



Mary Taylor, CPA
Auditor of State

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

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County District Board of Health, Butler County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler District Board of Health, Butler County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Food Service and Public Health Infrastructure funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

As discussed in Note 9, the District restated January 1, 2006 fund balances to reflect the establishment of the following Special Revenue Funds: the Public Health Infrastructure Fund, the Pool Fund, and the Help Me Grow Fund which were previously presented in the General Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

December 1, 2008

Butler County District Board of Health
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The discussion and analysis of the Butler District Board of Health's financial performance provides an overall review of the District's financial activities for the years ending December 31, 2007 and December 31, 2006, 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 2007 are as follows:

- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the District's receipts. General receipts in the form of property taxes and state subsidy make up the remainder of the total revenue of \$2,336,376.
- The Public Health Infrastructure Grant continued to fund 3 staff positions in 2007. Equipment was purchased including desktop and laptop computers. The grant financially supported cell phones and service for all staff. Cities Readiness Initiative funding was also received during this fiscal year as well as Pandemic Influenza Preparedness Funding. Multi-disciplinary trainings were able to be attended utilizing grant funding.
- Plumbing and building related fees continued to be a large percentage of the receipts in the General Fund as has been the case for many years. There was again a significant decrease of 28% in these fees in 2007. The health department revenue base depicted a consistent history of growth through 2005 which is a significant factor to consider during time of economic challenges. The slowed economy and its direct effect on the housing market translate into reduced revenue for the General Fund.
- The health department 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 continued 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.

Key financial highlights for the year 2006 are as follows:

- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the District's receipts. General receipts in the form of property taxes and state subsidy make up the remainder of the total revenue of \$2,354,076.
- Plumbing fees continued to be a large percentage of the District's receipts. Increases or decreases are monitored carefully for changes that could affect future financial health. There was a 28% decrease in these fees from 2005 to 2006. It should be noted that 2004 and 2005 witnessed tremendous residential and commercial growth in Butler County. This trend will continue to be monitored closely.
- The Public Health Infrastructure Grant allowed for the purchase of equipment and hiring of additional staff to assist in the development of strategies to identify responsibilities and develop comprehensive preparedness plans, with the addition of Pandemic Influenza Preparedness funding and Cities Readiness Initiative funding.

Butler County District Board of Health
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement # 34, as applicable to the District's cash basis of accounting.

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

The Statement of Net Assets – Cash Basis and 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 explanation and detail regarding the information reported in the statements.

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

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

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the District did financially during 2007 and 2006, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator 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.

Butler County District Board of Health
 Management's Discussion and Analysis
 For the Years Ended December 31, 2007 and 2006
 Unaudited

Reporting the District as a Whole (continued)

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the District's major programs are reported. Charges for services and state and federal grants finance most of those activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

The District as a Whole

Table 1 provides a summary of the District's net assets for 2007 compared to 2006 and 2006 compared to 2005 on a cash basis:

Table 1
Net Assets – Cash Basis

	Governmental Activities		
	2007	2006	2005
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,915,703</u>	<u>\$2,092,540</u>	<u>\$2,149,351</u>
Net Assets			
Unrestricted	<u>\$1,915,703</u>	<u>\$2,092,540</u>	<u>\$2,149,351</u>
Total Net Assets	<u>\$1,915,703</u>	<u>\$2,092,540</u>	<u>\$2,149,351</u>

Table 2 reflects the changes in net assets in 2007, 2006, and 2005.

The decrease in Unrestricted Assets is due to a decrease in fees and an increase in disbursements.

