



OHIO AUDITOR OF STATE  
**KEITH FABER**





FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY

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## INDEPENDENT AUDITOR'S REPORT

Fulton County Health Department  
Fulton County  
6006 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, 2018, 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, 2018, and the respective changes in cash financial position and the respective budgetary comparison for the General and Environmental 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***

#### ***Supplementary 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 20, 2019, 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 "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber  
Auditor of State

Columbus, Ohio

June 20, 2019

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**FULTON COUNTY HEALTH DEPARTMENT**  
**FULTON COUNTY**  
*Statement of Net Position - Cash Basis*  
*December 31, 2018*

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash with Fiscal Agent	\$ 1,173,842
<b>Net Position</b>	
Restricted for:	
Other Purposes	\$ 67,511
Unrestricted	1,106,331
<i>Total Net Position</i>	<u>\$ 1,173,842</u>

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, 2018**

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
<b>General Health</b>				
General Health	\$ 1,031,817	\$ 489,810	\$ 34,319	\$ (507,688)
Vital Statistics	39,321	75,963		36,642
Administration	233,560			(233,560)
Environmental Health	410,755	268,017		(142,738)
Women, Infant and Children (WIC)	274,470		273,784	(686)
Breast Cervical Cancer Project (BCCP)	260,823		246,629	(14,194)
Immunizations (IAP)	24,045		31,821	7,776
Maternal and Child Health (MCH)	16,541		31,628	15,087
Family Planning (FP)	183,248	69,518	109,124	(4,606)
Help Me Grow (HMG)	17,456		17,456	
Drug Free Communities (DFC)	113,053		113,053	
MOMS (MOMS)	9,723		9,522	(201)
Public Health Emergency Preparedness (PHEP)	131,537	51,165	84,817	4,445
<i>Total Governmental Activities</i>	<u>\$ 2,746,349</u>	<u>\$ 954,473</u>	<u>\$ 952,153</u>	<u>(839,723)</u>
<b>General Receipts</b>				
Property Taxes Levied for General Health District Purposes				875,549
Grants and Entitlements not Restricted to Specific Programs				178,122
Gifts and Contributions				3,269
Miscellaneous				34,482
Loans Repaid by Other Agency				7,550
<i>Total General Receipts</i>				<u>1,098,972</u>
Change in Net Position				259,249
<i>Net Position Beginning of Year</i>				<u>914,593</u>
<i>Net Position End of Year</i>				<u>\$ 1,173,842</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, 2018**

	<b>General</b>	<b>Enviromental</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash with Fiscal Agent	\$ 1,142,270	\$ 31,572	\$ 1,173,842
<b>Fund Balances</b>			
Restricted	\$ 30,330	\$ 31,572	\$ 61,902
Committed	5,609		5,609
Assigned	114		114
Unassigned	1,106,217		1,106,217
<i>Total Fund Balances</i>	<b>\$ 1,142,270</b>	<b>\$ 31,572</b>	<b>\$ 1,173,842</b>

