



Mary Taylor, CPA
Auditor of State

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

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SHELBY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sidney-Shelby County Board of Health, Shelby County, (the Health District), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Health District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Health District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sidney-Shelby County Board of Health, Shelby County, , as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General fund, Help Me Grow fund, and Women, Infants and Children (WIC)fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

June 26, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

The discussion and analysis of the Sidney-Shelby County Board of Health's (the Health District) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2008, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2008 are as follows:

- Net assets decreased \$24,607. This amount is relatively small compared to the net assets balance at year-end of \$418,568.
- The Health District received \$2,362,116 in revenues during 2008. Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 73.5 percent of all the dollars coming into the Health District. General receipts in the form of property taxes, subdivision revenue, and miscellaneous revenue make up the other 26.5 percent.
- The Health District had \$2,386,723 in disbursements during 2008.

Using the Basic Financial Statements

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

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

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

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

Basis of Accounting

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

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

Reporting the Health District as a Whole

The statement of net assets and the statement of activities reflect how the Health District did financially during 2008, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity.

Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

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

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

Reporting the Health District's Most Significant Funds

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

Governmental Funds - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General Fund, Help Me Grow Fund, and WIC Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

The Health District as a Whole

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

**Table 1
Net Assets – Cash Basis**

	Governmental Activities		
	2008	2007	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$418,568	\$443,175	(\$24,607)
Total Assets	418,568	443,175	(24,607)
Net Assets			
Restricted	205,356	137,647	67,709
Unrestricted	213,212	305,528	(92,316)
Total Net Assets	<u>\$418,568</u>	<u>\$443,175</u>	<u>(\$24,607)</u>

As mentioned previously, net assets decreased \$24,607. The decrease is due primarily to a general increase in overall costs.

Table 2 reflects the change in net assets in 2008 and provides a comparison to prior year amounts.

**Table 2
Changes in Net Assets**

	Governmental Activities		
	2008	2007	Change
Receipts			
Program Cash Receipts:			
Charges for Services	\$ 961,049	\$ 930,075	\$30,974
Operating Grants and Contributions	776,071	712,002	64,069
Total Program Cash Receipts	<u>1,737,120</u>	<u>1,642,077</u>	<u>95,043</u>
General Receipts:			
Property Taxes Levied for Board of Health Purposes	418,478	461,845	(43,367)
Subdivision Revenue	193,409	205,867	(12,458)
Miscellaneous	13,109	20,507	(7,398)
Total General Receipts	<u>624,996</u>	<u>688,219</u>	<u>(63,223)</u>
Total Receipts	<u>2,362,116</u>	<u>2,330,296</u>	<u>31,820</u>
Disbursements			
Environmental Health:			
General Health	1,152,232	1,071,123	81,109
Water	25,931	28,748	(2,817)
Sewage	60,382	54,318	6,064
Solid Waste	13,219	12,615	604
Community Health Services:			
WIC	160,075	152,760	7,315
Help Me Grow	314,661	292,914	21,747

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

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

	Governmental Activities		
	2008	2007	Change
Immunizations	131,818	131,227	591
Manufactured Home Parks	5,907	7,191	(1,284)
Camps	5,685	4,810	875
Pools	8,334	8,413	(79)
Food	64,704	70,910	(6,206)
Building	108,610	134,047	(25,437)
Plumbing	78,120	105,613	(27,493)
Well Child	69,786	89,196	(19,410)
Senior Health		15,844	(15,844)
Health Promotion and Planning			
Health Assistance Program	68,326	53,025	15,301
Public Health Infrastructure	98,974	106,899	(7,925)
Capital Outlay	19,959	14,772	5,187
Total Disbursements	2,386,723	2,354,425	32,298
Change in Net Assets	(24,607)	(24,129)	(478)
Net Assets Beginning of Year	443,175	467,304	(24,129)
Net Assets End of Year	\$ 418,568	\$ 443,175	(\$24,607)

In 2008, 26.5 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for Board of Health purposes and subdivision revenue collected from the cities, villages, and townships of Shelby County. Program receipts accounted for 73.5 percent of the Health District's total receipts in the year 2008. These receipts consist primarily of various charges for services and various licenses, permits and fees, and state, federal and local operating grants.

The expense classifications represent the cost of operating the Health District and the various support services provided by the Health District. These include primarily the costs of personnel and personnel support, as the primary product of the Health District is preventive health services, which are labor-intensive. Each expense classification represents the actual fund name.

