

**FAIRFIELD COUNTY GENERAL
HEALTH DISTRICT
Single Audit
For the Year Ended December 31, 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Members of the Board
Fairfield County General Health District
1587 Granville Pike
Lancaster, Ohio 44130

We have reviewed the *Independent Auditor's 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, 2012 through December 31, 2012. 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

August 14, 2013

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FAIRFIELD COUNTY GENERAL HEALTH DISTRICT

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INDEPENDENT AUDITOR'S REPORT

June 14, 2013

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Fairfield County General Health District**, Fairfield County, Ohio (the District), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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, 2012, and the respective changes in financial position and the respective budgetary comparisons for the General, Women, Infants and Children, Bioterrorism, and the Landfill/C&DD Funds, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3, during the year ended December 31, 2012, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole. The Schedule of Expenditures of Federal Awards presents additional analysis 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. We subjected this schedule 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

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, 2012. 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 2012 are as follows:

- For 2012, the total net position of the District increased \$203,687, which represents a 51.99% increase from 2011.
- General revenues accounted for \$728,667 in revenue or 32.11% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,540,324 or 67.89% of total revenues of \$2,268,991.
- The District had \$2,065,304 in expenses related to governmental activities; \$1,540,324 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 \$728,667 were 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 \$1,061,488 in revenues and \$959,974 in expenditures and other financing uses. During 2012, the general fund's fund balance increased \$101,514 from \$28,628 to \$130,142.
- The women, infants and children fund, a District major fund, had \$189,127 in revenues and \$339,024 in expenditures. During 2012, the women, infants and children fund balance decreased \$149,897 from a balance of \$258,464 to a fund balance of \$108,567.
- The bioterrorism grant fund, a District major fund, had \$228,531 in revenues and \$120,263 in expenditures. During 2012, the bioterrorism grant fund balance increased \$108,268 from a deficit balance of \$48,383 to a fund balance of \$59,885.
- The landfill/c & dd disposal fund, a District major fund, had \$125,013 in revenues and \$160,872 in expenditures. During 2012, the landfill/c & dd disposal fund balance decreased \$35,859 from a balance of \$121,018 to a fund balance of \$85,159.

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 position 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 (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Reporting the District as a Whole

Statement of Net Position 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 2012?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, 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 position and changes in net position. This change in net position 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 position 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 funds 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 the 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.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 position for 2012 and 2011.

	Net Position	
	Governmental Activities	
	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current and other assets	\$ 856,190	\$ 793,719
Capital assets, net	<u>24,967</u>	<u>37,799</u>
Total assets	881,157	831,518
<u>Liabilities</u>		
Current liabilities	125,195	230,162
Long-term liabilities:		
Due within one year	122,492	150,526
Due in more than one year	<u>38,029</u>	<u>59,076</u>
Total liabilities	<u>285,716</u>	<u>439,764</u>
<u>Net Position</u>		
Net investment in capital assets	24,967	37,799
Restricted	537,477	536,196
Unrestricted (deficit)	<u>32,997</u>	<u>(182,241)</u>
Total net position	<u>\$ 595,441</u>	<u>\$ 391,754</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2012, the District's assets exceeded liabilities by \$595,441.

At year-end, capital assets represented 2.83% of total assets. Capital assets include furniture, fixtures and equipment, and vehicles. Capital assets at December 31, 2012 were \$24,967. These capital assets are used to provide services to citizens and are not available for future spending. A portion of the District's net position, \$537,477, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$32,997.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

The table below shows the changes in net position for 2012 and 2011.

