



Mary Taylor, CPA  
Auditor of State



**BUTLER COUNTY DISTRICT BOARD OF HEALTH  
BUTLER COUNTY**

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BUTLER COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Butler County, Ohio (the District), as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

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 District Board of Health, Butler County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Food Service Fund and Public Health Emergency Preparedness and Response Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis and the respective budgetary comparison for the General Fund, Food Service Fund and Public Health Emergency Preparedness and Response Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 16, 2010

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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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, 2009, 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 2009 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 62 percent of total receipts for 2009. This represents a six percent decrease from 2008. Operating grants and contributions comprise 29 percent of the District's receipts. These receipts increased 59 percent from 2008.

The grant award for the Public Health Infrastructure/Emergency Preparedness/H1N1 is allocated from August 10<sup>th</sup> through August 9<sup>th</sup>. For the grant period 2007-2008, the District received \$217,821 for Emergency Preparedness plus \$93,712 for Pandemic Influenza Planning. For the grant period 2008-2009, the District received \$217,821 for Emergency Preparedness plus \$372,315 for H1N1 Influenza Planning and Vaccination. This funding is shared with the City of Hamilton and City of Middletown Health Department's based on population.

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 12 percent in these fees in 2009 related to the downturn in the economy. Clinic service fees also saw a significant decrease in 2009. Fees in this area decreased 45 percent due to a charge for services in 2008 for a Hepatitis A preventive campaign and the focus on H1N1 vaccinations the last quarter of 2009.

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.

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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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.

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 2009, 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.

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

**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.

**The District as a Whole**

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

Table 1  
Net Assets

	Governmental Activities		
	2009	2008	Change
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,767,876	\$1,751,957	\$15,919
<b>Net Assets</b>			
Restricted for Other Purposes	442,365	363,674	78,691
Unrestricted	1,325,511	1,388,283	(62,772)
Total Net Assets	\$1,767,876	\$1,751,957	\$15,919

The increase in Net Assets Restricted for Other Purposes is due to the District receiving more grant money in 2009. In 2009, the District received \$217,821 on the Public Health Infrastructure Grant, as well as \$372,315 in grant funding for the H1N1 vaccination program. The decrease in Unrestricted Net Assets is due to an overall decrease in fees received in the form of licenses and permits. In 2009, the District contracted with other governmental agencies to provide services funded through grants, including the Cities Readiness Initiative, Immunization Action Plan, and Medical Reserve Corp.

Table 2 reflects the changes in net assets in 2009 and provides a comparison to 2008 amounts.

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Table 2  
Change in Net Assets

	<u>2009</u>	<u>2008</u>	<u>Change</u>
<b>Receipts</b>			
Program Cash Receipts			
Charges for Services and Sales	\$1,449,488	\$1,541,424	(\$91,936)
Operating Grants and Contributions	689,226	433,524	\$255,702
Total Program Cash Receipts	<u>2,138,714</u>	<u>1,974,948</u>	<u>163,766</u>
General Receipts			
Grants and Entitlements not			
Restricted to Specific Programs	198,193	202,069	(3,876)
Total Receipts	<u>2,336,907</u>	<u>2,177,017</u>	<u>159,890</u>
<b>Disbursements</b>			
Public Health Infrastructure	585,329	381,103	(204,226)
Environmental Health	313,111	398,027	84,916
Food Service	597,763	513,132	(84,631)
Plumbing	232,969	268,580	35,611
Nursing	408,058	518,632	110,574
Vital Statistics	183,758	261,289	77,531
Total Disbursements	<u>2,320,988</u>	<u>2,340,763</u>	<u>19,775</u>
Increase (Decrease) in Net Assets	15,919	(163,746)	179,665
Net Assets at Beginning of Year	<u>1,751,957</u>	<u>1,915,703</u>	<u>(163,746)</u>
Net Assets at End of Year	<u>\$1,767,876</u>	<u>\$1,751,957</u>	<u>\$15,919</u>

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. The Public Health Infrastructure Grant contributed nine percent of total receipts while funding for H1N1 programs provided another 15 percent for 2009. Grants and Entitlements also provide major sources of revenues. This includes money from the State of Ohio and other municipalities.