Capital outlay expenditures signify the disbursements for equipment for use in administering the Health District's services.

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Health, Help Me Grow, and WIC which account for 48.3 percent, 13.2 percent, and 6.7 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who were directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities and taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

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

**Table 3
Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Health	\$1,152,232	\$715,854	\$1,071,123	\$697,182
Water	25,931	333	28,748	694
Sewage	60,382	(1,144)	54,318	(5,886)
Solid Waste	13,219	(489)	12,615	768
WIC	160,075	(55,937)	152,760	(27,389)
Help Me Grow	314,661	(1,089)	292,914	(373)
Immunizations	131,818	(12,761)	131,227	(7,618)
Manufactured Home Parks	5,907	(1,090)	7,191	1,678
Camps	5,685	(61)	4,810	(802)
Pools	8,334	49	8,413	128
Food	64,704	(89)	70,910	8,811
Building	108,610	1,219	134,047	6,719
Plumbing	78,120	8,136	105,613	6,020
Well Child	69,786	(10,704)	89,196	34,016
Senior Health			15,844	1,782
Health Assistance Program	68,326	5,826	53,025	(15,375)
Public Health Infrastructure	98,974	(18,409)	106,899	(2,779)
Capital Outlay	19,959	19,959	14,772	14,772
Totals	\$2,386,723	\$649,603	\$2,354,425	\$712,348

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing State and Federal grants and charging rates for services that are closely related to costs. Only 27.2 percent of the Health District costs are supported through property taxes, subdivision revenue, and other general receipts.

The Health District's Funds

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

At the end of 2008, the Health District's governmental funds reported total ending fund balances of \$418,568. The entire total is unreserved fund balance, which is available for spending.

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

The general fund is the chief operating fund of the Health District. At the end of 2008, unreserved fund balance in the general fund was \$213,212. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 18.5 percent of the total general fund expenditures.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Expenditures exceeded revenues in the general fund by \$92,316 in 2008. License and permit fees and charges for services account for 24.5 percent of revenues in the general fund. Subdivision revenues consist of payments from the townships, villages and cities in the Health District. Intergovernmental revenues consist of state subsidies.

The Help Me Grow special revenue fund accounts for federal and state grant monies for the Help Me Grow program. Help Me Grow is a program for expectant parents, newborns, infants, and toddlers. The program focuses on the growth and development of children ages birth to three years and provides newborn home visits and on-going health developmental health services. At the end of 2008, the total fund balance was \$36,757.

The Women, Infants, and Children (WIC) special revenue fund accounts for federal grant monies for the WIC program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. At the end of 2008 the total fund balance was \$76,652.

General Fund Budgeting Highlights

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

During the course of 2008, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no changes between the original and the final estimated receipts. Appropriations for Capital Outlay decreased based on decision to not purchase equipment.

Capital Assets

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

Debt Administration

At December 31, 2008, the Health District's outstanding debt included future lease payments for the office facility, as well as accumulated sick and vacation leave balances for the Health District's employees. The Health District does not currently report its outstanding debt obligations for financial reporting purposes.

Current Issues

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Contacting the Health District's Financial Management

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

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

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$418,568</u>
Total Assets	<u><u>418,568</u></u>
Net Assets	
Restricted for:	
Other Purposes	205,356
Unrestricted	<u>213,212</u>
Total Net Assets	<u><u>\$418,568</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Program Receipts</u>		<u>(Net) Disbursements Receipts and Changes in Net Assets</u>
	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Governmental Activities	<u>Disbursements</u>		
Environmental Health			
General Health	\$1,152,232	\$259,493	\$176,885
Water	25,931	25,598	(333)
Sewage	60,382	61,526	1,144
Solid Waste	13,219	13,708	489
Community Health Services			
WIC	160,075		216,012
Help Me Grow	314,661	237,141	78,609
Immunizations	131,818	96,395	48,184
Manufactured Home Parks	5,907	6,997	1,090
Camps	5,685	5,746	61
Pools	8,334	8,285	(49)
Food	64,704	64,793	89
Building	108,610	107,391	(1,219)
Plumbing	78,120	69,984	(8,136)
Well Child	69,786	3,992	76,498
Health Promotion and Planning			
Health Assistance Program	68,326		62,500
Public Health Infrastructure	98,974		117,383
Capital Outlay	19,959		(19,959)
Total Governmental Activities	<u>\$2,386,723</u>	<u>\$961,049</u>	<u>\$776,071</u>

