



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

FULTON COUNTY
TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet – All Fund Types and Account Group and Discretely Presented Component Unit	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Fund Type, Expendable Trust Funds and Discretely Presented Component Unit. ...	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budget Basis) – All Governmental Fund Types	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings Fund Equity – Proprietary Fund Types	14
Combined Statement of Cash Flows – Proprietary Fund Type	15
Notes to the General-Purpose Financial Statements	17
Schedule of Federal Awards Expenditures	49
Notes to the Schedule of Federal Awards Expenditures	50
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	51
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	53
Schedule of Findings	55

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Fulton County
152 South Fulton Street
Suite 270
Wauseon, Ohio 43567-3309

To the Board of Commissioners:

We have audited the accompanying general-purpose financial statements of Fulton County (the County) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2001 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

June 18, 2001

This page intentionally left blank.

FULTON COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 2000

	<u>Governmental Fund Types</u>				<u>Proprietary</u>
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>	<u>Fund Types</u>
		<u>Revenue</u>	<u>Service</u>	<u>Projects</u>	<u>Enterprise</u>
ASSETS AND OTHER DEBITS					
Assets:					
Equity in pooled cash and investments	\$2,103,283	\$7,769,300	\$20,173	\$3,438,509	\$1,254,801
Cash with fiscal and escrow agents	48,384	316,767		111,233	
Receivables (net of allowances of uncollectibles):					
Sales taxes	559,993				
Real and other taxes	1,388,094	1,186,262			
Accounts	47,159	47,815			82,004
Special assessments			230,608	819,607	173,796
Accrued interest	341,036				
Interfund loan receivable	585,000				
Advances to other funds	844,902				
Due from other funds	5,768				
Due from other governments	7,932	395,554		3,168	2,146
Prepayments	78,921	10,303			488
Materials and supplies inventory	50,664	176,880			
Loans receivable		242,948			
Restricted Assets:					
Equity in pooled cash and cash equivalents	525,000				
Property, plant and equipment (net of accumulated depreciation where applicable)					19,054,244
Other debits:					
Amount available in debt service funds					
Amount to be provided from general government resources					
Amount to be provided from component unit resources					
Total assets and other debits	\$6,586,136	\$10,145,829	\$250,781	\$4,372,517	\$20,567,479

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
\$93,691	\$3,645,865 253,738			\$18,325,622 730,122	\$496,182 404	\$18,821,804 730,526
				559,993		559,993
				2,574,356	2,248,086	4,822,442
				176,978	286	177,264
				1,224,011		1,224,011
				341,036		341,036
				585,000		585,000
				844,902		844,902
				5,768	5,510	11,278
				408,800	12,443	421,243
				89,712	7,750	97,462
				227,544	2,305	229,849
				242,948		242,948
				525,000		525,000
		\$23,271,678		42,325,922	610,180	42,936,102
			\$16,238	16,238		16,238
			4,043,862	4,043,862		4,043,862
					57,592	57,592
\$93,691	\$3,899,603	\$23,271,678	\$4,060,100	\$73,247,814	\$3,440,738	\$76,688,552

(Continued)

FULTON COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 2000
(Continued)

	Governmental Fund Types				Proprietary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES, EQUITY AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$67,655	\$204,185		\$328,417	\$76,647
Accrued wages and benefits	110,832	140,227			5,588
Compensated absences payable	17,013	20,816			4,431
Retainage payable	4,150	1,619		111,233	
Interfund loan payable		50,000			535,000
Advances from other funds			\$6,454	710,341	128,107
Due to other funds		11,278			
Due to other governments	191,206	144,834			8,557
Deposits held and due to others					
Deferred revenue	1,674,586	1,266,077	228,089	808,964	
Amount to be paid to claimants					
Accrued interest payable				63,267	3,025
Capital lease obligation payable					
Special assessment bonds payable					750,000
OWDA loans payable					11,765,780
General obligation notes payable					
Estimated accrued liability for landfill closure and post-closure costs					
Total liabilities	2,065,442	1,839,036	234,543	2,022,222	13,277,135
Equity and other credits:					
Investment in general fixed assets					
Contributed capital					5,665,531
Retained earnings:					
Unreserved					1,624,813
Fund balances:					
Reserved for encumbrances	159,084	463,700		1,280,853	
Reserved for materials and supplies inventory	50,664	176,880			
Reserved for prepayments	78,921	10,303			
Reserved for debt service			16,238		
Reserved for loans		242,948			
Reserved for advances	844,902				
Unreserved:					
Designated for budget stabilization	525,000				
Undesignated	2,862,123	7,412,962		1,069,442	
Total equity and other credits	4,520,694	8,306,793	16,238	2,350,295	7,290,344
Total liabilities, equity and other credits	\$6,586,136	\$10,145,829	\$250,781	\$4,372,517	\$20,567,479

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
				\$677,773	\$33,980	\$711,753
				256,647	53,002	309,649
			\$419,562	461,822	58,872	520,694
				117,002		117,002
				585,000		585,000
				844,902		844,902
				11,278		11,278
	\$897,305			1,241,902	59,540	1,301,442
	2,939,056			2,939,056		2,939,056
				3,977,716	2,242,656	6,220,372
	17,499			17,499		17,499
				66,292		66,292
			1,200	1,200	11,258	12,458
			225,000	975,000		975,000
			1,367,338	13,133,118		13,133,118
			2,000,000	2,000,000		2,000,000
			47,000	47,000		47,000
869	3,853,860		4,060,100	27,353,207	2,459,308	29,812,515
		\$23,271,678		23,271,678	610,180	23,881,858
				5,665,531		5,665,531
92,822				1,717,635		1,717,635
	125			1,903,762	55,618	1,959,380
				227,544	2,305	229,849
				89,224	7,750	96,974
				16,238		16,238
				242,948		242,948
				844,902		844,902
				525,000		525,000
	45,618			11,390,145	305,577	11,695,722
92,822	45,743	23,271,678		45,894,607	981,430	46,876,037
\$93,691	\$3,899,603	\$23,271,678	\$4,060,100	\$73,247,814	\$3,440,738	\$76,688,552

FULTON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS
 AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Property taxes	\$1,370,875	\$1,132,942	
Sales taxes	3,932,600	489,725	
Charges for services	1,199,487	989,394	
Licenses and permits	4,619		
Fines and forfeitures	370,481	86,799	
Intergovernmental	1,397,328	6,992,069	
Special assessments		8,400	\$64,730
Investment income	1,447,111	136,522	
Rental income		85	
Other	462,848	916,732	142,992
Total revenue	<u>10,185,349</u>	<u>10,752,668</u>	<u>207,722</u>
Expenditures:			
Current:			
General government:			
Legislative and executive	2,539,321	535,183	
Judicial	1,066,895	88,395	
Public safety	2,240,847	969,493	
Public works	87,459	3,444,865	
Health	66,136	167,142	
Human services	428,751	3,763,546	
Economic development		760,664	
Other	925,071		
Capital outlay			
Intergovernmental pass-through	649,081		
Debt service:			
Principal retirement	1,200		127,350
Interest and fiscal charges			71,707
Total expenditures	<u>8,004,761</u>	<u>9,729,288</u>	<u>199,057</u>
Excess of revenues over (under) expenditures	<u>2,180,588</u>	<u>1,023,380</u>	<u>8,665</u>
Other financing sources (uses):			
Proceeds of notes			
Proceeds from capital lease			
Operating transfers in	206,284	770,001	
Operating transfers out	(4,366,232)	(919,979)	
Total other financing sources (uses)	<u>(4,159,948)</u>	<u>(149,978)</u>	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,979,360)	873,402	8,665
Fund balances (deficit), January 1	6,491,095	7,388,313	7,573
Increase in reserve for inventory	8,959	45,078	
Fund balances, December 31	<u>\$4,520,694</u>	<u>\$8,306,793</u>	<u>\$16,238</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types	Fiduciary Fund Types	Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
Capital Projects	Expendable Trust			
		\$2,503,817	\$1,977,030	\$4,480,847
		4,422,325		4,422,325
		2,188,881	208,917	2,397,798
		4,619		4,619
		457,280		457,280
\$282,743		8,672,140	1,068,390	9,740,530
413,537		486,667		486,667
		1,583,633		1,583,633
		85		85
14,519	\$829	1,537,920	85,250	1,623,170
710,799	829	21,857,367	3,339,587	25,196,954
		3,074,504		3,074,504
		1,155,290		1,155,290
		3,210,340		3,210,340
		3,532,324		3,532,324
		233,278	3,395,439	3,628,717
		4,192,297		4,192,297
		760,664		760,664
6,209	2,383	933,663		933,663
3,916,663		3,916,663	14,064	3,930,727
		649,081		649,081
		128,550	2,806	131,356
64,322		136,029	877	136,906
3,987,194	2,383	21,922,683	3,413,186	25,335,869
(3,276,395)	(1,554)	(65,316)	(73,599)	(138,915)
2,000,000		2,000,000		2,000,000
			14,064	14,064
4,212,310		5,188,595	359,000	5,547,595
		(5,286,211)	(359,000)	(5,645,211)
6,212,310		1,902,384	14,064	1,916,448
2,935,915	(1,554)	1,837,068	(59,535)	1,777,533
(585,620)	47,297	13,348,658	430,035	13,778,693
		54,037	750	54,787
\$2,350,295	\$45,743	\$15,239,763	\$371,250	\$15,611,013

