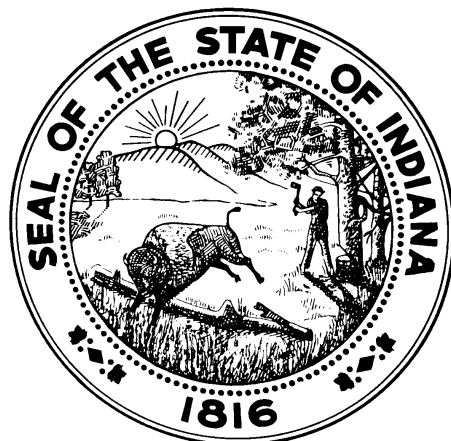


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

NORTHWEST INDIANA HEALTH
DEPARTMENT COOPERATIVE
LAKE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
12/07/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards.....	3-4
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	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis.....	7, 9
Fund Financial Statements:	
Governmental Fund:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Fund	8, 10
Notes to Financial Statements	11-17
Required Supplementary Information:	
Schedule of Funding Progress	18
Budgetary Comparison Schedules.....	19
Supplementary Information:	
Schedule of Capital Assets.....	20
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	22-23
Schedule of Expenditures of Federal Awards	24
Note to Schedule of Expenditures of Federal Awards.....	25
Schedule of Findings and Questioned Costs	26
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	27
Exit Conference.....	28

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Dr. Ricardo C. Hood	01-01-07 to 12-31-09
Chief Fiscal Officer	Charles Pacurar	01-01-07 to 12-31-09
Chairman of the Board	Commissioner Roosevelt Allen, Jr.	01-01-07 to 12-31-09
Project Director	Rise Ross Ratney	01-01-07 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE NORTHWEST INDIANA HEALTH
DEPARTMENT COOPERATIVE, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities and the major fund of the Northwest Indiana Health Department Cooperative (Health Department Cooperative), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Health Department Cooperative's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Health Department Cooperative'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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Health Department Cooperative prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting 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 cash and investment balances of the governmental activities and the major fund of the Health Department Cooperative as of December 31, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated November 5, 2009, on our consideration of the Health Department Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

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

The Schedule of Funding Progress and the Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Health Department Cooperative has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Health Department Cooperative's basic financial statements. The Schedule of Capital Assets is presented for additional analysis and is not a required part of the basic financial statements. The Schedule of Capital Assets has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 5, 2009



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE NORTHWEST INDIANA HEALTH
DEPARTMENT COOPERATIVE, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities and the major fund of the Northwest Indiana Health Department Cooperative (Health Department Cooperative), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Health Department Cooperative's basic financial statements and have issued our report thereon dated November 5, 2009. 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 Health Department Cooperative's internal control over financial reporting as a basis for designing our auditing 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 Health Department Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Health Department Cooperative's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health Department Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Health Department Cooperative's management, the Northwest Indiana Health Department Cooperative Board of Directors, 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 5, 2009

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u> Operating Grants and Contributions	<u>Net (Disbursement) Receipt and Changes in Net Assets</u> Primary Governmental Activities
Primary government:			
Governmental activities:			
Health and welfare	\$ 1,234,863	\$ 1,360,922	\$ 126,059
General receipts:			
Other local sources			79
Change in net assets			126,138
Net assets - beginning			(87,835)
Net assets - ending			\$ 38,303
 <u>Assets</u>			
Cash and investments			\$ 38,303
 <u>Net Assets</u>			
Unrestricted			\$ 38,303

The notes to the financial statements are an integral part of this statement.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUND
For The Year Ended December 31, 2007

	General
Receipts:	
Intergovernmental	\$ 1,360,922
Other	79
Total receipts	1,361,001
Disbursements:	
Health and welfare	1,234,863
Excess of total receipts over total disbursements	126,138
Cash and investment fund balance - beginning	(87,835)
Cash and investment fund balance - ending	\$ 38,303
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 38,303
<u>Cash and Investment Fund Balance - December 31</u>	
Unrestricted	\$ 38,303

