

# FAIRFIELD COUNTY, OHIO

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## Comprehensive Annual Financial Report

For the Year Ended December 31, 2007



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Issued by Barbara Curtiss  
Fairfield County Auditor

*Front Cover Photo:* Rock Mill 1799 / 1824

Rock Mill was originally constructed at the Upper Falls of the Hocking River in 1799 by two men from Connecticut, Hezekiah Smith and Joseph Loveland. Their aim was to provide milling services to local farmers who at the time found it necessary to drive their heavy grain wagons to Pittsburgh or Limestone, Kentucky to have it milled into flour. Smith and Loveland originally intended to also have a saw mill and woolen mill to produce rugs and blankets for settlers new to Fairfield County. However, their milling business was so successful that neither of the other mills was constructed. Due to the fact that millers were compensated for their services in grain it was often common to find a distillery next to a grist mill. Smith and Loveland had such a distillery and because of its success they also built a tavern and inn known as the Blue Ball Tavern. It was the tavern that eventually led to the downfall of entrepreneurs Smith and Loveland. Local residents were upset with the fact that Smith and Loveland were not at all opposed to selling "spirits" to the local Native Americans and therefore, fearing that this would lead to "uncivilized" behavior, the residents forced Smith and Loveland to leave the county.

In 1818, the mill was heavily damaged by a spring flood or "freshet." In 1824, Christian Morehart rebuilt the mill that stands on two sandstone cliffs overlooking the gorge and Upper Falls of the Hocking River. The mill is quite remarkable in that it stands 100 feet above the gorge and is the oldest and largest mill in the State of Ohio and possibly in the United States. The size of a mill is measured not so much by the building itself but by the water wheel that powers the grinding stones and other milling equipment. In the case of Rock Mill, the wheel was 26' in diameter and weighed more than 8 tons and was built entirely of white oak. Wheels that were larger than 26' could be constructed, but they were fabricated from iron which could better withstand the centrifugal stress forces generated when the wheel was turning at approximately 8 revolutions per minute. Other kinds of power, including a water turbine and a steam engine, were used to enable Rock Mill to compete with "new" technologies. Despite these efforts, Rock Mill closed in 1905. Rock Mill is currently undergoing restoration and your participation is welcomed.

Rock Mill is one of 18 remarkable Fairfield County Historical parks. For more information please call (740) 681-7249 or email [director@historicalparks.org](mailto:director@historicalparks.org).

The illustration of Rock Mill on the cover was drawn by Fairfield County Historical Parks' volunteer and civil engineer Jan Elzey and painted by Phyllis Stewart who lived in Lithopolis for 10 years. Ms. Stewart owns her own drafting and creative illustration business in Gahanna, Ohio and can be contacted at [pstewart0831@aol.com](mailto:pstewart0831@aol.com).

Additional copies of this report may be obtained from:  
Fairfield County Auditor's Office  
210 E. Main Street  
Lancaster, Ohio 43130

Phone requests can be made at (740) 681-7160 or (740) 681-7225 (fax).

A .PDF version of this report is available online at:  
<http://www.co.fairfield.oh.us/AUDITOR/index.htm>

# FAIRFIELD COUNTY, OHIO

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2007



Prepared and Issued by the Fairfield County Auditor's Office

**BARBARA CURTISS**

County Auditor

<http://www.co.fairfield.oh.us/AUDITOR/index.htm>

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# Introductory Section



# Fairfield County, Ohio

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## **CITIZENS OF FAIRFIELD COUNTY, OHIO**

We are pleased to issue the Comprehensive Annual Financial Report (CAFR) of Fairfield County, Ohio (the County) for the year ended December 31, 2007. This report is prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The County Auditor's Office prepared this report, pursuant to Section 117-1-11, Ohio Administrative Code, which requires that an official report prepared on the GAAP basis be prepared annually within 150 days after the close of the year. The report includes the basic financial statements which provide an overview of the County's financial position and the results of financial operations.

County management assumes full responsibility for the completeness and reliability of the information contained in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

### **Internal Controls**

County managers have established a comprehensive internal control framework designed to compile sufficient reliable information for preparation of the County financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Furthermore, as a recipient of federal and state financial assistance, the County must ensure that adequate internal controls are in place to ensure compliance with applicable laws and regulations that relate to these programs. These internal controls are subject to periodic evaluation by management.