Butler County District Board of Health
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2
Change in Net Assets

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Program Cash Receipts			
Charges for Services	\$1,690,295	\$1,872,189	\$2,186,590
Operating Grants and Contributions	<u>434,904</u>	<u>274,431</u>	<u>299,577</u>
Total Program Cash Receipts	<u>2,125,199</u>	<u>2,146,620</u>	<u>2,486,167</u>
General Receipts			
Other Intergovernmental	136,685	136,325	138,089
Grants and Entitlements not Restricted to Specific Programs	66,773	66,311	65,121
Miscellaneous	7,719		
Total General Receipts	<u>211,177</u>	<u>202,636</u>	<u>203,210</u>
Total Receipts	<u>2,336,376</u>	<u>2,349,256</u>	<u>2,689,377</u>
Disbursements			
Environmental Health	402,916	417,717	432,876
Food Service	609,372	560,517	530,055
Nursing	489,508	429,428	402,932
Plumbing	282,374	345,007	356,760
Public Health Infrastructure Grant	484,412	421,231	429,911
Vital Statistics	<u>244,631</u>	<u>232,167</u>	<u>229,070</u>
Total Disbursements	<u>2,513,213</u>	<u>2,406,067</u>	<u>2,381,604</u>
Change in Net Assets	(176,838)	(56,811)	307,773
Net Assets Beginning of Year	<u>2,092,540</u>	<u>2,149,351</u>	<u>1,841,578</u>
Net Assets End of Year	<u>1,915,703</u>	<u>2,092,540</u>	<u>2,149,351</u>

District receipts for services consist primarily of plumbing and building related fees, food service and other mandated licensing programs, vital statistics and clinic services fees. The Public Health Infrastructure Grant contributes a major percentage of the overall budget. State subsidy and taxation also provide major sources of revenues.

Plumbing fees decreased by 28% in 2006 and again in 2007. Food Service Operation fees increased in 2006 and 2007 in accordance with infrastructure development in several townships. Grant funding was available and received in 2007 for Pandemic Influenza Planning and Cities Readiness Initiative.

Butler County District Board of Health
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
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: Environmental Health, Food Service, Nursing, Plumbing, Public Health Infrastructure Grant 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

	<u>Total cost of Services 2007</u>	<u>Net cost of Services 2007</u>
Environmental Health	\$ 402,916	\$195,537
Food Service	\$ 609,372	\$127,249
Nursing	\$ 489,508	\$330,114
Plumbing	\$ 282,374	(\$329,011)
Public Health Infrastructure Grant	\$ 484,412	\$ 49,508
Vital Statistics	<u>\$ 244,631</u>	<u>\$ 14,617</u>
Total Distribution	<u>\$2,513,213</u>	<u>\$388,014</u>

Butler County District Board of Health
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 3
Governmental Activities

	<u>Total cost of Services 2006</u>	<u>Net cost of Services 2006</u>
Environmental Health	\$ 417,717	\$ 197,189
Food Service	\$ 560,517	\$ 75,998
Nursing	\$ 429,428	\$ 271,094
Plumbing	\$ 345,007	(\$ 450,563)
Public Health Infrastructure Grant	\$ 421,231	\$ 146,800
Vital Statistics	<u>\$ 232,167</u>	<u>\$ 18,929</u>
Total Distribution	<u>\$2,406,067</u>	<u>\$259,447</u>

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

The District's Funds

The District's 2007 governmental funds reported a combined fund balance of \$1,915,703, which is \$176,837 less than 2006's total of \$2,092,540. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2007 and 2006.

	<u>Fund Balance December 31, 2007</u>	<u>Fund Balance December 31, 2006</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General	\$1,700,072	\$1,818,29	\$(118,220)	7%
Food Service	226,647	274,238	(47,591)	17%
Public Health Infra.	(21,541)	(9,697)	(11,844)	5%
All Other Governmental	<u>10,525</u>	<u>9,707</u>	<u>818</u>	8%
Total	<u>\$1,915,703</u>	<u>\$2,092,540</u>	<u>\$(176,837)</u>	9%

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. During the course of 2007 and 2006, the District amended its appropriations and the budgetary statement reflects both the original and final appropriated amounts.

