



Dave Yost • Auditor of State

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis For the Year Ended December 31, 2010	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis December 31, 2010.....	11
Statement of Activities – Cash Basis For the Year Ended December 31, 2010	12
Governmental Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2010.....	13
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2010	14
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis - General Fund For the Year Ended December 31, 2010	15
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis – Public Health Emergency Preparedness (PHEP) Fund For the Year Ended December 31, 2010	16
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis - Help Me Grow Fund For the Year Ended December 31, 2010	17
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual - Budget Basis – Women, Infants and Children Fund (WIC) For the Year Ended December 31, 2010	18
Notes to the Basic Financial Statements For the Year Ended December 31, 2010	19
Federal Awards Expenditures Schedule For the Year Ended December 31, 2010	29
Notes to the Federal Awards Expenditures Schedule For the Year Ended December 31, 2010	30

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Management's Discussion and Analysis For the Year Ended December 31, 2009	31
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis December 31, 2009.....	37
Statement of Activities – Cash Basis For the Year Ended December 31, 2009	38
Governmental Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2009.....	39
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances– Governmental Funds For the Year Ended December 31, 2009	40
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2009	41
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual – Budget Basis – Help Me Grow Fund For the Year Ended December 31, 2009	42
Notes to the Basic Financial Statements For the Year Ended December 31, 2009	43
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required By OMB Circular A-133.....	55
Schedule of Findings.....	57



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sidney-Shelby County Board of Health
Shelby County
202 West Poplar Street
Sidney, Ohio 45365

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sidney-Shelby County Board of Health, Shelby County, (the Health District), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Health District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Health 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 Sidney-Shelby County Board of Health, Shelby County, as of December 31, 2010 and 2009, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General Fund, Public Health Emergency Preparedness (PHEP) Fund, Help Me Grow Fund, and Women, Infants and Children (WIC) Fund thereof for the years 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 June 6, 2011, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Health District's basic financial statements taken as a whole. The Federal Awards Expenditure Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Expenditure Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

June 6, 2011

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

The discussion and analysis of the Sidney-Shelby County Board of Health's (the Health District) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2010, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health 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 Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2010 are as follows:

- Net assets increased by \$83,139. The majority of the increase is from the WIC Fund, and is attributed to grant payments received at the end of 2010 that were not spent until 2011. The General Fund also had an increase in net assets due to the continued monitoring of disbursements in relation to receipts during this economic recession.
- The Health District received \$2,618,402 in revenues during 2010. Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 73.7 percent of all the dollars coming into the Health District. General receipts in the form of property taxes, subdivision revenue, and miscellaneous revenue make up the other 26.3 percent.
- The Health District had \$2,535,263 in disbursements during 2010.

Using the Basic Financial Statements

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

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 Health 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 Statement of Activities – Cash Basis provide information about the activities of the whole Health District, presenting both an aggregate view of the Health 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 Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

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

Reporting the Health District as a Whole

The statement of net assets and the statement of activities reflect how the Health District did financially during 2010, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health 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 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 Health District's general receipts.

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

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District has no business-type activities.

Reporting the Health District's Most Significant Funds

Fund Financial Statements – Fund financial statements provide detailed information about the Health District's major funds – not the Health District as a whole. The Health 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 Health District are governmental.

Governmental Funds – The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health 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 Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General Fund, PHEP Fund, Help Me Grow Fund, and WIC Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

The Health District as a Whole

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

**Table 1
Net Assets – Cash Basis**

	Governmental Activities		
	2010	2009	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$662,907	\$579,768	\$83,139
Total Assets	<u>662,907</u>	<u>579,768</u>	<u>83,139</u>
Net Assets			
Restricted	284,354	230,542	53,812
Unrestricted	378,553	349,226	29,327
Total Net Assets	<u><u>\$662,907</u></u>	<u><u>\$579,768</u></u>	<u><u>\$83,139</u></u>

As mentioned previously, net assets increased by \$83,139. The majority of the increase is from the WIC Fund, and is attributed to grant payments received at the end of 2010 that were not spent until 2011. The General Fund also had an increase in net assets due to the continued monitoring of disbursements in relation to receipts during this economic recession.

Table 2 reflects the change in net assets in 2010 and provides a comparison to prior year amounts.

**Table 2
Changes in Net Assets**

	Governmental Activities		
	2010	2009	Change
Receipts			
Program Cash Receipts:			
Charges for Services and Sales	\$ 983,160	\$ 975,634	\$ 7,526
Operating Grants and Contributions	947,001	734,932	212,069
Total Program Cash Receipts	<u>1,930,161</u>	<u>1,710,566</u>	<u>219,595</u>
General Receipts:			
Property Taxes Levied for			
Board of Health Purposes	397,707	392,384	5,323
Subdivision Revenue	289,994	289,943	51
Miscellaneous	540	4,061	(3,521)
Total General Receipts	<u>688,241</u>	<u>686,388</u>	<u>1,853</u>
Total Receipts	<u>2,618,402</u>	<u>2,396,954</u>	<u>221,448</u>
Disbursements			
Environmental Health:			
General Health	1,213,197	1,033,556	179,641
Water	29,132	27,109	2,023
Sewage	94,317	61,972	32,345
Solid Waste	10,975	10,717	258
Community Health Services:			
WIC	185,189	172,560	12,629
Help Me Grow	249,351	283,669	(34,318)

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

**Table 2
Changes in Net Assets
(Continued)**

	Governmental Activities		
	2010	2009	Change
Immunizations	155,546	141,862	13,684
Manufactured Home Parks	7,113	11,237	(4,124)
Camps	6,665	6,396	269
Pools	10,157	9,704	453
Food	72,873	72,272	601
Building	123,932	69,934	53,998
Plumbing	42,134	40,064	2,070
Well Child	38,457	64,317	(25,860)
Health Promotion and Planning			
Health Assistance Program	17,959	48,929	(30,970)
Public Health Emergency			
Preparedness	172,233	173,678	(1,445)
Capital Outlay	106,033	7,778	98,255
Total Disbursements	<u>2,535,263</u>	<u>2,235,754</u>	<u>299,509</u>
Change in Net Assets	83,139	161,200	(78,061)
Net Assets Beginning of Year	579,768	418,568	161,200
Net Assets End of Year	<u>\$ 662,907</u>	<u>\$ 579,768</u>	<u>\$ 83,139</u>

In 2010, 26.3 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for Board of Health purposes and subdivision revenue collected from the cities, villages and townships of Shelby County. Program receipts accounted for 73.7 percent of the Health District's total receipts in the year 2010. These receipts consist primarily of various charges for services and various licenses, permits and fees, and state, federal and local operating grants.

