

**FAIRFIELD COUNTY GENERAL  
HEALTH DISTRICT  
Single Audit  
For the Year Ended December 31, 2011**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Health  
Fairfield County General Health District  
1587 Granville Pike  
Lancaster, Ohio 43130

We have reviewed the *Independent Accountants' Report* of the Fairfield County General Health District, Fairfield County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 27, 2012

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**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

June 12, 2012

Fairfield County General Health District  
1587 Granville Pike  
Lancaster, Ohio 43130

To the Board of Health:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Fairfield County General Health District**, Fairfield County, Ohio (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County General Health District, Fairfield County, Ohio, as of December 31, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund, the Women, Infants and Children Fund, the Bioterrorism Grant Fund, and the Landfill/C&DD Disposal Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3A, during 2011 the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

**Perry and Associates**  
Certified Public Accountants, A.C.



**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The management discussion and analysis of the Fairfield County General Health District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- For 2011, the total net assets of the District decreased \$134,453, which represents a 25.55% decrease from 2010.
- General revenues accounted for \$688,688 in revenue or 30.24% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,588,603 or 69.76% of total revenues of \$2,277,291.
- The District had \$2,411,744 in expenses related to governmental activities; \$1,588,603 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$688,688 were not adequate to provide for these programs.
- The District's major funds are the general fund, the women, infants and children fund, the bioterrorism grant fund and the landfill/c & dd disposal fund. The general fund had \$1,044,738 in revenues and \$1,103,196 in expenditures and other financing uses. During 2011, the general fund's fund balance decreased \$58,458 from \$87,086 to \$28,628.
- The women, infants and children fund, a District major fund, had \$439,484 in revenues and \$406,211 in expenditures. During 2011, the women, infants and children fund balance increased \$33,273 from a balance of \$225,191 to a fund balance of \$258,464.
- The bioterrorism grant fund, a District major fund, had \$155,589 in revenues and \$244,732 in expenditures. During 2011, the bioterrorism grant fund balance decreased \$89,143 from a balance of \$40,760 to a deficit fund balance of \$48,383.
- The landfill/c & dd disposal fund, a District major fund, had \$150,549 in revenues and \$147,157 in expenditures. During 2011, the landfill/c & dd disposal fund balance increased \$3,392 from a balance of \$117,626 to a fund balance of \$121,018.

**Using this Annual Financial Report**

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

The statement of net assets and statement of activities provide information about the activities of the District as a whole, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, nonfinancial information such as the condition of the District's capital assets, the reliance on non-local financial resources for the operations and the need for continued growth will also need to be evaluated.

The District's statement of net assets and statement of activities can be found on pages 12-13 of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major governmental fund begins on page 8. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the women, infants and children fund, the bioterrorism grant fund and landfill/c & dd disposal fund.

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

The District maintains a multitude of individual governmental funds. The District has segregated these funds into major funds and nonmajor funds. The District's major governmental funds are the general fund, the women, infants and children fund, the bioterrorism grant fund, and the landfill/c & dd disposal fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 14-21 of this report.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-37 of this report.

**Government-wide Financial Analysis**

The table below provides a summary of the District's government-wide assets, liabilities and net assets for 2011 and 2010:

	Governmental Activities	
	2011	2010
<b><u>Assets</u></b>		
Current and other assets	\$ 793,719	\$ 842,383
Capital assets, net	37,799	44,224
<b>Total assets</b>	<b>831,518</b>	<b>886,607</b>
<b><u>Liabilities</u></b>		
Current liabilities	230,162	139,446
Long-term liabilities:		
Due within one year	150,526	155,621
Due in more than one year	59,076	65,333
<b>Total liabilities</b>	<b>439,764</b>	<b>360,400</b>
<b><u>Net Assets</u></b>		
Invested in capital assets	37,799	44,224
Restricted	536,196	598,616
Unrestricted (deficit)	(182,241)	(116,633)
<b>Total net assets</b>	<b>\$ 391,754</b>	<b>\$ 526,207</b>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the District's assets exceeded liabilities by \$391,754.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

At year-end, capital assets represented 4.55% of total assets. Capital assets include furniture, fixtures and equipment, and vehicles. Capital assets at December 31, 2011 were \$37,799. These capital assets are used to provide services to citizens and are not available for future spending. A portion of the District's net assets, \$536,196, represents resources that are subject to external restriction on how they may be used. The remaining balance of net assets is a deficit of \$182,241.

The table below shows the changes in net assets for 2011 and 2010.