Butler County District Board of Health
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Contacting the District's Financial Management

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

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**Butler County District Board of Health
Statement of Net Assets - Cash Basis
December 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,915,703
<i>Total Assets</i>	<u><u>\$1,915,703</u></u>
Net Assets	
Unrestricted	<u>\$1,915,703</u>
<i>Total Net Assets</i>	<u><u>\$1,915,703</u></u>

**Butler County District Board of Health
Statement of Activities - Cash Basis
December 31, 2007**

	<u>Program Receipts</u>			<u>Net (Disbursements Receipts & Changes in Net Assets)</u>
	<u>Disbursements</u>	<u>Receipt for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>
Governmental Activities				
Environmental Health	\$402,916	\$207,379	\$0	(\$195,537)
Food Service	609,372	482,123		(127,249)
Nursing	489,508	159,394		(330,114)
Plumbing	282,374	611,385		329,011
PHI	484,412		434,904	(49,508)
Vital Statistics	244,631	230,014		(14,617)
Total Governmental Activities	<u>\$2,513,213</u>	<u>\$1,690,295</u>	<u>\$434,904</u>	<u>(388,014)</u>
		General Receipts		
				136,685
				66,773
				<u>7,719</u>
				<u>211,177</u>
				(176,837)
				<u>2,092,540</u>
				<u>\$1,915,703</u>

**Butler County District Board of Health
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Public Health Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,700,072	\$226,647	(\$21,541)	\$10,525	\$1,915,703
<i>Total Assets</i>	<u>\$1,700,072</u>	<u>\$226,647</u>	<u>(\$21,541)</u>	<u>\$10,525</u>	<u>\$1,915,703</u>
 Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	\$1,700,072				\$1,700,072
Special Revenue Funds		\$226,647	(\$21,541)	\$10,525	215,631
<i>Total Fund Balances</i>	<u>\$1,700,072</u>	<u>\$226,647</u>	<u>(\$21,541)</u>	<u>\$10,525</u>	<u>\$1,915,703</u>

Butler County District Board of Health
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
December 31, 2007

	General Fund	Food Service Fund	Public Health Infrastructure	Other Governmental Funds	Total
Receipts					
Intergovernmental	\$295,474	\$0	\$372,811	\$5,700	\$673,985
Fines, Licenses and Permits	774,641	482,123		44,123	1,300,887
Charges for Services:					
Clinical	123,770				123,770
Vital Statistics	230,014				230,014
<i>Total Receipts</i>	<u>1,423,899</u>	<u>482,123</u>	<u>372,811</u>	<u>49,823</u>	<u>2,328,656</u>
Disbursements					
Current:					
Environmental Health:					
General Environmental Health	359,611			43,305	402,916
Food Service	79,658	529,714			609,372
Plumbing	282,374				282,374
Community Health Services:					
Nursing	483,807			5,700	489,507
Health Promotion and Planning:					
PHI	99,757		384,655		484,412
Vital Statistics	244,631				244,631
<i>Total Disbursements</i>	<u>1,549,838</u>	<u>529,714</u>	<u>384,655</u>	<u>49,005</u>	<u>2,513,212</u>
Excess of Receipts Over (Under Disbursements)	(125,939)	(47,591)	(11,844)	818	(184,556)
Other Financing Sources (Uses)					
Transfer In	7,719	0	0	0	7,719
<i>Total Other Financing Sources (Uses)</i>	<u>7,719</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,719</u>
Net Change In Fund Balances	(118,220)	(47,591)	(11,844)	818	(176,837)
Fund Balance Beginning of Year	1,818,292	274,238	(9,697)	9,707	2,092,540
Fund Balance End of Year	<u>\$1,700,072</u>	<u>\$226,647</u>	<u>(\$21,541)</u>	<u>\$10,525</u>	<u>\$1,915,703</u>