The expense classifications represent the cost of operating the Health District and the various support services provided by the Health District. These include primarily the costs of personnel and personnel support, as the primary product of the Health District is preventive health services, which are labor-intensive. Each expense classification represents the actual fund name. Capital outlay expenditures signify the disbursements for equipment for use in administering the Health District's services.

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 Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Health, Public Health and Emergency Preparedness (PHEP), Help Me Grow, and Women, Infants and Children (WIC) which account for 47.9 percent, 6.8 percent, 9.8 percent, and 7.3 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who were directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net cost 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 and taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3.

**Table 3
Governmental Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Health	\$1,213,197	(\$656,593)	\$1,033,556	(\$550,280)
Water	29,132	(3,052)	27,109	4,450
Sewage	94,317	2,809	61,972	5,036
Solid Waste	10,975	595	10,717	(119)
WIC	185,189	69,554	172,560	(58,255)
Help Me Grow	249,351	(22,340)	283,669	67,762
Immunizations	155,546	(4,951)	141,862	(2,029)
Manufactured Home Parks	7,113	1,871	11,237	(1,550)
Camps	6,665	(379)	6,396	(220)
Pools	10,157	163	9,704	391
Food	72,873	657	72,272	2,408
Building	123,932	5,721	69,934	3,760
Plumbing	42,134	13,146	40,064	3,372
Well Child	38,457	8,652	64,317	(11,219)
Senior Health				
Health Assistance Program	17,959	(5,670)	48,929	(8,929)
Public Health Emergency				
Preparedness	172,233	90,748	173,678	28,012
Capital Outlay	106,033	(106,033)	7,778	(7,778)
Totals	<u><u>\$2,535,263</u></u>	<u><u>(\$605,102)</u></u>	<u><u>\$2,235,754</u></u>	<u><u>(\$525,188)</u></u>

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing State and Federal grants and charging rates for services that are closely related to costs. Only 27.1 percent of the Health District costs are supported through property taxes, subdivision revenue, and other general receipts.

The Health District's Funds

As noted earlier, the Health District uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The focus of the Health District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Health District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the year.

At the end of 2010, the Health District's governmental funds reported total ending fund balances of \$662,907. The entire total is unreserved fund balance, which is available for spending.

While governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The general fund is the chief operating fund of the Health District. At the end of 2010, unreserved fund balance in the general fund was \$378,553. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 31.1 percent of the total general fund expenditures.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

Revenues exceeded expenditures in the general fund by \$29,327 in 2010. License and permit fees and charges for services account for 23.7 percent of revenues in the general fund. Subdivision revenues consist of payments from the townships, villages and cities in the Health District. Intergovernmental revenues consist of state subsidies.

The Public Health Emergency Preparedness (PHEP) special revenue fund accounts for federal grant monies for the PHEP program. This fund receives Federal grant money used to address bioterrorism, other outbreaks of communicable diseases, and other public health threats and emergencies at the county and regional public health level. At the end of 2010, the total fund balance was \$22,705.

The Help Me Grow special revenue fund accounts for monies received through a service agreement between the Shelby County Family and Children First Council and the Health District, with the Health District as a provider of services for the Help Me Grow program. Help Me Grow is a program for expectant parents, newborns, infants, and toddlers. The program focuses on the growth and development of children ages birth to three years and provides newborn home visits and on-going health developmental health services. At the end of 2010, the total fund balance was \$82,308.

The Women, Infants, and Children (WIC) special revenue fund accounts for federal grant monies for the WIC program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. At the end of 2010 the total fund balance was \$83,904.

General Fund Budgeting Highlights

The Health 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.

During the course of 2010, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no changes between the original and the final estimated receipts. Appropriations for Capital Outlay decreased based on decision to not purchase as much equipment.

Capital Assets

The Health District does not currently report its capital assets for financial reporting purposes. The Health District has not made plans to report capital assets, as it is not required by law.

Debt Administration

At December 31, 2010, the Health District's outstanding debt included future lease payments for the office facility, as well as accumulated sick and vacation leave balances for the Health District's employees. The Health District does not currently report its outstanding debt obligations for financial reporting purposes.

Current Issues

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes. With these resources, along with conservative spending, the Health District can continue to provide its current level of services even with shrinking grant funding. We plan to continue the same programs, with only minor changes, for the next few years.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Steven Tostrick, Health Commissioner, Sidney-Shelby County Board of Health, 202 West Poplar Street, Sidney, Ohio 45365.