	<b>Change in Net Assets</b>		
	Governmental Activities 2011	Governmental Activities 2010	Percentage Change
<b><u>Revenues</u></b>			
Program revenues:			
Charges for services and sales	\$ 849,711	\$ 1,008,954	(15.78) %
Operating grants and contributions	738,892	913,994	(19.16) %
General revenues:			
Property taxes	652,439	703,910	(7.31) %
Grants and entitlements	21,582	30,826	(29.99) %
Contributions and donations	-	5,000	(100.00) %
Other	<u>14,667</u>	<u>21,997</u>	(33.32) %
Total revenues	<u>2,277,291</u>	<u>2,684,681</u>	(15.17) %
<b><u>Expenses</u></b>			
Program expenses:			
Health:			
Environmental health	586,626	561,703	4.44 %
Community health services	899,076	1,708,300	(47.37) %
Health promotion and planning	432,698	488,724	(11.46) %
Administration	<u>493,344</u>	<u>818,347</u>	(39.71) %
Total expenses	<u>2,411,744</u>	<u>3,577,074</u>	(32.58) %
Increase (decrease) in net assets before special item	(134,453)	(892,393)	(84.93) %
Special item	<u>-</u>	<u>(1,432,557)</u>	(100.00) %
Change in net assets	(134,453)	(2,324,950)	(94.22) %
Net assets at beginning of year	<u>526,207</u>	<u>2,851,157</u>	(81.54) %
Net assets at end of year	<u>\$ 391,754</u>	<u>\$ 526,207</u>	(25.55) %

Both revenues and expenditures of the District decreased due to the separation of the health department clinic in 2010 and the City of Lancaster in 2011.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Governmental Activities**

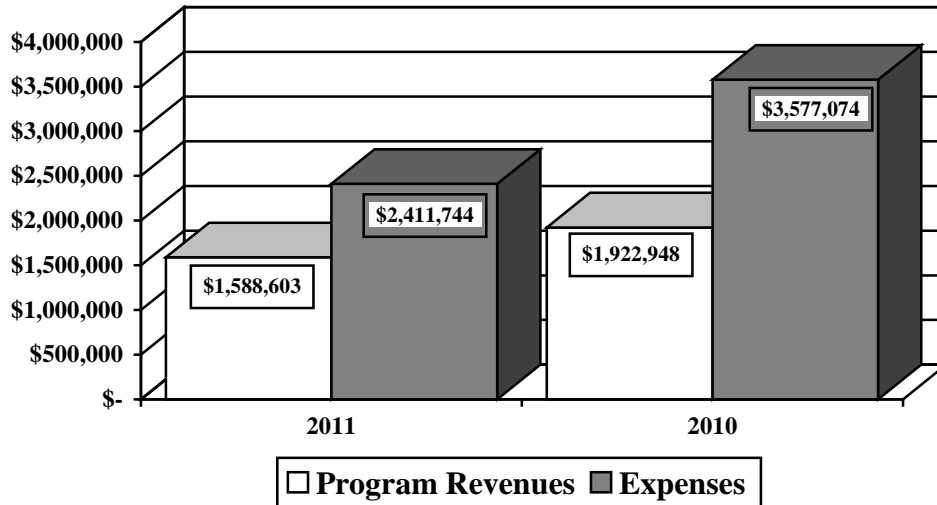
Governmental activities net assets decreased \$134,453 in 2011. Community health services accounted for \$899,076 of the total expenses of the District. Major programs in community health services include the public health clinic and women, infants, and children program services. These expenses were partially funded by \$250,334 in direct charges to users of the services. Environmental health accounted for \$586,626 of the total expenses of the district. Major programs in environmental health include food service, water system, and landfill inspections. These expenses were partially funded by \$530,649 in direct charges to users of the services.

The State and federal government contributed to the District a total of \$657,716 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$30,712 subsidized environmental health programs, \$445,092 subsidized community health services programs and \$181,912 subsidized health promotion and planning programs. The District's strategy to secure the maximum amount of grants and contributions that are provided by the state and federal governments continues to be productive. Grants include Safe Communities, Bioterrorism, Child and Family Health Services and Women, Infants, and Children (WIC).

General revenues totaled \$688,688 and amounted to 30.24% of total governmental revenues. These revenues primarily consist of property tax revenue of \$652,439. The other primary source of general revenues is grants and entitlements not restricted to specific programs making up \$21,582.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities - Program Revenues vs. Total Expenses**



**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

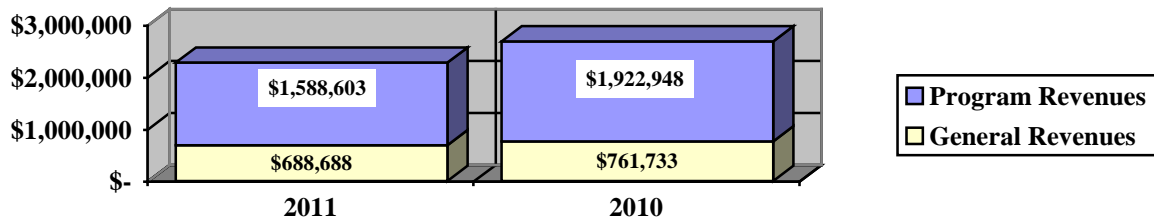
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Governmental Activities**

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
<b>Program expenses:</b>				
Environmental health	\$ 586,626	\$ 25,265	\$ 561,703	\$ 5,152
Community health services	899,076	203,650	1,708,300	730,264
Health promotion and planning	432,698	197,249	488,724	330,043
Administration	<u>493,344</u>	<u>396,977</u>	<u>818,347</u>	<u>588,667</u>
 Total	 <u>\$ 2,411,744</u>	 <u>\$ 823,141</u>	 <u>\$ 3,577,074</u>	 <u>\$ 1,654,126</u>

The dependence upon operating grants and contributions for governmental activities is apparent, with 30.64% of expenses supported through operating grants and contributions.