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$66,489	\$277,756	\$295,474	17,718
Fines, Licenses and Permits	616,196	718,692	774,641	55,949
Charges for Services:				
Clinical	70,000	120,605	123,770	3,165
Vital Statistics	200,000	218,807	230,014	11,207
Total Receipts	952,685	1,335,860	1,423,899	88,039
Disbursements				
Current:				
Environmental Health:				
General Environmental Health	396,234	399,226	359,611	39,615
Food Service	87,066	87,671	79,658	8,013
Plumbing	308,635	310,780	282,374	28,406
Community Health Services:				
Nursing	529,331	533,050	483,807	49,243
Health Promotion and Planning:				
PHI	144,807	148,487	99,757	48,730
Vital Statistics	267,382	269,240	244,631	24,609
<i>Total Disbursements</i>	1,733,455	1,748,454	1,549,838	198,616
Excess of Receipts Over (Under Disbursements)	(780,770)	(412,594)	(125,939)	286,655
Other Financing Sources (Uses)				
Transfer In	0	0	7,719	7,719
<i>Total Other Financing Sources (Uses)</i>	0	0	7,719	7,719
Net Change In Fund Balances	(780,770)	(412,594)	(118,220)	294,374
Fund Balances Beginning of Year	1,818,292	1,818,292	1,818,292	0
Fund Balances End of Year	\$1,037,522	\$1,405,698	\$1,700,072	\$294,374

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Food Service Fund
December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Fines, Licenses and Permits	<u>\$450,000</u>	<u>\$478,530</u>	<u>\$482,123</u>	<u>3,593</u>
Total Receipts	<u>450,000</u>	<u>478,530</u>	<u>482,123</u>	<u>3,593</u>
Disbursements				
Current:				
Food Service	<u>579,550</u>	<u>641,400</u>	<u>529,714</u>	<u>111,686</u>
<i>Total Disbursements</i>	<u>579,550</u>	<u>641,400</u>	<u>529,714</u>	<u>111,686</u>
Excess of Receipts Over (Under Disbursements)	(129,550)	(162,870)	(47,591)	115,279
Fund Balances Beginning of Year	<u>274,238</u>	<u>274,238</u>	<u>274,238</u>	<u>0</u>
Fund Balances End of Year	<u><u>\$144,688</u></u>	<u><u>\$111,368</u></u>	<u><u>\$226,647</u></u>	<u><u>\$115,279</u></u>

**Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Public Health Infrastructure
December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$372,811	\$372,811	\$372,811	0
Total Receipts	<u>372,811</u>	<u>372,811</u>	<u>372,811</u>	<u>0</u>
Disbursements				
Current:				
PHI	384,655	384,655	384,655	0
<i>Total Disbursements</i>	<u>384,655</u>	<u>384,655</u>	<u>384,655</u>	<u>0</u>
Excess of Receipts Over (Under Disbursements)	(11,844)	(11,844)	(11,844)	0
Fund Balances Beginning of Year	<u>(9,697)</u>	<u>(9,697)</u>	<u>(9,697)</u>	<u>0</u>
Fund Balances End of Year	<u><u>(\$21,541)</u></u>	<u><u>(\$21,541)</u></u>	<u><u>(\$21,541)</u></u>	<u><u>\$0</u></u>

**Butler County District Board of Health
Statement of Net Assets - Cash Basis
December 31, 2006**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,092,540
<i>Total Assets</i>	<u><u>\$2,092,540</u></u>
Net Assets	
Unrestricted	<u>\$2,092,540</u>
<i>Total Net Assets</i>	<u><u>\$2,092,540</u></u>

**Butler County District Board of Health
Statement of Activities - Cash Basis
December 31, 2006**

	<u>Program Receipts</u>			<u>Net (Disbursements Receipts & Changes in Net Assets)</u>
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>
Governmental Activities				
Environmental Health	\$417,717	\$220,528	\$0	\$197,189
Food Service	560,517	484,519		75,998
Nursing	429,428	158,334		271,094
Plumbing	345,007	795,570		(450,563)
PHI	421,231		274,431	146,800
Vital Statistics	232,167	213,238		18,929
Total Governmental Activities	<u>\$2,406,067</u>	<u>\$1,872,189</u>	<u>\$274,431</u>	<u>259,447</u>
		General Receipts		
		Other Intergovernmental		136,325
		State Subsidy		<u>66,311</u>
		Total General Receipts		<u>202,636</u>
		Change in Net Assets		(56,811)
		Net Assets Beginning of Year		<u>2,149,351</u>
		Net Assets End of Year		<u><u>\$2,092,540</u></u>