Change in Net Position			
	Governmental Activities 2012	Governmental Activities 2011	Percentage Change
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 861,484	\$ 849,711	1.39 %
Operating grants and contributions	678,840	738,892	(8.13) %
General revenues:			
Property taxes	411,237	652,439	(36.97) %
Grants and entitlements	295,912	21,582	1,271.11 %
Other	<u>21,518</u>	<u>14,667</u>	46.71 %
Total revenues	<u>2,268,991</u>	<u>2,277,291</u>	(0.36) %
<u>Expenses</u>			
Program expenses:			
Health:			
Environmental health	541,017	586,626	(7.77) %
Community health services	780,652	899,076	(13.17) %
Health promotion and planning	256,785	432,698	(40.65) %
Administration	<u>486,850</u>	<u>493,344</u>	(1.32) %
Total expenses	<u>2,065,304</u>	<u>2,411,744</u>	(14.36) %
Change in net position	203,687	(134,453)	(251.49) %
Net position at beginning of year	<u>391,754</u>	<u>526,207</u>	(25.55) %
Net position at end of year	<u>\$ 595,441</u>	<u>\$ 391,754</u>	51.99 %

Governmental Activities

Governmental activities net position increased \$203,687 in 2012. Community health services accounted for \$780,652 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 \$218,688 in direct charges to users of the services. Environmental health accounted for \$541,017 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 \$501,210 in direct charges to users of the services.

The State and federal government contributed to the District a total of \$678,840 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$31,796 subsidized environmental health programs, \$276,244 subsidized community health services programs and \$370,800 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 Injury Prevention, Bioterrorism, Child and Family Health Services, and Women, Infants, and Children (WIC).

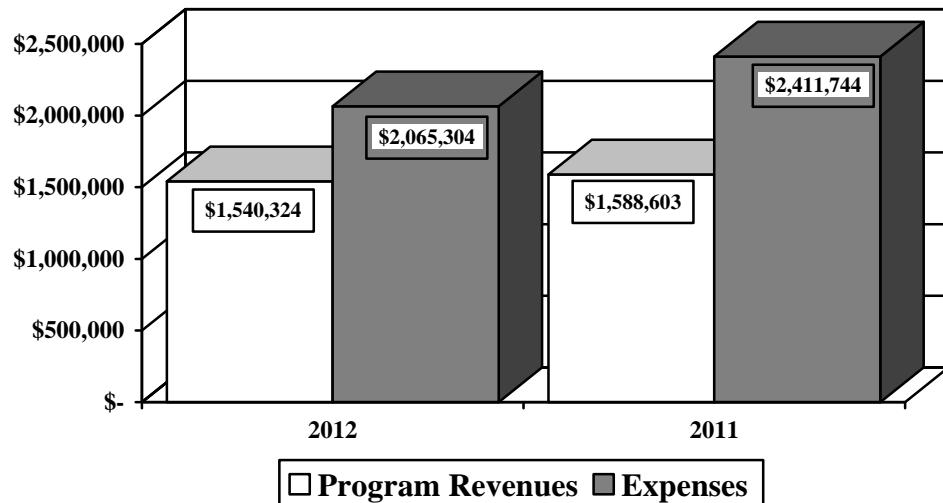
**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

General revenues totaled \$728,667 and amounted to 32.11% of total governmental revenues. These revenues primarily consist of property tax revenue of \$411,237. The other primary source of general revenues is grants and entitlements not restricted to specific programs making up \$295,912. Prior to the City of Lancaster separating from the District, the City of Lancaster's allocation was recorded in the District's system as property taxes. During 2012, the District entered into a contract with the City of Lancaster and the quarterly payments were moved into an intergovernmental line item by the District. The result of this change was a decrease in property tax revenue and an increase in general revenue grants and entitlements.

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



Governmental Activities

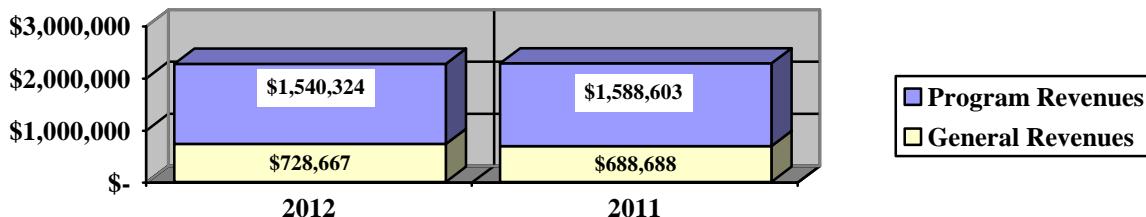
	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Program expenses:				
Environmental health	\$ 541,017	\$ 8,011	\$ 586,626	\$ 25,265
Community health services	780,652	285,720	899,076	203,650
Health promotion and planning	256,785	(164,581)	432,698	197,249
Administration	486,850	395,830	493,344	396,977
Total	<u>\$ 2,065,304</u>	<u>\$ 524,980</u>	<u>\$ 2,411,744</u>	<u>\$ 823,141</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

