



Dave Yost • Auditor of State

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Fulton County Health Department
Fulton County
606 South Shoop Avenue
Wauseon, Ohio 43567-1712

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fulton County Health Department, Fulton County, Ohio (the Health Department), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Health Department'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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 Health Department'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 Health Department's internal control. Accordingly, we express no such 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fulton County Health Department, Fulton County, Ohio, as of December 31, 2017, and the respective changes in cash financial position and the respective budgetary comparison for the General, Environmental, Women, Infants, and Children's and Breast and Cervical Cancer Project Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives 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 schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and 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 5, 2018, on our consideration of the Health Department'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 Health Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 5, 2018

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FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Net Position - Cash Basis
December 31, 2017

	Governmental Activities
Assets	
Cash with Fiscal Agent	\$ 914,593
 Net Position	
Restricted for:	
Other Purposes	102,202
Unrestricted	812,391
<i>Total Net Position</i>	<i>\$ 914,593</i>

See accompanying notes to the basic financial statements

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	<u>Program Receipts</u>			<u>Net (Disbursements)</u>
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Receipts and Changes in Net Position</u>
Governmental Activities				
General Health				
General Health	\$ 939,898	\$ 422,247	\$ 30,058	\$ (487,593)
Vital Statistics	36,397	66,117		29,720
Administration	223,800			(223,800)
Environmental Health	366,048	234,191		(131,857)
Women, Infant and Children (WIC)	302,073		306,617	4,544
Breast Cervical Cancer Project (BCCP)	279,964		316,490	36,526
Immunizations (IAP)	49,037		51,636	2,599
Child and Family Health Services (CFHS)	37,052		38,721	1,669
Family Planning (FP)	193,272	81,044	112,611	383
Help Me Grow (HMG)	187,459		187,459	
Drug Free Communities (DFC)	122,919		122,919	
MOMS (MOMS)	4,681		4,406	(275)
Public Health Infrastructure (PHI)	127,820	46,716	56,475	(24,629)
Total Governmental Activities	<u>\$ 2,870,420</u>	<u>\$ 850,315</u>	<u>\$ 1,227,392</u>	<u>(792,713)</u>
		General Receipts		
		Property Taxes Levied for		
		General Health District Purposes		868,632
		Grants and Entitlements not		
		Restricted to Specific Programs		159,462
		Gifts and Contributions		4,603
		Miscellaneous		23,895
		Loans Repaid by Other Agency		146,000
		Total General Receipts		<u>1,202,592</u>
		Change in Net Position		409,879
		Net Position Beginning of Year		<u>504,714</u>
		Net Position End of Year		<u>\$ 914,593</u>

See accompanying notes to the basic financial statements

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2017

	<u>General</u>	<u>Enviromental</u>	<u>Breast Cervical Cancer Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash with Fiscal Agent	\$ 812,391	\$ 41,546	\$ 55,507	\$ 5,149	\$ 914,593
Fund Balances					
Restricted		41,546	55,507	5,149	102,202
Assigned	63				63
Unassigned	812,328				812,328
<i>Total Fund Balances</i>	<u>\$ 812,391</u>	<u>\$ 41,546</u>	<u>\$ 55,507</u>	<u>\$ 5,149</u>	<u>\$ 914,593</u>

See accompanying notes to the basic financial statements

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis -
Governmental Funds
For the Year Ended December 31, 2017