**Butler County District Board of Health
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Public Health Infrastructure</u>	<u>All Other Governmental Funds</u>	<u>Total</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	<u>\$1,818,292</u>	<u>\$274,238</u>	<u>(\$9,697)</u>	<u>\$9,707</u>	<u>\$2,092,540</u>
<i>Total Assets</i>	<u><u>\$1,818,292</u></u>	<u><u>\$274,238</u></u>	<u><u>(\$9,697)</u></u>	<u><u>\$9,707</u></u>	<u><u>\$2,092,540</u></u>
 Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	<u>\$1,818,292</u>				<u>\$1,818,292</u>
Special Revenue Funds		<u>\$274,238</u>	<u>(\$9,697)</u>	<u>\$9,707</u>	<u>274,248</u>
Total Fund Balances	<u><u>\$1,818,292</u></u>	<u><u>\$274,238</u></u>	<u><u>(\$9,697)</u></u>	<u><u>\$9,707</u></u>	<u><u>\$2,092,540</u></u>

Butler County District Board of Health
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
December 31, 2006

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Public Health Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts					
Intergovernmental	\$251,746	\$0	\$258,289	\$23,540	\$533,575
Fines, Licenses and Permits	963,392	484,519		45,868	1,493,779
Charges for Services:					
Clinical	108,664				108,664
Vital Statistics	213,238				213,238
<i>Total Receipts</i>	<u>1,537,040</u>	<u>484,519</u>	<u>258,289</u>	<u>69,408</u>	<u>2,349,256</u>
Disbursements					
Current:					
Environmental Health					
General Environmental Health	368,666			49,051	417,717
Food Service	76,295	484,222			560,517
Plumbing	345,007				345,007
Community Health Services					
Nursing	405,888			23,540	429,428
Health Promotion and Planning					
PHI	119,309		301,922		421,231
Vital Statistics	232,167				232,167
<i>Total Disbursements</i>	<u>1,547,332</u>	<u>484,222</u>	<u>301,922</u>	<u>72,591</u>	<u>2,406,067</u>
Excess of Receipts Over (Under Disbursements)	(10,292)	297	(43,633)	(3,183)	(56,811)
Other Financing Sources (Uses)					
Transfer In	4,820				4,820
Transfer Out				(4,820)	(4,820)
<i>Total Other Financing Sources (Uses)</i>	<u>4,820</u>	<u>0</u>	<u>0</u>	<u>(4,820)</u>	<u>0</u>
Net Change In Fund Balance	(5,472)	297	(43,633)	(8,003)	(51,991)
Fund Balance Beginning of Year	1,823,764	273,941	33,936	17,710	2,149,351
Fund Balance End of Year	<u>\$1,818,292</u>	<u>\$274,238</u>	<u>(\$9,697)</u>	<u>\$9,707</u>	<u>\$2,092,540</u>

**Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
December 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$140,664	\$263,209	\$258,289	(4,920)
Fines, Licenses and Permits	770,000	963,392	963,392	0
Charges for Services:				
Clinical	70,000	101,825	108,664	6,839
Vital Statistics	180,000	213,238	213,238	0
Total Receipts	1,160,664	1,541,664	1,543,583	1,919
Disbursements				
Current:				
Environmental Health:				
General Environmental Health	421,933	454,760	368,666	86,094
Food Service	86,389	92,610	76,295	16,315
Plumbing	390,654	418,785	345,007	73,778
Community Health Services				
Nursing	462,704	497,719	405,888	91,831
Health Promotion and Planning				
PHI	175,041	209,387	119,309	90,078
Vital Statistics	262,884	281,815	232,167	49,648
<i>Total Disbursements</i>	<i>1,799,605</i>	<i>1,955,076</i>	<i>1,547,332</i>	<i>407,744</i>
Excess of Receipts Over (Under Disbursements)	(638,941)	(413,412)	(3,749)	409,663
Other Financing Sources (Uses)				
Transfer In	0	0	4,820	4,820
<i>Total Other Financing Sources (Uses)</i>	<i>0</i>	<i>0</i>	<i>4,820</i>	<i>4,820</i>
Net Change In Fund Balances	(638,941)	(413,412)	1,071	414,483
Fund Balances Beginning of Year	1,859,307	1,859,307	1,823,764	0
Fund Balances End of Year	<u>\$1,220,366</u>	<u>\$1,445,895</u>	<u>\$1,824,835</u>	<u>\$414,483</u>

Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Food Service Fund
December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines, Licenses and Permits	\$425,000	\$479,600	\$484,519	4,919
Total Receipts	425,000	479,600	484,519	4,919
Disbursements				
Current:				
Food Service	579,550	610,861	484,222	126,639
<i>Total Disbursements</i>	579,550	610,861	484,222	126,639
Excess of Receipts Over (Under Disbursements)	(154,550)	(131,261)	297	131,558
Fund Balances Beginning of Year	1,859,307	1,859,307	1,859,307	0
Fund Balances End of Year	\$1,704,757	\$1,728,046	\$1,859,604	\$131,558

**Butler County District Board of Health
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Public Health Infrastructure
December 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$258,289	\$258,289	\$258,289	0
Total Receipts	258,289	258,289	258,289	0
Disbursements				
Current:				
PHI	301,922	301,922	301,922	0
<i>Total Disbursements</i>	301,922	301,922	301,922	0
Excess of Receipts Over (Under Disbursements)	(43,633)	(43,633)	(43,633)	0
Other Financing Sources (Uses)				
Transfer Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
Net Change In Fund Balances	(43,633)	(43,633)	(43,633)	0
Fund Balances Beginning of Year	33,936	33,936	33,936	0
Fund Balances End of Year	<u>(\$9,697)</u>	<u>(\$9,697)</u>	<u>(\$9,697)</u>	<u>\$0</u>

Butler County District Board of Health
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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 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 issues health-related licenses and permits.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles 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.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible.

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Butler County District Board of Health
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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 or business activity 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 three funds. Each fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

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

Governmental Funds

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

- General Fund – The General Fund includes revenues and expenses related to vital statistics, nursing services, state subsidy, and taxation fees.
- Food Service Fund – This fund supports the licensing and inspecting of restaurants, retail food establishments and vending machines. License fees are established by cost methodology.
- Public Health Infrastructure Grant – The Public Health Infrastructure Grant Fund revenue is received from the Ohio Department of Health and supports three full time staff members. The fund has been established to promote disaster preparedness in Butler County.

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

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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.

Butler County District Board of Health
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources 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 Butler County Board of Health and approved by the Butler County Commissioners through resolution.

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 budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Board of Health during the year and approved by the Butler County Commissioners through resolution.

E. Cash and Investments

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

F. Accumulated Leave

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

G. Employer Contributions to Cost Sharing Pension Plans

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

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District has no restricted net assets.

Butler County District Board of Health
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

I. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The District has no reserves for the fiscal years ending 2007 and 2006. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

J. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Note 3 – Accountability and Compliance

The District did not establish all required funds.

Note 4 – Budgetary Basis of Accounting

The budgetary basis provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual Budgetary Basis presented for the general fund and each revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). In 2007 and 2006, the encumbrances outstanding at year end (budgetary basis) amounted to \$ 0.00.

Note 5 – Risk Management

Risk Pool Membership

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

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

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. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

Butler County District Board of Health
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 5 – Risk Management (continued)

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Districts can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$42,709. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Butler County District Board of Health
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 5 – Risk Management (continued)

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

<u>Contributions to PEP</u>	
2005	\$36,896
2006	36,397
2007	37,138

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

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description - The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll.

The Health District's contribution rate for 2007 was 13.85 percent of covered payroll. For the period January 1, through June 30, 2007, a portion of the Health District's contribution equal to 5.00 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6.00 percent. Employer contribution rates are

Butler County District Board of Health
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 6 – Defined Benefit Pension Plan (continued)

actuarially determined. State statute sets a maximum contribution rate for the Health District of 14 percent.