FULTON COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General		Variance: Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Property taxes	\$1,370,178	\$1,370,178	
Sales taxes	4,068,586	4,068,586	
Charges for services	1,178,521	1,178,521	
Licenses and permits	4,619	4,619	
Fines and forfeitures	400,007	400,007	
Intergovernmental	1,407,545	1,407,545	
Special assessments			
Investment income	1,247,007	1,247,007	
Rental income			
Other	452,612	452,612	
Total revenues	<u>10,129,075</u>	<u>10,129,075</u>	
Expenditures:			
Current:			
General government:			
Legislative and executive	3,121,978	2,598,760	\$523,218
Judicial	1,218,559	1,081,310	137,249
Public safety	2,521,848	2,317,557	204,291
Public works	96,493	96,457	36
Health	66,264	66,136	128
Human services	595,896	428,737	167,159
Economic development and assistance			
Other	1,230,896	930,938	299,958
Intergovernmental pass-through	651,300	649,081	2,219
Capital outlay			
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>9,503,234</u>	<u>8,168,976</u>	<u>1,334,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>625,841</u>	<u>1,960,099</u>	<u>1,334,258</u>
Other financing sources (uses):			
Proceeds of notes			
Advances in and not repaid	1,659,838	1,659,838	
Advances (out) and not repaid	(842,221)	(842,221)	
Operating transfers in	731,284	731,284	
Operating transfers (out)	(4,921,891)	(4,891,232)	30,659
Total other financing sources (uses)	<u>(3,372,990)</u>	<u>(3,342,331)</u>	<u>30,659</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(2,747,149)</u>	<u>(1,382,232)</u>	<u>1,364,917</u>
Fund balances, January 1	3,572,048	3,572,048	
Prior year encumbrances appropriated	187,903	187,903	
Fund balances, December 31	<u>\$1,012,802</u>	<u>\$2,377,719</u>	<u>\$1,364,917</u>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,132,259	\$1,132,259				
489,725	489,725				
981,371	981,371				
13,911	13,911				
93,879	93,879				
7,123,031	7,123,031				
8,400	8,400		\$62,212	\$62,212	
122,692	122,692				
85	85				
940,289	940,289				
10,905,642	10,905,642		62,212	62,212	
902,695	705,074	\$197,621			
537,499	87,538	449,961			
1,665,607	957,552	708,055			
5,220,343	3,456,811	1,763,532			
1,026,683	884,702	141,981			
4,241,052	3,406,537	834,515			
837,548	767,537	70,011			
			40,000	40,000	
			16,065	16,065	
14,431,427	10,265,751	4,165,676	56,065	56,065	
(3,525,785)	639,891	4,165,676	6,147	6,147	
50,000	50,000				
(1,000)	(1,000)				
770,001	770,001				
(922,592)	(919,979)	2,613			
(103,591)	(100,978)	2,613			
(3,629,376)	538,913	4,168,289	6,147	6,147	
6,083,254	6,083,254		14,026	14,026	
519,290	519,290				
\$2,973,168	\$7,141,457	\$4,168,289	\$20,173	\$20,173	

(Continued)

FULTON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (Continued)

	Capital Projects		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Property taxes			
Sales taxes			
Charges for services			
Licenses and permits			
Fines and forfeitures			
Intergovernmental	\$148,448	\$279,575	\$131,127
Special assessments	402,894	402,894	
Investment income			
Rental income			
Other	14,519	14,519	
Total revenues	565,861	696,988	131,127
Expenditures:			
Current:			
General government:			
Legislative and executive			
Judicial			
Public safety			
Public works			
Health			
Human services			
Economic development and assistance			
Other	36,890	34,709	2,181
Intergovernmental pass-through			
Capital outlay	6,544,023	5,340,969	1,203,054
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	6,580,913	5,375,678	1,205,235
Excess (deficiency) of revenues over (under) expenditures	(6,015,052)	(4,678,690)	1,336,362
Other financing sources (uses):			
Proceeds of notes	2,000,000	2,000,000	
Advances in and not repaid	257,220	257,220	
Advances (out) and not repaid	(1,658,838)	(1,658,838)	
Operating transfers in	4,212,310	4,212,310	
Operating transfers (out)			
Total other financing sources (uses)	4,810,692	4,810,692	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(1,204,360)	132,002	1,336,362
Fund balances, January 1	1,398,089	1,398,089	
Prior year encumbrances appropriated	313,575	313,575	
Fund balances, December 31	\$507,304	\$1,843,666	\$1,336,362

The notes to the general-purpose financial statements are an integral part of this statement.

	Total	
Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$2,502,437	\$2,502,437	
4,558,311	4,558,311	
2,159,892	2,159,892	
18,530	18,530	
493,886	493,886	
8,679,024	8,810,151	\$131,127
473,506	473,506	
1,369,699	1,369,699	
85	85	
1,407,420	1,407,420	
21,662,790	21,793,917	131,127
4,024,673	3,303,834	720,839
1,756,058	1,168,848	587,210
4,187,455	3,275,109	912,346
5,316,836	3,553,268	1,763,568
1,092,947	950,838	142,109
4,836,948	3,835,274	1,001,674
837,548	767,537	70,011
1,267,786	965,647	302,139
651,300	649,081	2,219
6,544,023	5,340,969	1,203,054
40,000	40,000	
16,065	16,065	
30,571,639	23,866,470	6,705,169
(8,908,849)	(2,072,553)	6,836,296
2,000,000	2,000,000	
1,967,058	1,967,058	
(2,502,059)	(2,502,059)	
5,713,595	5,713,595	
(5,844,483)	(5,811,211)	33,272
1,334,111	1,367,383	33,272
(7,574,738)	(705,170)	6,869,568
11,067,417	11,067,417	
1,020,768	1,020,768	
\$4,513,447	\$11,383,015	\$6,869,568

FULTON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS/FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Charges for services	\$1,314,776		\$1,314,776
Tap-in fees	110,684		110,684
Other operating revenue	22,821	\$24,983	47,804
Total operating revenues	1,448,281	24,983	1,473,264
Operating expenses:			
Personal services	166,459		166,459
Contractual services	930,123		930,123
Materials and supplies	4,133		4,133
Claims expense		163,821	163,821
Administrative costs	2,034		2,034
Depreciation	412,522		412,522
Other	209,183	1,864	211,047
Total operating expenses	1,724,454	165,685	1,890,139
Operating loss	(276,173)	(140,702)	(416,875)
Nonoperating revenue (expense):			
Interest and fiscal charges	(570,778)		(570,778)
Interest income	12,590		12,590
Intergovernmental	149,952		149,952
Other nonoperating revenues	124,748		124,748
Total nonoperating expenses	(283,488)		(283,488)
Net loss before operating transfers	(559,661)	(140,702)	(700,363)
Operating transfers in	45,000	52,616	97,616
Net loss	(514,661)	(88,086)	(602,747)
Retained earnings, January 1 (restated)	2,139,474	180,908	2,320,382
Retained earnings, December 31	1,624,813	92,822	1,717,635
Contributed capital, December 31	5,665,531		5,665,531
Total fund equity, December 31	\$7,290,344	\$92,822	\$7,383,166

The notes to the general-purpose financial statements are an integral part of this statement.