This page intentionally left blank

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$662,907
Total Assets	<u>662,907</u>
Net Assets:	
Restricted for:	
Other Purposes	284,354
Unrestricted	378,553
Total Net Assets	<u>\$662,907</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

	<u>Disbursements</u>	<u>Program Receipts</u>		<u>(Net) Disbursements Receipts and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Governmental Activities:				
Environmental Health:				
General Health	\$1,213,197	\$294,949	\$261,655	(\$656,593)
Water	29,132	26,080		(3,052)
Sewage	94,317	62,126	35,000	2,809
Solid Waste	10,975	11,570		595
Community Health Services:				
WIC	185,189	380	254,363	69,554
Help Me Grow	249,351	227,011		(22,340)
Immunizations	155,546	76,171	74,424	(4,951)
Manufactured Home Parks	7,113	8,984		1,871
Camps	6,665	6,286		(379)
Pools	10,157	10,320		163
Food	72,873	73,530		657
Building	123,932	129,653		5,721
Plumbing	42,134	55,280		13,146
Well Child	38,457	820	46,289	8,652
Health Promotion and Planning:				
Health Assistance Program	17,959		12,289	(5,670)
Public Health Emergency Preparedness	172,233		262,981	90,748
Capital Outlay	106,033			(106,033)
Total Governmental Activities	<u>\$2,535,263</u>	<u>\$983,160</u>	<u>\$947,001</u>	<u>(605,102)</u>
General Receipts:				
Property Taxes Levied for:				
				397,707
				289,994
				540
				<u>688,241</u>
				83,139
				<u>579,768</u>
				<u>\$662,907</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

	<u>General</u>	<u>PHEP</u>	<u>Help Me Grow</u>	<u>WIC</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$378,553	\$22,705	\$82,308	\$83,904	\$95,437	\$662,907
Total Assets	<u>378,553</u>	<u>22,705</u>	<u>82,308</u>	<u>83,904</u>	<u>95,437</u>	<u>662,907</u>
Fund Balances:						
Unreserved:						
Undesignated, Reported in:						
General Fund	378,553					378,553
Special Revenue Funds		22,705	82,308	83,904	95,437	284,354
Total Fund Balances	<u>\$378,553</u>	<u>\$22,705</u>	<u>\$82,308</u>	<u>\$83,904</u>	<u>\$95,437</u>	<u>\$662,907</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

	<u>General</u>	<u>PHEP</u>	<u>Help Me Grow</u>	<u>WIC</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:						
Property and Other Local Taxes	\$397,707					\$397,707
Subdivision Revenue	289,994					289,994
Intergovernmental	257,255	\$262,981		\$254,363	\$155,713	930,312
Local Grant Funding	4,400				12,289	16,689
Fees, Licenses and Permits	80,741				383,829	464,570
Charges for Services	214,208		\$227,011	380	76,991	518,590
Miscellaneous	357		35		148	540
Total Receipts	<u>1,244,662</u>	<u>262,981</u>	<u>227,046</u>	<u>254,743</u>	<u>628,970</u>	<u>2,618,402</u>
Disbursements:						
Current:						
Environmental Health:						
General Health	1,213,197					1,213,197
Water					29,132	29,132
Sewage					94,317	94,317
Solid Waste					10,975	10,975
Community Health Services:						
WIC				185,189		185,189
Help Me Grow			249,351			249,351
Immunizations					155,546	155,546
Manufactured Home Parks					7,113	7,113
Camps					6,665	6,665
Pools					10,157	10,157
Food					72,873	72,873
Building					123,932	123,932
Plumbing					42,134	42,134
Well Child					38,457	38,457
Health Promotion and Planning:						
Health Assistance Program					17,959	17,959
Public Health Emergency Preparedness		172,233				172,233
Capital Outlay	2,138	99,848		4,047		106,033
Total Disbursements	<u>1,215,335</u>	<u>272,081</u>	<u>249,351</u>	<u>189,236</u>	<u>609,260</u>	<u>2,535,263</u>
Excess of Receipts Over (Under) Disbursements	29,327	(9,100)	(22,305)	65,507	19,710	83,139
Other Financing Sources (Uses):						
Advances In	16,300			16,300		32,600
Advances Out	(16,300)			(16,300)		(32,600)
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	29,327	(9,100)	(22,305)	65,507	19,710	83,139
Fund Balances Beginning of Year	<u>349,226</u>	<u>31,805</u>	<u>104,613</u>	<u>18,397</u>	<u>75,727</u>	<u>579,768</u>
Fund Balances End of Year	<u>\$378,553</u>	<u>\$22,705</u>	<u>\$82,308</u>	<u>\$83,904</u>	<u>\$95,437</u>	<u>\$662,907</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$400,000	\$400,000	\$397,707	(\$2,293)
Subdivision Revenue	290,000	290,000	289,994	(6)
Intergovernmental	211,225	211,225	257,255	46,030
Local Grant Funding			4,400	4,400
Fees, Licenses and Permits	72,295	72,295	80,741	8,446
Charges for Services	195,680	195,680	214,208	18,528
Miscellaneous	700	700	357	(343)
Total Receipts	<u>1,169,900</u>	<u>1,169,900</u>	<u>1,244,662</u>	<u>74,762</u>
Disbursements:				
Current:				
Environmental Health				
General Environmental Health	1,236,100	1,248,100	1,213,197	34,903
Capital Outlay	25,000	3,000	2,138	862
Total Disbursements	<u>1,261,100</u>	<u>1,251,100</u>	<u>1,215,335</u>	<u>35,765</u>
Excess of Receipts Over (Under) Disbursements	<u>(91,200)</u>	<u>(81,200)</u>	<u>29,327</u>	<u>110,527</u>
Other Financing Sources (Uses):				
Advances In		16,300	16,300	
Advances Out		(16,300)	(16,300)	
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(91,200)	(81,200)	29,327	110,527
Fund Balances Beginning of Year	<u>349,226</u>	<u>349,226</u>	<u>349,226</u>	
Fund Balances End of Year	<u>\$258,026</u>	<u>\$268,026</u>	<u>\$378,553</u>	<u>\$110,527</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH EMERGENCY PREPAREDNESS (PHEP) FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$262,913	\$262,913	\$262,981	\$68
Total Receipts	<u>262,913</u>	<u>262,913</u>	<u>262,981</u>	<u>68</u>
Disbursements:				
Current:				
Public Health Emergency Preparedness	201,735	182,658	172,233	10,425
Capital Outlay	65,000	100,681	99,848	833
Total Disbursements	<u>266,735</u>	<u>283,339</u>	<u>272,081</u>	<u>11,258</u>
Net Change in Fund Balances	(3,822)	(20,426)	(9,100)	11,326
Fund Balances Beginning of Year	<u>31,805</u>	<u>31,805</u>	<u>31,805</u>	
Fund Balances End of Year	<u><u>\$27,983</u></u>	<u><u>\$11,379</u></u>	<u><u>\$22,705</u></u>	<u><u>\$11,326</u></u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts;				
Charges for Services	\$254,836	\$254,836	\$227,011	(\$27,825)
Miscellaneous			35	35
Total Receipts	<u>254,836</u>	<u>254,836</u>	<u>227,046</u>	<u>(27,790)</u>
Disbursements:				
Current:				
Help Me Grow	261,968	261,968	249,351	12,617
Total Disbursements	<u>261,968</u>	<u>261,968</u>	<u>249,351</u>	<u>12,617</u>
Net Change in Fund Balances	(7,132)	(7,132)	(22,305)	(15,173)
Fund Balances Beginning of Year	<u>104,613</u>	<u>104,613</u>	<u>104,613</u>	
Fund Balances End of Year	<u>\$97,481</u>	<u>\$97,481</u>	<u>\$82,308</u>	<u>(\$15,173)</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOMEN, INFANTS AND CHILDREN (WIC) FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$184,000	\$184,000	\$254,363	\$70,363
Charges for Services			380	380
Total Receipts	<u>184,000</u>	<u>184,000</u>	<u>254,743</u>	<u>70,743</u>
Disbursements:				
Current:				
Community Health Services				
WIC	178,970	189,991	185,189	4,802
Capital Outlay	1,000	4,479	4,047	432
Total Disbursements	<u>179,970</u>	<u>194,470</u>	<u>189,236</u>	<u>5,234</u>
Excess of Receipts Over (Under) Disbursements	<u>4,030</u>	<u>(10,470)</u>	<u>65,507</u>	<u>75,977</u>
Other Financing Sources (Uses):				
Advances In		16,300	16,300	
Advances Out		(16,300)	(16,300)	
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	4,030	(10,470)	65,507	75,977
Fund Balances Beginning of Year	<u>18,397</u>	<u>18,397</u>	<u>18,397</u>	
Fund Balances End of Year	<u><u>\$22,427</u></u>	<u><u>\$7,927</u></u>	<u><u>\$83,904</u></u>	<u><u>\$75,977</u></u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Sidney-Shelby County Board of Health, Shelby County, (the Health District) as a body corporate and politic. An appointed five-member Board governs the Health District. The Board acts upon various complaints made to the Health District concerning the health and welfare of the County. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include communicable disease investigations, disease prevention and control, vital statistics, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, and emergency response planning.