Within the license and permit revenue, plumbing fees decreased 12 percent from 2008. Clinic service fees also saw a significant decrease in 2009. Fees in this area decreased 45 percent from \$154,454 in 2008 to \$85,167 in 2009. In 2008 there was a Hepatitis A outbreak at a local restaurant. The restaurant reimbursed the District \$60,800 for Hepatitis A vaccine.

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
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 2009	Net Cost of Services 2009	Total Cost Of Services 2008	Net Cost of Services 2008
Public Health Infrastructure	\$585,329	(\$103,897)	\$381,103	(\$52,421)
Environmental Health	313,111	99,379	398,027	192,825
Food Service	597,763	90,553	513,132	15,232
Plumbing	232,969	(160,181)	268,580	(180,370)
Nursing	408,058	309,944	518,632	351,566
Vital Statistics	183,758	(53,524)	261,289	38,983
Totals	<u>\$2,320,988</u>	<u>\$182,274</u>	<u>\$2,340,763</u>	<u>\$365,815</u>

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 and has a concern presently for the continuation of Public Health Infrastructure 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, 2009 and 2008.

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Table 4  
Change in Fund Balance

	Fund Balance December 31, 2009	Fund Balance December 31, 2008	Increase (Decrease)	Percentage Change
General Fund	\$1,325,511	\$1,388,283	(\$62,772)	-4.52%
Food Service Fund	268,342	306,666	(38,324)	-12.50%
Public Health Emergency Preparedness and Response Fund	154,702	41,931	112,771	268.94%
All Other Governmental Funds	19,321	15,077	4,244	28.15%
<b>Total</b>	<b>\$1,767,876</b>	<b>\$1,751,957</b>	<b>\$15,919</b>	<b>0.91%</b>

The District's funds had total receipts of \$2,336,907 and disbursements of \$2,320,988. For the General Fund, reduced plumbing and building related fees, other mandated licensing programs, vital statistics and clinic services fees 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 2009. In the Public Health Emergency Preparedness and Response Fund, the timing of grant reimbursements as well as new grant monies, covered the disbursements for the year.

**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 \$1,163,339 while actual receipts were \$1,193,563 for 2009. Original disbursements were budgeted at \$1,748,780 and final disbursements were budgeted at \$1,943,939, while actual disbursements were for \$1,323,352 for 2009. During the course of 2009, 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 Leslie Bishop, Fiscal Officer/Office Manager, 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, 2009

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,767,876</u>
<b>Net Assets</b>	
Restricted for Other Purposes	442,365
Unrestricted	<u>1,325,511</u>
<i>Total Net Assets</i>	<u>\$1,767,876</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, 2009

	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Health:				
Public Health Infrastructure	\$585,329	\$0	\$689,226	\$103,897
Environmental Health	313,111	213,732	0	(99,379)
Food Service	597,763	507,210	0	(90,553)
Plumbing	232,969	393,150	0	160,181
Nursing	408,058	98,114	0	(309,944)
Vital Statistics	183,758	237,282	0	53,524
<i>Total Governmental Activities</i>	<u>\$2,320,988</u>	<u>\$1,449,488</u>	<u>\$689,226</u>	(\$182,274)
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				<u>198,193</u>
Change in Net Assets				15,919
<i>Net Assets at Beginning of Year</i>				<u>1,751,957</u>
<i>Net Assets at End of Year</i>				<u><u>\$1,767,876</u></u>

See accompanying notes to the basic financial statements

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**Butler County District Board of Health**  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2009

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	General Fund	Food Service Fund	Public Health Emergency Preparedness and Response Fund
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,325,511	\$268,342	\$154,702
<b>Fund Balances</b>			
Reserved for Encumbrances	\$67,017	\$168	\$55,365
Unreserved, Undesignated, Reported in:			
General Fund	1,258,494	0	0
Special Revenue Funds	0	268,174	99,337
<i>Total Fund Balances</i>	\$1,325,511	\$268,342	\$154,702

See accompanying notes to the basic financial statements

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All Other Governmental Funds	Total Governmental Funds
<u>\$19,321</u>	<u>\$1,767,876</u>
\$0	\$122,550
0	1,258,494
<u>19,321</u>	<u>386,832</u>
<u>\$19,321</u>	<u>\$1,767,876</u>