FULTON COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from sales/service charges	\$1,284,364		\$1,284,364
Cash received from tap-in fees	110,684		110,684
Cash received from other operations	21,841	\$29,262	51,103
Cash payments for personal services	(161,609)		(161,609)
Cash payments for contract services	(930,033)		(930,033)
Cash payments for claims		(163,821)	(163,821)
Cash payments for materials and supplies	(4,133)		(4,133)
Cash payments for administrative costs	(2,034)		(2,034)
Cash payments for other expenses	(209,183)	(13,493)	(222,676)
Net cash provided by (used in) operating activities	109,897	(148,052)	(38,155)
Cash flows from noncapital financing activities:			
Cash received from nonoperating activities	1,421,654		1,421,654
Cash received from operating grants	150,000		150,000
Cash received from interfund loans	535,000		535,000
Transfers in from other funds	45,000	52,616	97,616
Net cash provided by noncapital financing activities	2,151,654	52,616	2,204,270
Cash flows from investing activities:			
Interest received	12,590		12,590
Net cash provided by investing activities	12,590		12,590
Cash flows from capital and related financing activities:			
Principal retirement	(792,212)		(792,212)
Interest and fiscal charges	(575,281)		(575,281)
Proceeds from OWDA loans	203,162		203,162
Acquisition of capital assets	(793,826)		(793,826)
Net cash used in capital and related financing activities	(1,958,157)		(1,958,157)
Net increase (decrease) in cash and cash equivalents	315,984	(95,436)	220,548
Cash and cash equivalents at beginning of year	938,817	189,127	1,127,944
Cash and cash equivalents at end of year	\$1,254,801	\$93,691	\$1,348,492

(Continued)

FULTON COUNTY

COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (Continued)

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	(\$276,173)	(\$140,702)	(\$416,875)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	412,522		412,522
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(14,839)	4,279	(10,560)
Increase in prepayments	(488)		(488)
Decrease in special assessments receivable	(15,036)		(15,036)
Increase (decrease) in accounts payable	69,223	(6,668)	62,555
Increase in accrued wages and benefits	1,529		1,529
Increase in compensated absences payable	1,543		1,543
Decrease in retainage payable	(1,517)		(1,517)
Decrease in due to other funds	(72)	(4,961)	(5,033)
Decrease in due to other governments	(66,795)		(66,795)
Net cash provided by (used in) operating activities	\$109,897	(\$148,052)	(\$38,155)

The notes to the general-purpose financial statements are an integral part of this statement.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 1 - DESCRIPTION OF THE COUNTY

Fulton County, Ohio, (the County) was created in 1850. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manages various segments of the County's operations are: the county auditor, county treasurer, recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, common pleas court judge, a probate court judge, and two county municipal court judges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements (GPFS) of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the county's accounting policies are described below.

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity." The GPFS include all funds, account groups, agencies, boards, commissions, and component units for which Fulton County and the County Commissioners are "accountable." Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general-purpose financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. Based on the foregoing criteria, the financial activities of the following PCUs have been reflected in the accompanying GPFS as follows:

DISCRETELY PRESENTED COMPONENT UNIT

Fulton County Board of Mental Retardation and Developmental Disabilities (MRDD) - The County Commissioners appoint a majority of the board members. The Commissioners also levy taxes and serve as the appropriating authority for MRDD. The operations of MRDD have been discretely reported in the GPFS in the Component Unit Column.

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the Treasurer invests public monies held on deposit in the County Treasury.

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore the operations of the following PCUs

FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

have been excluded from the County's GPFS, but the funds held on behalf of these PCUs in the County Treasury are included in the agency funds.

Fulton County Board of Health - The Five member Board of Health is appointed by the District Advisory Council which consists of Township Trustee Chairmen and Clerks and Mayors of participating municipalities. The Board adopts its own budget and operates autonomously from the County.

Soil and Water Conversation District - The five members of the District are independently elected officials. They adopt their own budget and operate autonomously from the County.

JOINTLY GOVERNED ORGANIZATIONS

Maumee Valley Planning Organization - The County is a member of the Maumee Valley Planning Organization (MVPO) which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of MVPO is to act as a joint regional planning commission to write and administer CDBG grants and help with housing rehabilitation in the area.

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer CDBG grants and a per capita amount from each county. In 2000, the County paid per capita charges of \$2,695 to MVPO.

Defiance-Fulton-Henry Counties Council - The County is a member of the Defiance-Fulton-Henry Counties Council (Council) which is a jointly governed organization between Defiance, Fulton, and Henry Counties. The Council was formed under Ohio Revised Code Section 167.04 as a regional council of governments. The purpose of the Council is to foster cooperation among the three member counties in all areas of service.

The Council is governed by a Board consisting of one representative from each member county's Board of Commissioners. The Council establishes cooperative programs which benefit member entities. Fulton County obtains employees health, dental and vision coverage through a program established by the Council.

JOINT VENTURES WITHOUT EQUITY INTEREST

Corrections Center of Northwest Ohio - The County is a member of Northwest Ohio's Multicounty - Municipal Correctional Center (CCNO), which is a joint venture between Defiance, Fulton, Henry, Lucas and Williams counties and the City of Toledo. The purpose of the CCNO is to provide additional jail space for convicted criminals in the five counties and City of Toledo and to provide a correctional center for the inmates. The CCNO joint venture was created in 1986, construction was finished and occupancy was taken December 31, 1996.

The CCNO is governed by a Commission Team made up of 18 members. These members consist of one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. Sources of revenue include operating costs and capital costs contributed by Members and rental revenue. The County does not have explicit, measurable right to the net resources of the CCNO. Total expenditures made by the County to the CCNO in 2000 were

FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

\$568,981. Complete financial statements for the CCNO can be obtained from the CCNO's administrative office on County Road 24 in Stryker, Ohio.

Regional Planning Commission - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Fulton County Regional Planning Commission. The Commission's duties are to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, services, and other aspects of the County.

The entities within the Commission pay an annual assessment to the Commission based on census figures. The County's assessments are a match to the total assessment on the members. The financial statements of the Commission can be reviewed at the Fulton County Courthouse, Wauseon.

Quadco Rehabilitation Center - The County is a participant with Henry, Defiance, and Williams Counties in a joint venture to operate Quadco Rehabilitation Center, Administrative Board (Quadco). Quadco, a nonprofit corporation, provides services and facilities for training physically and mentally disabled persons. Quadco is responsible for contracting with various agencies to obtain funding to operate the organization.

Quadco is governed by an eight member board composed of two appointees made by each of the four County Boards of Mental Retardation and Developmental Disabilities (County Boards of MRDD). This board in conjunction with the County Boards of MRDD assesses the need of the adult mentally retarded and developmentally disabled residents in each County and set priorities based on available funds. The County provides subsidies to the Board based on units of service provided to it. For the year ended December 31, 2000 the County remitted \$142,750 to Quadco to supplement its operations.

The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. On the dissolution of Quadco, the property and equipment of the corporation would revert back to the four counties. This access to the net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for Quadco can be obtained from Quadco's administrative office at 427 N. Fulton Street, Stryker, Ohio.

Four County Solid Waste District - The County is a member of the Four County Solid Waste District (District), which is a joint venture between Fulton, Defiance, Paulding, and Williams counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989.

The Four County Solid Waste District is governed and operated through a twelve-member board of directors, consisting of three commissioners from each county. Financial records are maintained by the Williams County Auditor in Bryan, Ohio. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste.

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Director's to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. The County has no ongoing financial responsibility for the District. No contributions were made by the County to the District in 2000. Grant monies received by the County from the District are reported as a special revenue fund.

FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

Community Improvement Corporation of Fulton County - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Community Improvement Corporation (CIC) of Fulton County. The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the County of Fulton and the territory surrounding.

The CIC is governed by a Board of twenty-three Trustees. Four of these trustees are elected and appointed officials of Fulton County, with the remaining trustees consisting of officials from the various municipalities, townships and villages represented, as well as four at-large members from local businesses which have an interest in economic development. The County's degree of control over the Board is limited to its representation on the Board.

Northwest Ohio Juvenile Detention, Training, and Rehabilitation District - The County is a participant with Defiance, Henry, and Williams Counties in a joint venture to operate the Northwest Juvenile Detention, Training, and Rehabilitation District (NWOJDD), established to operate both detention and training and rehabilitation facilities for juveniles.

NWOJDD is governed and operated by a thirteen-member board of trustees consisting of three trustees from each county and one at large member. Revenue sources are from member counties and rental revenue. The County has no ongoing financial responsibility for NWOJDD. The County remitted \$206,182 to NWOJDD in 2000.