B. Component Units

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; or the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Health District, are accessible to the Health District and are significant in amount to the Health District. The Health District has no component units.

C. Public Entity Risk Pools

The Health District participates in the Public Entities Pool of Ohio (PEP) and the Midwest Employee Benefit Consortium (MEBC) public entity risk pools. Note 5 to the financial statements provides additional information for these entities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, 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 Health District's accounting policies.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Health 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.

- 1. Government-Wide Financial Statements** – The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. 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 Health District has no business-type activities.

The statement of net assets presents the cash balances of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health 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 Health 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 requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health 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 Health District.

- 2. Fund Financial Statements** – During the year, the Health District segregates transactions related to certain Health 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 Health 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 Health 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. The funds of the Health District are presented as governmental.

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

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 Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Public Health Emergency Preparedness (PHEP) special revenue fund accounts for federal grant monies for the PHEP program. This fund receives Federal grant money used to address bioterrorism, other outbreaks of communicable diseases, and other public health threats and emergencies at the county and regional public health level.

The Help Me Grow special revenue fund accounts for monies received through a service agreement between the Shelby County Family and Children First Council and the Health District, with the Health District as a provider of services for the Help Me Grow program. Help Me Grow is a program for expectant parents, newborns, infants, and toddlers. The program focuses on the growth and development of children ages birth to three years and provides newborn home visits and on-going health developmental health services.

The Women, Infants, and Children (WIC) special revenue fund accounts for federal grant monies for the WIC program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods.

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

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Health 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 Health 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 liabilities and their related expenses) are not recorded in these financial statements.

D. Budgetary Process

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

ORC Section 5705.28INTERFOLD(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five 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.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health 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 Health 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 Health District.

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

E. Cash and Investments

The County Treasurer is the custodian for the Health District's cash. The County's cash and investment pool holds the Health District's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. Information can be obtained from the County Treasurer, Linda Meining, at the Shelby County Annex, Floor 3, 129 East Court Street, Sidney, Ohio 45365.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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 Health District's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include balances of state and federal grant funds.

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

There are no net assets restricted by enabling legislation as of December 31, 2010.

N. Fund Balance Reserves

The Health 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. Fund balance reserves have not been established for any purposes.

O. 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.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property (other than public utility) located in the County. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility) are for 2010 taxes. 2010 real property taxes are levied after October 1, 2009 on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. 2010 tangible personal property taxes are levied after October 1, 2009, on the value as of December 31, 2009. Collections are made in 2010. The tangible personal property tax was phased out over a four-year period ending in 2009.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. The County Auditor remits to the Health District its portion of the taxes collected

The full tax rate for all Health District operations for the year ended December 31, 2010, was \$.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$933,305,610
Public Utility Property	878,940
Tangible Personal Property	31,475,110
Total Assessed Values	<u>\$965,659,660</u>

5. RISK MANAGEMENT

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

The Health District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

5. RISK MANAGEMENT (Continued)

A. Public Entities Pool of Ohio (PEP)

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

Casualty and Property Coverage

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

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

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

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Health District's share of these unpaid claims collectible in future years is approximately \$5,615.

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.

Contributions to PEP	
2010	2009
\$5,974	\$6,075

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

5. RISK MANAGEMENT (Continued)

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

B. Medical Benefits

The Health District provides employee medical benefits through a risk-sharing pool in which Shelby County is a participant. The County participates in the Midwest Employee Benefit Consortium (MEBC), a risk-sharing pool consisting of five counties. The MEBC is responsible for the administration of the program and processing of all claims for each member. The County pays a premium to the MEBC for employee medical and life insurance benefits.

