



**Auditor of State
Betty Montgomery**

FULTON COUNTY HEALTH DEPARTMENT

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To Members of the Board:

We have audited the accompanying financial statements of Fulton County Health Department (the Health Department) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Health Department's management. Our responsibility is to express an opinion on these 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.

As discussed in Note 1, the Health Department prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Fulton County Health Department as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2004 on our consideration of the Health Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

We performed our audit to form an opinion on the financial statements of the Health Department, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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 financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 29, 2004

FULTON COUNTY HEALTH DEPARTMENT

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Taxes	\$ 533,539		\$ 533,539
Intergovernmental	102,862	\$ 753,019	855,881
Fees	159,291	67,263	226,554
Licenses and Permits		129,249	129,249
Contractual Services	101,395		101,395
Other receipts	<u>11,235</u>	<u>77,564</u>	<u>88,799</u>
Total Cash Receipts	<u>908,322</u>	<u>1,027,095</u>	<u>1,935,417</u>
Cash Disbursements:			
Salaries	430,447	583,724	1,014,171
Supplies	95,260	70,594	165,854
Equipment	28,758	28,553	57,311
Insurance	64,986	82,726	147,712
Contracts - Services	72,388	256,636	329,024
Contracts - Repairs	7,872		7,872
Travel	16,367	31,722	48,089
Compensation and Damages	3,920		3,920
Advertising and Printing	5,510	2,507	8,017
Public Employee's Retirement	66,350	94,836	161,186
Worker's Compensation	2,624	3,246	5,870
Medicare	5,689	8,169	13,858
Other	<u>51,121</u>	<u>23,074</u>	<u>74,195</u>
Total Cash Disbursements	<u>851,292</u>	<u>1,185,787</u>	<u>2,037,079</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>57,030</u>	<u>(158,692)</u>	<u>(101,662)</u>

(Continued)

FULTON COUNTY HEALTH DEPARTMENT

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

(Continued)

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		167,725	167,725
Advances-In	20,000	32,500	52,500
Transfers-Out	(167,725)		(167,725)
Advances-Out	(32,500)	(20,000)	(52,500)
Refunds	1,791	421	2,212
Reimbursements	633		633
Other sources	<u>21,891</u>	<u>672</u>	<u>22,563</u>
Total Other Financing Receipts/(Disbursements)	<u>(155,910)</u>	<u>181,318</u>	<u>25,408</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(98,880)	22,626	(76,254)
Fund Cash Balances, January 1	<u>741,780</u>	<u>226,693</u>	<u>968,473</u>
Fund Cash Balances, December 31	<u>642,900</u>	<u>249,319</u>	<u>892,219</u>
Reserves for Encumbrances, December 31	<u>\$ 728</u>	<u>\$ 659</u>	<u>\$ 1,387</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FULTON COUNTY HEALTH DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Fulton County Health Department (the Health Department) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Health Department is directed by a six-member Board and a Health Commissioner. The Health Department's services include communicable disease investigations, public health infrastructure, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the Health Department's cash. The Health Department's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

The Health Department also had \$300 cash on hand.

D. Fund Accounting

The Health Department uses fund accounting to segregate cash and investments that are restricted as to use. The Health Department classifies its funds into the following types:

FULTON COUNTY HEALTH DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Health Department had the following significant Special Revenue Funds:

Environmental Fund – This fund receives monies for providing licenses and permits for mandated state program such as water, food, mobile home parks, swimming pools, solid waste and infectious waste programs.

Breast and Cervical Cancer Prevention (BCCP) Fund – This is a Federal grant fund. Grant funds along with monies from NW Ohio Affiliate of the Susan G. Komen Breast Cancer Foundation are used to account for breast and cervical screenings for low income and under insured women age 40 and older.