General Receipts

Property Taxes Levied for:

General Health District Purposes	418,478
Subdivision Revenue	193,409
Miscellaneous	13,109
Total General Receipts	<u>624,996</u>
 Change in Net Assets	 (24,607)
 Net Assets Beginning of Year	 <u>443,175</u>
 Net Assets End of Year	 <u>\$418,568</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Help Me Grow</u>	<u>WIC</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash					
and Cash Equivalents	\$213,212	\$36,757	\$76,652	\$91,947	\$418,568
Total Assets	<u>213,212</u>	<u>36,757</u>	<u>76,652</u>	<u>91,947</u>	<u>418,568</u>
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	213,212				213,212
Special Revenue Funds		36,757	76,652	91,947	205,356
Total Fund Balances	<u>\$213,212</u>	<u>\$36,757</u>	<u>\$76,652</u>	<u>\$91,947</u>	<u>\$418,568</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Help Me Grow	WIC	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$418,478				\$418,478
Subdivision Revenue	193,409				193,409
Intergovernmental	176,885	\$78,608	\$216,012	\$242,066	713,571
Local Grant Funding				62,500	62,500
Fees, Licenses and Permits	67,805			364,028	431,833
Charges for Services	191,689	237,141		100,387	529,217
Miscellaneous	12,666			442	13,108
Total Receipts	<u>1,060,932</u>	<u>315,749</u>	<u>216,012</u>	<u>769,423</u>	<u>2,362,116</u>
Disbursements					
Current:					
Environmental Health:					
General Health	1,152,232				1,152,232
Water				25,931	25,931
Sewage				60,382	60,382
Solid Waste				13,219	13,219
Community Health Services:					
WIC			160,075		160,075
Help Me Grow		314,661			314,661
Immunizations				131,818	131,818
Manufactured Home Parks				5,907	5,907
Camps				5,685	5,685
Pools				8,334	8,334
Food				64,704	64,704
Building				108,610	108,610
Plumbing				78,120	78,120
Well Child				69,786	69,786
Health Promotion and Planning					
Health Assistance Program				68,326	68,326
Public Health Infrastructure				98,974	98,974
Capital Outlay	1,016	3,156	8,527	7,260	19,959
Total Disbursements	<u>1,153,248</u>	<u>317,817</u>	<u>168,602</u>	<u>747,056</u>	<u>2,386,723</u>
Excess of Receipts Over (Under) Disbursements	(92,316)	(2,068)	47,410	22,367	(24,607)
Other Financing Sources (Uses)					
Advances In	1,500			1,500	3,000
Advances Out	(1,500)			(1,500)	(3,000)
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	(92,316)	(2,068)	47,410	22,367	(24,607)
Fund Balances Beginning of Year	<u>305,528</u>	<u>38,825</u>	<u>29,242</u>	<u>69,580</u>	<u>443,175</u>
Fund Balances End of Year	<u>\$213,212</u>	<u>\$36,757</u>	<u>\$76,652</u>	<u>\$91,947</u>	<u>\$418,568</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$460,000	\$460,000	\$418,478	(\$41,522)
Subdivision Revenue	193,500	193,500	193,409	(91)
Intergovernmental	165,500	165,500	176,885	11,385
Fees, Licenses and Permits	81,600	81,600	67,805	(13,795)
Charges for Services	148,150	148,150	191,689	43,539
Miscellaneous	15,250	15,250	12,666	(2,584)
Total Receipts	<u>1,064,000</u>	<u>1,064,000</u>	<u>1,060,932</u>	<u>(3,068)</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	1,197,943	1,221,943	1,152,232	69,711
Capital Outlay	30,000	6,000	1,016	4,984
Total Disbursements	<u>1,227,943</u>	<u>1,227,943</u>	<u>1,153,248</u>	<u>74,695</u>
Excess of Receipts Over (Under) Disbursements	<u>(163,943)</u>	<u>(163,943)</u>	<u>(92,316)</u>	<u>71,627</u>
Other Financing Sources (Uses)				
Advances In			1,500	1,500
Advances Out	(25,000)	(25,000)	(1,500)	23,500
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u> </u>	<u>25,000</u>
Net Change in Fund Balances	(188,943)	(188,943)	(92,316)	96,627
Fund Balances Beginning of Year	<u>305,528</u>	<u>305,528</u>	<u>305,528</u>	<u> </u>
Fund Balances End of Year	<u>\$116,585</u>	<u>\$116,585</u>	<u>\$213,212</u>	<u>\$96,627</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
HELP ME GROW FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$91,425	\$91,425	\$78,608	(\$12,817)
Charges for Services	200,000	200,000	237,141	37,141
Total Receipts	<u>291,425</u>	<u>291,425</u>	<u>315,749</u>	<u>24,324</u>
Disbursements				
Current:				
Help Me Grow	327,365	324,165	314,661	9,504
Capital Outlay		3,200	3,156	44
Total Disbursements	<u>327,365</u>	<u>327,365</u>	<u>317,817</u>	<u>9,548</u>
Net Change in Fund Balances	(35,940)	(35,940)	(2,068)	33,872
Fund Balances Beginning of Year	<u>38,825</u>	<u>38,825</u>	<u>38,825</u>	
Fund Balances End of Year	<u><u>\$2,885</u></u>	<u><u>\$2,885</u></u>	<u><u>\$36,757</u></u>	<u><u>\$33,872</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOMEN'S INFANTS AND CHILDREN FUND (WIC)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u></u>
Receipts				
Intergovernmental	\$180,000	\$180,000	\$216,012	\$36,012
Total Receipts	<u>180,000</u>	<u>180,000</u>	<u>216,012</u>	<u>36,012</u>
Disbursements				
Current:				
WIC	181,100	180,900	160,075	20,825
Capitlay Outlay		12,900	8,527	4,373
Total Disbursements	<u>181,100</u>	<u>193,800</u>	<u>168,602</u>	<u>25,198</u>
Net Change in Fund Balances	(1,100)	(13,800)	47,410	61,210
Fund Balances Beginning of Year	<u>29,242</u>	<u>29,242</u>	<u>29,242</u>	
Fund Balances End of Year	<u><u>\$28,142</u></u>	<u><u>\$15,442</u></u>	<u><u>\$76,652</u></u>	<u><u>\$61,210</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. REPORTING ENTITY