The dependence upon operating grants and contributions for governmental activities is apparent, with 36.39% 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 \$443,381 which is \$28,857 more than last year's total of \$414,524. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2012 for all major and nonmajor governmental funds.

	Fund Balances		Increase (Decrease)
	Fund Balances 12/31/12	(Deficit) 12/31/11	
Major fund:			
General	\$ 130,142	\$ 28,628	\$ 101,514
Women, infants & children	108,567	258,464	(149,897)
Bioterrorism grant	59,885	(48,383)	108,268
Landfill/c & dd disposal	85,159	121,018	(35,859)
Other nonmajor governmental funds	<u>59,628</u>	<u>54,797</u>	<u>4,831</u>
Total	<u>\$ 443,381</u>	<u>\$ 414,524</u>	<u>\$ 28,857</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

General Fund

The District's general fund balance increased \$101,514. The table that follows assists in illustrating the revenues of the general fund.

	2012 Amount	2011 Amount	Percentage Change
<u>Revenues</u>			
Taxes	\$ 411,237	\$ 652,439	(36.97) %
Charges for services	14,265	15,540	(8.20) %
Licenses and permits	322,843	341,373	(5.43) %
Intergovernmental	295,912	21,582	1,271.11 %
Other	<u>17,231</u>	<u>13,804</u>	<u>24.83</u> %
Total	<u><u>\$ 1,061,488</u></u>	<u><u>\$ 1,044,738</u></u>	1.60 %

Tax revenue represents 38.74% of all general fund revenue. Taxes decreased 36.97% during the year primarily due to the city of Lancaster separating from the District. Intergovernmental revenue increased 1,271.11% due primarily to a new contracts with the city of Lancaster. All other revenue remained comparable to 2011.

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

	2012 Amount	2011 Amount	Percentage Change
<u>Expenditures</u>			
Environmental health	\$ 95,023	\$ 117,283	(18.98) %
Community health services	309,910	276,639	12.03 %
Health promotion and planning	39,270	46,712	(15.93) %
Administration	<u>494,980</u>	<u>545,756</u>	<u>(9.30)</u> %
Total	<u><u>\$ 939,183</u></u>	<u><u>\$ 986,390</u></u>	(4.79) %

Overall, the District's expenditures decreased 4.79%, due to cost controls by the District.

Women, Infants and Children Fund

The women, infants and children fund, a District major fund, had \$189,127 in revenues and \$339,024 in expenditures. During 2012, the women, infants and children fund balance decreased \$149,897 from a balance of \$258,464 to a fund balance of \$108,567.

Bioterrorism Grant Fund

The bioterrorism grant fund, a District major fund, had \$228,531 in revenues and \$120,263 in expenditures. During 2012, the bioterrorism grant fund balance increased \$108,268 from a deficit balance of \$48,383 to a fund balance of \$59,885.

Landfill/C & DD Disposal Fund

The landfill/c & dd disposal fund, a District major fund, had \$125,013 in revenues and \$160,872 in expenditures. During 2012, the landfill/c & dd disposal fund balance decreased \$35,859 from a balance of \$121,018 to a fund balance of \$85,159.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 2012, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$1,047,706 and final budgeted revenues were \$1,047,706. Actual budget basis revenues sources for 2012 were \$1,065,622. This represents a \$17,916 increase from final budgeted revenues.

General fund original appropriations and other financing uses totaled \$1,051,199 and final appropriations and other financing uses totaled \$1,063,863. The actual budget basis expenditures and other financing uses for 2012 totaled \$981,003, which was \$82,860 less than the final budget appropriations.

