

**BUTLER COUNTY DISTRICT BOARD OF HEALTH
BUTLER COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2010

RHONDA SMITH, FISCAL OFFICER/OFFICE MANAGER



Dave Yost • Auditor of State

Board of Commissioners
Butler County District Board of Health
301 South Third Street
Hamilton, Ohio 45011

We have reviewed the *Independent Accountants' Report* of the Butler County District Board of Health, Butler County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2010. 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 Butler County District Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 17, 2012

This page intentionally left blank.

**BUTLER COUNTY DISTRICT BOARD OF HEALTH
BUTLER COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Accountants' Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets - Cash Basis	9
Statement of Activities - Cash Basis.....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	11 - 12
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	13 - 14
Statement of Receipts, Disbursements and Changes in Fund Cash Balance - Budget and Actual - Budgetary Basis -	
General Fund.....	15
Food Service Fund	16
Public Health Emergency Preparedness and Response Fund	17
Notes to the Basic Financial Statements	18 - 25
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	26 - 27

This page intentionally left blank.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report

Butler County District Board of Health
301 South Third Street
Hamilton, Ohio 45011

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County District Board of Health, Butler County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the Butler County District Board of Health's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Butler County District Board of Health'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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County District Board of Health, Butler County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General, Food Service, and Public Health Emergency Preparedness and Response Funds for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, on our consideration of the Butler County District Board of Health's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Butler County District Board of Health
Independent Accountants' Report
Page Two

We conducted our audit to opine on the Butler County District Board of Health's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and change in fund balances. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
August 31, 2012

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The discussion and analysis of the Butler County District Board of Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2010, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2010 are as follows:

Program specific receipts in the form of charges for services and sales, operating grants and contributions comprise the largest percentage of the District's receipts. Charges for services and sales totaled 58 percent of total receipts for 2010. This represents a less than one percent increase from 2009. Operating grants and contributions comprise 35 percent of the District's receipts. These receipts increased 28 percent from 2009.

The grant award for the Public Health Infrastructure/Emergency Preparedness/H1N1 is allocated from August 10, 2009 through August 9, 2010. For the grant period 2009-2010, the District received \$217,821 for Emergency Preparedness plus \$372,315 for H1N1 Influenza Planning and Vaccination. In 2010 the District received an additional \$630,916 for H1N1 Influenza Planning and Vaccination. This funding is shared with the City of Hamilton and the City of Middletown Health Departments based on population. The District returned \$543,470 in unspent grant monies related to the H1N1 Influenza Planning and Vaccination and Emergency Preparedness.

Plumbing and building related fees continued to be a significant percentage of the receipts as has been the case for many years. There was a decrease of five percent in these fees in 2010 related to the downturn in the economy. Clinic service fees saw a slight increase in 2010.

During 2010 the District became a participant in the statewide issuance of birth certificates. By participating in this program, the District received certification and can now issue birth certificates to anyone who has a request regardless of the County in the State of Ohio where the event occurred.

The District Board of Health is always in search of revenue sources to fund operations; however, increased regulatory mandates from the Ohio Department of Health with no revenue or additional revenue sources continue to be issues. The District is dedicated to provide programs to protect the health and safety of the citizens of Butler County; however, that protection requires resources.

Using the Basic Financial Statements

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The statement of net assets – cash basis and the statement of activities – cash basis provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

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

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2010, within the limitations of the cash basis of accounting. The statement of net assets – cash basis presents the cash balances of the governmental activities of the District at year-end. The statement of activities – cash basis compares disbursements with program receipts for each governmental 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 disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position are indicators of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

In the statement of net assets – cash basis and the statement of activities – cash basis, the District's major programs are reported. Charges for services and state and federal grants finance most of those activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the District are governmental.

Governmental Funds – The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's governmental funds are presented on the financial statements in separate columns. The District's governmental funds are the General Fund, the Food Service Fund, the Public Health Emergency Preparedness and Response Fund, and Other Governmental Funds.