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, 2018*

	<u>General</u>	<u>Environmental</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>				
Property and Other Local Taxes	\$ 875,549			\$ 875,549
Intergovernmental	997,988		\$ 130,509	1,128,497
Fines, Licenses and Permits		\$ 173,762		173,762
Charges for Services	441,676	14,131		455,807
Gifts and Contributions	5,047			5,047
Contractual Services	244,780	80,124		324,904
Miscellaneous	39,268	2,764		42,032
<i>Total Receipts</i>	<u>2,604,308</u>	<u>270,781</u>	<u>130,509</u>	<u>3,005,598</u>
<b>Disbursements</b>				
Current:				
General Health				
General Health	1,031,817			1,031,817
Vital Statistics	39,321			39,321
Administration	233,560			233,560
Environmental Health		410,755		410,755
Women's, Infant and Children (WIC)	274,470			274,470
Breast, Cervical Cancer Project (BCCP)	260,823			260,823
Immunizations (IAP)	24,045			24,045
Maternal and Child Health (MCH)	16,541			16,541
Family Planning (FP)	183,248			183,248
Help Me Grow (HMG)			17,456	17,456
Drug Free Communities (DFC)			113,053	113,053
MOMS (MOMS)	9,723			9,723
Public Health Emergency Preparedness (PHEP)	131,537			131,537
<i>Total Disbursements</i>	<u>2,205,085</u>	<u>410,755</u>	<u>130,509</u>	<u>2,746,349</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>399,223</u>	<u>(139,974)</u>		<u>259,249</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	60,656	130,000		190,656
Transfers Out	(130,000)		(60,656)	(190,656)
<i>Total Other Financing Sources (Uses)</i>	<u>(69,344)</u>	<u>130,000</u>	<u>(60,656)</u>	
<i>Net Change in Fund Balances</i>	329,879	(9,974)	(60,656)	259,249
<i>Fund Balances Beginning of Year</i>	<u>812,391</u>	<u>41,546</u>	<u>\$ 60,656</u>	<u>914,593</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,142,270</u>	<u>\$ 31,572</u>		<u>\$ 1,173,842</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 767,235	\$ 875,549	\$ 875,549	
Intergovernmental	1,019,818	930,791	997,988	\$ 67,197
Charges for Services	528,533	569,758	441,676	(128,082)
Gifts and Contributions	3,000	3,000	5,047	2,047
Contractual Services	159,267	159,267	244,780	85,513
Miscellaneous	11,316	18,866	39,268	20,402
<i>Total Receipts</i>	2,489,169	2,557,231	2,604,308	47,077
<b>Disbursements</b>				
Current:				
General Health	1,609,044	1,613,220	1,031,931	581,289
Vital Statistics	134,275	91,362	39,321	52,041
Administration	594,657	698,428	1,133,947	(435,519)
<i>Total Disbursements</i>	2,337,976	2,403,010	2,205,199	197,811
<i>Excess of Receipts Over Disbursements</i>	151,193	154,221	399,109	244,888
<b>Other Financing Sources (Uses)</b>				
Transfers In		6,625	60,656	54,031
Transfers Out	(151,935)	(151,935)	(130,000)	21,935
Loans Repaid by Other Agency		7,550		(7,550)
<i>Total Other Financing Sources (Uses)</i>	(151,935)	(137,760)	(69,344)	68,416
<i>Net Change in Fund Balance</i>	(742)	16,461	329,765	313,304
<i>Prior Year Encumbrances Appropriated</i>	63	63	63	
<i>Fund Balance Beginning of Year</i>	812,328	812,328	812,328	
<i>Fund Balance End of Year</i>	\$ 811,649	\$ 828,852	\$ 1,142,156	\$ 313,304

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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Fines, Licenses and Permits	\$ 158,400	\$ 158,400	\$ 173,762	\$ 15,362
Charges for Services	26,000	26,000	14,131	(11,869)
Contractual Services	75,000	75,000	80,124	5,124
Miscellaneous	10,150	10,150	2,764	(7,386)
<i>Total Receipts</i>	269,550	269,550	270,781	1,231
<b>Disbursements</b>				
Environmental Health	421,485	421,579	410,755	10,824
<i>Excess of Disbursements Over Receipts</i>	(151,935)	(152,029)	(139,974)	12,055
<b>Other Financing Sources</b>				
Transfers In	151,935	151,935	130,000	(21,935)
<i>Net Change in Fund Balance</i>		(94)	(9,974)	(9,880)
<i>Prior Year Encumbrances Appropriated</i>	93	93	93	
<i>Fund Balance Beginning of Year</i>	41,453	41,453	41,453	
<i>Fund Balance End of Year</i>	\$ 41,546	\$ 41,452	\$ 31,572	\$ (9,880)

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, 2018*

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#### **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 activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

## Fulton County Health Department

### Fulton County

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### **Note 2 - Summary of Significant Accounting Policies (Continued)**

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.



## **Fulton County Health Department**

### **Fulton County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### **Note 2 - Summary of Significant Accounting Policies (Continued)**

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 forward

## **Fulton County Health Department**

### **Fulton County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### **Note 2 - Summary of Significant Accounting Policies (Continued)**

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, 2018

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## 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, 2018*

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**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 between the budgetary basis and the cash basis are as follows:

**Net Change in Fund Balance**

	<u>General</u>
Cash Basis	\$329,879
Encumbrances	<u>(114)</u>
Budget Basis	<u>\$329,765</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.

