

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

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

FOR THE YEARS ENDED
DECEMBER 31, 2013

PATRICIA BURG, DIRECTOR



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Butler County District Board of Health, prepared by Julian & Grube, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Butler County District Board of Health is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 26, 2014

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

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	9
Statement of Activities - Cash Basis	10
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds.....	11 - 12
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds.....	13 - 14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - General Fund	15
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Food Service Fund	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Public Health Emergency Preparedness Fund	17
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Child and Family Health Services Fund	18
Notes to the Basic Financial Statements.....	19 - 28
Supplementary Data:	
Schedule of Expenditures of Federal Awards.....	29
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	30 - 31
Independent Auditor’s Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	32 - 33
Schedule of Findings <i>OMB Circular A-133 § .505</i>	34



Julian & Grube, Inc.

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Independent Auditor's Report

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County District Board of Health, Butler County, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Butler County District Board of Health's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Butler County District Board of Health's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Butler County District Board of Health's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County District Board of Health, Butler County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Food Service Fund, Public Health Emergency Preparedness Fund and Child and Family Health Services Fund, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Butler County District Board of Health's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, change in net position, governmental activities, and change in fund balance. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards (the "Schedule") also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, on our consideration of the Butler County District Board of Health's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Butler County District Board of Health's internal control over financial reporting and compliance.



Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The discussion and analysis of the Butler County District Board of Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2013, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2013 are as follows:

Program specific receipts in the form of charges for services and sales, operating grants and contributions comprise the largest percentage of the District's receipts. Charges for services and sales totaled \$1,551,050 of total receipts for 2013. This represents an insignificant increase from the prior year. Operating grants and contributions comprise \$625,169 of the District's receipts.

The District began billing private insurance carriers for clinic services in 2013 for the first time. Grants and entitlements increased due to the addition of the Child and Family Health Services Grant, which was mostly received in 2013.

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

Using the Basic Financial Statements

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

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

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

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

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

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

Reporting the District as a Whole

The statement of net position – cash basis and the statement of activities – cash basis reflect how the District did financially during 2013, within the limitations of the cash basis of accounting. The statement of net position – cash basis presents the cash balances of the governmental activities of the District at year-end. The statement of activities – cash basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

The District as a Whole

Table 1 provides a summary of the District's net position for 2013 compared to 2012 on a cash basis:

Table 1
Net Position

	Governmental Activities		
	2013	2012	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,263,979	\$1,510,713	(\$246,734)
Net Position			
Restricted for Other Purposes	321,371	450,275	(128,904)
Unrestricted	942,608	1,060,438	(117,830)
Total Net Position	\$1,263,979	\$1,510,713	(\$246,734)

The decrease in Net Position Restricted for Other Purposes is due to expenditures in the Public Health Emergency Preparedness and the Child and Family Health Services Funds. The District received grant monies in both 2012 and 2013; however, the grant monies received in 2012 were mainly disbursed in 2013. The 2012 grant was received in the later part of 2012. The 2013 grant monies were disbursed mainly in 2013. Unrestricted net position decreased \$117,830 as a result of expenses exceeding revenues for the year.

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 2 reflects the change in net position in 2013 and provides a comparison to 2012 amounts.

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Receipts			
Program Cash Receipts			
Charges for Services and Sales	\$1,551,050	\$1,431,034	\$120,016
Operating Grants and Contributions	<u>625,169</u>	<u>489,329</u>	<u>135,840</u>
Total Program Cash Receipts	<u>2,176,219</u>	<u>1,920,363</u>	<u>255,856</u>
General Receipts			
Grants and Entitlements not Restricted to Specific Programs	<u>183,049</u>	<u>183,101</u>	<u>(52)</u>
Total Receipts	<u>2,359,268</u>	<u>2,103,464</u>	<u>255,804</u>
Disbursements			
Public Health Emergency Preparedness	376,516	301,505	75,011
Child and Family Health Services	452,729	3,162	449,567
Environmental Health	336,743	291,068	45,675
Food Service	563,712	558,380	5,332
Plumbing	243,498	218,828	24,670
Nursing	352,764	300,573	52,191
Vital Statistics	<u>280,040</u>	<u>261,834</u>	<u>18,206</u>
Total Disbursements	<u>2,606,002</u>	<u>1,935,350</u>	<u>670,652</u>
Change in Net Position	<u>(246,734)</u>	<u>168,114</u>	<u>(414,848)</u>
Net Position at Beginning of Year	<u>1,510,713</u>	<u>1,342,599</u>	<u>168,114</u>
Net Position at End of Year	<u>\$1,263,979</u>	<u>\$1,510,713</u>	<u>(\$246,734)</u>

