

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

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

FOR THE YEAR ENDED
DECEMBER 31, 2015

JENNY BAILER, HEALTH COMMISSIONER



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, Butler County, prepared by Julian & Grube, Inc., for the audit period January 1, 2015 through December 31, 2015. 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

June 14, 2017

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

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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 cash-basis 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, 2015, 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, 2015, and the respective changes in cash financial position and the respective budgetary comparison 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2017 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.



Julian & Grube, Inc.
May 16, 2017

Butler County District Board of Health
Statement of Net Position - Cash Basis
December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,485,052</u>
Net Position	
Restricted for Other Purposes	296,212
Unrestricted	<u>1,188,840</u>
<i>Total Net Position</i>	<u>\$1,485,052</u>

See accompanying notes to the basic financial statements

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Butler County District Board of Health
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	<u>Program Receipts</u>			Net (Disbursements) Receipts and Changes in Net Position
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Health:				
Public Health Emergency Preparedness	\$309,373	\$0	\$366,832	\$57,459
Child and Family Health Services	413,237	0	354,505	(58,732)
Environmental Health	368,428	215,877	0	(152,551)
Food Service	610,276	599,346	0	(10,930)
Plumbing	299,997	571,643	0	271,646
Nursing	381,068	69,586	15,275	(296,207)
Vital Statistics	310,865	352,072	0	41,207
<i>Total Governmental Activities</i>	<u>\$2,693,244</u>	<u>\$1,808,524</u>	<u>\$736,612</u>	<u>(148,108)</u>
General Receipts				
Grants and Entitlements not Restricted to Specific Programs				183,176
Miscellaneous				7,234
<i>Total General Revenues</i>				<u>190,410</u>
Change in Net Position				42,302
<i>Net Position at Beginning of Year</i>				<u>1,442,750</u>
<i>Net Position at End of Year</i>				<u>\$1,485,052</u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2015

	General Fund	Food Service Fund	Public Health Emergency Preparedness Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,188,840	\$153,383	\$47,504
Fund Balances			
Restricted	\$0	\$153,383	\$47,504
Assigned	769	0	0
Unassigned	1,188,071	0	0
<i>Total Fund Balances</i>	<i>\$1,188,840</i>	<i>\$153,383</i>	<i>\$47,504</i>

See accompanying notes to the basic financial statements

Child and Family Health Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>\$49,566</u>	<u>\$45,759</u>	<u>\$1,485,052</u>
\$49,566	\$45,759	\$296,212
0	0	769
<u>0</u>	<u>0</u>	<u>1,188,071</u>
<u>\$49,566</u>	<u>\$45,759</u>	<u>\$1,485,052</u>

Butler County District Board of Health
Statement of Cash Basis Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Food Service Fund	Public Health Emergency Preparedness Fund
Receipts			
Charges for Services	\$421,658	\$0	\$0
Licenses and Permits	575,243	599,346	0
Fines and Forfeitures	22,968	0	0
Intergovernmental	306,964	0	243,044
Contributions and Donations	15,275	0	0
Other	7,116	0	118
<i>Total Receipts</i>	<u>1,349,224</u>	<u>599,346</u>	<u>243,162</u>
Disbursements			
Current:			
Health:			
Public Health Emergency Preparedness	79,152	0	230,221
Child and Family Health Services	0	0	0
Environmental Health	187,287	0	0
Food Service	6,657	603,619	0
Plumbing	299,997	0	0
Nursing	381,068	0	0
Vital Statistics	310,865	0	0
<i>Total Disbursements</i>	<u>1,265,026</u>	<u>603,619</u>	<u>230,221</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>84,198</u>	<u>(4,273)</u>	<u>12,941</u>
Other Financing Sources and Uses			
Transfers In	347	0	0
Advances In	169,925	0	57,282
Transfers Out	(26,437)	0	0
Advances Out	(169,914)	0	(57,293)
<i>Total Other Financing Sources and Uses</i>	<u>(26,079)</u>	<u>0</u>	<u>(11)</u>
<i>Net Change in Fund Balances</i>	58,119	(4,273)	12,930
<i>Fund Balances at Beginning of Year</i>	<u>1,130,721</u>	<u>157,656</u>	<u>34,574</u>
<i>Fund Balances at End of Year</i>	<u><u>\$1,188,840</u></u>	<u><u>\$153,383</u></u>	<u><u>\$47,504</u></u>