Four County Board of Alcohol, Drug Addiction and Mental Health Services - The Four County Board of Alcohol, Drug Addiction and Mental Health Services (ADAMHS Board) is a joint venture between Fulton, Defiance, Henry, and Williams Counties. The purpose of this board is to provide alcohol, drug addiction, and mental health services to individuals in the four counties.

The Four County ADAMHS Board is governed by a Board consisting of eighteen members. The breakdown is as follows: four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services and by the Ohio Department of Mental Health, three each are appointed by the Defiance and Fulton County Commissioners, and two each are appointed by the Henry and Williams County Commissioners.

The main sources of revenue of the Board are state and federal grants, and a property tax levy covering the entire four county area. Outside agencies are contracted by the Board to provide services for the Board. The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. The County does have indirect access to the net resources of the Board. In the event the County withdrew from the Board it would be entitled to a share of the state and federal grants that are currently being received by the Board. This access to net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for the Board can be obtained from the Board at its offices located at State Route 66 at State Route 34, Archbold, Ohio.

The accounting policies and reporting practices of Fulton County conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The following is a summary of its significant accounting policies:

FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)

B. Basis of Presentation - Fund Accounting

The accounts of the County are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, as appropriate; and revenues, and expenditures or expenses, as appropriate. The following fund types and account groups are used by the County:

1. Governmental Funds

General Fund - The general fund is used to account for all activities of the County not required to be included in another fund.

Special Revenue Funds - The special revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The debt service funds are used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

Capital Projects Funds - The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

2. Proprietary Funds

Enterprise Funds - The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - The internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

3. Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust funds and agency funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. The agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve the measurement of results of operations. The agency funds are presented on a budget basis, with note disclosure, if applicable, regarding items which, in other fund types, would be subject to accrual. See Note 3.C. for accruable items which, in other fund types, would be presented on the combined financial statements.

FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

4. *Account Groups*

General Fixed Assets Account Group - The general fixed assets account group is used to account for all general fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

General Long-Term Obligations Account Group - The general long-term obligations account group is used to account for all long-term obligations of the County, except those accounted for in the proprietary funds.

5. *Component Units*

Component Units - Component units are either legally separate organizations for which the elected officials of the County are not financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County are such that exclusion would not cause the County's financial statement to be misleading or incomplete.

C. *Basis of Accounting*

The modified accrual basis of accounting is followed for governmental, component unit, agency and expendable trust funds. Revenues are recognized in the period when measurable and available to meet obligations incurred during the year. The County defines measurable as meaning collectible within 60 days of year end. Revenues which are accrued include earnings on investments; delinquent real and personal property taxes; sales taxes; federal and state grants and entitlements; and charges for current services.

Receivables and payables to be recorded on the County's financial statements are recorded to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in case of payables, collectibility.

Deferred revenues, as reported on the combined balance sheet, arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes that are measurable as of December 31, 2000, but are intended to finance 2001 operations and delinquent property taxes, whose availability is interminable, have been recorded as deferred revenue.

Expenditures are recognized when the related liability is expected to be liquidated with expendable available financial resources with the following exceptions: general long term obligation principal and interest are reported only when paid; and the costs of accumulated unpaid vacation and sick leave are reported in the period due and payable rather than in the period earned by employees.

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Unbilled service charges receivable are recognized as revenue at year end.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental, component unit and expendable trust funds are accounted for using a

FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

D. Budgetary Data

Outlined below are the procedures followed by the County to establish the expenditures budget data reported in the combined financial statements:

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.
2. Shortly after the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution which legally authorizes the expenditure of funds for respective officeholders and department heads.
3. The County is accorded discretion in its method of appropriating federal funds. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
4. The Revised budget figures reflected in the combined financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.
5. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, materials and supplies, contractual services and interfund transfers. For funds which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation level require a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2000.
7. Unencumbered appropriations lapse at year end. Contracts and purchase type encumbrances outstanding at year end carry their appropriations with them into the next year. Contract and purchase type encumbrances outstanding at year end are recorded as expenditures on the budget basis of accounting.
8. The budgetary procedures described herein apply to all funds except the agency funds and the OWDA debt service fund for which budgetary information is not presented. The unbudgeted activity for the OWDA debt service fund included \$142,992 in revenue and \$142,992 in expenditures.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the appropriated governmental and proprietary funds. Encumbrances outstanding at year end, not recognized as accounts payable, are reported as reservations of fund balance for subsequent year expenditures on the modified accrual basis of accounting. Encumbrances outstanding at year end are reported as expenditures on the budget basis of accounting.

F. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the combined balance sheet.

During fiscal year 2000, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), nonnegotiable certificates of deposit, and federal agency securities.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The County has invested funds in STAR Ohio during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2000.

Following Ohio statutes, the Commissioners have, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2000 amounted to \$1,477,526 which includes \$1,209,470 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest-bearing depository accounts are presented on the combined balance sheet as "Cash with Fiscal and Escrow Agents" since they are not required to be deposited into the County treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

G. Health Care

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 required the County to offer and provide terminated or retired employees continued participation in the County's employees' health care benefits program, provided that the employees pay the rate established by the plan

FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)

administrator. In 2000, the County incurred no expenditures or revenues associated with providing these benefits. The participating former employees make premium payments directly to the County's insurance provider and the provider is responsible for all claims made.

H. Inventories of Materials and Supplies

Inventories are valued at cost using the first in, first out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

I. Property, Plant, Equipment and Depreciation

1. *General Fixed Assets Account Group*

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year in the general fixed assets account group. Contributed fixed assets are recorded at their fair market values as of the date donated. The County follows a policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the County, (i.e., roads, bridges, etc.), ornamental artifacts, or any asset with a cost of less than \$500. No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

2. *Enterprise Funds*

Property, plant, and equipment reflected in the enterprise funds are stated at cost (or estimated historical) and updated for the cost of additions and disposals during the year. Contributed fixed assets are recorded at their fair market value as of the date donated. Depreciation and amortization have been provided on a straight-line basis over the following estimated useful lives:

Description	Estimated Life
Machinery	50
Buildings	40
Sewerlines and waterlines	50
Vehicles	5

The County also capitalizes the cost of major renovations which extend the useful life of an asset or which enable it to perform new or more valuable services. Interest on tax exempt debt issued to construct enterprise fund fixed assets is capitalized, net of interest earned on the proceeds of such debt.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the "Vesting" method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked. Vacation and sick leave is accumulated on an hour worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the general long-term obligations account group because it will not be liquidated with expendable, available resources. General long-term obligations are not limited to liabilities arising from debt issuances, but may also include non-current liabilities and other commitments that are not current liabilities properly recorded in governmental funds. Vacation and sick leave for governmental fund type employees is recognized as an expenditure when used. Vacation and sick leave in the proprietary fund types is recorded as an expense when earned, and the liability for unused amounts is shown as a fund liability.

K. Intergovernmental Revenues

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receivables and revenues when the entitlement occurs. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

Intergovernmental receivables are reported as revenue if they are both measurable and available and intended to finance fiscal 2000 operations. Intergovernmental receivables that are measurable as of December 31, 2000, but are intended to finance 2001 operations, whose availability is indeterminable, have been recorded as deferred revenue.

L. Long-term Obligations

Long-term obligations for special assessment bonds, Ohio Water Development Authority (OWDA) loans, general obligation notes payable, landfill closure/post closure costs, vested sick and vacation leave, capital lease obligations, and any claims or judgements that are expected to be paid from the governmental funds are shown in the general long-term obligations account group, while those expected to be paid from proprietary funds are shown as a liability of those funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal and interest. GAAP requires the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the County's debt retirement fund has been split among

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

M. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund balances, related to changes for good and services rendered, are reflected as "due to/from other funds."
4. Short-term interfund loans, accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable/payable."
5. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

See Note 5 for an analysis of the County's interfund transactions.

N. Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The County reports amounts representing material and supply inventories, prepayments, encumbrances outstanding, debt service, advances receivable, and loans receivable as reservations of fund balance in the governmental funds. The County reports amounts set aside by the County Commissioners for budget stabilization as a designation of fund balance in the governmental funds.