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

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

A. Primary Government

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

B. Component Units

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

C. Public Entity Risk Pools

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Help Me Grow special revenue fund accounts for federal and state grant monies for the Help Me Grow program. Help Me Grow is a program for expectant parents, newborns, infants, and toddlers. The program focuses on the growth and development of children ages birth to three years and provides newborn home visits and on-going health developmental health services.

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the Health District may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

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

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

E. Cash and Investments

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

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

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

M. Net Assets

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

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

There are no net assets restricted by enabling legislation as of December 31, 2008.

N. Fund Balance Reserves

The Health District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have not been established for any purposes.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

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

4. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Health District. Property tax receipts received in 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes which became a lien on December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 was 12.5 percent. This was reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Health District operations for the year ended December 31, 2008, was \$.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$863,510,990
Public Utility Property	677,670
Tangible Personal Property	<u>102,849,400</u>
Total Assessed Values	<u>\$967,038,060</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Health District. The County Auditor periodically remits to the Health District its portion of the taxes collected.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

5. RISK MANAGEMENT

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

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

A. Public Entities Pool of Ohio (PEP)

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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.

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. Governments 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 (the latest information available) 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

5. RISK MANAGEMENT (Continued)

Financial Position - PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

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

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 Health District's share of these unpaid claims collectible in future years is approximately \$6,615. This payable includes the subsequent year's contribution due if the Health District terminates participation, as described in the last paragraph below.

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

Contributions to PEP

2006	\$6,190
2007	\$6,171
2008	\$5,752

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.

B. Medical Benefits

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

5. RISK MANAGEMENT (Continued)

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

For 2008, the Health District, through Shelby County as their fiscal agent, participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool.

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

6. DEFINED BENEFIT PENSION PLAN

Plan Description - The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is 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, 2008, members in state and local classifications contributed 10 percent of covered payroll. The Health District's contribution rate for December 31, 2008 was 14 percent of covered payroll. For the period January 1, 2008 through December 31, 2008, a portion of the Health District's contribution equal to 7 percent of covered payroll was allocated to fund the post-employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Health District of 14 percent.

The Health District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$190,044, \$177,502, and \$158,361, respectively; 100 percent has been contributed for 2008, 2007, and 2006.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

7. POSTEMPLOYMENT BENEFITS

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. The 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 2008, local government employers contributed 14 percent of covered payroll. 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 7 percent of covered payroll from January 1 through December 31, 2008.

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, 2008, 2007 and 2006 were \$95,022, \$70,486, and \$52,345, respectively. 100 percent has been contributed for all years.