See accompanying notes to the basic financial statements

<u>Child and Family Health Services Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$0	\$104	\$421,762
0	188,825	1,363,414
0	380	23,348
354,505	0	904,513
0	0	15,275
0	0	7,234
<u>354,505</u>	<u>189,309</u>	<u>2,735,546</u>
0	0	309,373
413,237	0	413,237
0	181,141	368,428
0	0	610,276
0	0	299,997
0	0	381,068
0	0	310,865
<u>413,237</u>	<u>181,141</u>	<u>2,693,244</u>
<u>(58,732)</u>	<u>8,168</u>	<u>42,302</u>
0	26,437	26,784
112,632	0	339,839
0	(347)	(26,784)
<u>(112,632)</u>	<u>0</u>	<u>(339,839)</u>
<u>0</u>	<u>26,090</u>	<u>0</u>
(58,732)	34,258	42,302
<u>108,298</u>	<u>11,501</u>	<u>1,442,750</u>
<u>\$49,566</u>	<u>\$45,759</u>	<u>\$1,485,052</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Receipts				
Charges for Services	\$400,000	\$400,000	\$421,658	\$21,658
Licenses and Permits	453,000	453,000	575,243	122,243
Fines and Forfeitures	30,000	30,000	22,968	(7,032)
Intergovernmental	262,788	262,788	306,964	44,176
Contributions and Donations	20,000	20,000	15,275	(4,725)
Other	0	7,116	7,116	0
<i>Total Receipts</i>	<u>1,165,788</u>	<u>1,172,904</u>	<u>1,349,224</u>	<u>176,320</u>
Disbursements				
Current:				
Health:				
Public Health Emergency Preparedness	93,484	101,700	79,236	22,464
Environmental Health	218,887	238,328	187,660	50,668
Food Service	7,894	8,585	6,717	1,868
Plumbing	349,168	380,308	300,081	80,227
Nursing	449,293	488,848	381,152	107,696
Vital Statistics	429,614	461,881	310,949	150,932
<i>Total Disbursements</i>	<u>1,548,340</u>	<u>1,679,650</u>	<u>1,265,795</u>	<u>413,855</u>
Excess of Revenues Over (Under) Expenditures	<u>(382,552)</u>	<u>(506,746)</u>	<u>83,429</u>	<u>590,175</u>
Other Financing Sources and Uses				
Transfers In	0	0	347	347
Advances In	0	0	169,925	169,925
Transfers Out	(26,437)	(26,437)	(26,437)	0
Advances Out	(169,914)	(169,914)	(169,914)	0
<i>Total Other Financing Sources and Uses</i>	<u>(196,351)</u>	<u>(196,351)</u>	<u>(26,079)</u>	<u>170,272</u>
<i>Net Change in Fund Balance</i>	(578,903)	(703,097)	57,350	760,447
<i>Fund Balance at Beginning of Year</i>	1,051,911	1,051,911	1,051,911	0
<i>Prior Year Encumbrances Appropriated</i>	78,810	78,810	78,810	0
<i>Fund Balance at End of Year</i>	<u>\$551,818</u>	<u>\$427,624</u>	<u>\$1,188,071</u>	<u>\$760,447</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, 2015

	<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	\$508,456	\$599,346	\$90,890
Disbursements				
Current:				
Health:				
Food Service	<u>585,517</u>	<u>613,859</u>	<u>605,900</u>	<u>7,959</u>
<i>Net Change in Fund Balance</i>	(80,517)	(105,403)	(6,554)	98,849
<i>Fund Balance at Beginning of Year</i>	156,284	156,284	156,284	0
<i>Prior Year Encumbrances</i>	<u>1,372</u>	<u>1,372</u>	<u>1,372</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$77,139</u></u>	<u><u>\$52,253</u></u>	<u><u>\$151,102</u></u>	<u><u>\$98,849</u></u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Public Health Emergency Preparedness Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Receipts				
Intergovernmental	\$153,381	\$243,044	\$243,044	\$0
Other	<u>0</u>	<u>118</u>	<u>118</u>	<u>0</u>
<i>Total Receipts</i>	153,381	243,162	243,162	0
Disbursements				
Current:				
Health:				
Public Health Emergency Preparedness	<u>126,217</u>	<u>252,034</u>	<u>230,592</u>	<u>21,442</u>
Excess of Revenues Over (Under) Expenditures	<u>27,164</u>	<u>(8,872)</u>	<u>12,570</u>	<u>21,442</u>
Other Financing Sources and Uses				
Advances In	0	57,282	57,282	0
Advances Out	<u>0</u>	<u>(57,293)</u>	<u>(57,293)</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>0</u>	<u>(11)</u>	<u>(11)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	27,164	(8,883)	12,559	21,442
<i>Fund Balance at Beginning of Year</i>	28,456	28,456	28,456	0
<i>Prior Year Encumbrances</i>	<u>6,118</u>	<u>6,118</u>	<u>6,118</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$61,738</u></u>	<u><u>\$25,691</u></u>	<u><u>\$47,133</u></u>	<u><u>\$21,442</u></u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Child and Family Health Services Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Receipts				
Intergovernmental	\$234,498	\$391,646	\$354,505	(\$37,141)
Disbursements				
Current:				
Health:				
Child and Family Health Services	<u>262,029</u>	<u>472,498</u>	<u>416,722</u>	<u>55,776</u>
Excess of Revenues Under Expenditures	<u>(27,531)</u>	<u>(80,852)</u>	<u>(62,217)</u>	<u>18,635</u>
Other Financing Sources and Uses				
Advances In	0	75,000	112,632	37,632
Advances Out	<u>0</u>	<u>0</u>	<u>(112,632)</u>	<u>(112,632)</u>
Total Other Financing Sources and Uses	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>(75,000)</u>
<i>Net Change in Fund Balance</i>	(27,531)	(5,852)	(62,217)	(56,365)
<i>Fund Balance at Beginning of Year</i>	101,267	101,267	101,267	0
<i>Prior Year Encumbrances</i>	<u>7,031</u>	<u>7,031</u>	<u>7,031</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$80,767</u></u>	<u><u>\$102,446</u></u>	<u><u>\$46,081</u></u>	<u><u>(\$56,365)</u></u>