**Butler County District Board of Health**  
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009

	General Fund	Food Service Fund	Public Health Emergency Preparedness and Response Fund	All Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Charges for Services	\$335,396	\$0	\$0	\$12,269	\$347,665
Licenses and Permits	560,884	507,210	0	33,729	1,101,823
Intergovernmental	297,283	0	590,136	0	887,419
<i>Total Receipts</i>	<u>1,193,563</u>	<u>507,210</u>	<u>590,136</u>	<u>45,998</u>	<u>2,336,907</u>
<b>Disbursements</b>					
Current:					
Health:					
Public Health Infrastructure	107,964	0	477,365	0	585,329
Environmental Health	271,357	0	0	41,754	313,111
Food Service	52,229	545,534	0	0	597,763
Plumbing	232,969	0	0	0	232,969
Nursing	408,058	0	0	0	408,058
Vital Statistics	183,758	0	0	0	183,758
<i>Total Disbursements</i>	<u>1,256,335</u>	<u>545,534</u>	<u>477,365</u>	<u>41,754</u>	<u>2,320,988</u>
<i>Net Change in Fund Balances</i>	(62,772)	(38,324)	112,771	4,244	15,919
<i>Fund Balances at Beginning of Year</i>	<u>1,388,283</u>	<u>306,666</u>	<u>41,931</u>	<u>15,077</u>	<u>1,751,957</u>
<i>Fund Balances at End of Year</i>	<u>\$1,325,511</u>	<u>\$268,342</u>	<u>\$154,702</u>	<u>\$19,321</u>	<u>\$1,767,876</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)  
General Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Receipts</b>				
Charges for Services	\$290,000	\$290,000	\$335,396	\$45,396
Licenses and Permits	566,500	566,500	560,884	(5,616)
Intergovernmental	306,839	306,839	297,283	(9,556)
<i>Total Receipts</i>	<u>1,163,339</u>	<u>1,163,339</u>	<u>1,193,563</u>	<u>30,224</u>
<b>Disbursements</b>				
Current:				
Health:				
Public Health Infrastructure	441,024	490,241	111,126	379,115
Environmental Health	235,918	262,245	277,393	(15,148)
Food Service	450,393	500,656	53,198	447,458
Plumbing	175,533	195,123	237,292	(42,169)
Nursing	307,457	341,768	427,045	(85,277)
Vital Statistics	138,455	153,906	217,298	(63,392)
<i>Total Disbursements</i>	<u>1,748,780</u>	<u>1,943,939</u>	<u>1,323,352</u>	<u>620,587</u>
<i>Net Change in Fund Balance</i>	(585,441)	(780,600)	(129,789)	650,811
<i>Fund Balance at Beginning of Year</i>	1,361,924	1,361,924	1,361,924	0
<i>Prior Year Encumbrances Appropriated</i>	<u>26,359</u>	<u>26,359</u>	<u>26,359</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$802,842</u></u>	<u><u>\$607,683</u></u>	<u><u>\$1,258,494</u></u>	<u><u>\$650,811</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Receipts</b>				
Licenses and Permits	\$480,000	\$480,000	\$507,210	\$27,210
<b>Disbursements</b>				
Current:				
Health:				
Food Service	<u>493,194</u>	<u>565,534</u>	<u>545,702</u>	<u>19,832</u>
<i>Net Change in Fund Balance</i>	(13,194)	(85,534)	(38,492)	47,042
<i>Fund Balance at Beginning of Year</i>	<u>306,666</u>	<u>306,666</u>	<u>306,666</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$293,472</u></u>	<u><u>\$221,132</u></u>	<u><u>\$268,174</u></u>	<u><u>\$47,042</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)  
Public Health Emergency Preparedness and Response Fund  
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Receipts</b>				
Intergovernmental	\$357,474	\$597,541	\$590,136	(\$7,405)
<b>Disbursements</b>				
Current:				
Health:				
Public Health Infrastructure	<u>398,792</u>	<u>597,192</u>	<u>532,730</u>	<u>64,462</u>
<i>Net Change in Fund Balance</i>	(41,318)	349	57,406	16,437
<i>Fund Deficit at Beginning of Year</i>	<u>41,931</u>	<u>41,931</u>	<u>41,931</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$613</u></u>	<u><u>\$42,280</u></u>	<u><u>\$99,337</u></u>	<u><u>\$16,437</u></u>

See accompanying notes to the basic financial statements

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**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**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, 2009  
(Continued)

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**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.