District receipts for charges for services rose due to an increase in plumbing permits and the increased issuance of birth and death certificates. The District also began billing private insurance carriers for clinic services in 2013.

Grants and entitlements also provide major sources of revenues. This includes money from the State of Ohio and other municipalities. For 2013, operating grants and contributions increased due to the addition of the Child and Family Health Services grant. The grant was received in the last quarter of 2012 and all of 2013.

Disbursements increased significantly within the Child and Family Health Services Fund. The increase in expenditures is due to the grant activity. The District spent both the 2012 and 2013 portion of the grant in 2013. Only a small portion of the 2012 grant was disbursed in 2012. Also, \$94,433 of grant money was returned.

Butler County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Government Activities

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

Table 3
Governmental Activities

	Total Cost Of Services 2013	Net Cost of Services 2013	Total Cost Of Services 2012	Net Cost of Services 2012
Public Health Emergency Preparedness	\$376,516	\$60,847	\$301,505	(\$37,574)
Child and Family Health Services	452,729	143,229	3,162	(147,088)
Environmental Health	336,743	154,190	291,068	105,943
Food Service	563,712	61,926	558,380	74,482
Plumbing	243,498	(193,965)	218,828	(170,817)
Nursing	352,764	261,114	300,573	233,670
Vital Statistics	280,040	(57,558)	261,834	(43,629)
Totals	\$2,606,002	\$429,783	\$1,935,350	\$14,987

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

Butler County District Board of Health
 Management's Discussion and Analysis
 For the Year Ended December 31, 2013
 Unaudited

The District's Funds

The focus of the District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The table below indicates the fund balance and the total change in fund balance as of December 31, 2013, and 2012.

Table 4
 Change in Fund Balance

	Fund Balance December 31, 2013	Fund Balance December 31, 2012	Increase (Decrease)
General Fund	\$942,608	\$1,060,438	(\$117,830)
Food Service Fund	161,680	193,087	(31,407)
Public Health Emergency Preparedness Fund	67,031	99,389	(32,358)
Child and Family Health Services	78,859	147,088	(68,229)
All Other Governmental Funds	13,801	10,711	3,090
Total	\$1,263,979	\$1,510,713	(\$246,734)

The District's funds had total receipts of \$2,359,268 and disbursements of \$2,606,002. The decrease in the Public Health Emergency Preparedness Fund was due to the District receiving grant funding during 2012 and 2013, but most disbursements were not made until 2013. The Child and Family Health Services Fund decreased due to an increase of disbursements related to the Child and Family Health Services grant. Grant dollars were received during both 2012 and 2013, but most disbursements were made during 2013.

General Fund Budgeting Highlights

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

General Fund original receipts were budgeted at \$1,099,366 and the final receipts were at \$1,164,130. While actual receipts were \$1,295,943 for 2013. The District takes a conservative approach to estimating revenues. However, through the course of the year, additional revenues may be received that were not anticipated at the time the budget was prepared. Original disbursements were budgeted at \$1,440,242 while the final disbursements were budgeted at \$1,448,441. The actual disbursements were for \$1,344,020 for 2013. The District worked hard to minimize expenses while still providing vital services to the community.