	<u>General</u>	<u>Environmental</u>	<u>Women Infants and Children</u>	<u>Breast Cervical Cancer Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts						
Property and Other Local Taxes	\$ 868,632					\$ 868,632
Intergovernmental	189,520		\$ 306,617	\$ 316,490	\$ 574,227	1,386,854
Fines, Licenses and Permits		\$ 167,873				167,873
Charges for Services	349,514	11,191			81,044	441,749
Gifts and Contributions	2,690		120	20	1,773	4,603
Contractual Services	138,850	55,127			46,716	240,693
Miscellaneous	12,685	2,460	3,072	1,302	4,377	23,896
<i>Total Receipts</i>	<u>1,561,891</u>	<u>236,651</u>	<u>309,809</u>	<u>317,812</u>	<u>708,137</u>	<u>3,134,300</u>
Disbursements						
Current:						
General Health						
General Health	939,898					939,898
Vital Statistics	36,397					36,397
Administration	223,800					223,800
Environmental Health						
Women's, Infant and Children (WIC)		366,049	302,073			366,049
Breast, Cervical Cancer Project (BCCP)				279,964		279,964
Immunizations - IAP					49,037	49,037
Child and Family Health Services					37,052	37,052
Family Planning (FP)					193,272	193,272
Help Me Grow (HMG)					187,459	187,459
Drug Free Communities (DFC)					122,919	122,919
MOMS (MOMS)					4,681	4,681
Public Health Infrastructure					127,820	127,820
<i>Total Disbursements</i>	<u>1,200,095</u>	<u>366,049</u>	<u>302,073</u>	<u>279,964</u>	<u>722,240</u>	<u>2,870,421</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>361,796</u>	<u>(129,398)</u>	<u>7,736</u>	<u>37,848</u>	<u>(14,103)</u>	<u>263,879</u>
Other Financing Sources (Uses)						
Transfers In						
Transfers In		150,000				150,000
Transfers Out						
Transfers Out	(150,000)					(150,000)
Loans Repaid by Other Agency						
Loans Repaid by Other Agency	146,000					146,000
Advance In						
Advance In	71,723		3,339		482	75,544
Advance Out						
Advance Out	(3,821)		(11,075)		(60,648)	(75,544)
<i>Total Other Financing Sources (Uses)</i>	<u>63,902</u>	<u>150,000</u>	<u>\$ (7,736)</u>		<u>(60,166)</u>	<u>146,000</u>
<i>Net Change in Fund Balances</i>	425,698	20,602		37,848	(74,269)	409,879
<i>Fund Balances Beginning of Year</i>	386,693	20,944		17,659	79,418	504,714
<i>Fund Balances End of Year</i>	<u>\$ 812,391</u>	<u>\$ 41,546</u>		<u>\$ 55,507</u>	<u>\$ 5,149</u>	<u>\$ 914,593</u>

See accompanying notes to the basic financial statements

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 701,922	\$ 744,922	\$ 868,632	\$ 123,710
Intergovernmental	122,988	122,988	189,520	66,532
Charges for Services	366,700	366,700	349,514	(17,186)
Gifts and Contributions			2,690	2,690
Contractual Services	158,000	158,000	138,850	(19,150)
Miscellaneous	10,000	10,000	12,685	2,685
<i>Total Receipts</i>	<u>1,359,610</u>	<u>1,402,610</u>	<u>1,561,891</u>	<u>159,281</u>
Disbursements				
Current:				
General Health	945,604	986,454	939,961	46,493
Vital Statistics	37,272	37,272	36,397	875
Administration	223,800	223,800	223,800	
<i>Total Disbursements</i>	<u>1,206,676</u>	<u>1,247,526</u>	<u>1,200,158</u>	<u>47,368</u>
<i>Excess of Receipts Over Disbursements</i>	<u>152,934</u>	<u>155,084</u>	<u>361,733</u>	<u>206,649</u>
Other Financing Sources (Uses)				
Transfers Out	(159,093)	(154,093)	(150,000)	4,093
Loans Repaid by Other Agency			146,000	146,000
Advance In			71,723	71,723
Advance Out		(5,000)	(3,821)	1,179
<i>Total Other Financing Sources (Uses)</i>	<u>(159,093)</u>	<u>(159,093)</u>	<u>63,902</u>	<u>222,995</u>
<i>Net Change in Fund Balance</i>	(6,159)	(4,009)	425,635	429,644
<i>Prior Year Encumbrances Appropriated</i>	3,946	3,946	3,946	
<i>Fund Balance Beginning of Year</i>	<u>382,747</u>	<u>382,747</u>	<u>382,747</u>	
<i>Fund Balance End of Year</i>	<u>\$ 380,534</u>	<u>\$ 382,684</u>	<u>\$ 812,328</u>	<u>\$ 429,644</u>