**Governmental Activities - General and Program Revenues**



**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at year-end.

The District's governmental funds (as presented on the balance sheet on page 14) reported a combined fund balance of \$414,524 which is \$65,135 less than last year's total of \$479,659. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2011 for all major and nonmajor governmental funds.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Fund Balances (Deficit) 12/31/11	Fund Balances 12/31/10	Increase (Decrease)
Major fund:			
General	\$ 28,628	\$ 87,086	\$ (58,458)
Women, infants & children	258,464	225,191	33,273
Bioterrorism grant	(48,383)	40,760	(89,143)
Landfill/c & dd disposal	121,018	117,626	3,392
Other nonmajor governmental funds	54,797	8,996	45,801
Total	<u>\$ 414,524</u>	<u>\$ 479,659</u>	<u>\$ (65,135)</u>

**General Fund**

The District's general fund balance decreased \$58,458. The table that follows assists in illustrating the revenues of the general fund.

	2011 <u>Amount</u>	2010 <u>Amount</u>	Percentage <u>Change</u>	
<b><u>Revenues</u></b>				
Taxes	\$ 652,439	\$ 703,910	(7.31)	%
Charges for services	15,540	14,845	4.68	%
Licenses and permits	341,373	331,778	2.89	%
Intergovernmental	21,582	30,826	(29.99)	%
Contributions and donations	-	5,000	(100.00)	%
Other	<u>13,804</u>	<u>6,424</u>	<u>114.88</u>	%
Total	<u>\$1,044,738</u>	<u>\$1,092,783</u>	(4.40)	%

Tax revenue represents 62.45% of all general fund revenue. Taxes decreased during the year primarily due to the city of Lancaster separating from the District. Intergovernmental revenue decreased 29.99% due primarily to a decrease in state government grants. All other revenue remained comparable to 2010.

The table that follows assists in illustrating the expenditures of the general fund.

	2011 <u>Amount</u>	2010 <u>Amount</u>	Percentage <u>Change</u>	
<b><u>Expenditures</u></b>				
Environmental health	\$ 117,283	\$ 137,014	(14.40)	%
Community health services	276,639	119,855	130.81	%
Health promotion and planning	46,712	6,483	620.53	%
Administration	<u>545,756</u>	<u>790,333</u>	<u>(30.95)</u>	%
Total	<u>\$ 986,390</u>	<u>\$1,053,685</u>	(6.39)	%

Overall, the District's expenditures decreased 6.39%, due to cost controls by the District.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

***Women, Infants and Children Fund***

The women, infants and children fund, a District major fund, had \$439,484 in revenues and \$406,211 in expenditures. During 2011, the women, infants and children fund balance increased \$33,273 from a balance of \$225,191 to a fund balance of \$258,464.

***Bioterrorism Grant Fund***

The bioterrorism grant fund, a District major fund, had \$155,589 in revenues and \$244,732 in expenditures. During 2011, the bioterrorism grant fund balance decreased \$89,143 from a balance of \$40,760 to a deficit fund balance of \$48,383.

***Landfill/C & DD Disposal Fund***

The landfill/c & dd disposal fund, a District major fund, had \$150,549 in revenues and \$147,157 in expenditures. During 2011, the landfill/c & dd disposal fund balance increased \$3,392 from a balance of \$117,626 to a fund balance of \$121,018.

***Budgeting Highlights***

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

During the course of 2011, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$1,182,315 and final budgeted revenues were \$1,182,315. Actual revenues and other financing sources for fiscal year 2011 were \$1,115,072. This represents a \$67,243 decrease from final budgeted revenues.

General fund original appropriations and other financing uses totaled \$1,190,116 and final appropriations and other financing uses totaled \$1,217,463. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$1,119,661, which was \$97,802 less than the final budget appropriations.



**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of 2011, the District had \$37,799 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. The following table shows 2011 balances compared to 2010:

**Capital Assets at December 31  
(Net of Depreciation)**

	Governmental Activities	
	2011	2010
Furniture, fixtures and equipment	\$ 33,163	\$ 35,276
Vehicles	4,636	8,948
Total	\$ 37,799	\$ 44,224

The overall decrease in capital assets of \$6,425 is the result of depreciation expense of \$14,120 being greater than additions of \$7,695 during 2011.

See Note 5 to the basic financial statements for additional information on the District's capital assets.

**Economic Factors and Next Year's Budget**

The Fairfield County General Health District's budget for 2011 was reduced by 36% from the 2010 budget. Several factors during calendar year 2010 accounted for this reduction. The City of Lancaster withdrew from the health department merger, changing the health department back to a general health district. The five board members appointed by Lancaster withdrew from the board, and the District Advisory Council elected five new board members in December 2010. Because Lancaster now contracts with the District, their monetary support dropped from \$295,095 in 2010 to \$247,000 in 2011. Another significant impact of this change was that the Fairfield County Commissioners are again responsible for the health department's housing, which further reduced the budget by about \$125,000.