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The District as a Whole

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

Table 1
Net Assets

	Governmental Activities		
	2010	2009	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,369,572	\$1,767,876	(\$398,304)
Net Assets			
Restricted for Other Purposes	261,196	442,365	(181,169)
Unrestricted	1,108,376	1,325,511	(217,135)
Total Net Assets	\$1,369,572	\$1,767,876	(\$398,304)

The decrease in Net Assets Restricted for Other Purposes is due to the District expending the Public Health Infrastructure Grant money carried over from 2009 as well as most of the grant money received in 2010. In 2010, the District returned \$543,470 in unspent grant money to the Ohio Department of Health. In 2010, the District received \$630,916 on the Public Health Emergency Response Grant for the H1N1 vaccination program. The decrease in Unrestricted Net Assets is due to expenses exceeding revenues. In 2010 there were three employees that left the District and received severance payments. The District also dealt with a flood in the clinic which increased maintenance expenses over the preceding year. Building related fees for plumbing have decreased considerably since 2006 due to the downturn of the economy. The District continues to provide vital services to the community with dwindling revenue sources.

Table 2 reflects the changes in net assets in 2010 and provides a comparison to 2009 amounts.

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Change in Net Assets			
	2010	2009	Change
Receipts			
Program Cash Receipts			
Charges for Services and Sales	\$1,462,302	\$1,449,488	\$12,814
Operating Grants and Contributions	883,829	689,226	194,603
Total Program Cash Receipts	2,346,131	2,138,714	207,417
General Receipts			
Grants and Entitlements not			
Restricted to Specific Programs	186,610	198,193	(11,583)
Miscellaneous	1,092	0	1,092
Total General Receipts	187,702	198,193	(10,491)
Total Receipts	2,533,833	2,336,907	196,926
Disbursements			
Public Health Infrastructure	1,052,722	585,329	467,393
Environmental Health	348,586	313,111	35,475
Food Service	543,817	597,763	(53,946)
Plumbing	283,215	232,969	50,246
Nursing	446,954	408,058	38,896
Vital Statistics	256,843	183,758	73,085
Total Disbursements	2,932,137	2,320,988	611,149
Change in Net Assets	(398,304)	15,919	(414,223)
Net Assets at Beginning of Year	1,767,876	1,751,957	15,919
Net Assets at End of Year	\$1,369,572	\$1,767,876	(\$398,304)

District receipts for Charges for Services consist primarily of plumbing and building related fees, food service and other mandated licensing programs, vital statistics and clinic services fees. Grants and Entitlements also provide major sources of revenues. This includes money from the State of Ohio and other municipalities.

Plumbing fees decreased five percent from 2009 going from \$397,795 in 2009 to \$378,850 in 2010. Clinic service fees saw a slight increase in 2010. Fees in this area increased 14 percent from \$85,167 in 2009 to \$96,689 in 2010. Vital statistics fees also saw a 15 percent increase in 2010 going from \$237,282 in 2009 to the current amount of \$273,470. In 2010 the District became a participant in the statewide issuance of birth certificates. By participating in this program, the District received certification and can now issue birth certificates to anyone who has a request regardless of the County in the State of Ohio where the event occurred. Of the \$25 charge for a birth certificate, \$14.50 is remitted to the State with the remaining \$10.50 staying with District to provide programs and services to the community. Operating grants and contributions increased in 2010 due to the additional amounts of funding received for the H1N1 vaccine program.

Expenses increased most in Public Health Infrastructure. This was due to the return of 2009 and 2010 unspent grant monies received for H1N1 vaccine programs. In 2009 H1N1 was declared a national emergency. In late 2009 the pandemic began to decline therefore leading to the return of grant monies in 2010.

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Government Activities

If you look at the statement of activities – cash basis, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are as follows: Public Health Infrastructure, Environmental Health, Food Service, Plumbing, Nursing, and Vital Statistics. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the District that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of service and net cost is presented in Table 3.

Table 3
Governmental Activities

	Total Cost Of Services 2010	Net Cost of Services 2010	Total Cost Of Services 2009	Net Cost of Services 2009
Public Health Infrastructure	\$1,052,722	\$168,893	\$585,329	\$103,897
Environmental Health	348,586	144,133	313,111	(99,379)
Food Service	543,817	44,214	597,763	(90,553)
Plumbing	283,215	(89,965)	232,969	160,181
Nursing	446,954	335,358	408,058	(309,944)
Vital Statistics	256,843	(16,627)	183,758	53,524
Totals	\$2,932,137	\$586,006	\$2,320,988	(\$182,274)

The District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. The District is, however, concerned, and has been for some years, with its reliability on plumbing and building related fees to support the services provided to the community. The District continues to have a concern presently for the continuation of grant funding following the next grant funding cycle.

The District's Funds

The focus of the District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The table below indicates the fund balance and the total change in fund balance as of December 31, 2010 and 2009.

This page intentionally left blank.