The MEBC is governed by a Board of Trustees consisting of one county commissioner from each participating member. Each participant decides which plans offered by the Board of Trustees will be extended to its employees. Participation in the MEBC is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums.

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

For 2010, the Health District, through Shelby County as their fiscal agent, participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool.

The intent of the GRP is to achieve a reduced premium for the Health District by virtue of its grouping with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than the individual rate.

6. DEFINED BENEFIT PENSION PLAN

Plan Description – The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but not less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

6. DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 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, 2010, members in state and local classifications contributed 10 percent of covered payroll. The Health District's contribution rate for 2010 was 14 percent of covered payroll.

The Health District's 2010 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Health District's required contributions for pension obligations to the traditional, combined and member directed plans for the years ended December 31, 2010, 2009, and 2008 were \$122,866, \$109,684, and \$95,022, respectively; 92 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

7. POSTEMPLOYMENT BENEFITS

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

7. POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS 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 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Health District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$70,049, 79,310 and \$95,022, respectively; 92 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

8. LEASE AGREEMENT

The Health District is a party to a ten year lease for rental of office space. This lease was effective July 1, 2004 and terminates June 30, 2014. This lease requires the Health District to remit monthly payments. The monthly lease amount for 2010 was \$1,667.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require funding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience management believes such refunds, if any, would be immaterial.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	75-1-001-1-WA-03-10	10.557	\$141,313
	75-1-001-1-WA-04-11		<u>47,703</u>
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>189,016</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Immunization Grants	75-1-001-2-IM-03-10	93.268	56,615
Public Health Emergency Preparedness	75-1-001-2-PH-01-10	93.069	244,088
	75-1-001-2-PH-02-11		<u>27,992</u>
Total Public Health Emergency Preparedness			<u>272,080</u>
Maternal and Child Health Services Block Grant to the States	75-1-001-1-MC-03-10	93.994	18,578
	75-1-001-1-MC-04-11		<u>13,323</u>
Total Maternal and Child Health Services Block Grant to the States			<u>31,901</u>
Total Federal Financial Assistance			<u>\$549,612</u>

The accompanying notes are an integral part of this schedule.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Sidney-Shelby County Board of Health's (the Health District's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the Health District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Health District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE C – IMMUNIZATION GRANTS

Federal monies received are commingled with other revenues. When reporting expenditures on this Schedule, the Health District assumes it expends federal monies first.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The discussion and analysis of the Sidney-Shelby County Board of Health's (the Health District) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2009, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health 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 Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2009 are as follows:

- Net assets increased by \$161,200. The majority of the increase is from the General Fund, and is attributed to an increase in Subdivision revenues of \$96,534, along with a significant decrease in disbursements due to the strains on the economy and cutback on overall expenses.
- The Health District received \$2,396,954 in revenues during 2009. Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 71.4 percent of all the dollars coming into the Health District. General receipts in the form of property taxes, subdivision revenue, and miscellaneous revenue make up the other 28.6 percent.
- The Health District had \$2,235,754 in disbursements during 2009.

Using the Basic Financial Statements

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

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 Health 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 Statement of Activities – Cash Basis provide information about the activities of the whole Health District, presenting both an aggregate view of the Health 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 Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

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

Reporting the Health District as a Whole

The statement of net assets and the statement of activities reflect how the Health 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 Health 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 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 Health District's general receipts.

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

The Statement of Net Assets – Cash Basis and the **Statement of Activities – Cash Basis** present governmental activities, which include all the Health District's services. The Health District has no business-type activities.

Reporting the Health District's Most Significant Funds

Fund Financial Statements - Fund financial statements provide detailed information about the Health District's major funds – not the Health District as a whole. The Health 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 Health District are governmental.

Governmental Funds - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health 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 Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General Fund and Help Me Grow Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

The Health District as a Whole

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

**Table 1
Net Assets – Cash Basis**

	Governmental Activities		
	2009	2008	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$579,768	\$418,568	\$161,200
Total Assets	<u>579,768</u>	<u>418,568</u>	<u>161,200</u>
Net Assets			
Restricted	230,542	205,356	25,186
Unrestricted	349,226	213,212	136,014
Total Net Assets	<u>\$579,768</u>	<u>\$418,568</u>	<u>\$161,200</u>

As mentioned previously, net assets increased by \$161,200. The increase is due primarily to the General Fund, and is attributed to an increase in Subdivision revenues of \$96,534, along with a significant decrease in disbursements due to the strains on the economy and cutback on overall expenses.

Table 2 reflects the change in net assets in 2009 and provides a comparison to prior year amounts.

**Table 2
Changes in Net Assets**

	Governmental Activities		
	2009	2008	Change
Receipts			
Program Cash Receipts:			
Charges for Services and Sales	\$ 975,634	\$ 961,049	\$14,585
Operating Grants and Contributions	734,932	776,071	(41,139)
Total Program Cash Receipts	<u>1,710,566</u>	<u>1,737,120</u>	<u>(26,554)</u>
General Receipts:			
Property Taxes Levied for Board of Health Purposes	392,384	418,478	(26,094)
Subdivision Revenue	289,943	193,409	96,534
Miscellaneous	4,061	13,109	(9,048)
Total General Receipts	<u>686,388</u>	<u>624,996</u>	<u>61,392</u>
Total Receipts	<u>2,396,954</u>	<u>2,362,116</u>	<u>34,838</u>
Disbursements			
Environmental Health:			
General Health	1,033,556	1,152,232	(118,676)
Water	27,109	25,931	1,178
Sewage	61,972	60,382	1,590
Solid Waste	10,717	13,219	(2,502)
Community Health Services:			
WIC	172,560	160,075	12,485
Help Me Grow	283,669	314,661	(30,992)