During 2010, the former health department clinic became a 501(c)(3) organization, formally separating from the District on August 22, 2010. This action further decreased 2011 anticipated revenue by \$350,000. After the separation, the District gave up both the Women's Health and Family Planning grants, which had clinic components, another reduction of about \$125,000.

The District continues to experience a reduction in both environmental revenue and grants. In response to these reductions, the District has chosen to leave three staff vacancies unfilled. As a result of these reductions, the 2012 budget will be reduced by another 16% from the current budget.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Paulette Tiller, Fiscal Officer, 1587 Granville Pike, Lancaster, Ohio 43130, email to ptiller@co.fairfield.oh.us or by calling the District at (740) 652-2808.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	<b>Primary Government Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 430,460
Receivables:	
Accounts	24,064
Intergovernmental	329,109
Prepayments	10,086
Capital assets:	
Depreciable capital assets, net	37,799
Total capital assets, net	37,799
Total assets	831,518
<b>Liabilities:</b>	
Accounts payable	20,822
Accrued wages and benefits payable	41,311
Intergovernmental payable	168,029
Long-term liabilities:	
Due within one year	150,526
Due in more than one year	59,076
Total liabilities	439,764
<b>Net assets:</b>	
Invested in capital assets	37,799
Restricted for:	
Women, infants and children (WIC) grant	371,003
Landfill C&DD disposal	118,843
Other purposes	46,350
Unrestricted (deficit)	(182,241)
Total net assets	\$ 391,754

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

		<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental activities:</b>				
Current:				
Environmental health	\$ 586,626	\$ 530,649	\$ 30,712	\$ (25,265)
Community health services	899,076	169,158	526,268	(203,650)
Health promotion and planning	432,698	53,537	181,912	(197,249)
Administration	493,344	96,367	-	(396,977)
Totals	<u>\$ 2,411,744</u>	<u>\$ 849,711</u>	<u>\$ 738,892</u>	<u>(823,141)</u>
		<b>General revenues:</b>		
		Property taxes levied for:		
			General purposes	652,439
			Grants and entitlements not restricted to specific programs	21,582
			Miscellaneous	14,667
			Total general revenues	688,688
			Change in net assets	(134,453)
			<b>Net assets at beginning of year</b>	526,207
			<b>Net assets at end of year</b>	\$ 391,754

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

	<b>General</b>	<b>Women, Infants and Children</b>	<b>Bioterrorism Grant</b>	<b>Landfill C &amp; DD Disposal</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>						
Cash and cash equivalents with fiscal agent	\$ 69,313	\$ 120,185	\$ 37,176	\$ 129,442	\$ 74,344	\$ 430,460
Receivables:						
Accounts	8,993	-	-	5,019	10,052	24,064
Due from other governments	7,366	283,112	-	-	38,631	329,109
Prepayments	3,690	1,988	2,246	296	1,866	10,086
Total assets	<u>\$ 89,362</u>	<u>\$ 405,285</u>	<u>\$ 39,422</u>	<u>\$ 134,757</u>	<u>\$ 124,893</u>	<u>\$ 793,719</u>
<b>Liabilities:</b>						
Accounts payable	\$ 7,732	\$ 1,688	\$ 125	\$ 696	\$ 10,581	\$ 20,822
Accrued wages and benefits	17,693	7,748	2,898	462	12,510	41,311
Intergovernmental payable	35,309	4,676	84,782	12,581	30,681	168,029
Deferred revenue	-	132,709	-	-	16,324	149,033
Total liabilities	<u>60,734</u>	<u>146,821</u>	<u>87,805</u>	<u>13,739</u>	<u>70,096</u>	<u>379,195</u>
<b>Fund balances:</b>						
Nonspendable	3,690	1,988	2,246	296	1,866	10,086
Restricted	-	256,476	-	120,722	36,541	413,739
Committed	-	-	-	-	29,897	29,897
Assigned	10,751	-	-	-	-	10,751
Unassigned (deficit)	14,187	-	(50,629)	-	(13,507)	(49,949)
Total fund balances	<u>28,628</u>	<u>258,464</u>	<u>(48,383)</u>	<u>121,018</u>	<u>54,797</u>	<u>414,524</u>
Total liabilities and fund balances	<u>\$ 89,362</u>	<u>\$ 405,285</u>	<u>\$ 39,422</u>	<u>\$ 134,757</u>	<u>\$ 124,893</u>	<u>\$ 793,719</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2011

