2009 was 14.0%. The Ohio Revised Code provides statutory authority for member and employer contributions.

The PHDMC's required contributions for pension obligations to the traditional, combined and member directed plans for the years ended December 31, 2009, 2008, and 2007 were \$2,428,670, \$2,391,322, and \$2,858,959 respectively; 92.2% has been contributed for 2009 and 100 percent for 2008 and 2007.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including postemployment 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 is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

The ORC 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 ORC. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, local government employers contributed at a rate of 14.0% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2009, the employer contribution allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. 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.

The PHDMC's contributions for health care to the OPERS for the years ending December 31, 2009, 2008 and 2007 were \$940,540, \$1,195,661, and \$1,120,820, respectively, which were equal to the required contributions for each year.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of 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.

NOTE 11 – CONTINGENCIES

A. Litigation

The PHDMC is a party to litigation. Although the outcome of the litigation is not presently determinable, management believes the resolution of these matters will not materially or adversely affect the PHDMC's financial condition.

B. Grants

The PHDMC receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2009 will not have a material adverse effect on the PHDMC.

NOTE 12 – OPERATING LEASES

The PHDMC leases several sites for operations. The PHDMC disbursed \$1,527,380 to pay lease costs for the year ended December 31, 2009. All leases include cancellation provisions. By far the largest is for the Reibold Building, for current year \$771,563. Agreement limits increase to 5.0 percent per year. Current lease expires December 31, 2013. The County changed the lease by ceasing to perform a full service lease. The PHDMC has to assume the emptying of trash from the offices starting in 2010.

NOTE 13 – CONTRACTUAL OBLIGATION

The PHDMC is paying on a bond issued by Montgomery County to assist in the renovating of the current residence of the PHDMC, 117 S. Main St., Dayton, Ohio, a.k.a. the Reibold Building. The PHDMC occupies the Lower Level, Main Floor and Second Floor. The payments consist of principal and interest payable semi-annually. The PHDMC agreed to a bond of \$8,000,000 with repayment to occur semiannually with increasing payments through the year 2020. The 2009 payments totaled \$661,069.

Future obligations are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 365,000	\$ 293,568	\$ 658,568
2011	390,000	275,318	665,318
2012	415,000	255,819	670,819
2013	435,000	235,069	670,069
2014	465,000	211,687	676,687
2015-2019	2,770,000	652,163	3,422,163
2020	660,000	36,300	696,300
Total	<u>\$ 5,500,000</u>	<u>\$ 1,959,924</u>	<u>\$ 7,459,924</u>

NOTE 14 – CONTRACTUAL COMMITMENTS

At December 31, 2009, the PHDMC had \$696,763 in contractual commitments for services provided. Some of the following commitments will be funded by federal and state program grants.

<u>VENDOR</u>	<u>AMOUNT</u>
Atomic Interactive Group, LLC	\$ 9,500
Carrie Cunnagin	14,184
Cirrus Concept Consulting, Inc.	26,547
Eclinicalworks, LLC.	29,079
Grandview Ambulatory Health Center	175,000
Greater Dayton Area	10,488
Hafenbrack Marketing	7,917
Hull & Associates, Inc.	12,300
Lorraine Russell	6,170
Montgomery County	23,000
Patricia Dempsey DO	5,149
Pitney Bowes Inc	6,401
Robert Arledge	5,382
SHC Services, Inc.	7,880
Stephen Mathai, M.D.	38,838
Taft, Stettinus & Hollister, LLP.	15,241
Tiffany Hall	5,070
Unified Health Solutions	6,293
William D. Miles D.O., P.C.	20,995
Worldways, Inc.	15,000
Wright State Physicians Inc	115,743
Wright State University	9,453
Total	\$ <u>565,630</u>

Public Health - Dayton and Montgomery County
Montgomery County
Schedule of Federal Award Expenditures
For the Year Ended December 31, 2009