### **Independent Audit**

In compliance with State statute, the basic financial statements have been audited by the Ohio Auditor of State's Office. The independent auditor concluded that the County's financial statements for the year ended December 31, 2007, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent accountants' report is presented as the first component of the financial section of this report. In addition, the County coordinates the audit requirements for the "Single Audit" of all of its federal funds through the Auditor of State.

### **Management's Discussion and Analysis**

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the management's discussion and analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A as they are designed to complement each other. The County's MD&A can be found immediately following the independent accountants' report.

## **PROFILE OF THE GOVERNMENT**

Fairfield County was organized into a separate political entity in December of 1800. The County encompasses thirteen townships, fourteen villages, and two cities. According to population estimates, 141,318 people reside within the County's 506 square miles. The City of Lancaster, the County seat, has an estimated 36,268 residents.

A three-member Board of Commissioners, twelve other elected officials, and various department heads govern the County. As part of the "checks and balances" system, the elected officials and department heads manage the internal operations of their respective divisions with the Board of Commissioners authorizing expenditures and serving as the budget authority, the taxing authority, and the contracting body. Each Commissioner serves a term of four years.

In addition to the County Auditor, who serves as the Chief Fiscal Officer and the Tax Assessor, there are seven elected administrative officials, each of whom operates independently as set forth by Ohio law. These officials are: Clerk of Courts, Coroner, Engineer, Prosecutor, Recorder, Sheriff, and Treasurer. All of these officials serve four-year terms. The following judges are elected on a countywide basis to oversee the County's judicial system: two Common Pleas Court Judges, a Probate/Juvenile Court Judge, and a Domestic Relations Court Judge. An organization chart of County government can be found on page 13.

The County employs 875 persons who provide citizens with a wide range of services including the following: human and social services; health and community assistance services; civil and criminal justice system services; road, bridge, and building maintenance; water and sewer utility services; and general and administrative support services.

The County is required to have a balanced budget. The Board of County Commissioners adopts the Fairfield County budget annually, on or about the first day of January each year. The fiscal year begins on January 1 and ends on December 31. Budgets are controlled at the fund, program, department, and object level.

This report's basic financial statements include the County's component unit, Fairfield Industries, Incorporated. See Note 1 of the Notes to the Basic Financial Statements for further detail.

## **ASSESSING ECONOMIC CONDITION**

### **Local Economy**

Located in the south-central portion of Ohio, Fairfield County is adjacent to Licking, Perry, Hocking, Pickaway, and Franklin counties. The urban expansion of the Columbus metropolitan area has made significant contributions to the growth of Fairfield County.

In 2007, an aggressive private-sector fundraising campaign was undertaken to secure necessary resources to launch the Fairfield 33 Development Alliance. The public-private partnership is designed to market the US 33 corridor for new businesses and jobs, as well as to support existing industry in Fairfield County. By the end of 2007, nearly \$150,000 had been pledged from public and private sources. Public sector partners included Fairfield County, Lancaster, Pickerington, Canal Winchester, Greenfield Township, Bloom Township and Violet Township. More than 30 private-sector companies and organizations pledged their support for the campaign with key contributors including Westerman Companies, Fairfield National Bank, Fairfield Medical Center, Lancaster Area Community Improvement Corporation and American Electric Power. Once marketing begins, the Fairfield County Economic Development Department will be the central contact for companies wanting to learn more about opportunities in the corridor.

During 2007, Fairfield Medical Center and Mount Carmel Health Systems announced detailed plans for a \$35 million, 70,000 square foot medical facility on Diley Road in Canal Winchester. The project's initial phase, which includes emergency services, diagnostic facilities and a medical office building, is expected to be completed in 2009. The project's first phase will create approximately 55 new employment positions within two years of completion. The project site is large enough to accommodate two additional phases with the possibility of an out-patient surgery center and a 100-bed hospital.

## Fairfield County, Ohio

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In March 2007, Lancaster Colony announced the closing of long-time manufacturer, Lancaster Glass. Though the decision impacted more than 140 workers, the Fairfield County Department of Job & Family Services worked with the State to provide services to the dislocated workers. Also in 2007, the County's largest manufacturer, Anchor Hocking, was sold. Monomoy Capital Partners purchased the company from Global Home Products. The new ownership in late 2007 secured assistance from the Ohio Department of Development to finance a \$32 million capital investment at the Lancaster facility. The project will add 150 new full-time positions to the company's local payroll. At the end of 2007, Anchor Hocking employed 1,111 workers in Lancaster. For the second consecutive year, Westerman Companies in Bremen was recognized as being one of Central Ohio's fifty fastest growing companies by *Business First*. For the last two years, the company's revenue has grown by more than forty-percent. In 2006, the Village of Bremen and Fairfield County provided the company with an Ohio Enterprise Zone tax incentive to support an expansion designed to create 25 new jobs. Since the agreement was signed, the company has added 66 employment positions with its total employment in Bremen at nearly 175.