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

**Table 2
Changes in Net Assets
(Continued)**

	Governmental Activities		
	2009	2008	Change
Immunizations	141,862	131,818	10,044
Manufactured Home Parks	11,237	5,907	5,330
Camps	6,396	5,685	711
Pools	9,704	8,334	1,370
Food	72,272	64,704	7,568
Building	69,934	108,610	(38,676)
Plumbing	40,064	78,120	(38,056)
Well Child	64,317	69,786	(5,469)
Health Promotion and Planning			
Health Assistance Program	48,929	68,326	(19,397)
Public Health Emergency Preparedness	173,678	98,974	74,704
Capital Outlay	7,778	19,959	(12,181)
Total Disbursements	<u>2,235,754</u>	<u>2,386,723</u>	<u>(150,969)</u>
Change in Net Assets	161,200	(24,607)	185,807
Net Assets Beginning of Year	418,568	443,175	(24,607)
Net Assets End of Year	<u>\$ 579,768</u>	<u>\$ 418,568</u>	<u>161,200</u>

In 2009, 28.6 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for Board of Health purposes and subdivision revenue collected from the cities, villages and townships of Shelby County. Program receipts accounted for 71.4 percent of the Health District's total receipts in the year 2009. These receipts consist primarily of various charges for services and various licenses, permits and fees, and state, federal and local operating grants.

The expense classifications represent the cost of operating the Health District and the various support services provided by the Health District. These include primarily the costs of personnel and personnel support, as the primary product of the Health District is preventive health services, which are labor-intensive. Each expense classification represents the actual fund name. Capital outlay expenditures signify the disbursements for equipment for use in administering the Health District's services.

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 Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Health and Help Me Grow which account for 46.2 percent and 12.7 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who were directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net cost 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 and taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

A comparison between the total cost of services and the net cost for both the current and prior years 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
General Health	\$1,033,556	(\$550,280)	\$1,152,232	(\$715,854)
Water	27,109	4,450	25,931	(333)
Sewage	61,972	5,036	60,382	1,144
Solid Waste	10,717	(119)	13,219	489
WIC	172,560	(58,255)	160,075	55,937
Help Me Grow	283,669	67,762	314,661	1,089
Immunizations	141,862	(2,029)	131,818	12,761
Manufactured Home Parks	11,237	(1,550)	5,907	1,090
Camps	6,396	(220)	5,685	61
Pools	9,704	391	8,334	(49)
Food	72,272	2,408	64,704	89
Building	69,934	3,760	108,610	(1,219)
Plumbing	40,064	3,372	78,120	(8,136)
Well Child	64,317	(11,219)	69,786	10,704
Senior Health				
Health Assistance Program	48,929	(8,929)	68,326	(5,826)
Public Health Emergency				
Preparedness	173,678	28,012	98,974	18,409
Capital Outlay	7,778	(7,778)	19,959	(19,959)
Totals	\$2,235,754	(\$525,188)	\$2,386,723	(\$649,603)

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing State and Federal grants and charging rates for services that are closely related to costs. Only 30.7 percent of the Health District costs are supported through property taxes, subdivision revenue, and other general receipts.

The Health District's Funds

As noted earlier, the Health District uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The focus of the Health District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Health District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the year.

At the end of 2009, the Health District's governmental funds reported total ending fund balances of \$579,768. The entire total is unreserved fund balance, which is available for spending.

While governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The general fund is the chief operating fund of the Health District. At the end of 2009, unreserved fund balance in the general fund was \$349,226. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 33.8 percent of the total general fund expenditures.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Revenues exceeded expenditures in the general fund by \$136,014 in 2009. License and permit fees and charges for services account for 22.8 percent of revenues in the general fund. Subdivision revenues consist of payments from the townships, villages and cities in the Health District. Intergovernmental revenues consist of state subsidies.

The Help Me Grow special revenue fund accounts for monies received through a service agreement between the Shelby County Family and Children First Council and the Health District, with the Health District as a provider of services for the Help Me Grow program. Help Me Grow is a program for expectant parents, newborns, infants, and toddlers. The program focuses on the growth and development of children ages birth to three years and provides newborn home visits and on-going health developmental health services. At the end of 2009, the total fund balance was \$104,613.

General Fund Budgeting Highlights

The Health 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.

During the course of 2009, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no changes between the original and the final estimated receipts. Appropriations for Capital Outlay decreased based on decision to not purchase equipment.

Capital Assets

The Health District does not currently report its capital assets for financial reporting purposes. The Health District has not made plans to report capital assets, as it is not required by law.

Debt Administration

At December 31, 2009, the Health District's outstanding debt included future lease payments for the office facility, as well as accumulated sick and vacation leave balances for the Health District's employees. The Health District does not currently report its outstanding debt obligations for financial reporting purposes.

Current Issues

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes. With these resources, along with conservative spending, the Health District can continue to provide its current level of services even with shrinking grant funding. We plan to continue the same programs, with only minor changes, for the next few years.

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Steven Tostrick, Health Commissioner, Sidney-Shelby County Board of Health, 202 West Poplar Street, Sidney, Ohio 45365.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$579,768
Total Assets	<u>579,768</u>
Net Assets:	
Restricted for:	
Other Purposes	230,542
Unrestricted	349,226
Total Net Assets	<u>\$579,768</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

		Program Receipts		(Net) Disbursements Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental Activities:				
Environmental Health:				
General Health	\$1,033,556	\$266,371	\$216,905	(\$550,280)
Water	27,109	31,559		4,450
Sewage	61,972	67,008		5,036
Solid Waste	10,717	10,598		(119)
Community Health Services:				
WIC	172,560	135	114,170	(58,255)
Help Me Grow	283,669	288,150	63,281	67,762
Immunizations	141,862	92,725	47,108	(2,029)
Manufactured Home Parks	11,237	9,687		(1,550)
Camps	6,396	6,176		(220)
Pools	9,704	10,095		391
Food	72,272	74,680		2,408
Building	69,934	73,694		3,760
Plumbing	40,064	43,436		3,372
Well Child	64,317	1,320	51,778	(11,219)
Health Promotion and Planning:				
Health Assistance Program	48,929		40,000	(8,929)
Public Health Emergency Preparedness	173,678		201,690	28,012
Capital Outlay	7,778			(7,778)
Total Governmental Activities	\$2,235,754	\$975,634	\$734,932	(525,188)
General Receipts:				
Property Taxes Levied for:				
				392,384
				289,943
				4,061
				686,388
				Change in Net Assets 161,200
				Net Assets Beginning of Year 418,568
				Net Assets End of Year \$579,768