See accompanying notes to the basic financial statements

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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, 2015

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 nonmajor 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, 2015

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, 2015

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.

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.

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.

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 postemployment 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. It also includes long-term amounts of interfund loans.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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.

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. Interfund transfers and advances between governmental funds are eliminated for reporting in the government-wide statements of activities.

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 \$769, \$2,281, \$371, and \$3,485 in the General Fund,

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Food Service, Public Health Emergency Preparedness, and Child and Family Health Services Special Revenue Funds, respectively.

Note 4 – Risk Management

Risk Pool Membership

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.

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. 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 York. 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, 2015, PEP retained \$350,000 for casualty claims and \$100,000 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 net positions at December 31, 2015 and 2014:

	2015	2014
Assets	\$38,307,677	\$35,402,177
Liabilities	(12,759,127)	(12,363,257)
Net Position	\$25,548,550	\$23,038,920

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Health District's share of these unpaid claims collectible in future years is approximately \$23,302.

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.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

<u>Year</u>	<u>Contributions to PEP</u>
2014	\$36,156
2015	36,988

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.

Note 5 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System (OPERS)

Plan Description – The District employees participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$150,466 for year 2015.

Note 6 – Post-employment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten 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>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed 14 percent of covered payroll.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2015.

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 the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2015, 2014, and 2013 was \$25,078, \$46,389, and \$14,234, respectively. The full amount has been contributed for all three years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the 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 contribution toward the health care fund after the end of the transition period.

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 Fund	Food Service Fund	Public Health Emergency Preparedness Fund	Child and Family Health Services Fund	Nonmajor Governmental Funds	Total
Restricted for						
Food Service	\$0	\$153,383	\$0	\$0	\$0	\$153,383
Public Health and Emergency	0	0	47,504	0	0	47,504
Child and Family Health Services	0	0	0	49,566	0	49,566
Recreational	0	0	0	0	46	46
Swimming Pool	0	0	0	0	11,341	11,341
Sewage Permit	0	0	0	0	34,372	34,372
<i>Total Restricted</i>	<u>0</u>	<u>153,383</u>	<u>47,504</u>	<u>49,566</u>	<u>45,759</u>	<u>296,212</u>
Assigned to						
Purchases on Order	769	0	0	0	0	769
Unassigned	<u>1,188,071</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,188,071</u>
<i>Total Fund Balances</i>	<u>\$1,188,840</u>	<u>\$153,383</u>	<u>\$47,504</u>	<u>\$49,566</u>	<u>\$45,759</u>	<u>\$1,485,052</u>

Butler County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 8 – Transfers and Advances

During 2015, Transfers In and Transfers Out activity consisted of the following:

		Transfers In Nonmajor Governmental		
		General Fund	Funds	Total
Transfers Out	General Fund	\$0	\$26,437	\$26,437
	Nonmajor Governmental Funds	347	0	347
	Total	\$347	\$26,437	\$26,784

The above-mentioned transfers were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. A nonroutine transfer of \$347 from the Mobile Home Health Fund (a nonmajor governmental fund) to the General Fund was performed to close out the now defunct fund. All obligations of this fund were paid and its use was no longer needed.

During 2015, Advances In and Advances Out activity consisted of the following:

		Advances In			Total
		General Fund Fund	Public Health and Emergency Preparedness Fund	Child and Family Health Services Fund	
Advances Out	General Fund	\$0	\$57,282	\$112,632	\$169,914
	Public Health and Emergency Preparedness Fund	57,293	0	0	57,293
	Child and Family Health Fund Services	112,632	0	0	112,632
	Total	\$169,925	\$57,282	\$112,632	\$339,839

Note 9 – Contingent Liabilities

Federal and State Grants

Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Litigation

The Health District is not party to legal proceedings.



Julian & Grube, Inc.
Serving Ohio Local Governments

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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 and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis 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, 2015, and the related notes to the financial statements, which collectively comprise the Butler County District Board of Health's basic financial statements and have issued our report thereon dated May 16, 2017, 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.

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

Julian & Grube, Inc.
May 16, 2017



Dave Yost • Auditor of State

BUTLER COUNTY DISTRICT BOARD OF HEALTH

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 27, 2017**