The notes to the financial statements are an integral part of this statement.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u> <u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipt and Changes in Net Assets</u> <u>Primary Government</u> <u>Governmental Activities</u>
Primary government:			
Governmental activities:			
Health and welfare	\$ 1,260,572	\$ 1,260,572	\$ -
General receipts:			
Other local sources			2,693
Change in net assets			2,693
Net assets - beginning			38,303
Net assets - ending			\$ 40,996
 <u>Assets</u>			
Cash and investments			\$ 40,996
 <u>Net Assets</u>			
Unrestricted			\$ 40,996

The notes to the financial statements are an integral part of this statement.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUND
For The Year Ended December 31, 2008

	General
Receipts:	
Intergovernmental	\$ 1,260,572
Other	2,693
Total receipts	1,263,265
Disbursements:	
Health and welfare	1,260,572
Excess of total receipts over total disbursements	2,693
Cash and investment fund balance - beginning	38,303
Cash and investment fund balance - ending	\$ 40,996
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 40,996
<u>Cash and Investment Fund Balance - December 31</u>	
Unrestricted	\$ 40,996

The notes to the financial statements are an integral part of this statement.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Health Department Cooperative was established under the laws of the State of Indiana. The Health Department Cooperative operates under an appointed governing board.

The Health Department Cooperative's financial reporting entity is composed of the Northwest Indiana Health Department Cooperative (Primary Government). There are no Blended Component Units or Discretely Presented Component Units.

In determining the financial reporting entity, the Health Department Cooperative complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Jointly Governed Organization

The Health Department Cooperative was formed by an Interlocal Cooperative Agreement on July 17, 1992, as authorized by Indiana Code 36-1-7. The parties to the Interlocal Cooperative Agreement are the City of Gary, City of East Chicago, City of Hammond, City of Lake Station, and Lake County. The accounting records for the Health Department Cooperative are maintained by the City of East Chicago.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the Health Department Cooperative has not established any enterprise funds.

The Health Department Cooperative reports the following major governmental fund:

The general fund is the primary operating fund. It accounts for all financial resources of the general government.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Health Department Cooperative utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Health Department Cooperative's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts.

2. Operating Receipts and Disbursements

Operating receipts and disbursements include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end. Budget modifications have been made in accordance with the applicable approved grant agreements.

III. Detailed Notes on All Funds

Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Health Department Cooperative's deposit policy for custodial credit risk is the same as the Indiana Code. At December 31, 2008, the Health Department Cooperative had deposit balances in the amount of \$40,996. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

IV. Other Information

A. Risk Management

The Health Department Cooperative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Health Department Cooperative has workmens' compensation, health, and life insurance benefits as part of the City of East Chicago as follows:

Job Related Illnesses or Injuries to Employees; Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

The Health Department Cooperative and the City of East Chicago have chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees and medical benefits to employees, retirees and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the City's Health, Life, and Workman's Compensation Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$200,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Termination Benefits

During 2008, the Health Department Cooperative offered the following termination benefit package to employees:

When an employee's service for the Health Department Cooperative is terminated for one reason or another, the employee is entitled to receive 100% of the value of their accrued vacation leave time and compensatory time. The employee is also permitted to continue their insurance coverage at the cost of both the employee and employer portions of the premium until they have found other employment offering insurance. A total of two people terminated employment in 2008 under this program. The total amount paid by the Health Department Cooperative for the termination benefit package was \$4,520. Since the termination date was near year-end, this amount was not paid until 2009.

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Health Department Cooperative contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Health Department Cooperative authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

PERF members are required to contribute three percent (3%) of their annual covered salary. The Health Department Cooperative is required to contribute at an actuarially determined rate; the current rate is six percent (6%) for the Health Department Cooperative, of annual covered payroll. The contribution requirements of plan members and the Health Department Cooperative are established and may be amended by the PERF Board of Trustees.

Annual Pension Cost

For 2008, the Health Department Cooperative's annual pension costs for PERF were \$41,475. The required contributions for PERF were \$40,535. The actual contributions for PERF were \$44,520.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 40,535
Interest on net pension obligation	(6,736)
Adjustment to annual required contribution	7,676
Annual pension cost	41,475
Contributions made	44,520
Increase (decrease) in net pension obligation	(3,045)
Net pension obligation, beginning of year	(92,906)
Net pension obligation, end of year	\$ (95,951)

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
Cooperative	6%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age normal cost
Amortization method	Level dollar, closed amortization period
Amortization period	30 years
Amortization period (from date)	07-01-07
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	4%
Cost-of-living adjustments	1.5%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 44,802	58%	\$ (104,930)
	06-30-07	45,285	73%	(92,906)
	06-30-08	41,475	107%	(95,951)