**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 2018 for real and public utility property taxes represents collections of 2017 taxes.

**Fulton County Health Department**

**Fulton County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 5 – Taxes (Continued)**

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2018 with real property taxes.

The full tax rate for all Health Department operations for the year ended December 31, 2018, was \$1 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$973,867,190
Public Utility Personal Property	<u>52,907,720</u>
Total	<u><u>\$1,026,774,910</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.

***Tax Abatements***

Fulton County entered into a tax abatement agreements with various companies for the abatement of property taxes to bring jobs and economic development into the area. The agreement affects the property tax receipts collected and distributed to the Health Department. Under the agreements, the Health Department property taxes were reduced by \$8,344 during fiscal year 2018. The Health Department received \$2,338 in compensation for the forgone property taxes.

**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

**Fulton County Health Department**

**Fulton County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018*

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**Note 6 - Risk Management (Continued)**

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, 2017, 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, 2017 (the latest information available).

	2017
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Assets	<u>\$31,448,315</u>

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's increased to 527 members in 2017.

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>2018 Contributions to PEP</u> \$5,440
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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.

**Fulton County Health Department**

**Fulton County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018*

**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.

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):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 35

## Fulton County Health Department

### Fulton County

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### **Note 7 - Defined Benefit Pension Plans (Continued)**

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 traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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, 2018*

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**Note 7 - Defined Benefit Pension Plans (Continued)**

	State and Local
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee*	10.0 %
 <b>2018 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
 Total Employer	 14.0 %
 Employee	 10.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health Department’s contractually required contribution was \$172,339 for year 2018.

**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, 2018.

**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.

## Fulton County Health Department

### Fulton County

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### **Note 8 - Postemployment Benefits (Continued)**

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 Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of 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 75. 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 2018, 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. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's contractually required contribution was \$11,732 for the year 2018.

**Fulton County Health Department**  
**Fulton County**

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

**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	Total
<b>Restricted for</b>			
General Health	\$ 30,330		\$ 30,330
Environmental		\$ 31,572	31,572
<i>Total Restricted</i>	<u>30,330</u>	<u>31,572</u>	<u>61,902</u>
<b>Committed to</b>			
Epidemiologist (6 Pact Agreement)	<u>5,609</u>		<u>5,609</u>
<b>Assigned to</b>			
Insurance	<u>114</u>		<u>114</u>
Unassigned:	<u>1,106,217</u>		<u>1,106,217</u>
<b>Total Fund Balances</b>	<u>\$ 1,142,270</u>	<u>\$ 31,572</u>	<u>\$ 1,173,842</u>

**Note 10 - Interfund Transfers**

The General Fund transferred \$130,000 to the Environmental fund since the fees and licenses collected do not cover environmental health expenses. The Health Department transferred \$2,182, \$55,507 and \$2,967 from the Child and Family Health Services (CFHS), Breast Cervical Cancer Project (BCCP), and the Immunizations (IAP) funds to the General Fund since separate funds for these activities are no longer required.

**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 which \$146,000 was paid by the end of December 31, 2017. The Family and Children First Council repaid \$7,550 the remaining outstanding balance as of December 31, 2018.