Retail development tends to follow the population. Since Fairfield County has been one of the fastest growing counties in Ohio since 2000, developers and retailers have announced major projects to meet the growing demands for goods and services.

Ety Pointe, located in the City of Lancaster, is Fairfield County's newest major retail development. The center is anchored by a Wal-Mart SuperCenter, Menard's Home Improvement Center and Kohl's Department Store. Sonic Drive-In, Max and Erma's Restaurant, Huntington Bank and a number of other retailers are occupying outlot locations. Site work started in 2007 for a Giant Eagle grocery store, which will anchor the development on the south side of Ety Road. Two other major retail development projects broke ground in 2007. Meijer is developing a new project at Diley Road in Canal Winchester. The 55-acre-site includes 13 outlots. Also in northwest Fairfield County, a Super Target is being developed in Reynoldsburg near the intersection of SR 256 and I-70. The Meijer and Super Target developments are recognized as two of the five largest commercial construction projects currently underway in Central Ohio.

The US Census Bureau reports Central Ohio's population growth slowed from July 1, 2006, through July 1, 2007. Fairfield County's population during that period grew by an estimated 1.2%, which ranked the County fifth in Ohio and third in Central Ohio behind Delaware and Union Counties. Fairfield County's 1.2% growth rate corresponds to a population increase of 1,638 residents. Delaware County in Central Ohio continues to lead the state, but its growth rate slowed to 3.5% in the most recent Census estimate.

At 5.0 percent, Fairfield County's 2007 unemployment rate was slightly higher than the 4.8 percent rate in 2006. The County's rate is lower than the state's (5.6 percent in 2007) and higher than the nation's rate (4.6 percent). Government, retail and manufacturing operations collectively employ nearly 50% of the County's workforce.

### **Major Initiatives**

Created in 2003, the Fairfield County Economic Development Department has worked to administer, design, and implement plans and programs to stimulate the economy. The department's major areas of work include new business attraction, business retention and expansion and small business development. Two incentive programs managed by the department include the Ohio Enterprise Zone and Revolving Loan Fund programs. In 2007, one company took advantage of incentives available through the Ohio Enterprise Zone Program in Fairfield County. Rienschild's Gourmet Sausage in Bremen renovated a previously acquired 26,000 square foot facility to create a federally-inspected meat processing facility. The \$650,000 project will create nine new full-time employment positions, as well as retain seven full-time, and four part-time positions at Rienschild's Finer Meats, also in Bremen. At the end of 2007, eleven enterprise zone agreements were in effect representing more than \$89 million in investments.

The Fairfield County Economic Development Department aggressively marketed the Fairfield County Revolving Loan Fund in 2007 resulting in eight loans being closed during the calendar year. New loans in 2007 totaled \$420,930 and leveraged an additional \$3.2 million in private financing. The projects collectively will create 38 new employment positions and retain 91. Established in 1992, the Fairfield County Revolving Loan Fund is designed to provide low-interest loans to encourage job creation and job retention in Fairfield

# Fairfield County, Ohio

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County.

Fairfield County's Economic Development Director and Workforce Development Director for the Fairfield County Department of Job & Family Services lead the Fairfield County Business Resource Council. The group, consisting of development professionals, chamber of commerce executives, training providers and utility companies, met monthly to share development-related information, which in turn could be relayed to area businesses. The Resource Council in 2007 completed two major projects. First, a comprehensive wage and benefits survey was completed for the first time since 2003. The information is useful to existing companies, as well as firms considering Fairfield County for new facilities. The second project was the Council's annual business seminar – Strategies to Enhance Profits (S.T.E.P. Ahead) – where area businesspeople learned the advantages of the FISH! Philosophy. Nearly 100 people attended the event held in September 2007.

Outside factors remain an influence on the financial outlook for Fairfield County. The Ohio Legislature continues to limit funding to local governments, including the County. A return to prior state funding levels is not anticipated so the County will maintain its vigilance on expenditures and revenue trends.