O. Prepayments

Prepayments for governmental funds represent cash disbursements that are not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

P. Contributed Capital

Contributed capital represents donations from private enterprises to aid in the construction of waterlines and sewer lines constructed to support their operations. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. Depreciation on those proprietary fund type assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Q. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents used to establish a budget stabilization reserve. Current state legislation provides that the amount reserved may not exceed 5% of the general fund's revenue for the preceding fiscal year and the reserve balance is not to be considered part of the unencumbered balance when certifying available balance at year-end. The reserve for budget stabilization was established by the County Commissioners and may be reduced or eliminated at any time by the County's taxing authority. A fund balance designation has also been established.

S. Total Columns on General-Purpose Financial Statements

Total columns on the GPFS are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

A prior period adjustment is required in the Sewer enterprise fund to properly state the balance of a loan payable to the Ohio Water Development Authority (OWDA) at December 31, 1999. This prior period adjustment had the following effect on retained earnings as previously reported:

	<u>Enterprise</u>
Net Loss as previously reported	\$(662,440)
Adjustment for OWDA loan payable	<u>290,090</u>
Restated Net Loss at December 31, 1999	<u><u>\$ (372,350)</u></u>

	<u>Enterprise</u>
Retained earnings at December 31, 1999	\$1,849,384
Adjustment for OWDA loan payable	<u>290,090</u>
Restated retained earnings at January 1, 2000	<u><u>\$2,139,474</u></u>

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

B. Deficit Fund Balances

The following funds had a deficit fund balance as of December 31, 2000:

	<u>Deficit Fund Balance</u>
<u>Capital Improvement Funds:</u>	
Ditch Improvements	\$(459,749)
Courthouse Security	(89,007)
<u>Special Revenue Funds:</u>	
Workforce Investment Act	(32)
1999 CDBG	(14,758)

These funds complied with Ohio State law which does not allow for a cash basis deficit at year end.

The deficit fund balance in the Ditch Improvements and Courthouse Security capital projects funds are the result of recording liabilities for long-term advances made to these funds in the current and prior years. These "advances in" from other funds are reported as a liability rather than as "other financing sources." These deficit fund balances will be eliminated as resources become available to repay the long-term advances.

The deficit fund balance in the Workforce Investment Act special revenue fund is due to the reporting of an "advance in" from another fund as a payable rather than as an "other financing source." This deficit fund balance will be eliminated as resources become available to repay the interfund loan.

The deficit fund balance in the 1999 CDBG loan is a result of accruing amounts due to other governments and an accounts payable at year end. This deficit will be eliminated by intergovernmental revenues not recognized or recorded at December 31, 2000.

C. Agency Funds

The following are accruals for agency fund types, which, in other fund types, would be recognized in the combined balance sheet:

Assets

Real and Other Taxes	\$32,808,569
Accounts Receivable	10,059
Due From Other Governments	87,611
Special Assessments Receivable	1,555,099
Prepayments	<u>4,413</u>
Total Assets	<u>\$34,465,751</u>

Liabilities

Deferred Loans Payable to Ohio Water and Sewer Rotary Commission	\$1,295,189
Accounts Payable	1,065
Due To Other Governments	89,774
Amounts Held and Due to Others	33,073,945
Retainage Payable	<u>5,778</u>
Total Liabilities	<u>\$34,465,751</u>

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

A. Primary Government

Moneys held by the County are classified by State Statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the County treasury. Active moneys must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts; or in money market deposit accounts.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Moneys held by the County which are not considered active are classified as inactive. Inactive moneys may be deposited or invested in the following securities:

- A. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- D. Bonds and other obligations of the State of Ohio, or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
- E. Time certificates of deposit of savings or deposit accounts, including, but not limited to, accounts;
- F. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- G. The State Treasurer's investment pool (STAR Ohio);
- H. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

- I. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
- J. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the County has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of the transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At December 31, 2000, the carrying amount of the County's demand deposits, including nonnegotiable certificates of deposit and cash with fiscal and escrow agents, was \$7,414,725. The bank balance at that date, including nonnegotiable certificates of deposit and cash with fiscal and escrow agents, was \$7,903,583. Of the bank balance:

- 1. \$1,172,495 was covered by the federal depository insurance; and
- 2. \$6,731,088 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, a noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

Investments: The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
Federal Agency Securities	<u>\$10,502,582</u>	\$10,502,582
Investment in STAR Ohio		<u>1,663,437</u>
Total Investments		<u>\$12,166,019</u>

The federal agency securities have maturities ranging from January 2001 to February 2002.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 are as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$19,580,744	
Investments of the Cash Management Pool:		
State Treasurer's Investment Pool	(1,663,437)	\$1,663,437
Federal Agency Securities	<u>(10,502,582)</u>	<u>10,502,582</u>
GASB Statement No. 3	<u>\$7,414,725</u>	<u>\$12,166,019</u>

Component Unit

At December 31, 2000, the carrying amount of the component unit demand deposits was \$496,586. The bank balance at that date was \$590,340. Of the bank balance, \$337 was insured by FDIC and thus would belong in risk category (1). The remaining balance of \$590,003 was uninsured and uncollateralized and thus would belong in risk category (3). In addition, at year end, the component unit had \$67 in undeposited cash on hand which is included as part of "Cash with Fiscal and Escrow Agents." The component unit had no investments at December 31, 2000.

NOTE 5 - INTERFUND TRANSACTIONS

A. The County had the following long-term advances outstanding at December 31, 2000:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$844,902	
Debt Service Fund		
E.B. Assumption W.L. Bond		\$6,454
Capital Projects Funds		
Ditch Improvements		545,341
Court House Security		155,000
Construction County Road 22		10,000
Enterprise Funds		
Water District		50,543
Sewer District		<u>77,564</u>
Total	<u>\$844,902</u>	<u>\$844,902</u>

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

- B.** Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2000, consisted of the following individual fund receivable and payables:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$585,000	
Special Revenue Funds		
Senior Center		\$40,000
Workforce Investment Act		10,000
Enterprise Fund		
Water District		<u>535,000</u>
Total	<u>\$585,000</u>	<u>\$585,000</u>

- C.** Interfund balances, related to charges for goods and services rendered, at December 31, 2000, consisted of the following amounts due to and due from other funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$5,768	
Special Revenue Funds		
Public Assistance		\$5,510
Child Support Enforcement Agency		5,768
Component Unit		
Board of MRDD	5,510	
Total	<u>\$11,278</u>	<u>\$11,278</u>

- D.** The following is a summarized breakdown of the County's operating transfers for 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 206,284	\$4,366,232
Special Revenue Funds		
Dog and Kennel	45,000	
Fulton County Economic Development	3,219	
Public Assistance	710,476	3,219
Recycle Ohio	9,306	
Motor Vehicle and Gas Tax	2,000	
Indigent Guardianship		2,464
Computer		9,509
Certificate of Title Administration		194,161
CSEA		243,089
Children's Service		467,387
CDBG		150
Debt Service Fund		
Bond Retirement Tiffin River		

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

Capital Projects Funds		
Administration Building	1,292,200	
Construction - Co. Rd. 22	458,838	
Capital Improvement	2,105,000	
Health Department Construction	6,272	
Eastern District Permanent Improvement	350,000	
Enterprise Fund		
Solid Waste Incinerator	45,000	
Internal Service Fund		
Self Insurance Fund	52,616	
Component Units		
Board of MRDD		359,000
Residential Services	<u>359,000</u>	<u>359,000</u>
Total	<u>\$5,645,211</u>	<u>\$5,645,211</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$750,020,490. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2000, was \$8.65 per \$1,000 of assessed valuation.

The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

<u>Real Property</u>	
Agricultural/Residential	\$474,560,900
Commercial/Industrial	97,216,200
<u>Tangible Personal Property</u>	117,543,410
<u>Public Utility</u>	
Real	442,540
Personal	<u>60,257,440</u>
Total Assessed Value	<u>\$750,020,490</u>

Real property taxes for tax year 2000 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, and the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due April 30 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date. The first \$10,000 of taxable value is exempt from taxation for each business by state law. The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business must file a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year end.

Since the current levy is not intended to finance 2000 operations, the receivable is offset by a credit to "Deferred Revenue." The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 60 days of 2001 are shown as 2000 revenue; the remainder is shown as "Deferred Revenue."

The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners by resolution imposed a 0.5% percent tax on all retail sales made in the County, including sales of motor vehicles, and on storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. In 1987, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.0%. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County.