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

8. LEASE AGREEMENT

The Health District is a party to a ten year lease for rental of office space. This lease was effective July 1, 2004 and terminates June 30, 2014. This lease requires the Health District to remit monthly payments. The monthly lease amount for 2008 was \$1,692 and the payments decline over the life of the lease.

9. CONTINGENT LIABILITIES

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

The discussion and analysis of the Sidney-Shelby County Board of Health's (the Health District) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2007, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2007 are as follows:

- Net assets decreased \$24,129. This amount is relatively small compared to the net assets balance at year-end of \$443,175.
- The Health District received \$2,330,296 in revenues during 2007. Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 70.5 percent of all the dollars coming into the Health District. General receipts in the form of property taxes, subdivision revenue, and miscellaneous revenue make up the other 29.5 percent.
- The Health District had \$2,354,425 in disbursements during 2007. The Women, Infants and Children (WIC) program was significantly expanded during 2007.

Using the Basic Financial Statements

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

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

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

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

Basis of Accounting

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

Reporting the Health District as a Whole

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

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

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

Reporting the Health District's Most Significant Funds

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The Health District as a Whole

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

**Table 1
Net Assets – Cash Basis**

	Governmental Activities		
	2007	2006	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$443,175	\$467,304	(\$24,129)
Total Assets	443,175	467,304	(24,129)
Net Assets			
Restricted	137,647	158,601	(20,954)
Unrestricted	305,528	308,703	(3,175)
Total Net Assets	<u>\$443,175</u>	<u>\$467,304</u>	<u>(\$24,129)</u>

As mentioned previously, net assets decreased \$24,129. The decrease is due primarily to a general increase in overall costs

Table 2 reflects the change in net assets in 2007 and provides a comparison to prior year amounts. Since the Health District did not prepare financial statements showing the expanded expenditure classifications in 2006, a comparative analysis using the expanded expense classifications cannot be presented. In future years, when expanded expense classifications will be available, a comparative analysis will be presented with the expanded expense classifications.

**Table 2
Changes in Net Assets**

	Governmental Activities		
	2007	2006	Change
Receipts			
Program Cash Receipts:			
Charges for Services	\$ 930,075	\$1,032,174	(\$102,099)
Operating Grants and Contributions	712,002	548,047	163,955
Total Program Cash Receipts	<u>1,642,077</u>	<u>1,580,221</u>	<u>61,856</u>
General Receipts:			
Property Taxes Levied for Board of Health Purposes	461,845	463,620	(1,775)
Subdivision Revenue	205,867	216,570	(10,703)
Miscellaneous	20,507	21,981	(1,474)
Total General Receipts	<u>688,219</u>	<u>702,171</u>	<u>(13,952)</u>
Total Receipts	<u>2,330,296</u>	<u>2,282,392</u>	<u>47,904</u>
Disbursements			
General Health:			
Environmental Health		2,222,348	(2,222,348)
General Health	1,071,123		1,071,123
Water	28,748		28,748
Sewage	54,318		54,318
Solid Waste	12,615		12,615

(Continued)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

	Governmental Activities		
	2007	2006	Change
Community Health Services			
WIC	152,760		152,760
Help Me Grow	292,914		292,914
Immunizations	131,227		131,227
Manufactured Home Parks	7,191		7,191
Camps	4,810		4,810
Pools	8,413		8,413
Food	70,910		70,910
Building	134,047		134,047
Plumbing	105,613		105,613
Well Child	89,196		89,196
Senior Health	15,844		15,844
Health Promotion and Planning			
Health Assistance Program	53,025		53,025
Public Health Infrastructure	106,899		106,899
Capital Outlay	14,772	11,526	3,246
Total Disbursements	<u>2,354,425</u>	<u>2,233,874</u>	<u>120,551</u>
Change in Net Assets	(24,129)	48,518	(72,647)
Net Assets Beginning of Year	<u>467,304</u>	<u>418,786</u>	<u>48,518</u>
Net Assets End of Year	<u>\$ 443,175</u>	<u>\$ 467,304</u>	<u>(\$24,129)</u>

In 2007, 29.5 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for Board of Health purposes and subdivision revenue collected from cities, villages, and townships of Shelby County. Program receipts accounted for 70.5 percent of the Health District's total receipts in year 2007. These receipts consist primarily of various charges for services and various licenses, permits and fees, and state, federal and local operating grants.