Women, Infants and Children (WIC) Fund - This is a Federal grant fund used to account for the Special Supplemental Nutrition Program.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

FULTON COUNTY HEALTH DEPARTMENT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the Health Department to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 963,213	\$ 932,637	\$ (30,576)
Special Revenue	1,214,996	1,195,913	(19,083)
Total	<u>\$ 2,178,209</u>	<u>\$ 2,128,550</u>	<u>\$ (49,659)</u>

FULTON COUNTY HEALTH DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,147,800	\$ 1,019,745	\$ 128,055
Special Revenue	1,344,878	1,186,446	158,432
Total	\$ 2,492,678	\$ 2,206,191	\$ 286,487

3. INTERGOVERNMENTAL FUNDING

The County Commissioners are serving as a special taxing authority to levy two special levies outside the ten-mill limitation to provide the Health Department with sufficient funds to carry out health programs.

4. RETIREMENT SYSTEM

The Health Department's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, members of OPERS contributed 8.5 percent of their gross salaries. The Health Department contributed an amount equal to 13.55 percent of participants' gross salaries. The Health Department has paid all contributions required through December 31, 2003.

5. RISK MANAGEMENT

Risk Pool Membership

The Health Department belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. PEP covers the following risks for the Health Department:

FULTON COUNTY HEALTH DEPARTMENT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

The aforementioned casualty reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Health Department.

Financial Position

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

Casualty Coverage	2003
Assets	\$ 25,288,098
Liabilities	(12,872,985)
Retained Earnings	<u>\$ 12,415,113</u>

Commercial Insurance

The Health Department also obtained commercial insurance for the following risks:

- Property liability
- Employee dishonesty
- Liability and medical payments
- Auto coverage liability

FULTON COUNTY HEALTH DEPARTMENT

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federally government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

FULTON COUNTY HEALTH DEPARTMENT

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES <i>Passed Through the Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to the States	93.994	26-1-001-1-A1-03 26-1-001-1-A1-04	\$ 28,277 22,029 <hr/> 50,306
Family Planning Services	93.217	26-1-001-1-XX-02 26-1-001-1-XX-03	6,627 42,036 <hr/> 48,663
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	26-1-001-2-AE-03 26-1-001-2-AE-04	84,751 60,865 <hr/> 145,616
Immunization Grants	93.268	26-1-001-2-AZ-03	23,267
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	26-1-001-2-BI-03 26-1-001-2-BI-04	89,904 25,474 <hr/> 115,378
Total Department of Health and Human Services			<hr/> 383,230 <hr/>
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through the Ohio Department of Health</i>			
Special Supplemental, Nutrition Program for Women, Infants, and Children	10.557	26-001-1-CL-03 26-001-1-CL-04	155,451 39,232 <hr/>
Total Department of Agriculture			<hr/> 194,683 <hr/>
TOTAL FEDERAL AWARDS EXPENDITURES			<hr/> \$ 577,913 <hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

FULTON COUNTY HEALTH DEPARTMENT

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2003**

Note A – Significant Accounting Policies

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



**Auditor of State
Betty Montgomery**

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

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

To Members of the Board:

We have audited the accompanying financial statements of Fulton County Health Department (the Health Department) as of and for the year ended December 31, 2003, and have issued our report thereon dated July 29, 2004. We conducted our audit in accordance with auditing standards generally accepted by 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 Health Department'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 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 are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Health Department in a separate letter dated July 29, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Health Department'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 a matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Health Department in a separate letter dated July 29, 2004.

This report is intended solely for the information and use of the audit committee, management, the Board, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 29, 2004



**Auditor of State
Betty Montgomery**

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

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

To Members of the Board:

Compliance

We have audited the compliance of Fulton County Health Department (the Health Department) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The Health Department's major federal programs are 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 each of its major federal programs is the responsibility of the Health Department's management. Our responsibility is to express an opinion on the Health Department'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 Health Department'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 Health Department's compliance with those requirements.

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In our opinion, the Health Department complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control over Compliance

The management of the Health Department 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 Health Department'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 solely for the information and use of the audit committee, management, the Board, 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.



Betty Montgomery
Auditor of State

July 29, 2004

FULTON COUNTY HEALTH DEPARTMENT

SCHEDULE OF FINDINGS
 OMB CIRCULAR A-133 § .505
 DECEMBER 31, 2003

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Grant C DFA #10.557
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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FULTON COUNTY HEALTH DEPARTMENT

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 31, 2004**