Capital Assets

Capital Assets

At the end of 2012, the District had \$24,967 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. The following table shows 2012 balances compared to 2011:

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

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Furniture, fixtures and equipment	\$ 23,592	\$ 33,163
Vehicles	<u>1,375</u>	<u>4,636</u>
Total	<u>\$ 24,967</u>	<u>\$ 37,799</u>

The overall decrease in capital assets of \$12,832 is the result of depreciation expense of \$12,832 during 2012.

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

Economic Factors and Next Year's Budget

Since the de-merger of the Fairfield County Health Department at the end of 2010, the department's budgets have been decreasing each year. In 2011 the budget was reduced by 36%; in 2012 the budget was reduced another 9.22%; the department's budget for 2013 dropped again by 4%. The main reason for the reduction is that the health department's staff has dropped from 41 employees in 2011 to 30 employees by the end of 2012. Health department staff did not receive a salary increase in 2010, 2011, or 2012. A 3% salary increase was given to all qualifying employees in January 2013, but because of the staff reductions, the District will still pay \$84,969 less in salaries than was budgeted in 2012.

Lancaster's contract with the health department was for \$260,000 in 2012. The city has already agreed to contract with the District in 2013 for \$284,960. At the beginning of 2013, the district began to provide plumbing inspections in both Hocking and Perry Counties. We anticipate these contracts to bring in an additional \$12,000 than was received in 2012.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2012**

The District was awarded one new grant at the beginning of 2013; the receipt of the Immunization Action Plan will add about \$36,000 to our revenue.

Due to changes at the state level, local health districts no longer license Mobile Home Parks, which will likely decrease our environmental funding by \$7,000. The Ohio Department of Health continues to reduce grant funding; in 2013, we expect to receive about \$30,000 less for the W.I.C. Grant than was received in 2012.

The net effect of these increases and decreases is anticipated to add \$26,000 to the District's funding in 2013.

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 POSITION
DECEMBER 31, 2012**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 384,405
Receivables:	
Accounts	28,520
Intergovernmental	405,521
Prepayments	37,744
Capital assets:	
Depreciable capital assets, net	24,967
Total capital assets, net	<u>24,967</u>
Total assets	<u>881,157</u>
Liabilities:	
Accounts payable	8,747
Accrued wages and benefits payable	43,568
Intergovernmental payable	72,880
Long-term liabilities:	
Due within one year	122,492
Due in more than one year	<u>38,029</u>
Total liabilities	<u>285,716</u>
Net position:	
Net investment in capital assets	24,967
Restricted for:	
Women, infants and children (WIC) grant	316,501
Bioterrorism grant	100,609
Landfill C&DD disposal	82,239
Other purposes	38,128
Unrestricted	<u>32,997</u>
Total net position	<u>\$ 595,441</u>