The expenditure classifications represent the cost of operating the Health District and the various support services provided by the Health District. These include primarily the costs of personnel and personnel support, as the primary product of the Health District is preventive health services, which are labor-intensive.

Capital outlay expenditures signify the disbursements for equipment for use in administering the Health District's services.

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Health and Help Me Grow, which account for 45.5 percent and 12.4 percent of all governmental disbursements, respectively. 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 Health District that must be used to provide a specific service.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The net cost column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities and taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3. Since the Health District did not prepare financial statements showing the expanded expenditure classifications in 2006, a comparative analysis using the expanded expense classifications cannot be presented. In future years, when expanded expense classifications will be available, a comparative analysis will be presented with the expanded expense classifications.

**Table 3
Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Health	\$1,071,123	\$697,182	\$2,222,348	\$642,127
Water	28,748	694		
Sewage	54,318	(5,886)		
Solid Waste	12,615	768		
WIC	152,760	(27,389)		
Help Me Grow	292,914	(373)		
Immunizations	131,227	(7,618)		
Manufactured Home Parks	7,191	1,678		
Camps	4,810	(802)		
Pools	8,413	128		
Food	70,910	8,811		
Building	134,047	6,719		
Plumbing	105,613	6,020		
Well Child	89,196	34,016		
Senior Health	15,844	1,782		
Health Assistance Program	53,025	(15,375)		
Public Health Infrastructure	106,899	(2,779)		
Capital Outlay	14,772	14,772	11,526	11,526
Total Governmental Activities	\$2,354,425	\$712,348	\$2,233,874	\$653,653

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing State and Federal grants and charging rates for services that are closely related to costs. Only 30.3 percent of the Health District costs are supported through property taxes, subdivision revenue, and other general receipts.

The Health District's Funds

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

At the end of 2007, the Health District's governmental funds reported total ending fund balances of \$443,175. All of the total is unreserved fund balance, which is available for spending.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

The general fund is the chief operating fund of the Health District. At the end of 2007, unreserved fund balance in the general fund was \$305,528. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 28.4 percent of the total general fund expenditures.

Expenditures exceeded revenues in the general fund by \$16,175 in 2007. License and permit fees and charges for services account for 22.5 percent of revenues in the general fund. Subdivision revenues consist of payments from the townships, villages and cities in the Health District. Intergovernmental revenues consists of state subsidies.

The Help Me Grow special revenue fund accounts for federal and state grant monies for the Help Me Grow program. Help Me Grow is a program for expectant parents, newborns, infants, and toddlers. The program focuses on the growth and development of children ages birth to three years and provides newborn home visits and on-going health developmental health services. At the end of 2007, the total fund balance was \$38,825.

General Fund Budgeting Highlights

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

During the course of 2007, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no changes between the original and the final estimated receipts. Appropriations for Capital Outlay decreased based on decision to not purchase equipment.

Capital Assets

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

Debt Administration

At December 31, 2007, the Health District's outstanding debt included future lease payments for the office facility, as well as accumulated sick and vacation leave balances for the Health District's employees. The Health District does not currently report its outstanding debt obligations for financial reporting purposes.

Current Issues

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Contacting the Health District's Financial Management