Contacting the District's Financial Management

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

Butler County District Board of Health
Statement of Net Position - Cash Basis
December 31, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,263,979</u>
Net Position	
Restricted for Other Purposes	321,371
Unrestricted	<u>942,608</u>
<i>Total Net Position</i>	<u>\$1,263,979</u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Health:				
Public Health Emergency Preparedness	\$376,516	\$0	\$315,669	(\$60,847)
Child and Family Health Services	452,729	0	309,500	(143,229)
Environmental Health	336,743	182,553	0	(154,190)
Food Service	563,712	501,786	0	(61,926)
Plumbing	243,498	437,463	0	193,965
Nursing	352,764	91,650	0	(261,114)
Vital Statistics	280,040	337,598	0	57,558
<i>Total Governmental Activities</i>	<u>\$2,606,002</u>	<u>\$1,551,050</u>	<u>\$625,169</u>	<u>(\$429,783)</u>
General Receipts				
Grants and Entitlements not Restricted to Specific Programs				183,049
Change in Net Position				(246,734)
<i>Net Position at Beginning of Year</i>				<u>1,510,713</u>
<i>Net Position at End of Year</i>				<u><u>\$1,263,979</u></u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2013

	General Fund	Food Service Fund	Public Health Emergency Preparedness Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	\$942,608	\$161,680	\$67,031
Fund Balances			
Restricted	\$0	\$161,680	\$67,031
Assigned	133,400	0	0
Unassigned	809,208	0	0
<i>Total Fund Balances</i>	<i>\$942,608</i>	<i>\$161,680</i>	<i>\$67,031</i>

See accompanying notes to the basic financial statements

Child and Family Health Services Fund	All Other Governmental Funds	Total Governmental Funds
<u>\$78,859</u>	<u>\$13,801</u>	<u>\$1,263,979</u>
\$78,859	\$13,801	\$321,371
0	0	133,400
<u>0</u>	<u>0</u>	<u>809,208</u>
<u>\$78,859</u>	<u>\$13,801</u>	<u>\$1,263,979</u>

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2013

	General Fund	Food Service Fund	Public Health Emergency Preparedness Fund
Receipts			
Charges for Services	\$429,248	\$0	\$0
Licenses and Permits	547,695	501,786	0
Fines and Forfeitures	30,383	0	0
Intergovernmental	288,617	0	210,101
<i>Total Receipts</i>	<u>1,295,943</u>	<u>501,786</u>	<u>210,101</u>
Disbursements			
Current:			
Health:			
Public Health Emergency Preparedness	76,775	0	299,741
Child and Family Health Services	0	0	0
Environmental Health	298,238	0	0
Food Service	30,519	533,193	0
Plumbing	243,498	0	0
Nursing	352,764	0	0
Vital Statistics	280,040	0	0
<i>Total Disbursements</i>	<u>1,281,834</u>	<u>533,193</u>	<u>299,741</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,109</u>	<u>(31,407)</u>	<u>(89,640)</u>
Other Financing Sources and Uses			
Transfers In	343	0	0
Advances In	91,466	0	148,748
Transfers Out	0	0	0
Advances Out	(223,748)	0	(91,466)
<i>Total Other Financing Sources and Uses</i>	<u>(131,939)</u>	<u>0</u>	<u>57,282</u>
<i>Net Change in Fund Balances</i>	(117,830)	(31,407)	(32,358)
<i>Fund Balances at Beginning of Year</i>	<u>1,060,438</u>	<u>193,087</u>	<u>99,389</u>
<i>Fund Balances at End of Year</i>	<u><u>\$942,608</u></u>	<u><u>\$161,680</u></u>	<u><u>\$67,031</u></u>