The Tax Commissioner's certification must be made within forty-five days after the end of the month of collection. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the sales tax are credited to the general fund and the Motor Vehicle and Gas Tax special revenue funds and amounts that have been collected by the State and are to be received within the available period is accrued as revenue to the extent they are intended to finance the fiscal 2000 operations. Sales tax revenue for 2000 amounted to \$4,422,325.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2000, consisted of taxes, accrued interest, accounts (billings for user charged services), special assessments, short-term interfund loans, long-term interfund advances, interfund transactions related to charges for goods and services rendered and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the combined balance sheet and all interfund transactions related to charges for goods and services rendered have been classified as "Due From Other Funds" on the combined

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

balance sheet. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2000, as well as intended to finance fiscal 2000 operations.

A summary of the principal items of receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>General Fund</u>	
Sales taxes	\$559,993
Real and other taxes	1,388,094
Accounts	47,159
Interfund loans	585,000
Long-term advances	844,902
Due from other funds	5,768
Due from other governments	7,932
Accrued interest	341,036
<u>Special Revenue Funds</u>	
Real and other taxes	1,186,262
Accounts	47,815
Due from other governments	395,554
<u>Debt Service Funds</u>	
Special assessments	230,608
<u>Capital Projects Funds</u>	
Special assessments	819,607
Due from other governments	3,168
<u>Enterprise Funds</u>	
Special assessments	173,796
Accounts	82,004
Due from other governments	2,146
<u>Component Units</u>	
Real and other taxes	2,248,086
Accounts	286
Due from other funds	5,510
Due from other governments	12,443

NOTE 9 - LOANS RECEIVABLE

Loans receivable represent low interest loans made by the County for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at annual rates ranging between 3 and 5 percent. The loans are to be repaid over periods ranging from 5 to 10 years. A summary of the CDBG loan activity for 2000 is as follows:

	<u>Balance 12/31/99</u>	<u>Loans Issued</u>	<u>Principal Received</u>	<u>Balance 12/31/00</u>
CDBG Loans	<u>\$301,013</u>	<u> </u>	<u>(\$58,065)</u>	<u>\$242,948</u>

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

NOTE 10 - FIXED ASSETS

A. Proprietary Fund Fixed Assets

A summary of the proprietary fund fixed assets at December 31, 2000 is as follows:

Buildings	\$29,604
Machinery	34,506
Waterlines/sewerlines	20,741,579
Vehicles	<u>20,989</u>
Total gross assets	20,826,678
Less: accumulated depreciation	<u>(1,772,434)</u>
Total net assets	<u>\$19,054,244</u>

B. General Fixed Assets

	<u>Balance at 12/31/99</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/00</u>
Land / improvements	\$1,052,602	\$313,572		\$1,366,174
Buildings / improvements	12,629,449	520,398		13,149,847
Computer equipment	824,358	70,926	\$15,100	880,184
Equipment	1,447,751	201,650	15,063	1,634,338
Furniture / Fixtures	1,161,640	54,273	41,679	1,174,234
Vehicles	2,950,873	391,309	343,430	2,998,752
Construction in progress	69,368	1,998,781		2,068,149
	<u>\$20,136,041</u>	<u>\$3,550,909</u>	<u>\$415,272</u>	<u>\$23,271,678</u>

The construction in progress consists primarily of costs incurred as of December 31, 2000 for the construction of a new County administration building. The estimated completion date of the project is August 2001 at a cost of approximately \$3,000,000.

The County has a 10 year lease agreement with Clinton Township for the Senior Citizen's Building. The County leases the building at \$1.00 per year. The County is obligated under certain lease agreements to account for these leases as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreement are not reflected in the County's account groups.

The Fulton County Health Center has a 50 year lease agreement with Fulton County for the hospital building. The Health Center leases the building for \$1.00 per year. This lease is considered a direct financing lease and substantially all of the risks and benefits of ownership transfer from the lessor to the lessee. As a result, the lease agreement is reflected in the Fulton County Health Center's financial statements.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

C. Component Unit Fixed Assets

A summary of the changes in the component unit fixed asset during the fiscal year follows:

	Balance at 12/31/99	Increase	Decrease	Balance at 12/31/00
Land / improvements	\$94,390			\$94,390
Buildings / improvements	94,533			94,533
Computer equipment	36,844	\$5,893	\$800	41,937
Equipment	82,475	2,337		84,812
Furniture / Fixtures	26,554	571		27,125
Vehicles	216,633	58,968	23,365	252,236
Construction in progress	15,147			15,147
	<u>\$551,429</u>	<u>\$82,916</u>	<u>\$24,165</u>	<u>\$610,180</u>

NOTE 11 - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended December 31, 2000 are summarized by source as follows:

	<u>Enterprise</u>
Contributed capital at December 31, 1999	\$4,372,870
Current contributions	<u>1,292,661</u>
Contributed capital at December 31, 2000	<u>\$5,665,531</u>

In 2000, contributed capital was received from private enterprises to aid in the repayment of waterlines and sewerlines constructed to support their operations.

NOTE 12 - COMPENSATED ABSENCES LIABILITY

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the general long-term obligations account group. Vacation and sick leave earned by proprietary funds type employees is expensed when earned.

Upon termination of County service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service not to exceed 25 percent of 120 days (or 30 days) and all accumulated vacation. At December 31, 2000 vested benefits for vacation leave for governmental fund type employees totaled \$302,688 and vested benefits for sick leave totaled \$33,214. These amounts represent the non-current portion of the vested benefits and are reported in the general long-term obligations account group. For proprietary fund types, vested benefits for vacation leave totaled \$4,431 and there were no vested benefits for sick leave. For component units, vested benefits for vacation leave totaled \$33,794 and vested benefits for sick leave totaled \$896. Additionally, \$12,538 was paid using current available resources of the component unit. In accordance with GASB Statement No. 16, an additional liability of \$83,660 and \$11,644 was accrued to record termination (severance) payments expected to become eligible to retire in the future for the governmental fund type and component unit employees, respectively.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

In a prior year, the County entered into a capital lease agreement for the acquisition of computer equipment. In addition, during 2000, MRDD entered into a lease agreement for the acquisition of telephone equipment. The leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

For the County, (primary government), a corresponding liability was recorded in the general long-term obligations account group. Principal payments in 2000 totaled \$1,200 in the general fund. Capital lease payments in governmental funds have been reclassified on the financial statements to reflect debt principal and interest payments. These payments are reported as program expenditures on the budgetary statement.

For MRDD (component unit), a corresponding liability was recorded in the fund. Principal and interest payments in 2000 totaled \$2,806 and \$877, respectively. Capital lease payments for the component unit have been reclassified on the financial statements to reflect debt principal and interest payments.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2000.

<u>Year Ending</u>	<u>GLTOAG</u>	<u>Component Unit</u>
2001	\$1,200	\$3,358
2002		3,358
2003		3,358
2004		3,078
Total Minimum lease payments	1,200	13,152
Less: Amount representing interest		1,894
Present value of minimum lease payments	<u>\$1,200</u>	<u>\$11,258</u>

NOTE 14 - LONG-TERM OBLIGATIONS

A. General Long-Term Obligations

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance Outstanding 12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 12/31/00</u>
<u>General Long-Term Obligations:</u>						
<u>Ohio Water Development Authority Loans</u>						
Delta/Worthington Steel:						
Waterlines	1996	2012	\$ 768,126		\$ (42,102)	\$ 726,024
Sewerlines	1996	2012	<u>686,562</u>		<u>(45,248)</u>	<u>641,314</u>
Total OWDA Loans			<u>\$1,454,688</u>		<u>\$ (87,350)</u>	<u>\$1,367,338</u>

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

<u>Special Assessment Bonds</u>						
Elmira & Assumption Waterlines	12/31/92	12/01/11	\$ 175,000		\$ (10,000)	\$ 165,000
Tiffin River Improvements	09/01/97	12/01/02	<u>90,000</u>		<u>(30,000)</u>	<u>60,000</u>
Total Special Assessment Bonds			<u>\$ 265,000</u>		<u>\$ (40,000)</u>	<u>\$ 225,000</u>
<u>General Obligation Note</u>						
Fulton County Administration Building	05/25/00	05/24/01	\$ <u>0</u>	<u>\$2,000,000</u>	<u>0</u>	<u>\$2,000,000</u>
Total General Obligation Debt			<u>\$1,719,688</u>	<u>\$2,000,000</u>	<u>\$(127,350)</u>	<u>\$3,592,338</u>
<u>Other Long-Term Obligations</u>						
Landfill Closure/Postclosure Costs			\$ 65,000		\$ (18,000)	\$ 47,000
Capital Lease Obligations			2,400		(1,200)	1,200
Compensated Absences			<u>421,133</u>		<u>(1,571)</u>	<u>419,562</u>
Total Other Long-Term Obligations			<u>\$ 488,533</u>		<u>\$ (20,771)</u>	<u>\$ 467,762</u>
Total General Long-Term Obligations			<u>\$2,208,221</u>	<u>\$2,000,000</u>	<u>\$(148,121)</u>	<u>\$4,060,100</u>

Compensated Absences

Compensated absences represent amounts for which the County could potentially be liable on eligible employees. Compensated absences are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the fund from which the person is paid. Compensated absences are further described in Note 12.