The Health District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$175,939, \$170,411, and \$169,560 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 7 – Post-employment Benefits

Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 through December 31, 2007.

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

The Health District's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$9,685, \$7,669, and \$6,782 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Butler County District Board of Health
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 8 – Prior Period Adjustment

A prior period adjustment was required to break out the fund balance of the following Special Revenue Funds: the Public Health Infrastructure Fund, the Pool Fund, and the Help Me Grow Fund from the General Fund. The Pool Fund and the Help Me Grow Fund are reported in Other Governmental since they are non-major funds.

These adjustments had the following effect on the fund balances at December 31, 2005:

	General Fund	Public Health Infrastructure Grant	Other Governmental Funds
Ending Fund Balances, December 31, 2005	\$ 1,859,307	\$ -	\$ 16,103
Adjustment of Fund Balances	(35,543)	33,936	1,607
Restated Beginning Fund Balances, January 1, 2006	\$ 1,823,764	\$ 33,936	\$ 17,710



Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County District Board of Health, Butler County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2008, wherein we noted the District restated January 1, 2006 fund balances to reflect the establishment of the following Special Revenue Funds: the Public Health Infrastructure Fund, the Pool Fund, and the Help Me Grow Fund previously presented in the General Fund. We also noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that may be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also material weaknesses. However, the significant deficiency described above, finding number 2007-001, we believe is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated December 1, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 1, 2008.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 1, 2008

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 and 2007**

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

FINDING NUMBER 2007-001

Noncompliance and Material Weakness

OMB Circular A-133, Section C .300, requires the District to “identify, in its accounts, all Federal awards, all Federal awards received and expended and the Federal Programs under which they were received.”

2 CFR 225 Appendix A (C)(1)(h), provides “to be allowable under Federal awards, cost must meet the following general criteria:...be adequately documented.”

45 CFR 92.20(2), also states that regarding “accounting records, grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.”

Ohio Rev. Code, Section 3749.04(E), provides that pool or spa license fees collected by a licensor shall be deposited into a swimming pool fund.

The District commingled the activity of the Public Health Infrastructure (PHI) federal grant, Help-Me Grow federal grant, and Pool License in the General Fund. Adjustments were made to the financial statements and accounting records to classify the related receipts and disbursements to their own funds. This resulted in the Help-Me Grow Fund and Pool Fund be classified in the Other Governmental Funds and the PHI Fund meeting the criteria to be classified as a major fund.

The effects of these adjustments are as follows:

	General	PHI	Other Governmental Funds
Fund balance, January 1, 2006	\$1,859,307	\$0	\$16,103
Adjust out of General Fund to separate funds:			
PHI	(33,936)	33,936	
Help Me Grow	0		0
Pool Fund	(1,607)		1,607
Restated Fund balance, January 1, 2006	\$1,823,764	\$33,936	\$17,710

The District indicated that they were unaware of the requirements to maintain these activities in separate funds. Failure to maintain required funds can result in material misstatement to the financial statements and lack of accountability for grant and other required funds.

We recommend that the District periodically review grant and license activity and the related regulations and establish all funds necessary to account for federal grants and licenses required to be accounted for in separate funds. The District corrected the financial statements and accounting records to reflect the required funds noted above.

Officials’ Response:

In response to the above finding the Butler County Health Department has implemented the following:

FINDING NUMBER 2007-001
(Continued)

A detailed ledger documenting revenues and expenses for these two funds has been submitted to the Auditor of State for the audit period.

The Public Swimming Pool Fund 6004 was established by the Butler County Auditor November 6, 2008. The Butler County Board of Health approved the 2009 operating budget for this fund on December 18, 2008.

The Public Health Infrastructure Fund 6007 was established by the Butler County Auditor November 6, 2008. The Butler County Board of Health approved the 2009 operating budget for this fund on December 18, 2008.



Mary Taylor, CPA
Auditor of State

**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
JANUARY 27, 2009**