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

- 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.

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. 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.

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

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.

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, 10<sup>th</sup> 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, 2009  
(Continued)

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**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 Budgetary Basis presented for the General Fund and each major Special Revenue Fund 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 \$67,017, \$168, and \$55,365 in the General Fund, Food Service Special Revenue Fund and Public Health Emergency Preparedness and Response Special Revenue Fund, 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 Coverage**

PEP retains casualty risks up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year.

If losses exhaust PEP's net assets, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. The District can elect additional coverage, from \$3,000,000 to \$13,000,000, General Reinsurance Corporation.

**Property Coverage**

The Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate payment. Travelers provides aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2008 (latest information available) was \$2,976,651.

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

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

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009  
(Continued)

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**Note 4 – Risk Management (continued)**

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2008 and 2007 (latest information available).

	2008	2007
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	\$20,459,329	\$20,219,246

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and net assets above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 443 member governments in 2007. These amounts will be included in future contributions from members when the related claims are due for payment. The District’s share of these unpaid claims collectible in future years is approximately \$33,304. 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.

Year	Contributions to PEP
2009	\$34,334
2008	34,923
2007	37,138

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation. Workers’ compensation coverage is provided by the State. The District pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009  
(Continued)

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**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 that has elements of both a defined benefit and a defined contribution 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.

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 2009 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$99,022, \$84,676, and \$106,072, respectively; 100 percent has been contributed for 2009, 2008 and 2007

**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. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

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.

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009  
(Continued)

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**Note 6 – Post-employment Benefits (continued)**

Disclosures for the health care plan are presented separately in 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 the traditional pension and combined plans is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local 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 post-employment health care benefits. For 2009, the amount of the employer contributions which was allocated to fund post-employment health care was 5.5 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$64,073, \$84,676, and \$69,867, respectively; 100 percent has been contributed for 2009, 2008 and 2007.

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 as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Butler County, Ohio (the District), as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

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 District Board of Health, Butler County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Food Service Fund and Public Health Infrastructure Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis and the respective budgetary comparison for the General Fund, Food Service Fund and Public Health Infrastructure Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 16, 2010

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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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, 2008, 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 2008 are as follows:

Program specific receipts in the form of charges for services and sales and operating grants and contributions comprise the largest percentage of the District's receipts. Charges for services totaled 71 percent of total receipts for 2008. This receipt line decreased from 2007.

The Public Health Infrastructure Grant continued to fund three staff positions in 2008. Equipment was purchased, including desktop and laptop computers. The grant financially supported cell phones and service for all staff. Cities Readiness Initiative funding was also received during this fiscal year. Multi-disciplinary trainings were able to be attended utilizing grant funding.

Plumbing and building related fees continued to be a significant percentage of receipts as has been the case for many years. There was a decrease of 21 percent in these fees in 2008 related to the downturn in the economy.

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 provides 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, 2008  
Unaudited

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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 2008, 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 sales 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 Infrastructure, and Other Governmental Funds.

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2008 compared to 2007 on a cash basis:

Table 1  
Net Assets

	Governmental Activities		Change
	2008	2007	
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,751,957	\$1,915,703	(\$163,746)
<b>Net Assets</b>			
Restricted for Other Purposes	363,674	215,631	148,043
Unrestricted	1,388,283	1,700,072	(311,789)
Total Net Assets	\$1,751,957	\$1,915,703	(\$163,746)

The increase in Net Assets Restricted for Other Purposes is primarily due to the licensing year as opposed to the fiscal year in the Food Service Fund combined with additional receipts being received on the Public Health Infrastructure Grant. The decrease in Unrestricted Net Assets is due to a decrease in fees of 21 percent received in the form of licenses and permits. In 2009, the District contracted out services to administer grants received by other municipalities, including Cities Readiness Initiative, Immunization Action Plan, and Medical Reserve Corp.