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 4
Change in Fund Balance

	Fund Balance December 31, 2010	Fund Balance December 31, 2009	Increase (Decrease)	Percentage Change
General Fund	\$1,108,376	\$1,325,511	(\$217,135)	(16.38%)
Food Service Fund	226,442	268,342	(41,900)	(15.61%)
Public Health Emergency Preparedness and Response Fund	15,320	154,702	(139,382)	(90.10%)
All Other Governmental Funds	19,434	19,321	113	.58%
Total	\$1,369,572	\$1,767,876	(\$398,304)	(22.53%)

The District's funds had total receipts of \$2,533,833 and disbursements of \$2,932,137. For the General Fund, reduced plumbing and building related fees, other mandated licensing programs, along with money received from the State of Ohio and other municipalities, was not enough to cover disbursements for the year. For the Food Service Fund, fees received due to the licensing year as opposed to the fiscal year were slightly less than disbursements for 2010. In the Public Health Emergency Preparedness and Response Fund, the return of unspent grant monies along with disbursements related to current year grants, exceeded the current year receipts.

General Fund Budgeting Highlights

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

General Fund original receipts were budgeted the same as final receipts at \$1,092,848 while actual receipts were \$1,192,495 for 2010. Charges for services and Licenses and Permits revenue came in at higher amounts than originally budgeted. Original disbursements were budgeted at \$1,357,228 and final disbursements were budgeted at \$1,518,810, while actual disbursements were for \$1,460,226 for 2010. The District worked hard to minimize expenses while still providing vital services to the community. During the course of 2010, the District amended its appropriations and the budgetary statement reflects both the original and final appropriated amounts.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and providers with a general overview of the District's finances and to reflect the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Rhonda Smith, Fiscal Officer/Office Manager, Butler County Board of Health 301 South Third Street, Hamilton, Ohio 45011, telephone (513) 887-5237.

Butler County District Board of Health
Statement of Net Assets - Cash Basis
December 31, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,369,572</u>
Net Assets	
Restricted for Other Purposes	261,196
Unrestricted	<u>1,108,376</u>
<i>Total Net Assets</i>	<u>\$1,369,572</u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Health:				
Public Health Infrastructure	\$1,052,722	\$0	\$883,829	(\$168,893)
Environmental Health	348,586	204,453	0	(144,133)
Food Service	543,817	499,603	0	(44,214)
Plumbing	283,215	373,180	0	89,965
Nursing	446,954	111,596	0	(335,358)
Vital Statistics	256,843	273,470	0	16,627
<i>Total Governmental Activities</i>	<u>\$2,932,137</u>	<u>\$1,462,302</u>	<u>\$883,829</u>	<u>(\$586,006)</u>
General Receipts				
Grants and Entitlements not Restricted to Specific Programs				186,610
Miscellaneous				1,092
<i>Total General Revenues</i>				<u>187,702</u>
Change in Net Assets				(398,304)
<i>Net Assets at Beginning of Year</i>				<u>1,767,876</u>
<i>Net Assets at End of Year</i>				<u><u>\$1,369,572</u></u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General Fund	Food Service Fund	Public Health Emergency Preparedness and Response Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,108,376	\$226,442	\$15,320
Fund Balances			
Reserved for Encumbrances	\$50,597	\$2,188	\$3,688
Unreserved, Undesignated, Reported in:			
General Fund	1,057,779		
Special Revenue Funds	0	224,254	11,632
<i>Total Fund Balances</i>	<i>\$1,108,376</i>	<i>\$226,442</i>	<i>\$15,320</i>

See accompanying notes to the basic financial statements

All Other Governmental Funds	Total Governmental Funds
<u>\$19,434</u>	<u>\$1,369,572</u>
\$0	\$56,473
0	1,057,779
<u>19,434</u>	<u>255,320</u>
<u>\$19,434</u>	<u>\$1,369,572</u>

Butler County District Board of Health
Statement of Basis Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Food Service Fund	Public Health Emergency Preparedness and Response Fund
Receipts			
Charges for Services	\$385,066	\$0	\$0
Licenses and Permits	526,718	499,603	0
Intergovernmental	279,619	0	794,282
Miscellaneous	1,092	0	0
<i>Total Receipts</i>	<u>1,192,495</u>	<u>499,603</u>	<u>794,282</u>
Disbursements			
Current:			
Health:			
Public Health Infrastructure	119,058	0	933,664
Environmental Health	301,246	0	0
Food Service	2,314	541,503	0
Plumbing	283,215	0	0
Nursing	446,954	0	0
Vital Statistics	256,843	0	0
<i>Total Disbursements</i>	<u>1,409,630</u>	<u>541,503</u>	<u>933,664</u>
<i>Net Change in Fund Balances</i>	(217,135)	(41,900)	(139,382)
<i>Fund Balances at Beginning of Year</i>	<u>1,325,511</u>	<u>268,342</u>	<u>154,702</u>
<i>Fund Balances at End of Year</i>	<u>\$1,108,376</u>	<u>\$226,442</u>	<u>\$15,320</u>