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, 2012**

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities
Governmental activities:					
Environmental health	\$ 541,017	\$ 501,210	\$ 31,796	\$ (8,011)	
Community health services . . .	780,652	218,688	276,244	(285,720)	
Health promotion and planning .	256,785	50,566	370,800	164,581	
Administration	486,850	91,020	-	(395,830)	
Total governmental activities . . .	<u>\$ 2,065,304</u>	<u>\$ 861,484</u>	<u>\$ 678,840</u>		<u>(524,980)</u>
General revenues:					
Property taxes levied for:					
General purposes					411,237
Grants and entitlements not restricted					
to specific programs					295,912
Miscellaneous					21,518
Total general revenues					<u>728,667</u>
Change in net position					203,687
Net position at beginning of year					<u>391,754</u>
Net position at end of year.					<u>\$ 595,441</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Women, Infants and Children	Bioterrorism Grant	Landfill C & DD Disposal	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and cash equivalents	\$ 174,708	\$ 48,789	\$ 13,265	\$ 87,165	\$ 60,478	\$ 384,405
Receivables:						
Accounts.	11,426	-	-	11,104	5,990	28,520
Due from other governments.	799	303,819	77,985	-	22,918	405,521
Prepayments	6,146	1,159	26,444	1,095	2,900	37,744
Total assets	<u>\$ 193,079</u>	<u>\$ 353,767</u>	<u>\$ 117,694</u>	<u>\$ 99,364</u>	<u>\$ 92,286</u>	<u>\$ 856,190</u>
Liabilities:						
Accounts payable.	\$ 3,759	\$ 2,489	\$ 45	\$ 823	\$ 1,631	\$ 8,747
Accrued wages and benefits payable	19,449	8,650	3,528	460	11,481	43,568
Compensated absences payable	2,167	-	-	-	1,863	4,030
Due to other governments	37,562	5,388	2,246	12,922	14,762	72,880
Total liabilities	<u>62,937</u>	<u>16,527</u>	<u>5,819</u>	<u>14,205</u>	<u>29,737</u>	<u>129,225</u>
Deferred inflows of resources:						
Unavailable grant revenue	-	228,673	51,990	-	2,921	283,584
Total deferred inflows of resources	<u>-</u>	<u>228,673</u>	<u>51,990</u>	<u>-</u>	<u>2,921</u>	<u>283,584</u>
Total liabilities and deferred inflows of resources	<u>62,937</u>	<u>245,200</u>	<u>57,809</u>	<u>14,205</u>	<u>32,658</u>	<u>412,809</u>
Fund balances:						
Nonspendable	6,146	1,159	26,444	1,095	2,900	37,744
Restricted.	-	107,408	33,441	84,064	47,720	272,633
Committed	-	-	-	-	9,728	9,728
Assigned	13,841	-	-	-	-	13,841
Unassigned (deficit)	110,155	-	-	-	(720)	109,435
Total fund balances.	<u>130,142</u>	<u>108,567</u>	<u>59,885</u>	<u>85,159</u>	<u>59,628</u>	<u>443,381</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 193,079</u>	<u>\$ 353,767</u>	<u>\$ 117,694</u>	<u>\$ 99,364</u>	<u>\$ 92,286</u>	<u>\$ 856,190</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 POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012**

Total governmental fund balances	\$ 443,381
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,967
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Intergovernmental receivable	283,584
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	<u>(156,491)</u>
Net position of governmental activities	<u>\$ 595,441</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, 2012

	General	Women, Infants and Children	Bioterrorism Grant	Landfill C & DD Disposal	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 411,237	\$ -	\$ -	\$ -	\$ -	\$ 411,237
Charges for services.	14,265	-	-	123,607	141,679	279,551
Licenses and permits	322,843	-	-	1,350	256,181	580,374
Fines and forfeitures	-	-	-	-	1,559	1,559
Intergovernmental.	295,912	188,627	228,296	-	127,326	840,161
Contributions and donations.	-	-	-	-	40	40
Other	17,231	500	235	56	3,496	21,518
Total revenues	<u>1,061,488</u>	<u>189,127</u>	<u>228,531</u>	<u>125,013</u>	<u>530,281</u>	<u>2,134,440</u>
Expenditures:						
Current:						
Environmental health	95,023	-	-	160,872	303,289	559,184
Community health services	309,910	339,024	-	-	142,965	791,899
Health promotion and planning . .	39,270	-	120,263	-	99,987	259,520
Administration	494,980	-	-	-	-	494,980
Total expenditures	<u>939,183</u>	<u>339,024</u>	<u>120,263</u>	<u>160,872</u>	<u>546,241</u>	<u>2,105,583</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>122,305</u>	<u>(149,897)</u>	<u>108,268</u>	<u>(35,859)</u>	<u>(15,960)</u>	<u>28,857</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	20,791	20,791
Transfers (out).	<u>(20,791)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,791)</u>
Total other financing sources (uses)	<u>(20,791)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,791</u>	<u>-</u>
Net change in fund balances	101,514	(149,897)	108,268	(35,859)	4,831	28,857
Fund balances (deficit)						
at beginning of year	28,628	258,464	(48,383)	121,018	54,797	414,524
Fund balances at end of year	<u>\$ 130,142</u>	<u>\$ 108,567</u>	<u>\$ 59,885</u>	<u>\$ 85,159</u>	<u>\$ 59,628</u>	<u>\$ 443,381</u>