<b>Total governmental fund balances</b>	\$ 414,524
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	37,799
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Intergovernmental receivable	149,033
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:	
Compensated absences	<u>(209,602)</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 391,754</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	Women, Infants and Children	Bioterrorism Grant	Landfill C & DD Disposal	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 652,439	\$ -	\$ -	\$ -	\$ -	\$ 652,439
Charges for services	15,540	-	-	90,667	163,488	269,695
Licenses and permits	341,373	-	-	59,866	258,574	659,813
Fines and forfeitures	-	-	-	-	1,379	1,379
Intergovernmental	21,582	439,345	155,524	-	123,973	740,424
Contributions and donations	-	-	-	-	13,119	13,119
Other	13,804	139	65	16	643	14,667
<b>Total revenues</b>	<b>1,044,738</b>	<b>439,484</b>	<b>155,589</b>	<b>150,549</b>	<b>561,176</b>	<b>2,351,536</b>
<b>Expenditures:</b>						
Current:						
Environmental health	117,283	-	-	147,157	313,228	577,668
Community health services	276,639	406,211	-	-	182,668	865,518
Health promotion and planning	46,712	-	244,732	-	136,285	427,729
Administration	545,756	-	-	-	-	545,756
<b>Total expenditures</b>	<b>986,390</b>	<b>406,211</b>	<b>244,732</b>	<b>147,157</b>	<b>632,181</b>	<b>2,416,671</b>
Excess (deficiency) of revenues over (under) expenditures	58,348	33,273	(89,143)	3,392	(71,005)	(65,135)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	116,806	116,806
Transfers (out)	(116,806)	-	-	-	-	(116,806)
<b>Total other financing sources (uses)</b>	<b>(116,806)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,806</b>	<b>-</b>
Net change in fund balances	(58,458)	33,273	(89,143)	3,392	45,801	(65,135)
<b>Fund balances at beginning of year</b>	<b>87,086</b>	<b>225,191</b>	<b>40,760</b>	<b>117,626</b>	<b>8,996</b>	<b>479,659</b>
<b>Fund balances at end of year</b>	<b>\$ 28,628</b>	<b>\$ 258,464</b>	<b>\$ (48,383)</b>	<b>\$ 121,018</b>	<b>\$ 54,797</b>	<b>\$ 414,524</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Net change in fund balances - total governmental funds** \$ (65,135)

*Amounts reported for governmental activities in the  
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$	7,695	
Current year depreciation		(14,120)	
Total		(6,425)	(6,425)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental revenues			(74,245)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

		11,352	
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**Change in net assets of governmental activities** \$ (134,453)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 411,237	\$ 411,237	\$ 652,439	\$ 241,202
Charges for services	7,643	10,543	9,225	(1,318)
Licenses and permits	476,690	473,790	352,029	(121,761)
Intergovernmental	286,745	286,745	21,582	(265,163)
Other	-	-	13,804	13,804
Total revenues	<u>1,182,315</u>	<u>1,182,315</u>	<u>1,049,079</u>	<u>(133,236)</u>
<b>Expenditures:</b>				
Current:				
Health:				
Environmental health	115,989	121,780	119,529	2,251
Community health services	305,411	310,814	262,982	47,832
Health promotion and planning	46,153	46,064	41,985	4,079
Administration	623,017	621,059	578,359	42,700
Total expenditures	<u>1,090,570</u>	<u>1,099,717</u>	<u>1,002,855</u>	<u>96,862</u>
Excess of revenues over expenditures	<u>91,745</u>	<u>82,598</u>	<u>46,224</u>	<u>(36,374)</u>
<b>Other financing sources (uses):</b>				
Advances in	-	-	65,993	65,993
Transfers out	(99,546)	(117,746)	(116,806)	940
Total other financing sources (uses)	<u>(99,546)</u>	<u>(117,746)</u>	<u>(50,813)</u>	<u>66,933</u>
Net change in fund balances	(7,801)	(35,148)	(4,589)	30,559
<b>Fund balances at beginning of year</b>	27,381	27,381	27,381	-
<b>Prior year encumbrances appropriated</b>	20,320	20,320	20,320	-
<b>Fund balance at end of year</b>	<u>\$ 39,900</u>	<u>\$ 12,553</u>	<u>\$ 43,112</u>	<u>\$ 30,559</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
WOMAN, INFANTS AND CHILDREN FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 347,814	\$ 415,761	\$ 505,699	\$ 89,938
Other	-	-	139	139
Total revenues	<u>347,814</u>	<u>415,761</u>	<u>505,838</u>	<u>90,077</u>
<b>Expenditures:</b>				
Current:				
Health:				
Community health services	347,814	417,549	409,002	8,547
Total expenditures	<u>347,814</u>	<u>417,549</u>	<u>409,002</u>	<u>8,547</u>
Net change in fund balances	-	(1,788)	96,836	98,624
<b>Fund balances at beginning of year</b>	18,055	18,055	18,055	-
<b>Prior year encumbrances appropriated</b>	<u>2,654</u>	<u>2,654</u>	<u>2,654</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 20,709</u>	<u>\$ 18,921</u>	<u>\$ 117,545</u>	<u>\$ 98,624</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BIOTERRORISM GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 143,910	\$ 251,464	\$ 269,404	\$ 17,940
Other	-	-	65	65
Total revenues	<u>143,910</u>	<u>251,464</u>	<u>269,469</u>	<u>18,005</u>
<b>Expenditures:</b>				
Current:				
Health:				
Health promotion and planning	143,910	251,464	245,135	6,329
Total expenditures	<u>143,910</u>	<u>251,464</u>	<u>245,135</u>	<u>6,329</u>
Net change in fund balances	-	-	24,334	24,334
<b>Fund balances at beginning of year</b>	12,142	12,142	12,142	-
<b>Prior year encumbrances appropriated</b>	101	101	101	-
<b>Fund balance at end of year</b>	<u>\$ 12,243</u>	<u>\$ 12,243</u>	<u>\$ 36,577</u>	<u>\$ 24,334</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
LANDFILL/C & DD DISPOSAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services	\$ 63,982	\$ 63,982	\$ 91,242	\$ 27,260
Licenses and permits	60,000	21,052	62,250	41,198
Other	-	-	16	16
<b>Total revenues</b>	<u>123,982</u>	<u>85,034</u>	<u>153,508</u>	<u>68,474</u>
<b>Expenditures:</b>				
Current:				
Health:				
Environmental health	123,982	155,526	150,700	4,826
<b>Total expenditures</b>	<u>123,982</u>	<u>155,526</u>	<u>150,700</u>	<u>4,826</u>
Net change in fund balances	-	(70,492)	2,808	73,300
<b>Fund balances at beginning of year</b>	100,478	100,478	100,478	-
<b>Prior year encumbrances appropriated</b>	<u>18,125</u>	<u>18,125</u>	<u>18,125</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 118,603</u>	<u>\$ 48,111</u>	<u>\$ 121,411</u>	<u>\$ 73,300</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 1 - DESCRIPTION OF THE HEALTH DISTRICT AND REPORTING ENTITY**