See accompanying notes to the basic financial statements

All Other Governmental Funds	Total Governmental Funds
\$13,216	\$398,282
34,237	1,060,558
0	1,073,901
0	1,092
<u>47,453</u>	<u>2,533,833</u>
0	1,052,722
47,340	348,586
0	543,817
0	283,215
0	446,954
0	256,843
<u>47,340</u>	<u>2,932,137</u>
113	(398,304)
<u>19,321</u>	<u>1,767,876</u>
<u>\$19,434</u>	<u>\$1,369,572</u>

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Receipts				
Charges for Services	\$310,000	\$303,380	\$385,066	\$81,686
Licenses and Permits	500,000	512,528	530,180	17,652
Intergovernmental	282,848	275,848	276,157	309
Other	0	1,092	1,092	0
<i>Total Receipts</i>	<u>1,092,848</u>	<u>1,092,848</u>	<u>1,192,495</u>	<u>99,647</u>
Disbursements				
Current:				
Health:				
Public Health Infrastructure	112,134	128,280	121,800	6,480
Environmental Health	281,762	324,579	305,496	19,083
Food Service	3,087	2,494	5,056	(2,562)
Plumbing	263,545	305,150	286,073	19,077
Nursing	428,076	481,571	458,328	23,243
Vital Statistics	268,624	276,736	283,473	(6,737)
<i>Total Disbursements</i>	<u>1,357,228</u>	<u>1,518,810</u>	<u>1,460,226</u>	<u>58,584</u>
<i>Net Change in Fund Balance</i>	(264,380)	(425,962)	(267,731)	158,231
<i>Fund Balance at Beginning of Year</i>	1,258,494	1,258,494	1,258,494	0
<i>Prior Year Encumbrances Appropriated</i>	<u>67,017</u>	<u>67,017</u>	<u>67,017</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,061,131</u></u>	<u><u>\$899,549</u></u>	<u><u>\$1,057,780</u></u>	<u><u>\$158,231</u></u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Food Service Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Receipts				
Licenses and Permits	\$490,000	\$490,000	\$499,603	\$9,603
Disbursements				
Current:				
Health:				
Food Service	540,512	552,391	543,683	8,708
<i>Net Change in Fund Balance</i>	(50,512)	(62,391)	(44,080)	18,311
<i>Fund Balance at Beginning of Year</i>	268,174	268,174	268,174	0
<i>Prior Year Encumbrances</i>	168	168	168	0
<i>Fund Balance at End of Year</i>	<u>\$217,830</u>	<u>\$205,951</u>	<u>\$224,262</u>	<u>\$18,311</u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Public Health Emergency Preparedness and Response Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Receipts				
Intergovernmental	\$794,282	\$794,282	\$794,282	\$0
Disbursements				
Current:				
Health:				
Public Health Infrastructure	<u>856,118</u>	<u>948,984</u>	<u>937,352</u>	<u>11,632</u>
<i>Net Change in Fund Balance</i>	(61,836)	(154,702)	(143,070)	11,632
<i>Fund Deficit at Beginning of Year</i>	99,337	99,337	99,337	0
<i>Prior Year Encumbrances</i>	<u>55,365</u>	<u>55,365</u>	<u>55,365</u>	
<i>Fund Balance at End of Year</i>	<u><u>\$92,866</u></u>	<u><u>\$0</u></u>	<u><u>\$11,632</u></u>	<u><u>\$11,632</u></u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 1 – Reporting Entity

The Butler County District Board of Health, Butler County, Ohio (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an eight-member Board. Five members of the Board are appointed to serve three-year terms by the District Advisory Council which consists of the chief executive of each municipal corporation not constituting a city health district and the chairman of the board of township trustees of each township in the general District or their alternates selected by their respective governing bodies and the President of the Butler County Commissioners or their designated alternate. The other three members are appointed by the Cities of Oxford (1), Fairfield (1), and Trenton (1) as per contract. The District's services include public health preparedness, communicable disease investigations, immunization clinics, inspections, public health nursing services, vital statistics and the issuance of health-related licenses and permits.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. The District has no component units.