See accompanying notes to the basic financial statements

<u>Child and Family Health Services Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$0	\$4,825	\$434,073
0	36,923	1,086,404
0	190	30,573
<u>309,500</u>	<u>0</u>	<u>808,218</u>
<u>309,500</u>	<u>41,938</u>	<u>2,359,268</u>
0	0	376,516
452,729	0	452,729
0	38,505	336,743
0	0	563,712
0	0	243,498
0	0	352,764
<u>0</u>	<u>0</u>	<u>280,040</u>
<u>452,729</u>	<u>38,505</u>	<u>2,606,002</u>
<u>(143,229)</u>	<u>3,433</u>	<u>(246,734)</u>
0	0	343
75,000	0	315,214
0	(343)	(343)
<u>0</u>	<u>0</u>	<u>(315,214)</u>
<u>75,000</u>	<u>(343)</u>	<u>0</u>
(68,229)	3,090	(246,734)
<u>147,088</u>	<u>10,711</u>	<u>1,510,713</u>
<u>\$78,859</u>	<u>\$13,801</u>	<u>\$1,263,979</u>

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Receipts				
Charges for Services	\$375,000	\$375,000	\$429,248	\$54,248
Licenses and Permits	435,000	478,000	547,695	69,695
Fines and Forfeitures	13,000	23,000	30,383	7,383
Intergovernmental	276,366	288,130	288,617	487
<i>Total Receipts</i>	<u>1,099,366</u>	<u>1,164,130</u>	<u>1,295,943</u>	<u>131,813</u>
Disbursements				
Current:				
Health:				
Public Health Emergency Preparedness	84,865	85,356	78,567	6,789
Environmental Health	320,950	322,858	302,206	20,652
Food Service	35,679	35,874	31,461	4,413
Plumbing	262,450	264,007	244,540	19,467
Nursing	394,956	397,212	355,894	41,318
Vital Statistics	341,342	343,134	331,352	11,782
<i>Total Disbursements</i>	<u>1,440,242</u>	<u>1,448,441</u>	<u>1,344,020</u>	<u>104,421</u>
Excess of Revenues Over (Under) Expenditures	<u>(340,876)</u>	<u>(284,311)</u>	<u>(48,077)</u>	<u>236,234</u>
Other Financing Sources and Uses				
Transfers In	0	343	343	0
Advances In	0	0	91,466	91,466
Advances Out	<u>(223,748)</u>	<u>(223,748)</u>	<u>(223,748)</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>(223,748)</u>	<u>(223,405)</u>	<u>(131,939)</u>	<u>91,466</u>
<i>Net Change in Fund Balance</i>	<u>(564,624)</u>	<u>(507,716)</u>	<u>(180,016)</u>	<u>327,700</u>
<i>Fund Balance at Beginning of Year</i>	983,264	983,264	983,264	0
<i>Prior Year Encumbrances Appropriated</i>	<u>77,171</u>	<u>77,171</u>	<u>77,171</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$495,811</u>	<u>\$552,719</u>	<u>\$880,419</u>	<u>\$327,700</u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Food Service Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Receipts				
Licenses and Permits	\$505,000	\$490,000	\$501,786	\$11,786
Disbursements				
Current:				
Health:				
Food Service	577,466	577,466	534,589	42,877
<i>Net Change in Fund Balance</i>	(72,466)	(87,466)	(32,803)	54,663
<i>Fund Balance at Beginning of Year</i>	179,156	179,156	179,156	0
<i>Prior Year Encumbrances</i>	13,931	13,931	13,931	0
<i>Fund Balance at End of Year</i>	<u>\$120,621</u>	<u>\$105,621</u>	<u>\$160,284</u>	<u>\$54,663</u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Public Health Emergency Preparedness Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Receipts				
Intergovernmental	\$229,130	\$229,130	\$210,101	(\$19,029)
Disbursements				
Current:				
Health:				
Public Health Emergency Preparedness	286,327	323,226	299,769	23,457
Excess of Revenues Over (Under) Expenditures	(57,197)	(94,096)	(89,668)	4,428
Other Financing Sources and Uses				
Advances In	0	86,185	148,748	62,563
Advances Out	0	(91,466)	(91,466)	0
Total Other Financing Sources and Uses	0	(5,281)	57,282	62,563
<i>Net Change in Fund Balance</i>	(57,197)	(99,377)	(32,386)	66,991
<i>Fund Balance at Beginning of Year</i>	82,192	82,192	82,192	0
<i>Prior Year Encumbrances</i>	17,197	17,197	17,197	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$42,192</u>	<u>\$12</u>	<u>\$67,003</u>	<u>\$66,991</u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Child and Family Health Services Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Receipts				
Intergovernmental	\$225,375	\$309,500	\$309,500	\$0
Disbursements				
Current:				
Health:				
Child and Family Health Services	0	462,587	453,548	9,039
Excess of Revenues Over (Under) Expenditures	225,375	(153,087)	(144,048)	9,039
Other Financing Sources and Uses				
Advances In	0	75,000	75,000	0
Transfers Out	0	(75,000)	0	75,000
Total Other Financing Sources and Uses	0	0	75,000	75,000
<i>Net Change in Fund Balance</i>	225,375	(153,087)	(69,048)	84,039
<i>Fund Balance at Beginning of Year</i>	122,087	122,087	122,087	0
<i>Prior Year Encumbrances</i>	25,000	25,000	25,000	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$372,462</u>	<u>(\$6,000)</u>	<u>\$78,039</u>	<u>\$84,039</u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 1 – Reporting Entity