The Fairfield County General Health District and the City of Lancaster Health Department separated on January 1, 2011 and the District became known as the Fairfield County General Health District (the "District") in accordance with 3709.07 of the Ohio Revised Code. The District is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is operated by a Board to address safety, health and wellness of the residents of Fairfield County.

The District's Board is directed by a five member Board and a Health Commissioner. The District services include communicable disease investigations, immunization clinics, inspections, vital statistics, public health nursing services, and health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable. The District has no component units.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities unless this guidance conflicts with or contradicts GASB pronouncements. The more significant of the District's accounting policies are described below.

**A. Basis of Presentation and Measurement Focus**

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

***Government-wide Financial Statements*** - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities for the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular program. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operation of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general receipts of the District.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**A. Basis of Presentation and Measurement Focus (Continued)**

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

**B. Fund Accounting**

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

*Governmental Funds* - Governmental funds are those through which all governmental functions of the District are financed. Governmental fund reporting focuses of the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Women, infants and children (WIC) fund* - The WIC fund accounts for grant monies for the administration of the WIC program.

*Bioterrorism grant fund* - The bioterrorism grant special revenue fund accounts for State grant monies for bioterrorism prevention and education.

*Landfill/C&DD disposal fund* - The landfill/C&DD disposal fund accounts for activities related to the operation and upkeep of the landfill/construction and demolition debris facility.

Other governmental funds of the District are used to account for grants and other resources, whose use is restricted to a particular purpose.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Basis of Accounting (Continued)**

*Revenues-Exchange and Nonexchange Transactions* - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property tax allocations from Fairfield County and the City of Lancaster, grants, entitlements, and donations. Revenue from property tax allocation, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: grants and entitlements, licenses and permits; fines and forfeitures; and, charges for services.

**Deferred Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Budgetary Process**

All funds, except agency 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 resolutions, all of which are prepared on the budgetary basis of accounting. The budget determines the amount of money that is needed from the Fairfield County Budget Commission. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at fund, function level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the 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 budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**E. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which the service is consumed.

**F. Accounts Receivable**

Accounts receivables are stated at unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the District's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**G. Cash and Investments**

The County Treasurer is the custodian for the District's cash. The County's cash and investment pool holds the 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 Fairfield County Auditor, Jon A. Slater, Jr., 210 East Main Street, Lancaster, Ohio 43130, [www.fairfieldauditor.org](http://www.fairfieldauditor.org), (740) 687-7185.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Capital Assets**

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are defined by the District as assets with initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Life</u>
Vehicles	4 - 5 years
Furniture, fixtures and equipment	5 - 12 years

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net assets restricted for other purposes are restricted by grantors and regulations of other governments.

**J. Interfund Transactions and Balances**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On the fund financial statements, outstanding interfund loans are reported as "interfund receivables/payables". Interfund transfers and loans within governmental activities are eliminated on the statement of activities.



**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Compensated Absences**

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employees eligible to retire under a District recognized retirement plan, with a minimum of ten years service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, and personal and compensation payments are made at employees' current wage rates.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligation of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year.