See accompanying notes to the basic financial statements

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Environmental Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines, Licenses and Permits	\$ 166,610	\$ 201,610	\$ 167,873	\$ (33,737)
Charges for Services	17,000	17,000	11,191	(5,809)
Contractual Services	250	250	55,127	54,877
Miscellaneous	10,000	10,000	2,460	(7,540)
<i>Total Receipts</i>	<u>193,860</u>	<u>228,860</u>	<u>236,651</u>	<u>7,791</u>
Disbursements				
Environmental Health	352,994	388,088	366,142	21,946
<i>Excess of Disbursements Over Receipts</i>	<u>(159,134)</u>	<u>(159,228)</u>	<u>(129,491)</u>	<u>29,737</u>
Other Financing Sources				
Transfers In	159,093	159,093	150,000	(9,093)
<i>Net Change in Fund Balance</i>	(41)	(135)	20,509	20,644
<i>Prior Year Encumbrances Appropriated</i>	41	41	41	
<i>Fund Balance Beginning of Year</i>	<u>20,903</u>	<u>20,903</u>	<u>20,903</u>	
<i>Fund Balance End of Year</i>	<u>\$ 20,903</u>	<u>\$ 20,809</u>	<u>\$ 41,453</u>	<u>\$ 20,644</u>

See accompanying notes to the basic financial statements

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Women, Infants, and Children's Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 331,432	\$ 331,432	\$ 306,617	\$ (24,815)
Gifts and Contributions			120	120
Miscellaneous	100	100	3,072	2,972
<i>Total Receipts</i>	<u>331,532</u>	<u>331,532</u>	<u>309,809</u>	<u>(21,723)</u>
Disbursements				
Current:				
Women, Infant and Children (WIC)	\$ 331,532	320,487	302,073	18,414
<i>Excess of Receipts Over Disbursements</i>		<u>11,045</u>	<u>7,736</u>	<u>(3,309)</u>
Other Financing Sources (Uses)				
Advance In			3,339	3,339
Advance Out		(11,075)	(11,075)	
<i>Total Other Financing Sources (Uses)</i>		<u>(11,075)</u>	<u>\$ (7,736)</u>	<u>3,339</u>
<i>Net Change in Fund Balance</i>		(30)		30
<i>Fund Balance Beginning of Year</i>				
<i>Fund Balance End of Year</i>		<u>\$ (30)</u>		<u>\$ 30</u>

See accompanying notes to the basic financial statements

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Breast Cervical Cancer Project Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 281,642	\$ 281,642	\$ 316,490	\$ 34,848
Gifts and Contributions			20	20
Miscellaneous	290	290	1,302	1,012
<i>Total Receipts</i>	<u>281,932</u>	<u>281,932</u>	<u>317,812</u>	<u>35,880</u>
Disbursements				
Current:				
Breast, Cervical Cancer Project (BCCP)	<u>281,932</u>	<u>281,932</u>	<u>279,964</u>	<u>1,968</u>
<i>Excess of Receipts Over Disbursements</i>			<u>37,848</u>	<u>37,848</u>
<i>Net Change in Fund Balance</i>			37,848	37,848
<i>Fund Balance Beginning of Year</i>	<u>17,659</u>	<u>17,659</u>	<u>17,659</u>	
<i>Fund Balance End of Year</i>	<u>\$ 17,659</u>	<u>\$ 17,659</u>	<u>\$ 55,507</u>	<u>\$ 37,848</u>

See accompanying notes to the basic financial statements

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Fulton County Health Department (the Health Department), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A six-member Board of Health, four appointed by the District Advisory Council, one member is appointed by the City of Wauseon and one member is appointed by the Fulton County Licensing Council, governs the Health Department. The Board appoints a health commissioner and all employees of the Health Department.

The reporting entity is composed of the primary government that is included to ensure the financial statements of the Health Department are not misleading.

Primary Government

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

Public Entity Risk Pools

The Health Department participates in a public entity risk pool. This organization is presented in Note 6 to the financial statements.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Health Department's accounting policies.

Basis of Presentation

The Health Department'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 Health Department 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 Health Department that are governmental in nature and those that are considered business-type activities. Governmental

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health Department has no business-type activities.