With the continuation of increased sales tax revenues, investment earnings, and the restoration of funding to some County programs and services that were cut in 2005, the County is cautiously optimistic about the future.

Our health insurance partnership with the Franklin County Board of Commissioners' Cooperative, which began in March 2005, continues to stabilize long-term healthcare costs for all participating counties by pooling resources and improving efficiencies and economies of scale.

During 2007, the County completed the implementation of a new state-of-the-art financial management information system. The system provides management with additional opportunities for effectively using County resources, eliminating redundancies, and enhancing customer service while increasing fiscal accountability and controls.

## **Cash Management**

The Fairfield County Treasurer serves as the investing authority, according to State law. County cash is pooled for investment purposes. During the year ended December 31, 2007, the County's cash resources were divided among the following types of deposits and investments: nonparticipating certificates of deposit, STAR Ohio, federal agency securities, and demand deposit accounts. Interest income as reported on the governmental fund financial statements totaled \$3,923,793 and was credited to various accounts. Fairfield Industries, Incorporated, the County's component unit, earned \$36,593 in interest income for the current year.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution. Although the majority of the County's deposits are defined as uninsured and uncollateralized, it is important to note that all statutory requirements for the investment of money have been followed. More information about investments is available in Note 6 of the Notes to the Basic Financial Statements.

## **Risk Financing**

The County insures its risk through the County Risk Sharing Authority (CORSA) and with private insurance carriers, maintaining a variety of coverages for property, liability, and vehicle insurance. It also participates in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan, an insurance purchasing pool. See Note 11 of the Notes to the Basic Financial Statements for a more detailed description of the County's risk financing programs.

**AWARDS AND ACKNOWLEDGMENTS**

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fairfield County for its comprehensive annual financial report for the fiscal year ended December 31, 2006. This was the eighteenth consecutive year the County received this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the County received the Award for Outstanding Achievement in Popular Annual Financial Reporting from GFOA for the County's 2006 Citizens' Report, a condensed, more user-friendly financial report intended to provide highlights of the County's financial condition. This was the sixth consecutive year the County has received this prestigious award.

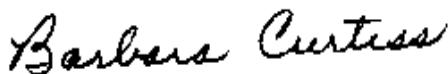
**Acknowledgments**

The publication of this report demonstrates the professionalism of the Fairfield County government. Preparation of this report was achieved through the cooperation of each elected official, each department head, and a large number of County employees. We are grateful for their assistance.

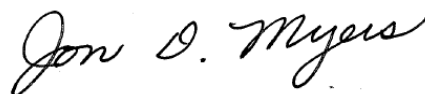
A special note of appreciation to the Local Government Services section of State Auditor Mary Taylor's, CPA, Office, for its guidance in preparing this financial report. Finally, the preparation of this report would not have been possible without the efficient and dedicated efforts of the entire staff of the Auditor's Finance Office.

Most importantly, we are grateful to the citizens of Fairfield County for the opportunity to serve them and provide valuable information on the financial operations of the County.