**M. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or are legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**M. Fund Balance (Continued)**

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Directors, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

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

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

**N. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at December 31, 2011 included the following individual fund deficits:

<u>Major governmental funds</u>	<u>Deficit</u>
Bioterrorism grant	\$ 48,383
<u>Nonmajor governmental funds</u>	
Water system	13,501

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 4 - RECEIVABLES**

Receivables at December 31, 2011 consisted of charges for services and intergovernmental receivables arising from grants. A summary of the items of intergovernmental and accounts receivable follows:

<u>Governmental Funds</u>	<u>Intergovernmental Receivable</u>	<u>Accounts Receivable</u>
General fund	\$ 7,366	\$ 8,993
Trailer park	-	287
Public health nursing	6,191	9,490
Food service fund	-	235
Water system fund	-	40
Women, infants and children fund	283,112	-
Maternal and child health fund	17,500	-
Safety grant fund	7,366	-
Womens health grant	7,574	-
Landfill/C&DD disposal fund	-	5,019
Total receivables	<u>\$ 329,109</u>	<u>\$ 24,064</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011, was as follows:

<b><u>Governmental activities:</u></b>	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/11</u>
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 128,053	\$ 7,695	\$ (24,798)	\$ 110,950
Vehicles	149,789	-	(17,548)	132,241
Total capital assets, being depreciated	<u>277,842</u>	<u>7,695</u>	<u>(42,346)</u>	<u>243,191</u>
<i>Less: accumulated depreciation:</i>				
Furniture, fixtures and equipment	(92,777)	(9,808)	24,798	(77,787)
Vehicles	(140,841)	(4,312)	17,548	(127,605)
Total accumulated depreciation	<u>(233,618)</u>	<u>(14,120)</u>	<u>42,346</u>	<u>(205,392)</u>
Total capital assets being depreciated, net	<u>44,224</u>	<u>(6,425)</u>	<u>-</u>	<u>37,799</u>
Governmental activities capital assets, net	<u>\$ 44,224</u>	<u>\$ (6,425)</u>	<u>\$ -</u>	<u>\$ 37,799</u>

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 5 - CAPITAL ASSETS – (Continued)**

Depreciation expense was charged to governmental activities as follows:

<b><u>Governmental activities:</u></b>	
Environmental health	\$ 3,297
Administration	3,175
Community health	5,856
Health promotion and planning	<u>1,792</u>
Total depreciation expense - governmental activities	<u>\$ 14,120</u>

**NOTE 6 - LONG-TERM OBLIGATIONS**

Changes in the District’s long-term obligations during the year consisted of the following:

<b>Governmental activities:</b>	Outstanding <u>12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding <u>12/31/11</u>	Due Within <u>One Year</u>
Compensated absences	<u>\$ 220,954</u>	<u>\$ 144,269</u>	<u>\$ (155,621)</u>	<u>\$ 209,602</u>	<u>\$ 150,526</u>

Compensated absences are paid from the fund from which the respective employees’ salaries are paid.

**NOTE 7 - INTERFUND TRANSACTIONS**

**Interfund Transfers**

Transfers made during the year were as follows:

<u>Transfer to</u>	Transfers From <u>General Fund</u>
Nonmajor governmental funds	<u>\$ 116,806</u>

Transfers were made to move unrestricted balances to support various programs and projects accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

The Pool’s membership increased from 454 members in 2010 to 455 members in 2011.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 8 - RISK MANAGEMENT - (Continued)**

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2011, the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

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

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets	\$ 33,362,404	\$ 34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Net assets	<u>\$ 19,175,131</u>	<u>\$ 20,631,198</u>

At December 31, 2011 and 2010, respectively, liabilities noted above include approximately \$12.1 million and \$12.4 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively.

These amounts will be included in future contributions from members when the related claims are due for payments. The District's share of these unpaid claims collectible in future years is approximately \$50,000. This payable includes the subsequent year's contribution due if the government 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>	
2009	\$ 33,529
2010	24,139
2011	13,053

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 8 - RISK MANAGEMENT - (Continued)**

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must 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 contribution. Withdrawing members have no other 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 was incurred or reported prior to the withdrawal.

**NOTE 9 - PENSION PLANS**

**Ohio Public Employees Retirement System**

Plan Description - The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% 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 Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2011 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 11.00% and 11.60%, respectively. The District's contribution rate for 2011 was 14.00%, except for those plan members in law enforcement or public safety, for whom the District's contribution was 18.10% of covered payroll.

The District's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The District's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. For those plan members in law enforcement and public safety pension contributions were 14.10%. The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$114,434, \$170,755, and \$166,196, respectively; 88.50% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 10 - POSTRETIREMENT BENEFIT PLANS**

**Ohio Public Employees Retirement System**

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

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

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$87,085, \$97,346, and \$118,414, respectively; 88.50% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

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



**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

All employees shall be entitled to sick leave in accordance with Sections 124.38 and 124.39 of the Ohio Revised Code as follows. Each employee shall be entitled to 4.03 hours of sick pay for each 70 hours of service completed. Upon retirement, an eligible employee shall be paid one-fourth of accrued, but unused sick leave credit up to a maximum of 30 days (240 hours).