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

Fund Financial Statements

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

Fund Accounting

The Health Department 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 Health Department are presented in the governmental fund category.

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

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

Environmental Fund - The fund accounts for monies received from licenses and permits for items such as food, water, sewage, swimming pools, camps, solid waste, and other non-mandated programs.

Women, Infants and Children Fund - This fund accounts for and reports federal grant monies restricted to the Women, Infants and Children program.

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Breast and Cervical Cancer Project Fund – this fund accounts for and reports federal grant monies restricted to the Breast and Cervical Cancer Project program.

The other governmental funds of the Health Department account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Basis of Accounting

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

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

Budgetary Process

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

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Health Department during the year.

Cash and Investments

The County Treasurer is the custodian for the Health Department's cash and investments. The County's cash and investment pool holds the Health Department's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. This information may be obtained by writing Charlene E. Lee, Fulton County Treasurer, 152 S Fulton Street, Wauseon OH 43567-1390 or by calling 419-337-9252.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Health Department has no restricted assets.

Inventory and Prepaid Items

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

Capital Assets

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

Interfund Receivables/Payables

The Health Department reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. Interfund balances are eliminated in the statement of net position.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Health Department recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the following funds: Environmental; Women, Infant and Children; Breast and Cervical Cancer Project; Children and Family Health Services; Reproductive Health & Wellness; Immunization Action Plan; MOMS Quit for Two; and Public Health Emergency Preparedness.

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

Fund Balance

Fund balance is divided into classifications based primarily on the extent to which the Health Department must observe constraints imposed upon the use of the resources in the governmental-fund resources. The classifications are as follows:

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) 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 Health Department for specific purposes but do not meet the criteria to be classified as restricted or 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 the Board of Health or a Health Department official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

The Health Department applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

Inter-fund Transactions

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

Note 3 - Budgetary Basis of Accounting

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

	Net Change in Fund Balances			
	<u>General</u>	<u>Environmental</u>	<u>Women Infants and Children</u>	<u>Breast Cervical Cancer Project</u>
Cash Basis	\$425,698	\$20,602		\$37,848
Encumbrances	<u>(63)</u>	<u>(93)</u>		
Budget Basis	<u>\$425,635</u>	<u>\$20,509</u>		<u>\$37,848</u>

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Fulton County Treasurer is custodian for the Health Department’s deposits. The County’s deposit and investment pool holds the Health Department’s assets, valued at the Treasurer’s reported carrying amount.

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Health Department. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2017 with real property taxes.

The full tax rate for all Health Department operations for the year ended December 31, 2017, was \$1 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$963,005,410
Public Utility Personal Property	<u>45,582,180</u>
Total	<u><u>\$1,008,587,590</u></u>

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

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 5 – Taxes (Continued)

Tax Abatements

Tax abatement agreements of other governments reducing the reporting government’s tax revenue include:

Government that entered into the agreement	Name of Company	Gross Dollar Amount	Amounts Received
Fulton County Commissioners	Sauder Heritage Inn	\$1,672	\$355
Fulton County Commissioners	Worthington Steel	239	715
Fulton County Commissioners	Fulton County Processing	1,179	736
Fulton County Commissioners	Nature Fresh	776	514
Total		<u>\$3,866</u>	<u>\$2,320</u>

Note 6 - Risk Management

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

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

The Health Department belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016 (the latest information available).

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 6 - Risk Management (Continued)

	2016
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Assets	<u>\$28,785,581</u>

At December 31, 2016, the liabilities above include approximately \$12 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Health Department's share of these unpaid claims collectible in future years is approximately \$3,000.

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>2017 Contributions to PEP</u> \$5,197

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Plan Description – Health Department employees, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Health Department employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Fulton County Health Department

Fulton County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

Note 7 - Defined Benefit Pension Plans (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Fulton County Health Department
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 7 - Defined Benefit Pension Plans (Continued)

	State and Local			
2017 Statutory Maximum Contribution Rates				
Employer	14.0	%		
Employee	10.0	%		
2017 Actual Contribution Rates				
Employer:				
Pension	13.0	%		
Post-employment Health Care Benefits	1.0			
Total Employer	14.0	%		
Employee	10.0	%		

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Health Department's contractually required contribution was \$180,031 for year 2017.