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, 2012

Net change in fund balances - total governmental funds	\$ 28,857
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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.	
Current year depreciation	(12,832)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Intergovernmental revenues	134,551
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.	
	<u>53,111</u>
Change in net position of governmental activities	<u>\$ 203,687</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 411,237	\$ 411,237	\$ 411,237	\$ -
Charges for services	17,644	17,644	20,462	2,818
Licenses and permits	331,825	331,825	314,213	(17,612)
Intergovernmental	287,000	287,000	302,479	15,479
Other	-	-	17,231	17,231
Total revenues	<u>1,047,706</u>	<u>1,047,706</u>	<u>1,065,622</u>	<u>17,916</u>
Expenditures:				
Current:				
Health:				
Environmental health	108,720	110,068	102,145	7,923
Community health services	337,634	341,818	317,214	24,604
Health promotion and planning	45,132	45,691	42,402	3,289
Administration	530,538	537,111	498,451	38,660
Total expenditures	<u>1,022,024</u>	<u>1,034,688</u>	<u>960,212</u>	<u>74,476</u>
Excess of revenues over expenditures	<u>25,682</u>	<u>13,018</u>	<u>105,410</u>	<u>92,392</u>
Other financing uses:				
Transfers (out)	(29,175)	(29,175)	(20,791)	8,384
Total other financing uses	<u>(29,175)</u>	<u>(29,175)</u>	<u>(20,791)</u>	<u>8,384</u>
Net change in fund balances	(3,493)	(16,157)	84,619	100,776
Fund balances at beginning of year	43,112	43,112	43,112	-
Prior year encumbrances appropriated .	26,201	26,201	26,201	-
Fund balance at end of year	\$ 65,820	\$ 53,156	\$ 153,932	\$ 100,776

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 397,017	\$ 344,827	\$ 263,884	\$ (80,943)
Other	-	-	500	500
Total revenues	<u>397,017</u>	<u>344,827</u>	<u>264,384</u>	<u>(80,443)</u>
Expenditures:				
Current:				
Health:				
Community health services	397,016	347,272	340,445	6,827
Total expenditures	<u>397,016</u>	<u>347,272</u>	<u>340,445</u>	<u>6,827</u>
Net change in fund balances	1	(2,445)	(76,061)	(73,616)
Fund balances at beginning of year	117,545	117,545	117,545	-
Prior year encumbrances appropriated	2,640	2,640	2,640	-
Fund balance at end of year	<u>\$ 120,186</u>	<u>\$ 117,740</u>	<u>\$ 44,124</u>	<u>\$ (73,616)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental.	\$ 141,514	\$ 141,514	\$ 119,184	\$ (22,330)
Other	-	-	235	235
Total revenues	<u>141,514</u>	<u>141,514</u>	<u>119,419</u>	<u>(22,095)</u>
Expenditures:				
Current:				
Health:				
Health promotion and planning	141,513	144,139	143,582	557
Total expenditures	<u>141,513</u>	<u>144,139</u>	<u>143,582</u>	<u>557</u>
Net change in fund balances	1	(2,625)	(24,163)	(21,538)
Fund balances at beginning of year . . .	36,577	36,577	36,577	-
Prior year encumbrances appropriated .	599	599	599	-
Fund balance at end of year	<u>\$ 37,177</u>	<u>\$ 34,551</u>	<u>\$ 13,013</u>	<u>\$ (21,538)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 89,074	\$ 58,000	\$ 117,522	\$ 59,522
Licenses and permits	60,000	60,000	1,350	(58,650)
Other	-	-	56	56
Total revenues	<u>149,074</u>	<u>118,000</u>	<u>118,928</u>	<u>928</u>
Expenditures:				
Current:				
Health:				
Environmental health	152,923	188,724	187,484	1,240
Total expenditures	<u>152,923</u>	<u>188,724</u>	<u>187,484</u>	<u>1,240</u>
Net change in fund balances	(3,849)	(70,724)	(68,556)	2,168
Fund balances at beginning of year . . .	121,411	121,411	121,411	-
Prior year encumbrances appropriated .	8,031	8,031	8,031	-
Fund balance at end of year	<u>\$ 125,593</u>	<u>\$ 58,718</u>	<u>\$ 60,886</u>	<u>\$ 2,168</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, 2012**

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 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 position 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 position 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 position 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, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 on 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 and deferred inflows 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 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 inflows of resources, 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, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows on the governmental fund financial statements.