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$349,226	\$104,613	\$125,929	\$579,768
Total Assets	<u>349,226</u>	<u>104,613</u>	<u>125,929</u>	<u>579,768</u>
Fund Balances:				
Unreserved:				
Undesignated, Reported in:				
General Fund	349,226			349,226
Special Revenue Funds		104,613	125,929	230,542
Total Fund Balances	<u>\$349,226</u>	<u>\$104,613</u>	<u>\$125,929</u>	<u>\$579,768</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property and Other Local Taxes	\$392,384			\$392,384
Subdivision Revenue	289,943			289,943
Intergovernmental	214,405	\$63,281	\$414,746	692,432
Local Grant Funding	2,500		40,000	42,500
Fees, Licenses and Permits	70,871		326,932	397,803
Charges for Services	195,500	288,150	94,181	577,831
Miscellaneous	3,967	94		4,061
Total Receipts	<u>1,169,570</u>	<u>351,525</u>	<u>875,859</u>	<u>2,396,954</u>
Disbursements:				
Current:				
Environmental Health:				
General Health	1,033,556			1,033,556
Water			27,109	27,109
Sewage			61,972	61,972
Solid Waste			10,717	10,717
Community Health Services:				
WIC			172,560	172,560
Help Me Grow		283,669		283,669
Immunizations			141,862	141,862
Manufactured Home Parks			11,237	11,237
Camps			6,396	6,396
Pools			9,704	9,704
Food			72,272	72,272
Building			69,934	69,934
Plumbing			40,064	40,064
Well Child			64,317	64,317
Health Promotion and Planning:				
Health Assistance Program			48,929	48,929
Public Health Emergency Preparedness			173,678	173,678
Capital Outlay			7,778	7,778
Total Disbursements	<u>1,033,556</u>	<u>283,669</u>	<u>918,529</u>	<u>2,235,754</u>
Excess of Receipts Over (Under) Disbursements	136,014	67,856	(42,670)	161,200
Other Financing Sources (Uses):				
Advances In	26,500		26,500	53,000
Advances Out	(26,500)		(26,500)	(53,000)
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	136,014	67,856	(42,670)	161,200
Fund Balances Beginning of Year	<u>213,212</u>	<u>36,757</u>	<u>168,599</u>	<u>418,568</u>
Fund Balances End of Year	<u>\$349,226</u>	<u>\$104,613</u>	<u>\$125,929</u>	<u>\$579,768</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL 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</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$400,000	\$400,000	\$392,384	(\$7,616)
Subdivision Revenue	289,943	289,943	289,943	
Intergovernmental	181,246	181,246	214,405	33,159
Local Grant Funding			2,500	2,500
Fees, Licenses and Permits	71,620	71,620	70,871	(749)
Charges for Services	175,380	175,380	195,500	20,120
Miscellaneous	1,000	1,000	3,967	2,967
Total Receipts	<u>1,119,189</u>	<u>1,119,189</u>	<u>1,169,570</u>	<u>50,381</u>
Disbursements:				
Current:				
Environmental Health:				
General Environmental Health	1,225,800	1,214,073	1,033,556	180,517
Capital Outlay	50,000	35,227		35,227
Total Disbursements	<u>1,275,800</u>	<u>1,249,300</u>	<u>1,033,556</u>	<u>215,744</u>
Excess of Receipts Over (Under) Disbursements	<u>(156,611)</u>	<u>(130,111)</u>	136,014	266,125
Other Financing Sources (Uses):				
Advances In			26,500	26,500
Advances Out		(26,500)	(26,500)	
Total Other Financing Sources (Uses)		<u>(26,500)</u>		<u>26,500</u>
Net Change in Fund Balances	(156,611)	(156,611)	136,014	292,625
Fund Balances Beginning of Year	<u>213,212</u>	<u>213,212</u>	<u>213,212</u>	
Fund Balances End of Year	<u>\$56,601</u>	<u>\$56,601</u>	<u>\$349,226</u>	<u>\$292,625</u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
HELP ME GROW 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</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$86,700	\$86,700	\$63,281	(\$23,419)
Charges for Services	223,100	223,100	288,150	65,050
Miscellaneous			94	94
Total Receipts	<u>309,800</u>	<u>309,800</u>	<u>351,525</u>	<u>41,725</u>
Disbursements:				
Current:				
Help Me Grow	297,000	297,000	283,669	13,331
Capital Outlay	10,000	10,000		10,000
Total Disbursements	<u>307,000</u>	<u>307,000</u>	<u>283,669</u>	<u>23,331</u>
Net Change in Fund Balances	2,800	2,800	67,856	65,056
Fund Balances Beginning of Year	<u>36,757</u>	<u>36,757</u>	<u>36,757</u>	
Fund Balances End of Year	<u><u>\$39,557</u></u>	<u><u>\$39,557</u></u>	<u><u>\$104,613</u></u>	<u><u>\$65,056</u></u>

See accompanying notes to the basic financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Sidney-Shelby County Board of Health, Shelby County, (the Health District) as a body corporate and politic. An appointed five-member Board governs the Health District. The Board acts upon various complaints made to the Health District concerning the health and welfare of the County. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include communicable disease investigations, disease prevention and control, vital statistics, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, and emergency response planning.

B. Component Units

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; or the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Health District, are accessible to the Health District and are significant in amount to the Health District. The Health District has no component units.