Social Security System

Six of the Health Department's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement

Fulton County Health Department

Fulton County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 8 - Postemployment Benefits (Continued)

Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

The Health Department's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were \$12,854, \$25,531, and \$25,747 respectively; 100 percent has been contributed for 2017, 2016, and 2015.

Fulton County Health Department

Fulton County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

Note 9 – Fund Balances

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

Fund Balances	General Fund	Environmental Fund	Breast Cervical Cancer Fund	Other Governmental Funds	Total
Restricted for					
Environmental		\$ 41,546			\$ 41,546
Breast and Cervical Cancer Prevention Immunization Action Plan			\$ 55,507		55,507
Maternal Child Health				\$ 2,967	2,967
<i>Total Restricted</i>		41,546	55,507	5,149	102,202
Assigned to					
Insurance	\$ 63				63
Unassigned:	812,328				812,328
Total Fund Balances	\$ 812,391	\$ 41,546	\$ 55,507	\$ 5,149	\$ 914,593

Note 10 - Interfund Transfers and Advances

The General Fund transferred \$150,000 in 2017 to the Environmental fund since the fees and licenses collected do not cover environmental health expenses.

Advances during 2017 consisted of the following:

<u>Major Funds</u>	<u>Advances-In</u>	<u>Advances-Out</u>
General Fund	\$71,723	\$3,821
Women Infants and Children (WIC) Fund	3,339	11,075
Other Governmental Funds		
Public Health Emergency Fund	207	
Family Planning Fund		60,148
Child and Family Health Services Fund		500
Moms Quit for Two Fund	275	
Total Other Governmental Funds	482	60,648
<i>Total Governmental Activities</i>	\$75,544	\$75,544

The advances made out of the General Fund were to provide working capital for operations or projects. The advances from the WIC, Family Planning, and Child and Family Health Services funds to the General Fund were repayments of prior year advances. The General Fund is still owed \$21,014 from the WIC Fund and \$16,352 from the Family Planning Fund for advances not repaid.

Fulton County Health Department
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 11 – Loans to Other Agencies

The Health Department also serves as the administrative agent for the Family and Children’s First Council. It loaned the Family and Children First Council \$153,550 in 2016 since the Ohio Department of Health had not reimbursed grant monies by the end of December 31, 2016. The Family and Children First Council repaid \$146,000 of this loan in 2017. \$7,550 remains outstanding as of December 31, 2017.

Note 12– Contingent Liabilities

Amounts grantor agencies pay to the Health Department are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Directly Funded Through U.S. Department of Health and Human Services</i>				
Drug Free Communities Support Program Grants	93.276	5H79SPO15851-08 5H79SPO15851-09		\$ 101,840 21,869
Total 93.276				123,709
<i>Passed Through Ohio Department of Health</i>				
Public Health Emergency Preparedness	93.069	04810012EB0116		3,291
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	02610012PH0817 02610012PH0918		39,984 26,261
Total 93.074				66,245
Family Planning Services	93.217	0261001RH0617 0261001RH0718		18,331 56,373
Total 93.217				74,704
Immunization Cooperative Agreements	93.268	02610012IM0916	\$ 19,900	24,794
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Funds	93.539	02610012IM1017	6,665	30,827
Medical Assistance Program	93.778			23,886
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	02610014BC1118	18,070	160,406
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	02610014BC1017	26,095	148,993
Maternal and Child Health Services Block Grant to the States	93.994	02610011RH0617 02610011RH0718 02610011MP0117 02610011MP0218 6B04MC29357-01-03		16,034 30,103 25,043 6,303 3,990
Total 93.994				81,473
<i>Passed Through Fulton County Jobs and Family Services</i>				
Temporary Assistance for Needy Families	93.558	(Headlice) FY17 (Headlice) FY18 (BTIO) FY17 (BTIO) FY18		694 153 44,083 43,422
Total 93.558				88,352
Total U.S. Department of Health and Human Services			70,730	826,680
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Health</i>				
Special Education-Grants for Infants and Families	84.181	02610011HG0817		59,613
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education-Grants for Infants and Families	84.181			1,737
Total Special Education-Grants for Infants and Families (CFDA 84.181)				61,350
Total U.S. Department of Education				61,350
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02610011WA1017 02610011WA1118		243,675 55,300
Total U.S. Department of Agriculture				298,975
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Public Safety</i>				
State and Community Highway Safety	20.600	SC-2017-26-00-00-00471-01 SC-2018-Fulton County Health Depa-00053		21,205 3,015
Total U.S. Department of Transportation				24,220
Total Expenditures of Federal Awards			\$70,730	\$1,211,225