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

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

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$443,175
Total Assets	<u>443,175</u>
Net Assets	
Restricted for:	
Other Purposes	137,647
Unrestricted	305,528
Total Net Assets	<u>\$443,175</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental Activities			<u>Governmental Activities</u>
Environmental Health			
General Health	\$1,071,123	\$238,441	\$135,500
Water	28,748	28,054	(694)
Sewage	54,318	60,204	5,886
Solid Waste	12,615	11,847	(768)
Community Health Services			
WIC	152,760		180,149
Help Me Grow	292,914	171,630	121,657
Immunizations	131,227	98,641	40,204
Manufactured Home Parks	7,191	5,513	(1,678)
Camps	4,810	5,612	802
Pools	8,413	8,285	(128)
Food	70,910	62,099	(8,811)
Building	134,047	127,328	(6,719)
Plumbing	105,613	99,593	(6,020)
Well Child	89,196	8,786	46,394
Senior Health	15,844	4,042	10,020
Health Promotion and Planning			
Health Assistance Program	53,025		68,400
Public Health Infrastructure	106,899		109,678
Capital Outlay	14,772		(14,772)
Total Governmental Activities	<u>\$2,354,425</u>	<u>\$930,075</u>	<u>\$712,002</u>
		General Receipts	
		Property Taxes Levied for:	
		General Health District Purposes	461,845
		Subdivision Revenue	205,867
		Miscellaneous	20,507
		Total General Receipts	<u>688,219</u>
		Change in Net Assets	(24,129)
		Net Assets Beginning of Year	<u>467,304</u>
		Net Assets End of Year	<u>\$443,175</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$305,528	\$38,825	\$98,822	\$443,175
Total Assets	<u>305,528</u>	<u>38,825</u>	<u>98,822</u>	<u>443,175</u>
Fund Balances				
Unreserved:				
Undesignated, Reported in:				
General Fund	305,528			305,528
Special Revenue Funds		38,825	98,822	137,647
Total Fund Balances	<u>\$305,528</u>	<u>\$38,825</u>	<u>\$98,822</u>	<u>\$443,175</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Help Me Grow	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$461,845			\$461,845
Subdivision Revenue	205,867			205,867
Intergovernmental	135,500	\$121,657	\$376,425	633,582
Local Grant Funding			78,420	78,420
Fees, Licenses and Permits	82,318		408,535	490,853
Charges for Services	156,123	171,630	111,469	439,222
Miscellaneous	17,511		2,996	20,507
Total Receipts	<u>1,059,164</u>	<u>293,287</u>	<u>977,845</u>	<u>2,330,296</u>
Disbursements				
Current:				
Environmental Health:				
General Health	1,071,123			1,071,123
Water			28,748	28,748
Sewage			54,318	54,318
Solid Waste			12,615	12,615
Community Health Services:				
WIC			152,760	152,760
Help Me Grow		292,914		292,914
Immunizations			131,227	131,227
Manufactured Home Parks			7,191	7,191
Camps			4,810	4,810
Pools			8,413	8,413
Food			70,910	70,910
Building			134,047	134,047
Plumbing			105,613	105,613
Well Child			89,196	89,196
Senior Health			15,844	15,844
Health Promotion and Planning:				
Health Assistance Program			53,025	53,025
Public Health Infrastructure			106,899	106,899
Capital Outlay	4,216	6,112	4,444	14,772
Total Disbursements	<u>1,075,339</u>	<u>299,026</u>	<u>980,060</u>	<u>2,354,425</u>
Excess of Receipts Over (Under) Disbursements	<u>(16,175)</u>	<u>(5,739)</u>	<u>(2,215)</u>	<u>(24,129)</u>
Other Financing Sources (Uses)				
Advances In	36,000		23,000	59,000
Advances Out	(23,000)		(36,000)	(59,000)
Total Other Financing Sources (Uses)	<u>13,000</u>		<u>(13,000)</u>	
Net Change in Fund Balances	(3,175)	(5,739)	(15,215)	(24,129)
Fund Balances Beginning of Year	<u>308,703</u>	<u>44,564</u>	<u>114,037</u>	<u>467,304</u>
Fund Balances End of Year	<u>\$305,528</u>	<u>\$38,825</u>	<u>\$98,822</u>	<u>\$443,175</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$420,000	\$420,000	\$461,845	\$41,845
Subdivision Revenue	210,800	210,800	205,867	(4,933)
Intergovernmental	127,100	127,100	135,500	8,400
Fees, Licenses and Permits	76,130	76,130	82,318	6,188
Charges for Services	138,150	138,150	156,123	17,973
Miscellaneous	6,220	6,220	17,511	11,291
Total Receipts	<u>978,400</u>	<u>978,400</u>	<u>1,059,164</u>	<u>80,764</u>
Disbursements				
Current:				
Environmental Health:				
General Environmental Health	1,159,550	1,160,550	1,071,123	89,427
Capital Outlay	100,000	16,000	4,216	11,784
Total Disbursements	<u>1,259,550</u>	<u>1,176,550</u>	<u>1,075,339</u>	<u>101,211</u>
Excess of Receipts Over (Under) Disbursements	<u>(281,150)</u>	<u>(198,150)</u>	<u>(16,175)</u>	<u>181,975</u>
Other Financing Sources (Uses)				
Advances In	50,000	50,000	36,000	(14,000)
Advances Out	(50,000)	(50,000)	(23,000)	27,000
Total Other Financing Sources (Uses)	<u> </u>	<u> </u>	<u>13,000</u>	<u>13,000</u>
Net Change in Fund Balances	(281,150)	(198,150)	(3,175)	194,975
Fund Balances Beginning of Year	<u>308,703</u>	<u>308,703</u>	<u>308,703</u>	
Fund Balances End of Year	<u><u>\$27,553</u></u>	<u><u>\$110,553</u></u>	<u><u>\$305,528</u></u>	<u><u>\$194,975</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
HELP ME GROW FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$110,000	\$110,000	\$121,657	\$11,657
Charges for Services	178,000	178,000	171,630	(6,370)
Total Receipts	<u>288,000</u>	<u>288,000</u>	<u>293,287</u>	<u>5,287</u>
Disbursements				
Current:				
Help Me Grow	315,772	309,660	292,914	16,746
Capital Outlay		6,112	6,112	
Total Disbursements	<u>315,772</u>	<u>315,772</u>	<u>299,026</u>	<u>16,746</u>
Net Change in Fund Balances	(27,772)	(27,772)	(5,739)	22,033
Fund Balances Beginning of Year	<u>44,564</u>	<u>44,564</u>	<u>44,564</u>	
Fund Balances End of Year	<u><u>\$16,792</u></u>	<u><u>\$16,792</u></u>	<u><u>\$38,825</u></u>	<u><u>\$22,033</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. REPORTING ENTITY