**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.

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FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Directly Funded Through U.S. Department of Health and Human Services</i>				
Drug Free Communities Support Program Grants	93.276	5H79SPO15851-09 5H79SPO15851-10	\$ 103,131 25,617 128,748	\$ 103,131 25,617 128,748
Total 93.276				
<i>Passed Through Ohio Department of Health</i>				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	02610012PH0918 02610012PH1019		52,448 15,964 68,412
Total 93.074				
Family Planning Services	93.217	0261001RH0718 0261001RH0819		22,888 42,259 65,147
Total 93.217				
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Funds	93.539	02610012GV0119		12,392
Child Lead Poisoning Prevention Surveillance Financed in Part by Prevention and Public Health (PPHF) Program	93.753	6 NUE1EH001277-03-03		10,000
Children's Health Insurance Program	93.767	02610014BC1118		19,060
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	02610014BC1118 02610014BC2119	22,755	89,475 98,846 188,321
Total 93.898			22,755	
Maternal and Child Health Services Block Grant to the States	93.994	02610011RH0819 02610011MP0218 02610011MP0319		1,186 15,818 19,978 36,982
Total 93.994				
<i>Passed Through Fulton County Jobs and Family Services</i>				
<u>Temporary Assistance for Needy Families Cluster</u>				
Temporary Assistance for Needy Families	93.558	(Headlice) FY18 (Headlice) FY19 (BTIO) FY18 (BTIO) FY19		587 1,636 47,552 34,529 84,304
Total 93.558				
<b>Total U.S. Department of Health and Human Services</b>			<b>151,503</b>	<b>613,366</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education-Grants for Infants and Families	84.181			3,747
<b>Total U.S. Department of Education</b>				<b>3,747</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02610011WA1118 02610011WA1219		214,902 56,360 271,262
<b>Total U.S. Department of Agriculture</b>				<b>271,262</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed Through Ohio Department of Public Safety</i>				
<u>Highway Safety Cluster</u>				
State and Community Highway Safety	20.600	SC-2018-Fulton County Health Depa-00053 SC-2019-Fulton County Health Department-00005		13,424 9,046 22,470
<b>Total U.S. Department of Transportation</b>				<b>22,470</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$151,503</b>	<b>\$910,845</b>

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, 2018**

**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, 2018. 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement

**NOTE C – INDIRECT COST RATE**

The Health Department has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - 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 E - 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.

**NOTE F – MEDICAID ADMINISTRATIVE CLAIMING (MAC)**

During the calendar year, the Health Department received reimbursements passed through the Ohio Department of Health for the Medicaid program (CFDA #93.778) in the amount of \$30,747. These MAC reimbursements are for administrative costs by participating in a quarterly time study, and are considered to be earned state revenue. The MAC funding is based on time study results and calculated using a Medicaid Eligible Rate (MER) specific to the Health Department. The underlying expenses are on a cost reimbursement basis and occurred in prior reporting periods and are not listing on the Health Department's Schedule of Expenditures of Federal Awards.

# OHIO AUDITOR OF STATE KEITH FABER



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

Fulton County Health Department  
Fulton County  
6006 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, 2018, 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 20, 2019, 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 2018-001 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 subject the Health Department's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

June 20, 2019



# OHIO AUDITOR OF STATE KEITH FABER



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## 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  
6006 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, 2018. 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, 2018.

***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.



Keith Faber  
Auditor of State

Columbus, Ohio

June 20, 2019

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2018**

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

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

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

**FINDING NUMBER 2018-001**

**Material Weakness – Financial Reporting**

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.

We identified the following errors to the Statement of Receipts, Disbursements and Changes in Fund balance – Budget and Actual – Budget Basis General Fund:

- Original Budgeted Disbursements and Receipts were understated by \$1,101,456 and \$1,084,657, respectively.
- The Final Budgeted Disbursements and Receipts were overstated by \$1,152,718 and \$2,521,531, respectively.
- The Actual Disbursements and Receipts were overstated by \$900,273 and \$908,008, respectively.

The final budget should include all legislatively approved changes to the original budget during the fiscal year and original budget expenditures should be the first complete appropriated budget (GASB Cod 2400.102.)

These errors were not identified and corrected prior to the Health Department preparing its financial report due to deficiencies in the Health Department's internal controls over financial report monitoring. These errors required audit adjustments which were posted to the financial statements. Additional errors were noted in smaller relative amounts.

Sound financial reporting is the responsibility of the Fiscal Supervisor and Board of Health and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To help ensure the Health Department's financial statements are complete and accurate, the Board should adopt policies and procedures, including a final review of the statements by the Fiscal Supervisor, to help identify and correct errors and omissions.

**Officials' Response:**

See corrective action plan.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None



**FULTON COUNTY HEALTH DEPARTMENT**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**December 31, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Material Weakness due to financial statement reporting errors.	Not Corrected and reissued as finding 2018-001 in this report.	Additional errors occurred and were not detected by the Health Department. Management is aware and understands the importance of the information presented on the financial statements and will ensure the financial statements are properly presented



**FULTON COUNTY HEALTH DEPARTMENT**

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**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
December 31, 2018**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2018-001	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.	12/31/2019	Jane Sauder, Fiscal Supervisor

# OHIO AUDITOR OF STATE KEITH FABER



**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  
JULY 9, 2019**