Table 2 reflects the changes in net assets in 2008 and provides a comparison to 2007 amounts.

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

Table 2  
Change in Net Assets

	<u>2008</u>	<u>2007</u>	<u>Change</u>
<b>Receipts</b>			
Program Cash Receipts			
Charges for Services and Sales	\$1,541,424	\$1,690,295	(\$148,871)
Operating Grants and Contributions	433,524	434,904	(1,380)
Total Program Cash Receipts	<u>1,974,948</u>	<u>2,125,199</u>	<u>(\$150,251)</u>
General Receipts			
Grants and Entitlements not Restricted to Specific Programs	202,069	203,458	(1,389)
Miscellaneous	0	7,719	(7,719)
Total General Receipts	<u>202,069</u>	<u>211,177</u>	<u>(9,108)</u>
Total Receipts	<u>2,177,017</u>	<u>2,336,376</u>	<u>(159,359)</u>
<b>Disbursements</b>			
Public Health Infrastructure	381,103	484,412	103,309
Environmental Health	398,027	402,916	4,889
Food Service	513,132	609,372	96,240
Plumbing	268,580	282,374	13,794
Nursing	518,632	489,508	(29,124)
Vital Statistics	261,289	244,631	(16,658)
Total Expenses	<u>2,340,763</u>	<u>2,513,213</u>	<u>172,450</u>
Decrease in Net Assets	(163,746)	(176,837)	13,091
Net Assets at Beginning of Year	<u>1,915,703</u>	<u>2,092,540</u>	<u>(176,837)</u>
Net Assets at End of Year	<u>\$1,751,957</u>	<u>\$1,915,703</u>	<u>(\$163,746)</u>

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. The Public Health Infrastructure Grant contributed 10 percent of total receipts for 2008. Grants and Entitlements also provide major sources of revenues. This includes money from the State of Ohio and other municipalities.

Within the license and permit revenue, plumbing fees decreased 21 percent in 2008. Disbursements for 2008 were less than 2007 due to reduced revenue and staff reductions.

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

**Governmental Activities**

If you look at the statement of activities – cash basis, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. 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 2008	Net Cost of Services 2008	Total Cost Of Services 2007	Net Cost of Services 2007
Public Health Infrastructure	\$381,103	(\$52,421)	\$484,412	\$49,508
Environmental Health	398,027	192,825	402,916	183,527
Food Service	513,132	15,232	609,372	127,249
Plumbing	268,580	(180,370)	282,374	(317,001)
Nursing	518,632	351,566	489,508	330,114
Vital Statistics	261,289	38,983	244,631	14,617
Totals	<u>\$2,340,763</u>	<u>\$365,815</u>	<u>\$2,513,213</u>	<u>\$388,014</u>

The District has tried to limit its dependence upon 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 and has a concern presently for the continuation of Public Health Infrastructure 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. Table 4 below indicates the fund balance and the total change in fund balance as of December 31, 2008 and 2007.

Table 4  
Change in Fund Balance

	Fund Balance December 31, 2008	Fund Balance December 31, 2007	Increase (Decrease)	Percentage Change
General Fund	\$1,388,283	\$1,700,072	(\$311,789)	-18.34%
Food Service Fund	306,666	226,647	80,019	35.31%
Public Health Infrastructure Fund	41,931	(21,541)	63,472	294.66%
All Other Governmental Funds	15,077	10,525	4,552	43.25%
Total	<u>\$1,751,957</u>	<u>\$1,915,703</u>	<u>(\$163,746)</u>	<u>-8.55%</u>

**Butler County District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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The District's funds had total receipts of \$2,177,017 and disbursements of \$2,340,763. For the General Fund, reduced plumbing and building related fees, and other mandated licensing programs, vital statistics and clinic services fees 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 enough to cover disbursements for 2008. In the Public Health Infrastructure Fund, the timing of grant reimbursements covered the disbursements for the year.