Capital Lease Obligation

The County has entered into a capital lease obligation for the purchase of computer equipment. Principal payments on this obligation are reported in the general fund. The capital lease obligation at year end is further described in Note 13.

Landfill Closure/Postclosure Costs

The County has recognized a liability for estimated closure and postclosure costs on the landfill. During 2000, the County paid \$18,000 pertaining to closure costs of the landfill. These expenditures are reported in the general fund. The liability for landfill closure and postclosure costs is further described in Note 22.

Ohio Water Development Authority (OWDA) Loans

Note 14.B. provides detail on the OWDA loans outstanding at December 31, 2000.

Special Assessment Bonds

The special assessment bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefitted property owners.

General Obligation Note

On May 25, 2000, the County issued a \$2,000,000 general obligation note for the purpose of constructing a new County administration building. This note bears an annual interest rate of 5.20%

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

and matures on May 24, 2001. In accordance with FASB Statement No. 6, "Classification of Short-Term Obligations Expected To Be Refinanced", the general obligation note is considered a long term obligation since, prior to the financial statement being issued, the County has entered into a financing agreement that insured that the note will be refinanced on a long-term basis. Proceeds from the general obligation note were receipted into the Administrative Building capital projects fund.

The following is a summary of the County's future annual debt service principal and interest requirements for the general obligation special assessment bonds and OWDA loans:

Year Ending	Principal on Bonds	Interest on Bonds	Total	Principal on Loans	Interest on Loans	Total
2001	\$40,000	\$13,976	\$53,976	\$95,340	\$52,462	\$147,802
2002	40,000	11,870	51,870	98,695	49,107	147,802
2003	10,000	9,746	19,746	102,236	45,567	147,803
2004	15,000	9,104	24,104	105,975	41,827	147,802
2005 - 2009	80,000	30,636	110,636	592,143	149,975	742,118
2010 - 2012	40,000	4,110	44,110	372,949	29,644	402,593
Totals	<u>\$225,000</u>	<u>\$79,442</u>	<u>\$304,442</u>	<u>\$1,367,338</u>	<u>\$368,582</u>	<u>\$1,735,920</u>

B. Enterprise Obligations

	Issue Date	Maturity Date	Restated Balance Outstanding 12/31/99	Additions	Reductions	Balance Outstanding 12/31/00
Enterprise Funds:						
<u>Ohio Water Development Authority Loans</u>						
Waterline - Lucas County/North Star Steel	1996	2012	\$11,032,602		\$(663,195)	\$10,369,407
Waterline - Teleflex Extension	2000	2009		\$203,162	(17,722)	185,440
Sewerline - Worthington Steel/North Star Steel	1996	2012	<u>1,292,228</u>		<u>(81,295)</u>	<u>1,210,933</u>
Total OWDA Loans			<u>\$12,324,830</u>	<u>\$203,162</u>	<u>\$(762,212)</u>	<u>\$11,765,780</u>
<u>Special Assessment Bonds</u>						
Pettisville Waterline	09/01/97	12/01/14	\$ 285,000		\$ (15,000)	\$ 270,000
Exit 3 Sewer Improvement	01/13/99	12/01/18	<u>495,000</u>		<u>(15,000)</u>	<u>480,000</u>
Total Special Assessment Bonds			<u>\$ 780,000</u>	<u>\$</u>	<u>\$ (30,000)</u>	<u>\$750,000</u>
Total Enterprise Funds			<u>\$13,104,830</u>	<u>\$203,162</u>	<u>\$(792,212)</u>	<u>\$12,515,780</u>

Ohio Water Development Authority Loans - 1996 Issues

During 1996, Fulton County entered into various loan agreements with the Ohio Water Development Authority (OWDA) as incentives for the location of two steel mills. The loan agreements were for the construction of water and sewer lines. Repayment of these loans is funded through tax increment financing (TIF) payments made by the two steel mills. Semi-annually the TIF payments are made to

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

the County and subsequently remitted to the OWDA. The loans are amortized over a period of fifteen years.

Ohio Water Development Authority Loan - 2000 Issue

During 2000, the County entered into a loan agreement with the OWDA for an extension to the Teleflex Waterline. Repayment of this loan is funded through TIF payments made by Teleflex. Semi-annually the TIF payments are made to the County and subsequently remitted to the OWDA. This loan is amortized over ten years.

Special Assessment Bonds

The special assessment bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefitted property owners.

The following is a summary of the County's future annual debt service principal and interest requirements for the enterprise special assessment bonds and OWDA loans:

<u>Year Ending</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>	<u>Principal on Loans</u>	<u>Interest on Loans</u>	<u>Total</u>
2001	\$30,000	\$39,120	\$69,120	\$786,651	\$501,201	\$1,287,852
2002	35,000	37,680	72,680	817,499	470,352	1,287,851
2003	40,000	36,010	76,010	850,048	437,803	1,287,851
2004	40,000	34,080	74,080	884,398	403,455	1,287,853
2005 - 2009	215,000	139,547	354,547	4,998,193	1,460,177	6,458,370
2010 - 2014	245,000	80,611	325,611	3,428,991	325,435	3,754,426
2015 - 2018	<u>145,000</u>	<u>20,111</u>	<u>165,111</u>	-		
Totals	<u>\$750,000</u>	<u>\$387,159</u>	<u>\$1,137,159</u>	<u>\$11,765,780</u>	<u>\$3,598,423</u>	<u>\$15,364,203</u>

C. Deferred Loan Payable to the Ohio Sewer and Water Rotary Commission

The County has received an advance to meet the portion of the cost of extension of waterlines to be financed by assessments which collections are deferred or exempt pursuant to division (B) of § 6103.052 of the Ohio Revised Code. The Board of County Commissioners is responsible for collecting the assessments upon expiration of the maximum time for which the deferments were made or when the property no longer meets the exemption criteria. This money must be remitted to the Ohio Sewer and Water Rotary Commission within one year. If the money is not collected and remitted to the Commission within one year, the County is responsible for paying interest from the general fund of the County.

D. Legal Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. Based on this evaluation, the County's legal debt margin was \$16,289,231 as of December 31, 2000.

NOTE 15 - NOTES PAYABLE

During 2000, the County repaid a Health Department building bond anticipation note and issued a general obligation note for construction of a new County administration building. The general obligation note is a liability of the Administrative Building capital projects fund, the fund which received the proceeds. A summary of the County's note activity for 2000 is as follows:

	<u>Date</u>	<u>Issue Date</u>	<u>Balance Maturity 12/31/99</u>	<u>Outstanding Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 12/31/00</u>
<u>Capital Project Funds:</u>						
<u>Bond Anticipation Note:</u>						
4.90% Fulton County Health Dept. Building	04/09/00	N/A	\$145,000		\$(145,000)	

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains three enterprise funds to account for the operations of a sewer district, a water district and a solid waste incinerator. Financial information for the year ended December 31, 2000, is as follows:

<u>Description</u>	<u>Solid Waste Incinerator</u>	<u>Sewer District</u>	<u>Water District</u>	<u>Total</u>
Operating revenue	\$94,433	\$135,634	\$1,218,214	\$1,448,281
Operating expenses before depreciation	125,412	112,800	1,073,720	1,311,932
Depreciation expense		79,237	333,285	412,522
Operating loss	(30,979)	(56,403)	(188,791)	(276,173)
Net loss before operating transfers	(30,979)	(75,622)	(453,060)	(559,661)
Operating transfers in	45,000			45,000
Net loss	14,021	(75,622)	(453,060)	(514,661)
Property, plant and equipment (net of accumulated depreciation)		3,544,510	15,509,734	19,054,244
Net working capital	52,359	264,885	563,334	880,578
Total assets	61,408	3,818,958	16,687,113	20,567,479
Total liabilities	9,224	1,778,268	11,489,643	13,277,135
Contributed capital		1,785,292	3,880,239	5,665,531
Total equity	52,184	2,040,690	5,197,470	7,290,344

FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

NOTE 17 - RISK MANAGEMENT

A. County Risk Sharing Authority, Inc

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of CORSA which is a shared risk pool of forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. The County obtains employee health, dental and vision coverage through a program sponsored by the Defiance-Fulton-Henry Counties Council (the Council). See Note 2.A. for further detail on the Council. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Defiance-Fulton-Henry Counties Employee Insurance Benefits program.