The District participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. This organization is presented in Note 4 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District 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 (GAAP) 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, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial 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.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

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

The statement of net assets presents the cash balance of the governmental activities of the District at year-end. The statement of activities compares disbursements and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District 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 District 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. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All funds of the District are governmental.

Governmental Funds

Governmental funds are those through which the governmental functions of the District are financed. The following are the District's major governmental funds:

- General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio. It includes revenues and expenses related to vital statistics, nursing services, state subsidy, and taxation fees.
- Food Service Fund – This fund supports the licensing and inspecting of restaurants, retail food establishments and vending machines. License fees are established by cost methodology.
- Public Health Emergency Preparedness and Response Fund – This fund accounts for grant proceeds received from the Ohio Department of Health for H1N1 vaccinations and education, as well as grant proceeds used to promote disaster preparedness for Butler County.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

The other governmental funds of the District Board of Health account for grants and other resources whose use is restricted for a particular purpose.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District'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. Any such modifications made by the District are described in the appropriate section in this note.

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.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District's Board. The legal level of control has been established by the Board of Health at the fund, department, and object level for all funds.

ORC Section 5705.28(C)(1) requires the District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (45 days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the District if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the District may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the District during the year.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

As required by Ohio Revised Code, the Butler County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from: Nancy Nix, Butler County Treasurer, Government Services Center, 315 High Street, 10th Floor, Hamilton, Ohio 45011; Telephone: (513) 887-3181; E-mail: nixn@butlercountyohio.org.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

G. Employer Contributions to Cost Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for special District programs.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

I. Fund Balance Reserves

The District 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. A fund balance reserve has been established for encumbrances.

J. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 3 – Budgetary Basis of Accounting

The budgetary basis provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) for the General Fund and the Food Service and Public Health Emergency Preparedness and Response Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The only difference between the budgetary basis fund balance and the cash basis fund balance is current encumbrances of \$50,597, \$2,188, and \$3,688 in the General Fund, and the Food Service and Public Health Emergency Preparedness and Response Special Revenue Funds, respectively.

Note 4 – Risk Management

Risk Pool Membership

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009 (latest information available), PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three years. There has been no significant reduction of coverage from the last year.

Financial Position

PEP's financial statements conform with generally accepted account principles, and reported the following assets, liabilities and net assets at December 31, 2009 and 2008 (latest information available).

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u><u>\$21,118,036</u></u>	<u><u>\$20,459,329</u></u>

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 4 – Risk Management (continued)

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Districts share of these unpaid claims collectible in future years is approximately \$28,000. This payable includes the subsequent year's contribution due if the District terminates participation.

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

<u>Year</u>	<u>Contributions to PEP</u>
2010	\$29,351
2009	34,334
2008	34,923

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

The District insures against injuries to employees through a retrospective rating plan maintained by the County. Workers' compensation coverage is provided by the County through a self insurance fund. The District pays the County a premium based on a rate set by the Commissioners each year. This rate is calculated based on accident history and administrative costs. The County administers and pays all claims.

Note 5 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 5 – Defined Benefit Pension Plan (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The District's contribution rate for 2010 was 14.0 percent. For the period January 1 through February 28, a portion of the District's contribution equal to 5.5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period March 1 through December 31, 2010 this amount was decreased to 5.0 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14.0 percent.

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$100,302, \$99,022, and \$84,676, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

Note 6 – Post-employment Benefits

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

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 Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which 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.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 6 – Post-employment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local government employers contributed at a rate of 14.0 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 5.5 percent from January 1 through February 28, 2010, and 5.0 percent from March 1 through December 31, 2010.

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

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$55,723, \$64,073, and \$84,676, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

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



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Butler County District Board of Health
301 South Third Street
Hamilton, Ohio 45011

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Butler County District Board of Health, Butler County, Ohio, as of and for the year ended December 31, 2010, and have issued our report thereon dated August 31, 2012, wherein we noted the Butler County District Board of Health used a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Butler County District Board of Health's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Butler County District Board of Health's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Butler County District Board of Health'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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Butler County District Board of Health's financial statements will not be prevented, or detected and timely corrected.

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

Board of Commissioners
Butler County District Board of Health

Compliance and Other Matters

As part of reasonably assuring whether the Butler County District Board of Health's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the Board of Commissioners, management and others within the Butler County District Board of Health. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
August 31, 2012



Dave Yost • Auditor of State

BUTLER COUNTY DISTRICT BOARD OF HEALTH

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2012**