The accompanying notes are an integral part of this schedule.

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fulton County Health Department, Fulton County, Ohio (the Health Department's) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Health Department, it is not intended to and does not present the financial position or changes in net position of the Health Department.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Health Department has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The Health Department passes certain federal awards received from the Ohio Department of Health to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Health Department reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Health Department has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Health Department to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Health Department has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Fulton County Health Department
Fulton County
606 South Shoop Avenue
Wauseon, Ohio 43567-1712

To the Board of Health:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fulton County Health Department, Fulton County, Ohio (the Health Department) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements and have issued our report thereon dated June 5, 2018, wherein we noted the Health Department uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Health Department'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 Health Department'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 Health Department'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Health Department'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*.

Health Department's Response to Finding

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

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 Health Department's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Health Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

June 5, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Fulton County Health Department
Fulton County
606 South Shoop Avenue
Wauseon, Ohio 43567-1712

To the Board of Health:

Report on Compliance for Each Major Federal Program

We have audited Fulton County Health Department, Fulton County, Ohio's (the Health Department) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Fulton County Health Department's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Health Department's major federal programs.

Management's Responsibility

The Health Department's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Health Department's compliance for each of the Health Department's major federal programs 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 Health Department'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 each of the Health Department's major programs. However, our audit does not provide a legal determination of the Health Department's compliance.

Opinion on Each Major Federal Program

In our opinion, Fulton County Health Department, Fulton County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

The Health Department'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 Health Department's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Health Department'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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

June 5, 2018

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any 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 weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Supplemental, Nutrition Program for Women, Infants and Children – 10.557 Centers for Disease Control and Prevention Investigations and Technical Assistance – 93.283 Cancer Prevention and Control Programs – 93.898
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2017-001

Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to

fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors required adjustment to the financial statements for the year ended December 31, 2017:

- The Health Department had reported a negative restricted fund balance of \$23,255 within the Public Health Emergency Preparedness (PHEP) funds since all restricted resources had been expended. This fund had committed resources of \$23,255 which were available for use at December 31, 2017 and should have been applied to eliminate the negative balance in this fund.; and
- The Health Department received \$146,000 from another government unit as a loan repayment. These monies were grouped and reported as Miscellaneous revenues in the Health Department's General Fund instead of Other Financing Sources – Loan Repaid from Other Agency.

These errors were not identified and corrected prior to the Health Department preparing its financial statements due to deficiencies in the Health Department's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to reflect these changes. Additional errors were noted in smaller relative amounts.

To help ensure the Health Department's financial statements and notes to the statements are complete and accurate, the Health Department should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer Supervisor and Health Department, to help identify and correct errors and omissions. The Fiscal Officer Supervisor can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54: <http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

Officials' Response:

See corrective action plan

3. FINDINGS FOR FEDERAL AWARDS

None



FULTON COUNTY HEALTH DEPARTMENT

606 S. SHOOP AVENUE
WAUSEON, OHIO 43567-1712
TELEPHONE 419-337-0915
FAX 419-337-0561
WIC 419-337-6979
www.fultoncountyhealthdept.com
fchd@fultoncountyoh.com

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2017**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Management is aware and understands the importance of the information presented on the financial statements and will ensure all monies be correctly reported on the financial statements.	12/31/2018	Jane Sauder, Fiscal Supervisor

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Dave Yost • Auditor of State

FULTON COUNTY HEALTH DEPARTMENT

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 21, 2018