**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 \$995,334 while actual receipts were \$1,297,880 for 2008. Original disbursements were budgeted at \$1,971,683 and final disbursements were budgeted at \$2,011,717, while actual disbursements were for \$1,636,028 for 2008. During the course of 2008, 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 Leslie Bishop, Fiscal Officer/Office Manager, 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, 2008

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,751,957</u>
<b>Net Assets</b>	
Restricted for Other Purposes	363,674
Unrestricted	<u>1,388,283</u>
<i>Total Net Assets</i>	<u>\$1,751,957</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, 2008

	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
			Governmental Activities
<b>Governmental Activities</b>			
Health:			
Public Health Infrastructure	\$381,103	\$0	\$433,524
Environmental Health	398,027	205,202	0
Food Service	513,132	497,900	0
Plumbing	268,580	448,950	0
Nursing	518,632	167,066	0
Vital Statistics	261,289	222,306	0
<i>Total Governmental Activities</i>	<u>\$2,340,763</u>	<u>\$1,541,424</u>	<u>\$433,524</u>
			(365,815)
<b>General Receipts</b>			
Grants and Entitlements not Restricted to Specific Programs			202,069
Change in Net Assets			(163,746)
<i>Net Assets at Beginning of Year</i>			1,915,703
<i>Net Assets at End of Year</i>			<u>\$1,751,957</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, 2008

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Public Health Infrastructure Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$1,388,283</u>	<u>\$306,666</u>	<u>\$41,931</u>	<u>\$15,077</u>	<u>\$1,751,957</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	\$26,359	\$0	\$0	\$0	\$26,359
Unreserved, Undesignated, Reported in:					
General Fund	1,361,924	0	0	0	1,361,924
Special Revenue Funds	<u>0</u>	<u>306,666</u>	<u>41,931</u>	<u>15,077</u>	<u>363,674</u>
<i>Total Fund Balances</i>	<u>\$1,388,283</u>	<u>\$306,666</u>	<u>\$41,931</u>	<u>\$15,077</u>	<u>\$1,751,957</u>

See accompanying notes to the basic financial statements

**Butler County District Board of Health**  
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Public Health Infrastructure Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>					
Charges for Services	\$389,372	\$0	\$0	\$13,571	\$402,943
Licenses and Permits	607,050	497,900	0	33,531	1,138,481
Intergovernmental	301,458	0	334,135	0	635,593
<i>Total Receipts</i>	<u>1,297,880</u>	<u>497,900</u>	<u>334,135</u>	<u>47,102</u>	<u>2,177,017</u>
<b>Disbursements</b>					
Current:					
Health:					
Public Health Infrastructure	110,440	0	270,663	0	381,103
Environmental Health	355,477	0	0	42,550	398,027
Food Service	95,251	417,881	0	0	513,132
Plumbing	268,580	0	0	0	268,580
Nursing	518,632	0	0	0	518,632
Vital Statistics	261,289	0	0	0	261,289
<i>Total Disbursements</i>	<u>1,609,669</u>	<u>417,881</u>	<u>270,663</u>	<u>42,550</u>	<u>2,340,763</u>
<i>Net Change in Fund Balances</i>	(311,789)	80,019	63,472	4,552	(163,746)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>1,700,072</u>	<u>226,647</u>	<u>(21,541)</u>	<u>10,525</u>	<u>1,915,703</u>
<i>Fund Balances at End of Year</i>	<u>\$1,388,283</u>	<u>\$306,666</u>	<u>\$41,931</u>	<u>\$15,077</u>	<u>\$1,751,957</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)  
General Fund  
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Receipts</b>				
Charges for Services	\$290,000	\$290,000	\$389,372	\$99,372
Licenses and Permits	616,469	616,469	607,050	(9,419)
Intergovernmental	88,865	88,865	301,458	212,593
<i>Total Receipts</i>	<u>995,334</u>	<u>995,334</u>	<u>1,297,880</u>	<u>302,546</u>
<b>Disbursements</b>				
Current:				
Health:				
Public Health Infrastructure	225,192	138,026	112,201	25,825
Environmental Health	439,965	444,264	362,705	81,559
Food Service	111,140	119,042	96,211	22,831
Plumbing	322,389	335,663	271,141	64,522
Nursing	578,832	648,171	529,898	118,273
Vital Statistics	294,165	326,551	263,872	62,679
<i>Total Disbursements</i>	<u>1,971,683</u>	<u>2,011,717</u>	<u>1,636,028</u>	<u>375,689</u>
<i>Net Change in Fund Balance</i>	(976,349)	(1,016,383)	(338,148)	678,235
<i>Fund Balance at Beginning of Year</i>	<u>1,700,072</u>	<u>1,700,072</u>	<u>1,700,072</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$723,723</u></u>	<u><u>\$683,689</u></u>	<u><u>\$1,361,924</u></u>	<u><u>\$678,235</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Receipts</b>				
Licenses and Permits	\$460,000	\$460,000	\$497,900	\$37,900
<b>Disbursements</b>				
Current:				
Health:				
Food Service	<u>464,921</u>	<u>464,921</u>	<u>417,881</u>	<u>47,040</u>
<i>Net Change in Fund Balance</i>	(4,921)	(4,921)	80,019	84,940
<i>Fund Balance at Beginning of Year</i>	<u>226,647</u>	<u>226,647</u>	<u>226,647</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$221,726</u></u>	<u><u>\$221,726</u></u>	<u><u>\$306,666</u></u>	<u><u>\$84,940</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)  
Public Health Infrastructure Fund  
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Receipts</b>				
Intergovernmental	\$334,135	\$334,135	\$334,135	\$0
<b>Disbursements</b>				
Current:				
Health:				
Public Health Infrastructure	<u>270,663</u>	<u>270,663</u>	<u>270,663</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	63,472	63,472	63,472	0
<i>Fund Deficit at Beginning of Year</i>	<u>(21,541)</u>	<u>(21,541)</u>	<u>(21,541)</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$41,931</u></u>	<u><u>\$41,931</u></u>	<u><u>\$41,931</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**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. 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, 2008  
(Continued)