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

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

A. Primary Government

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

B. Component Units

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

C. Public Entity Risk Pools

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Help Me Grow special revenue fund accounts for federal and state grant monies for the Help Me Grow program. Help Me Grow is a program for expectant parents, newborns, infants, and toddlers. The program focuses on the growth and development of children ages birth to three years and provides newborn home visits and on-going health developmental health services.

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

E. Cash and Investments

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

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

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

M. Net Assets

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

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

There are no net assets restricted by enabling legislation as of December 31, 2007.

N. Fund Balance Reserves

The Health District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have not been established for any purposes.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

4. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Health District. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Health District operations for the year ended December 31, 2007, was \$.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$ 845,390,470
Public Utility Property	634,170
Tangible Personal Property	<u>183,299,530</u>
Total Assessed Values	<u>\$1,029,324,170</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Health District. The County Auditor periodically remits to the Health District its portion of the taxes collected.

5. RISK MANAGEMENT

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. RISK MANAGEMENT (Continued)

A. Public Entities Pool of Ohio (PEP)

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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.

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. Governments 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:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. RISK MANAGEMENT (Continued)

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 Health District's share of these unpaid claims collectible in future years is approximately \$7,100. This payable includes the subsequent year's contribution due if the Health District terminates participation, as described in the last paragraph below.

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	\$6,228
2006	\$6,190
2007	\$6,171

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.

B. Medical Benefits

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

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

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

For 2007, the Health District, through Shelby County as their fiscal agent, participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the Health District by virtue of its grouping with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than the individual rate.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

6. DEFINED BENEFIT PENSION PLAN

Plan Description - The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 per cent 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 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, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Health District's contribution rate for pension benefits for 2007 was 13.85 percent of covered payroll. For the period January 1, through June 30, 2007 and July 1, through December 31, 2007, 5 percent and 6 percent, respectively, was used to fund the postemployment healthcare.

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 \$177,502, \$158,361 and \$148,550 respectively; the full amount has been contributed for 2007, 2006 and 2005.

7. POSTEMPLOYMENT BENEFITS

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. The 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. POSTEMPLOYMENT BENEFITS (Continued)

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. The 2007 local government employer contribution rate was 13.85 percent of covered payroll. 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 of covered payroll 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 \$70,486, \$52,345, and \$43,852, respectively. 100 percent has been contributed for all years.

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

8. LEASE AGREEMENT

The Health District is a party to a ten year lease for rental of office space. This lease was effective July 1, 2004 and terminates June 30, 2014. This lease requires the Health District to remit monthly payments. The monthly lease amount for 2007 was \$2,945 and the payments decline over the life of the lease.

9. CONTINGENT LIABILITIES

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



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*

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sidney-Shelby County Board of Health, Shelby County, (the Health District) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated June 26, 2009, wherein we noted the Health District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A 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 Health 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 Health District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Health 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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Health District's management in a separate letter dated June 26, 2009.

Compliance and Other Matters

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

We did note a certain noncompliance or other matter that we reported to the Health District's management in a separate letter dated June 26, 2009.

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

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

Mary Taylor, CPA
Auditor of State

June 26, 2009

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

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Accurate and complete immunization records including dates and amounts paid.	Yes	



Mary Taylor, CPA
Auditor of State

SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 11, 2009