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position - cash basis and a statement of activities - cash basis, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

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

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

The statement of net position - cash basis presents the cash balance of the governmental activities of the District at year-end. The statement of activities - cash basis compares disbursements and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

- General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio. It includes receipts and disbursements related to vital statistics, nursing services, state subsidy, and taxation fees.
- Food Service Fund – This fund accounts for and reports license fees restricted to the licensing and inspection of restaurants, retail food establishments and vending machines. License fees are established by cost methodology.
- Public Health Emergency Preparedness Fund – This fund accounts for and reports grants received from the Ohio Department of Health restricted for public health infrastructure (preparedness and education) and to promote disaster preparedness for Butler County.
- Child and Family Health Services Fund – This fund accounts for and reports restricted grant monies received from the Ohio Department of Health. The monies are used to help eliminate health disparities, improve birth outcomes, and improve the health of women, infants and children in Ohio.

The other governmental funds of the District account for and report grants and other resources whose use is restricted, committed or assigned for a particular purpose.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

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

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

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

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

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 Board of Health during the year.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Cash and Investments

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

Accumulated Leave

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

Employer Contributions to Cost Sharing Pension Plans

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

Net Position

Net position is 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 position restricted for other purposes include resources restricted for special District programs.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Health.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal Activity

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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) for the General Fund and the Food Service, Public Health Emergency Preparedness, and the Child and Family Health Services Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The only difference between the budgetary basis fund balance and the cash basis fund balance is current encumbrances of \$62,189, \$1,396, \$28 and \$820 in the General Fund, Food Service, Public Health Emergency Preparedness, and Child and Family Health Services Special Revenue Funds, respectively.

Note 4 – Risk Management

Risk Pool Membership

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

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), 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, 2012 (latest information available), PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted account principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2011 (latest information available).

	2012	2011
Assets	\$34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Position	\$20,181,216	\$19,175,131

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the District's share of these unpaid claims collectible in future years is approximately \$31,000.

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.

Year	Contributions to PEP
2013	\$35,717
2012	32,461

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

Note 5 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 13 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2013, members in state and local divisions contributed 13 percent of covered payroll. For 2013, member and employer contribution rates were consistent across all three plans.

The District's 2013 contribution rate was 14 percent. 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 1 percent for 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2013. Employer contribution rates are actuarially determined.

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$142,343, \$94,903, and \$140,169, respectively. The full amount has been contributed for 2013, 2012 and 2011.

Note 6 – Post-employment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is 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 2013, state and local employers contributed at a rate of 14 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

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 1 percent for 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2013.