Funded Status and Funding Progress for the Above Plan

The funded status of the plan as of July 1, 2008, the most recent actuarial valuation date, is as follows:

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL or (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL or (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$ 759,009	\$ 706,321	\$ (52,688)	107%	\$ 749,036	(7%)

The schedule of funding progress, presented as RSI for the above plan following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 570,339	\$ 495,160	\$ 75,179	115%	\$ 724,099	10%
07-01-07	660,817	580,842	79,975	114%	685,279	12%
07-01-08	759,009	706,321	52,688	107%	749,036	7%

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND
 For The Year Ended December 31, 2007 and
 For The Year Ended December 31, 2008

	For 2007 General Fund				For 2008 General Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final			Original	Final		
Receipts:								
Intergovernmental	\$ 1,250,000	\$ 1,250,000	\$ 1,360,922	\$ 110,922	\$ 1,250,000	\$ 1,250,000	\$ 1,260,572	\$ 10,572
Other	-	-	79	79	-	-	2,693	2,693
Total receipts	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,361,001</u>	<u>111,001</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,263,265</u>	<u>13,265</u>
Disbursements:								
Current:								
Health and welfare	<u>1,250,000</u>	<u>1,359,574</u>	<u>1,234,863</u>	<u>124,711</u>	<u>1,250,000</u>	<u>1,373,819</u>	<u>1,260,572</u>	<u>113,247</u>
Net change in fund balances	-	(109,574)	126,138	235,712	-	(123,819)	2,693	126,512
Cash and investments - beginning	<u>(87,835)</u>	<u>(87,835)</u>	<u>(87,835)</u>	-	<u>38,303</u>	<u>38,303</u>	<u>38,303</u>	-
Cash and investments - ending	<u>\$ (87,835)</u>	<u>\$ (197,409)</u>	<u>\$ 38,303</u>	<u>\$ 235,712</u>	<u>\$ 38,303</u>	<u>\$ (85,516)</u>	<u>\$ 40,996</u>	<u>\$ 126,512</u>

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Years Ended December 31, 2007 and December 31, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	December 31, 2007	December 31, 2008
<u>Primary Government</u>	<u>Ending Balance</u>	<u>Ending Balance</u>
Governmental activities:		
Capital assets, not being depreciated:		
Machinery and equipment	\$ 375,412	\$ 376,679
Total governmental activities, capital assets not being depreciated	<u>\$ 375,412</u>	<u>\$ 376,679</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE NORTHWEST INDIANA HEALTH
DEPARTMENT COOPERATIVE, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Northwest Indiana Health Department Cooperative (Health Department Cooperative) 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 years ended December 31, 2007 and 2008. The Health Department Cooperative'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 Health Department Cooperative's management. Our responsibility is to express an opinion on the Health Department Cooperative's compliance based on our audit.

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

In our opinion, the Health Department Cooperative complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008.

Internal Control Over Compliance

The management of the Health Department Cooperative is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Health Department Cooperative's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Department Cooperative's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Health Department Cooperative's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the Health Department Cooperative's management, the Northwest Indiana Health Department Cooperative Board of Directors, 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 5, 2009

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Grant				
Healthy Start Initiative	93.926	H49MC00083-05-00	\$ 170,113	\$ -
		H49MC00083-06-00	1,064,750	201,439
		H49MC00083-07-00	-	1,059,133
			<u>1,234,863</u>	<u>1,260,572</u>
Total for federal grantor agency			<u>1,234,863</u>	<u>1,260,572</u>
Total federal awards expended			<u>\$ 1,234,863</u>	<u>\$ 1,260,572</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Northwest Indiana Health Department Cooperative (Health Department Cooperative) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Health Department Cooperatives shall be conducted biennially. Such audits shall include both years within the biennial period.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.926	Healthy Start Initiative

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTHWEST INDIANA HEALTH DEPARTMENT COOPERATIVE
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2009, with Charles Pacurar, Chief Fiscal Officer; Commissioner Roosevelt Allen, Jr., Chairman of the Board; Dr. Ricardo C. Hood, Executive Director; and Rise Ross Ratney, Project Director. Our audit disclosed no material items that warrant comment at this time.