The County participates in the Defiance-Fulton-Henry Counties Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of Defiance, Fulton, and Henry Counties. The purpose of the plan is for its members to pool funds or resources to purchase health and dental insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Board, to Reliance Financial Services (Reliance). Reliance is the fiscal agent for the Council and has a trust agreement with the Council to account for all Council finances and assets. The Program is governed by a Board consisting of one representative from each member County's Board of Commissioners. The degree of control exercised by any participating member is limited to its representation on the Board. Upon withdrawal from the Program, a program agreement shall govern the disposition of any contributions by the withdrawing member to each program of the Council in excess of that member's share of the costs of that program. In fiscal year 2000, Fulton County contributed a total of \$1,461,931 for this plan.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

NOTE 18 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The PERS Retirement Board instituted a temporary employer rate rollback for calendar year 2000. The rate rollback was 20% for local government subdivisions and 6% for law enforcement divisions. The employer contribution rate for employees other than law enforcement was 10.84 percent of covered payroll; 6.54 percent was the portion used to fund pension obligations for 2000. The employer contribution rate for law enforcement employees was 15.70 percent of covered payroll; 11.40 percent was the portion used to fund pension obligations for 2000. The County's contributions for pension obligations to the PERS for the years ended December 31, 2000, 1999, and 1998 were \$470,333, \$694,654, and \$625,250, respectively; 62 percent has been contributed for 2000 and 100 percent for 1999 and 1998. \$179,816, representing the unpaid contribution for 2000, is recorded as a liability within the respective funds.

B. State Teachers Retirement System

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 2000, 1999, and 1998 were \$11,371, \$9,819, and \$16,704, respectively; 100 percent has been contributed for 2000, 1999, and 1998.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

NOTE 19 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

PERS provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate for local government employers was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care. The law enforcement employer rate for 2000 was 15.70% of covered payroll; 4.30% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The County's contribution actually made to fund post employment benefits was \$286,064.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively, at December 31, 1999 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 1999 (the latest information available) was 401,339.

During 2000, the PERS Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 2000, Comprehensive Annual Financial Report.

B. State Teachers Retirement System

Comprehensive health care benefits are provided to retired teachers and their dependents through the STRS. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS based on authority granted by State statute.

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Reserve Fund equal to 8% of covered payroll for the fiscal year ended June 30, 2000. For the County this amount equaled \$15,162 during 2000. As of June 30, 2000, the balance in the Health Care Reserve Fund was \$3.419 billion and eligible benefit recipients statewide totaled 99,011 for STRS as a whole. Net health care costs paid by STRS statewide were \$283.137 million.

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING

The County's budgetary process is based upon accounting for transactions on the cash basis. The differences between the cash basis (budget basis) and the modified accrual basis (GAAP basis) are that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and the expenditures are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the County reflects outstanding encumbrances as expenditures on the budgetary basis of accounting. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

**EXCESS OF REVENUES AND OTHER FINANCING
SOURCES OVER/(UNDER) EXPENDITURES
AND OTHER FINANCING USES**

GOVERNMENTAL FUND TYPES

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(1,382,232)	\$ 538,913	\$ 6,147	\$ 132,002
Net adjustment for revenue accruals	56,274	(152,974)	145,510	13,811
Net adjustment for expenditure accruals	(20,808)	(91,380)	(142,992)	(206,359)
Net adjustment for other financing sources (uses) accruals	(817,617)	(49,000)		1,401,618
Encumbrances (budget basis)	<u>185,023</u>	<u>627,843</u>	<u> </u>	<u>1,594,843</u>
GAAP basis	<u><u>\$(1,979,360)</u></u>	<u><u>\$ 873,402</u></u>	<u><u>\$ 8,665</u></u>	<u><u>\$ 2,935,915</u></u>

FULTON COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

NOTE 21 - CONTINGENCIES

A. Grants

The County receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2000.

B. Litigation

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, no material liability is anticipated. Any ultimate judgments against the County would be covered by the County's liability insurance.

NOTE 22 - LANDFILL POSTCLOSURE COSTS

State laws and regulations require that the County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1983. The estimated liability for landfill postclosure care has a balance of \$47,000 as of December 31, 2000. The estimated cost of landfill postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2000. However, the actual cost of postclosure care may be higher due to inflation, changed in technology, or changes in landfill laws and regulations. The costs will be paid from current County revenues.

NOTE 23 - CONDUIT DEBT OBLIGATIONS

To provide for the financing of certain expenditures at the Fulton County Health Center, the Health Center has issued special facility revenue bonds. These consist of \$5,200,000 in 1995 and \$ 7,000,000 in 1999, Fulton County, Ohio, Tax-Exempt Variable Rate Demand Bonds, with final maturity in 2021. Also, in 1999 the County issued \$4,450,000 in industrial revenue bonds for the acquisition, construction and equipping of industrial and commercial facilities deemed to be in the public interest. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2000, \$ 16,222,000 was outstanding.

NOTE 24 - FEDERAL TRANSACTIONS

The Fulton County Department of Human Services (Welfare Department) distributes federal food stamps to entitled recipients within Fulton County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

FULTON COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JANUARY 1, 2000 THROUGH DECEMBER 31, 2000**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Files	Federal CFDA Number	Project Number	Award Amount	Disburse- ments
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through the Ohio Department of Development:</i>				
Community Development Block Grants				
Formula Grants-98	14.228	B-F-98-024-01	\$185,000	\$4,217
Formula Grants-99	14.228	B-F-99-024-01	179,000	65,745
Community Housing Improvement Program (CHIP)	14.228	B-C-98-024-01	260,000	137,387
Water and Sewer Competitive Program	14.228	B-W-98-024-01	199,850	<u>199,850</u>
Total Community Development Block Grants				407,199
Home Improvement programs	14.239	B-C-98-024-02	440,000	<u>221,454</u>
Total U.S. Department of Housing and Urban Development				<u>628,653</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through Ohio Department of Job and Family Services:</i>				
Special Programs for the Aging - Title III -B	93.044		23,714	25,741
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Community Alternative Funding System	93.778		-	169,746
Title XIX - HAB	93.778		-	4,188
Residential Facilities Waiver	93.778		-	<u>34,003</u>
				207,937
Social Services Block Grant (Title XX)	93.667		-	<u>29,689</u>
Total Department of Health and Human Services				<u>263,367</u>
UNITED STATES DEPARTMENT OF LABOR				
<i>Passed through Ohio Department of Job and Family Services</i>				
Workforce Investment Act - Employment Services	17.207		215,332	<u>15,597</u>
UNITED STATES OF FEDERAL EMERGENCY MANAGEMENT DISASTER ASSISTANCE				
<i>Passed through Ohio Department of Emergency Management Disaster Assistance</i>				
Emergency Assistance - State and Local Assistance	83.552		22,847	<u>23,015</u>
TOTAL FEDERAL AWARDS EXPENDITURES				<u><u>\$930,632</u></u>

The accompanying notes are an integral part of this schedule.

FULTON COUNTY

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County which are passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages, personal guarantees, promissory notes, and/ or security agreements. At December 31, 2000, the gross amount of loans outstanding under this program was \$242,948.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Fulton County
152 South Fulton Street
Suite 270
Wauseon, Ohio 43567-3309

To the Board of Commissioners:

We have audited the financial statements of Fulton County (the County) as of and for the year ended December 31, 2000, and have issued our report thereon dated June 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the County in a separate letter dated June 18, 2001.

This report is intended for the information and use of management, the County Commissioners, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 18, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Fulton County
152 South Fulton Street
Suite 270
Wauseon, Ohio 43567-3309

To the Board of Commissioners:

Compliance

We have audited the compliance of Fulton County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2000. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 18, 2001. However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the County in a separate letter dated June 18, 2001.

Internal Control Over Compliance

The management of Fulton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the County Commissioners, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 18, 2001

FULTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

FULTON COUNTY FINANCIAL CONDITION

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 10, 2001