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**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. Non-major 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.

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

- Public Health Infrastructure Fund – This fund accounts for grant proceeds received from the Ohio Department of Health and supports three full time staff members. The fund was established to promote disaster preparedness in Butler County.

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. 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.

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

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.

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, 10<sup>th</sup> 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, 2008  
(Continued)

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**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 Budgetary Basis presented for the General Fund and each major Special Revenue Fund 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 \$26,359 in the General Fund.

**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 Coverage**

PEP retains casualty risks up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year.

If losses exhaust PEP's net assets, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. The District can elect additional coverage, from \$3,000,000 to \$13,000,000, General Reinsurance Corporation.

**Property Coverage**

The Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate payment. Travelers provides aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2008 was \$2,976,651.

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

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

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 4 – Risk Management (continued)**

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and the following assets, liabilities and net assets at December 31, 2008 and 2007.

	2008	2007
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	\$20,459,329	\$20,219,246

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and net assets above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008. These amounts will be included in future contributions from members when the related claims are due for payment. The District’s share of these unpaid claims collectible in future years is approximately \$33,875. 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.

Year	Contributions to PEP
2008	\$34,923
2007	37,138
2006	36,397

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation. Workers’ compensation coverage is provided by the State. The District pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**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 that has elements of both a defined benefit and a defined contribution 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.

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, 2008, 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 2008 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$84,676, \$106,072, and \$114,437, respectively; 100 percent has been contributed for 2008, 2007 and 2006.

**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. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

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.

**Butler County District Board of Health**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 6 – Post-employment Benefits (continued)**

Disclosures for the health care plan are presented separately in 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 the traditional and combined plans is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local 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 post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$84,676, \$69,867, and \$55,974, respectively; 100 percent has been contributed for 2008, 2007 and 2006.

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 as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Butler County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District'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 Government'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 of this section 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 defined above.

### **Compliance and Other Matters**

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 16, 2010

**BUTLER COUNTY DISTRICT BOARD OF HEALTH  
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;
2007-001	Material Weakness – Comingled Receipts and Disbursements	Fully Corrected	





**Mary Taylor, CPA**  
Auditor of State

**BUTLER COUNTY DISTRICT BOARD OF HEALTH**

**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  
SEPTEMBER 14, 2010**