C. Public Entity Risk Pools

The Health District participates in the Public Entities Pool of Ohio (PEP) and the Midwest Employee Benefit Consortium (MEBC) public entity risk pools. Note 5 to the financial statements provides additional information for these entities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, 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 Health District's accounting policies.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Health 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.

- 1. Government-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. 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 Health District has no business-type activities.

The statement of net assets presents the cash balances of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health 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 Health 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 requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health 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 Health District.

- 2. Fund Financial Statements** - During the year, the Health District segregates transactions related to certain Health 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 Health 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 Health 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. The funds of the Health District are presented as governmental.

- 1. Governmental Funds** - Governmental funds are those through which most governmental functions of the Health District are financed. The following are the Health District's major governmental funds:

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 Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Help Me Grow special revenue fund accounts for monies received through a service agreement between the Shelby County Family and Children First Council and the Health District, with the Health District as a provider of services for the Help Me Grow program. Help Me Grow is a program for expectant parents, newborns, infants, and toddlers. The program focuses on the growth and development of children ages birth to three years and provides newborn home visits and on-going health developmental health services.

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

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Health 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 Health 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 liabilities and their related expenses) are not recorded in these financial statements.

D. Budgetary Process

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

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five 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 Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health District must adopt an itemized appropriation measure.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Health 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 Health District.

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

E. Cash and Investments

The County Treasurer is the custodian for the Health District's cash. The County's cash and investment pool holds the Health District's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. Information can be obtained from the County Treasurer, Linda Meininger, at the Shelby County Annex, Floor 3, 129 East Court Street, Sidney, Ohio 45365.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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 Health District's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include balances of state and federal grant funds.

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

There are no net assets restricted by enabling legislation as of December 31, 2009.

N. Fund Balance Reserves

The Health 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. Fund balance reserves have not been established for any purposes.

O. 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.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property (other than public utility) located in the County. Property tax revenue received during 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility) are for 2009 taxes. 2009 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. 2009 tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. The tangible personal property tax was phased out over a four-year period ending in 2009.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. The County Auditor remits to the Health District its portion of the taxes collected

The full tax rate for all Health District operations for the year ended December 31, 2009, was \$.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$919,760,020
Public Utility Property	762,640
Tangible Personal Property	33,761,120
Total Assessed Values	<u>\$954,283,780</u>

5. RISK MANAGEMENT

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

The Health District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

5. RISK MANAGEMENT (Continued)

A. Public Entities Pool of Ohio (PEP)

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

Casualty and Property Coverage

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

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

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

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Health District's share of these unpaid claims collectible in future years is approximately \$6,000.

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.

Contributions to PEP	
2009	2008
\$6,075	\$5,752

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

5. RISK MANAGEMENT (Continued)

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

B. Medical Benefits

The Health District provides employee medical benefits through a risk-sharing pool in which Shelby County is a participant. The County participates in the Midwest Employee Benefit Consortium (MEBC), a risk-sharing pool consisting of five counties. The MEBC is responsible for the administration of the program and processing of all claims for each member. The County pays a premium to the MEBC for employee medical and life insurance benefits.

The MEBC is governed by a Board of Trustees consisting of one county commissioner from each participating member. Each participant decides which plans offered by the Board of Trustees will be extended to its employees. Participation in the MEBC is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums.

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

For 2009, the Health District, through Shelby County as their fiscal agent, participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool.

The intent of the GRP is to achieve a reduced premium for the Health District by virtue of its grouping with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than the individual rate.

6. DEFINED BENEFIT PENSION PLAN

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

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

6. DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attn: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

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 percent of covered payroll. The Health District's contribution rate for 2009 was 14 percent of covered payroll.

The portion of the Health District's contribution allocated to health care was 7 percent from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Health District of 14 percent.

The Health District's required contributions for pension obligations to the traditional, combined and member directed plans for the years ended December 31, 2009, 2008, and 2007 were \$109,684, \$95,022, and \$107,014, respectively; 92 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

7. POSTEMPLOYMENT BENEFITS

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care was 7.0 percent from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

7. POSTEMPLOYMENT BENEFITS (Continued)

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Health District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$79,310, \$95,022, and \$70,488 respectively; 92 percent has been contributed for 2009 and 100 percent has been contributed for 2008 and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which 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 healthcare plan.

8. LEASE AGREEMENT

The Health District is a party to a ten year lease for rental of office space. This lease was effective July 1, 2004 and terminates June 30, 2014. This lease requires the Health District to remit monthly payments. The monthly lease amount for 2009 was \$1,667.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require funding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience management believes such refunds, if any, would be immaterial.



Dave Yost • Auditor of State

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

Sidney-Shelby County Board of Health
Shelby County
202 West Poplar Street
Sidney, Ohio 45365

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sidney-Shelby County Board of Health, Shelby County, (the Health District) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated June 6, 2011, wherein we noted the Health District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Health 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 Health District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Health 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 Health District'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 Health 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*.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.auditor.state.oh.us

Sidney-Shelby County Board of Health
Shelby County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the Health District's management in a separate letter dated June 6, 2011.

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

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

Dave Yost
Auditor of State

June 6, 2011



Dave Yost • Auditor of State

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

Sidney-Shelby County Board of Health
Shelby County
202 West Poplar Street
Sidney, Ohio 45365

To the Members of the Board:

Compliance

We have audited the compliance of the Sidney-Shelby County Board of Health (the Health District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Sidney-Shelby County Board of Health's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Health District's major federal programs. The Health District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Health District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Health District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Health District's compliance with those requirements.

In our opinion, the Sidney-Shelby County Board of Health complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Health District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Health District's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

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

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Health District's management in a separate letter dated June 6, 2011.

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



Dave Yost
Auditor of State

June 6, 2011

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children (CFDA #10.557) Public Health Emergency Preparedness (CFDA #93.069)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

SIDNEY SHELBY COUNTY BOARD OF HEALTH

SHELBY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 19, 2011**