After one year of continuous employment, permanent, full-time employees are entitled to 10-30 days of vacation leave, depending upon length of service. Accumulated, unused vacation leave is paid to employees upon termination of employment.

**B. Dental and Life Insurance**

Dental coverage is provided through Delta Dental. Life insurance is provided through Hartford Life Insurance Co. Life insurance coverage is as follows: \$20,000 per employee; \$5,000 per dependent or spouse, up to age 65; and \$2,500 per child.

**NOTE 12 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general and each major special revenue fund is presented in the basic financial statements to provide a meaningful comparison of actual results compared to budgeted. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP); and,
4. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 12 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

	General	Women, Infants & Children Fund	Bioterrorism Grant	Landfill/ C&DD Disposal
Budget basis	\$ (4,589)	\$ 96,836	\$ 24,334	\$ 2,808
Net adjustment for revenue accruals	129,486	(66,354)	(113,880)	(2,959)
Net adjustment for expenditure accruals	(143,563)	151	(196)	(4,488)
Net adjustment for other sources/uses	(65,993)	-	-	-
Encumbrances	<u>26,201</u>	<u>2,640</u>	<u>599</u>	<u>8,031</u>
GAAP basis	<u>\$ (58,458)</u>	<u>\$ 33,273</u>	<u>\$ (89,143)</u>	<u>\$ 3,392</u>

**NOTE 13 - CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2011.

**B. Contingent Liability**

The District has pledged \$120,000, as resources allow, to the County Commissioners to assist in the payment of accounting software. The County retained \$40,000 of tax distributions in 2011 as final payment on the pledge.

**C. Litigation**

The District is not currently involved in litigation for which the District's legal counsel anticipates a loss.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 14 - FUND BALANCE**

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

<u>Fund balance</u>	<u>General</u>	<u>State Grant WIC</u>	<u>Bioterrorism Grant</u>	<u>Landfill C&amp;DD Disposal</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Prepays	\$ 3,690	\$ 1,988	\$ 2,246	\$ 296	\$ 1,866	\$ 10,086
Total nonspendable	<u>3,690</u>	<u>1,988</u>	<u>2,246</u>	<u>296</u>	<u>1,866</u>	<u>10,086</u>
Restricted:						
State Grant WIC	-	256,476	-	-	-	256,476
Landfill/C&DD disposal	-	-	-	120,722	-	120,722
Other purposes	-	-	-	-	36,541	36,541
Total restricted	<u>-</u>	<u>256,476</u>	<u>-</u>	<u>120,722</u>	<u>36,541</u>	<u>413,739</u>
Committed:						
Other purposes	-	-	-	-	29,897	29,897
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,897</u>	<u>29,897</u>
Assigned:						
Administration	10,751	-	-	-	-	10,751
Total assigned	<u>10,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,751</u>
Unassigned (deficit)	14,187	-	(50,629)	-	(13,507)	(49,949)
Total fund balances	<u>\$ 28,628</u>	<u>\$ 258,464</u>	<u>\$ (48,383)</u>	<u>\$ 121,018</u>	<u>\$ 54,797</u>	<u>\$ 414,524</u>

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	02310011WA0411 & 02310011WH0411	\$ 406,362
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>406,362</u>
<b>Total U.S. Department of Agriculture</b>			<u>406,362</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through the Ohio Department of Health</i>			
Public Health Emergency Preparedness	93.069	02310012PH0211	228,598
Total Public Health Emergency Preparedness			<u>228,598</u>
Preventive Health and Services Block Grant			
Creating Healthy Communities	93.991	02310014IP0110 & 02310014IP0211	56,158
Total Creating Healthy Communities			<u>56,158</u>
Maternal and Child Health Services Block Grant to the States	93.994	02310011MC0411	56,538
Total Maternal and Child Health Services Block Grant to the States			<u>56,538</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>341,294</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed through the Ohio Department of Public Safety</i>			
State and Community Highway Safety	20.600	2300000038500	10,603
Total State and Community Highway Safety			<u>10,603</u>
<b>Total U.S. Department of Transportation</b>			<u>10,603</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 758,259</u>

See accompanying notes to the schedule of expenditures of federal awards.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended December 31, 2011**

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

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

June 12, 2012

Fairfield County General Health District  
1587 Granville Pike  
Lancaster, Ohio 43130

To the Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Fairfield County General Health District**, Fairfield County, Ohio (the District) as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report dated June 12, 2012 and has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the 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 that we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 12, 2012.

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

**Perry and Associates**  
Certified Public Accountants, A.C.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

June 12, 2012

Fairfield County General Health District  
1587 Granville Pike  
Lancaster, Ohio 43130

To the Board of Health:

**Compliance**

We have audited the compliance of the **Fairfield County General Health District**, Fairfield County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Audit Findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.



### **Internal Control over Compliance**

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

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

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

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT  
 SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .505  
 DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Material Weakness of Internal Controls over Financial Reporting	Yes	N/A
2010-002	ORC 3709.28	No	Partially Corrected, issued in Management Letter

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# Dave Yost • Auditor of State

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT**

**FAIRFIELD 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 09, 2012**