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

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$14,234, \$37,961, and \$56,068, respectively. The full amount has been contributed for 2013, 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 7 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Food Service Fund	Public Health Emergency Preparedness Fund	Child and Family Health Services Fund	Other Governmental Funds	Total
Restricted for						
Food Service	\$0	\$161,680	\$0	\$0	\$0	\$161,680
Public Health and Emergency	0	0	67,031	0	0	67,031
Child and Family Health Services	0	0	0	78,859	0	78,859
Recreational	0	0	0	0	100	100
Trailer Park	0	0	0	0	491	491
Swimming Pool	0	0	0	0	13,210	13,210
<i>Total Restricted</i>	<u>0</u>	<u>161,680</u>	<u>67,031</u>	<u>78,859</u>	<u>13,801</u>	<u>321,371</u>
Assigned to						
Subsequent Year Appropriation	71,214	0	0	0	0	71,214
Purchases on Order	62,186	0	0	0	0	62,186
<i>Total Assigned</i>	<u>133,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>133,400</u>
Unassigned	<u>809,208</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>809,208</u>
<i>Total Fund Balances</i>	<u>\$942,608</u>	<u>\$161,680</u>	<u>\$67,031</u>	<u>\$78,859</u>	<u>\$13,801</u>	<u>\$1,263,979</u>

Note 8 – Advances and Transfers

During 2013, Advances In and Advances Out activity consisted of the following:

		Advances In			
Advances Out		General	Public Health and Emergency Preparedness	Child and Family Health Services	Total
		General	\$0	\$148,748	\$75,000
	Public Health and Emergency Preparedness	91,466	0	0	91,466
	Total	<u>\$91,466</u>	<u>\$148,748</u>	<u>\$75,000</u>	<u>\$315,214</u>

Transfers consisted of \$343 being transferred from the Trailer Park Nonmajor Special Revenue Fund to the General Fund to close the fund.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 9 – Change in Accounting Principle

For 2013, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34." This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the District's financial statements.

Note 10 – Contingencies

Grants

The District receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at December 31, 2013.

SUPPLEMENTARY DATA

**BUTLER COUNTY BOARD OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES			
Public Health Emergency Preparedness	93.069	00910012PH0413	\$ 186,726
Public Health Emergency Preparedness	93.069	00910012PH0514	91,080
Total Public Health Emergency Preparedness			<u>277,806</u>
Maternal and Child Health Services Block Grant to the States	93.994	00910011MC0113	215,479
Maternal and Child Health Services Block Grant to the States	93.994	00910011MC0214	155,392
Total Maternal and Child Health Services Block Grant to the States			<u>370,871</u>
Total Federal Financial Assistance			<u>\$ 648,677</u>

Notes to the Schedule of Expenditures of Federal Awards:

(A) This schedule was prepared on the cash basis of accounting.



Julian & Grube, Inc.
Serving Ohio Local Governments

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

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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County District Board of Health, Butler County, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Butler County District Board of Health's basic financial statements and have issued our report thereon dated May 30, 2014, wherein we noted the Butler County District Board of Health uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Butler County District Board of Health's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Butler County District Board of Health's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Butler County District Board of Health's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Members of the Board
Butler County District Board of Health

Compliance and Other Matters

As part of reasonably assuring whether the Butler County District Board of Health's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Butler County District Board of Health's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Butler County District Board of Health's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
May 30, 2014



Julian & Grube, Inc.

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

Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required By OMB Circular A-133

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

To the Members of the Board:

Report on Compliance for the Major Federal Program

We have audited the Butler County District Board of Health's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Butler County District Board of Health's major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Butler County District Board of Health's major federal program.

Management's Responsibility

The Butler County District Board of Health's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the compliance for the Butler County District Board of Health's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Butler County District Board of Health's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Butler County District Board of Health's major program. However, our audit does not provide a legal determination of the Butler County District Board of Health's compliance.

Board of Trustees
Butler County District Board of Health

Opinion on the Major Federal Program

In our opinion, the Butler County District Board of Health's complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The Butler County District Board of Health's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Butler County District Board of Health's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Butler County District Board of Health's internal control over compliance.

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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
May 30, 2014

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Material and Child Health Service Block Grant to the States, CFDA #93.994
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

BUTLER COUNTY BOARD OF HEALTH

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 9, 2014**