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed through Ohio Department of Health</i>			
Special Supplemental Nutrition Program For Women, Infants, and Children	57-1-001-1-WA-03-09		\$ 1,520,532
	57-1-001-1-WA-03-10		<u>454,342</u>
Total Special Supplemental Nutrition Program For Women, Infants, and Children		10.557	<u>1,974,874</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
<i>Received Directly</i>			
Air Pollution Control Program Support	A-00526409-1		407,616
	A-00526410-1		<u>108,392</u>
Total Air Pollution Control Program Support		66.001	<u>516,008</u>
Surveys, Studies, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	PM-98577204-09		40,016
	PM-98577204-1		<u>110,385</u>
Total Surveys, Studies, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		66.034	<u>150,401</u>
<i>Passed through Ohio Department of Health</i>			
Indoor Radon	57-1-001-2-IR-01-09		28,736
	57-1-001-2-IR-03-10		<u>19,118</u>
Total Indoor Radon		66.032	<u>47,854</u>
Total United States Environmental Protection Agency			<u>714,263</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through Ohio Department of Health</i>			
Acquired Immunodeficiency Syndrome Activity	57-1-001-2-TB01-08		3,424
	57-1-001-2-TB01-09		<u>55,000</u>
Total Acquired Immunodeficiency Syndrome Activity		93.118	58,424
Childhood Immunization Grants	57-1-001-2-IM-01-08		8,531
	57-1-001-2-IM-01-09		<u>206,422</u>
Total Childhood Immunization Grants		93.268	214,953
HIV Care Formula Grants	57-1-001-PE-02-09		13,991
	57-1-001-PE-03-09		<u>9,750</u>
Total HIV Care Formula Grants		93.917	23,741
HIV Prevention Activities	57-1-001-2-HP-02-08		21,516
	57-1-001-2-HP-02-09		<u>327,426</u>
Total HIV Prevention Activities		93.940	348,942
Maternal and Child Health Services Block Grants	57-1-001-1-MC-03-09		5,753
	57-1-001-1-MC-03-10		<u>332,307</u>
Total Maternal and Child Health Services Block Grants		93.994	338,060
Preventive Health Services - Sexually Transmitted Diseases	57-1-001-2-ST-01-08		3,986
	57-1-001-2-ST-02-09		<u>110,720</u>
Total Preventive Health Services - Sexually Transmitted Diseases		93.977	114,706
Centers for Disease Control and Prevention_Emergency Preparedness	57-1-001-2-PI-02-09		378,429
	57-1-001-2-PH-01-10		<u>914,253</u>
Total Centers for Disease Control and Prevention_Emergency Preparedness		93.069	1,292,682
<i>Passed through Wright State University</i>			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	5 U79 SP13243-04		17,165
	H79 T1019766		6,487
	5 H79 T1018921-02		<u>10,183</u>
Total Substance Abuse and Mental Health Services - Projects of Regional and National Significance		93.243	33,835
HIV Demonstration, Research, Public and Professional Education Projects	5U62PS000182-09		9,772
	5U62PS000182-10		<u>19,055</u>
Total HIV Demonstration, Research, Public and Professional Education Projects		93.941	<u>28,827</u>
Total United States Department of Health and Human Services			<u>2,454,170</u>
TOTAL FEDERAL AWARD EXPENDITURES			\$ <u>5,143,307</u>

The accompanying notes to this schedule are an integral part of this schedule.

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the PHDMC's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

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

NOTE C – SAPT BLOCK GRANT

The Center for Alcoholism and Drug Addition Services (CADAS) is a department of the PHDMC. CADAS receives Block Grants for Prevention and Treatment of Substance Abuse (SAPT) CFDA #93.959 from Montgomery County Alcohol Drug and Mental Health Services Board (ADAMHS) to provide prevention, education, and treatment services for alcohol and drug users.

Based on the agreement between ADAMHS and CADAS, SAPT monies disbursed by ADAMHS to CADAS are considered contractual and not pass through or subrecipient. ADAMHS reports to SAPT monies on their Schedule of Federal Awards. These monies will not be reported on the PHDMC's Schedule.

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

Board of Health
Public Health - Dayton & Montgomery County
Dayton, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Health - Dayton & Montgomery County (PHDMC), as of and for the year ended December 31, 2009, which collectively comprise the PHDMC's basic financial statements and have issued our report thereon dated May 28, 2010, wherein we noted the PHDMC prepares its financial statements using the cash basis of accounting, a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the PHDMC'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 expressing an opinion on the effectiveness of the PHDMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of PHDMC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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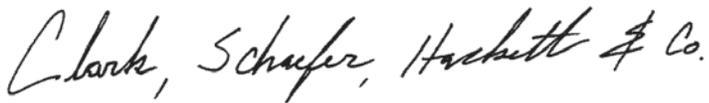
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PHDMC'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*.

We noted certain matters that we reported to management of the PHDMC in a separate letter dated May 28, 2010.

This report is intended solely for the information and use of PHDMC's Board and management, the Auditor of the State of Ohio, 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.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co.".

Springfield, Ohio
May 28, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Health
Public Health - Dayton & Montgomery County
Dayton, Ohio

Compliance

We have audited the compliance of the Public Health - Dayton & Montgomery County (PHDMC), 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, 2009. The PHDMC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the PHDMC's management. Our responsibility is to express an opinion on the PHDMC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PHDMC'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 PHDMC's compliance with those requirements.

In our opinion, the PHDMC 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, 2009.

Internal Control over Compliance

PHDMC'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 PHDMC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the PHDMC's internal control over compliance.

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A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the PHDMC's Board and management, the Auditor of the State of Ohio, 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.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hackett & Co." The signature is written in black ink on a light-colored background.

Springfield, Ohio
May 28, 2010

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	None noted
Identification of major programs:	
CFDA# 10.557 – Women, Infants, and Children	
CFDA# 93.069 – Public Health Emergency Preparedness	
Dollar threshold to distinguish between Type A and Type B programs:	\$300,000
Auditee qualifies as low-risk auditee?	Yes

Section II – Financial Statement Findings

None Noted

Section III – Federal Awards Findings and Questioned Costs

None Noted

Section IV – Summary of Prior Audit Findings and Questioned Costs

No Findings were reported in the Prior Audit



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success



Mary Taylor, CPA
Auditor of State

PUBLIC HEALTH – DAYTON AND MONTGOMERY COUNTY

MONTGOMERY 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
JUNE 22, 2010**