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, 2012**

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, (740) 687-7185.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

I. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. The net position component "net investment in capital assets" consist of capital assets, net of accumulated depreciation. Net position 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 position 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, 2012**

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 five 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.

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, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2012, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2012 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Solid waste	\$ 720

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.

NOTE 4 - RECEIVABLES

Receivables at December 31, 2012 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	\$ 799	\$ 11,426
Public health nursing	5,418	4,894
Water system fund	-	1,096
Women, infants and children fund	303,819	-
Maternal and child health fund	17,500	-
Bioterrorism grant	77,985	-
Landfill/C&DD disposal fund	-	11,104
Total receivables	<u>\$ 405,521</u>	<u>\$ 28,520</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

<u>Governmental activities:</u>	Balance 12/31/11	Additions	Disposals	Balance 12/31/12
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 110,950	\$ -	\$ -	\$ 110,950
Vehicles	<u>132,241</u>	<u>-</u>	<u>-</u>	<u>132,241</u>
Total capital assets, being depreciated	<u>243,191</u>	<u>-</u>	<u>-</u>	<u>243,191</u>
<i>Less: accumulated depreciation:</i>				
Furniture, fixtures and equipment	(77,787)	(9,571)	-	(87,358)
Vehicles	<u>(127,605)</u>	<u>(3,261)</u>	<u>-</u>	<u>(130,866)</u>
Total accumulated depreciation	<u>(205,392)</u>	<u>(12,832)</u>	<u>-</u>	<u>(218,224)</u>
Total capital assets being depreciated, net	<u>37,799</u>	<u>(12,832)</u>	<u>-</u>	<u>24,967</u>
Governmental activities capital assets, net	<u>\$ 37,799</u>	<u>\$ (12,832)</u>	<u>\$ -</u>	<u>\$ 24,967</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:

Environmental health	\$ 2,753
Administration	1,074
Community health	3,175
Health promotion and planning	<u>5,830</u>
Total depreciation expense - governmental activities	<u>\$ 12,832</u>

NOTE 6 - LONG-TERM OBLIGATIONS

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

<u>Governmental activities:</u>	Outstanding 12/31/11	Additions	Reductions	Outstanding 12/31/12	Due Within One Year
Compensated absences	<u>\$ 209,602</u>	<u>\$ 101,445</u>	<u>\$ (150,526)</u>	<u>\$ 160,521</u>	<u>\$ 122,492</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 7 - INTERFUND TRANSACTIONS

Interfund Transfers

Transfers made during the year were as follows:

<u>Transfer to</u>	<u>Transfers</u> <u>From</u>
	<u>General Fund</u>
Nonmajor governmental funds	<u>\$ 20,791</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 455 members in 2011 to 460 members in 2012.

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, 2012, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 8 - RISK MANAGEMENT - (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$ 33,362,404	\$ 34,952,010
Liabilities	(14,187,273)	(14,320,812)
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>	
2010	\$ 24,139
2011	13,053
2012	13,774

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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.

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/carf.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 2012, member and employer contribution rates were consistent across all three plans. The 2012 member contribution rates were 10.00% for members. The District's contribution rate for 2012 was 14.00% of covered payroll.

The District's contribution rate for pension benefits for members in the Traditional Plan for 2012 was 10.00%. The District's contribution rate for pension benefits for members in the Combined Plan for 2012 was 7.95%. The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$90,066, \$114,434, and \$170,755, respectively; 92.40% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 pension liability has been reported as due to other governments on the basic financial statements.