Respectfully submitted,



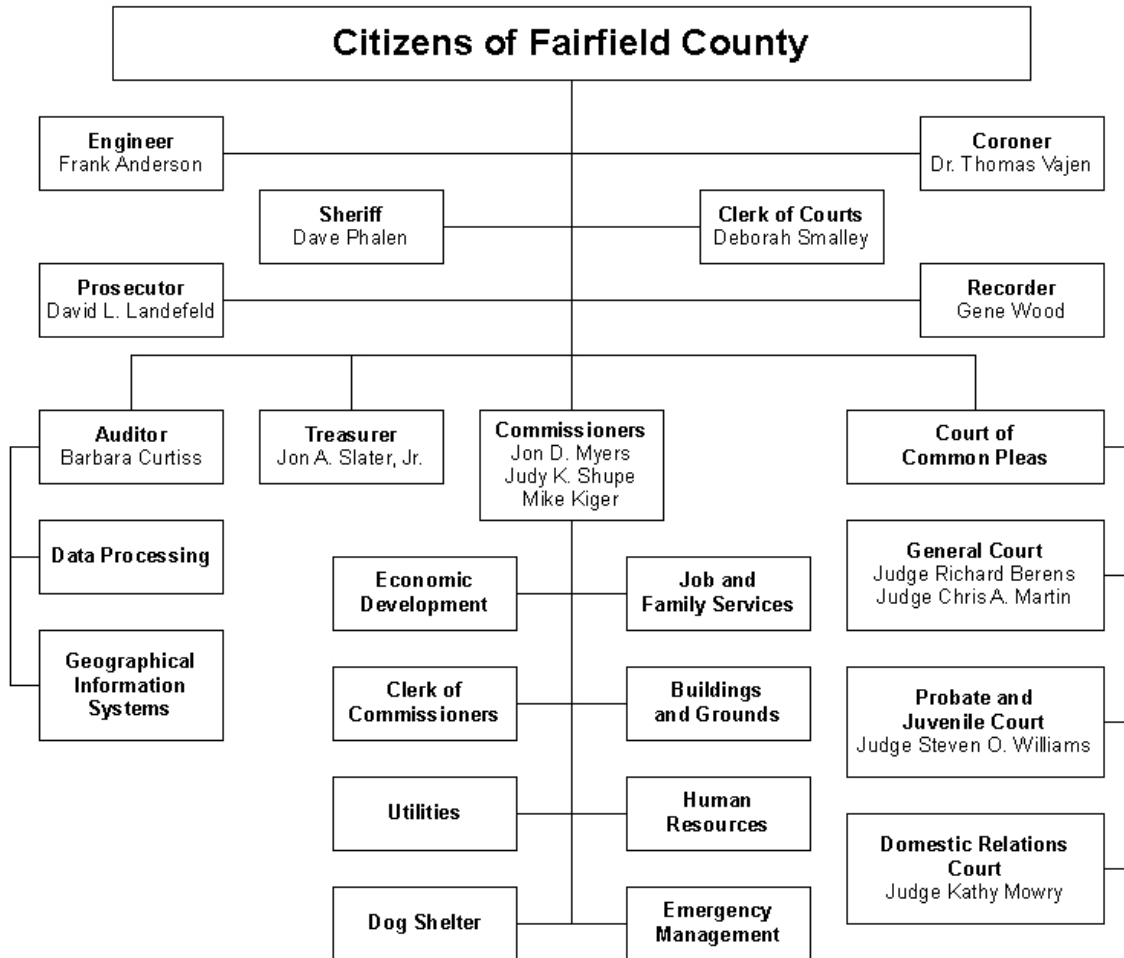
Barbara Curtiss  
Fairfield County Auditor



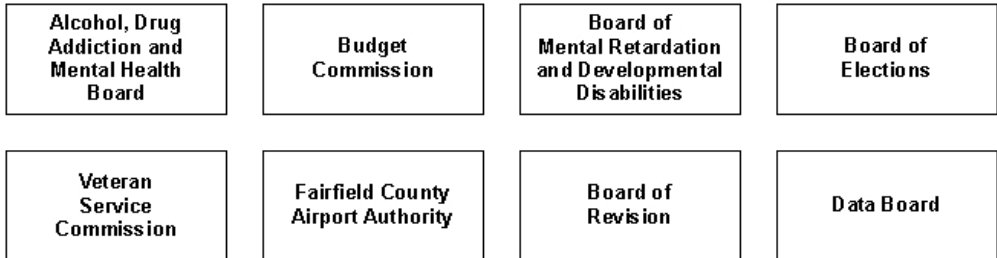
Jon D. Myers  
President, Board of Commissioners

July 15, 2008

**COUNTY ORGANIZATION AND ELECTED OFFICIALS**  
December 31, 2007



**Ex Officio and Appointed Boards**



**PRINCIPAL APPOINTED OFFICIALS AND DEPARTMENT HEADS**

December 31, 2007

Clerk of Commissioners.....	Scott Zody
Human Resources, Director .....	Aundrea Cordle
Department of Job and Family Services, Director .....	Michael Orlando
Buildings and Grounds, Superintendent.....	Joseph Spybey
Dog Shelter, Warden .....	Michael Miller
Emergency Management, Director .....	Jon Kochis
Board of Elections, Director .....	Deborah Henderly
Utilities, Sanitary Engineer.....	Tony Vogel
Alcohol, Drug Addiction, and Mental Health Board, Director .....	Orman Hall
Mental Retardation and Developmental Disabilities Board, Superintendent.....	John Pekar
Health Commissioner .....	Franklin Hirsch
Veteran Service Commission, Director.....	Eddie Mohler
Fairfield County Airport Authority, President.....	David Scheffler

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

Fairfield County  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

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