NOTE 10 - POSTRETIREE BENEFIT PLANS

A. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 10 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 administered 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 2012, local government employers contributed 14.00% of covered payroll. 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 2012 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2012 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, 2012, 2011, and 2010 were \$68,541, \$87,085, and \$97,346, respectively; 92.40% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

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

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Dental and Life Insurance

Dental coverage is provided through Delta Dental. Life insurance is provided through Hartford Life Insurance Company. 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 accounting principles generally accepted in the United States of America (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); and,
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (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.

	General	Women, Infants & Children Fund	Bioterrorism Grant	Landfill/ C&DD Disposal
Budget basis	\$ 84,619	\$ (76,061)	\$ (24,163)	\$ (68,556)
Net adjustment for revenue accruals	(4,134)	(75,257)	109,112	6,085
Net adjustment for expenditure accruals	253	(3,244)	23,067	333
Encumbrances	<u>20,776</u>	<u>4,665</u>	<u>252</u>	<u>26,279</u>
GAAP basis	<u>\$ 101,514</u>	<u>\$ (149,897)</u>	<u>\$ 108,268</u>	<u>\$ (35,859)</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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, 2012.

B. Litigation

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

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:

Fund balance	General	State Grant WIC	Bioterrorism Grant	Landfill C&DD Disposal	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 6,146	\$ 1,159	\$ 26,444	\$ 1,095	\$ 2,900	\$ 37,744
Total nonspendable	<u>6,146</u>	<u>1,159</u>	<u>26,444</u>	<u>1,095</u>	<u>2,900</u>	<u>37,744</u>
Restricted:						
State Grant WIC	-	107,408	-	-	-	107,408
Bioterrorism grant	-	-	33,441	-	-	33,441
Landfill/C&DD disposal	-	-	-	84,064	-	84,064
Other purposes	-	-	-	-	47,720	47,720
Total restricted	<u>-</u>	<u>107,408</u>	<u>33,441</u>	<u>84,064</u>	<u>47,720</u>	<u>272,633</u>
Committed:						
Other purposes	-	-	-	-	9,728	9,728
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,728</u>	<u>9,728</u>
Assigned:						
Health and planning	422	-	-	-	-	422
Administration	<u>13,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,419</u>
Total assigned	<u>13,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,841</u>
Unassigned (deficit)	<u>110,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(720)</u>	<u>109,435</u>
Total fund balances	\$ 130,142	\$ 108,567	\$ 59,885	\$ 85,159	\$ 59,628	\$ 443,381

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	02310011WA0512 & 02310011WH0512	\$ 335,780
Total U.S. Department of Agriculture			<u>335,780</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Health</i>			
Public Health Emergency Preparedness	93.069	02310012PH0312	125,444
Preventive Health and Services Block Grant			
Creating Healthy Communities	93.991	02310014IP0312	62,574
Maternal and Child Health Services Block Grant to the States	93.994	02310011MC0512	40,039
Total U.S. Department of Health and Human Services			<u>228,057</u>
Total Federal Financial Assistance			<u>\$ 563,837</u>

FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Note 1 – Basis of Presentation

The accompanying Schedule of Federal Award Expenditures (the Schedule) includes 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 the preparation of the basic financial statements.

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

June 14, 2013

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

To the Board of Health:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **Fairfield County General Health District** (the District), Fairfield County, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report dated June 14, 2013, wherein we noted the District has adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Fairfield County General Health District
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

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**INDEPENDENT AUDITOR'S 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 14, 2013

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

To the Board of Health:

Report on Compliance the Major Federal Program

We have audited the **Fairfield County General Health District's**, Fairfield County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended December 31, 2012. The *Summary of Auditor's Results* section of the accompanying Schedule of Audit Findings identifies the District's major federal program.

Management's Responsibility

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

Auditor's Responsibility

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

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

Fairfield County General Health District
Independent Auditor's Report on Compliance with Requirements Applicable to
Each Major Federal Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133
Page 2

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect the major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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, 2012

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
AUGUST 27, 2013