



**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2007**



**Mary Taylor, CPA**  
Auditor of State



**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fulton County Health Department, Fulton County, Ohio (the Health Department), as of and for the year ended December 31, 2007, which collectively comprise the Health Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Health Department's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fulton County Health Department, Fulton County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General; Environmental; Women, Infants, and Children; and Breast and Cervical Cancer Project funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

As discussed in Note 3, for the year ended December 31, 2007, the Government revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2007, on our consideration of the Health Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Health Department's basic financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a federal awards expenditure schedule. The schedule is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

July 30, 2008

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

The discussion and analysis of the Fulton County Health Department's (the Health Department) financial performance provides an overall review of the Health Department's financial activities for the year ended December 31, 2007, within the limitations of the Health Department's cash basis of accounting. The intent of this discussion and analysis is to look at the Health Department's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health Department's financial performance.

**Financial Highlights**

Key financial highlights for the year 2007 are as follows:

- Net assets decreased \$20,849. Although we are concerned with any decline, this amount is small compared to the net assets balance at year end of \$1,079,189.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health Department's receipts, making up almost 63 percent of all the dollars coming into the Department. General receipts in the form of property taxes and unrestricted grants make up the other 37 percent.
- The Health Department had \$2,336,442 in disbursements during 2007. One major program was significantly expanded, the Breast and Cervical Cancer Project.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Health Department's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Health Department as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on the cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Health Department, presenting both an aggregate view of the Health Department's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Health Department as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Health Department has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Health Department's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

***Reporting the Health Department as a Whole***

The statement of net assets and the statement of activities reflect how the Health Department did financially during 2007, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health Department at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health Department's general receipts.

These statements report the Health Department's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health Department's financial health. Over time, increases or decreases in the Health Department's cash position is one indicator of whether the Health Department's financial health is improving or deteriorating. When evaluating the Health Department's financial condition, you should also consider other non-financial factors as well, such as the Health Department's property tax base, the condition of the Health Department's capital assets, the reliance on non-local financial resources for operations, and the need for continued growth.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Health Department's services. The Health Department has no business-type activities.

***Reporting the Health Department's Most Significant Funds***

***Fund Financial Statements***

Fund financial statements provide detailed information about the Health Department's major funds – not the Health Department as a whole. The Health Department establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Health Department are governmental.

**Governmental Funds** - The Health Department's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health Department's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health Department's health programs. The Health Department's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health Department's major governmental funds are the General Fund; Environmental Fund; Women Infants and Children (WIC) Fund; and Breast and Cervical Cancer Project Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**The Health Department as a Whole**

Table 1 provides a summary of the Health Department's net assets for 2007 compared to 2006 on the cash basis:

**Table 1  
Net Assets – Cash Basis**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>Change</b>
Assets			
Cash with Fiscal Agent	<u>\$ 1,079,189</u>	<u>\$ 1,100,038</u>	<u>\$ (20,849)</u>
Net Assets			
Restricted	107,288	168,861	(61,573)
Unrestricted	<u>971,901</u>	<u>931,177</u>	<u>40,724</u>
Total Net Assets	<u>\$1,079,189</u>	<u>\$1,100,038</u>	<u>(\$20,849)</u>

As mentioned previously, net assets decreased \$20,849. The decrease is due primarily to an increase in federal grants expenditures during 2007.

Table 2 reflects the change in net assets in 2007. Since the Health Department did not prepare financial statements in this format for 2006, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>
	<b>2007</b>
<b>Receipts</b>	
Program Cash Receipts	
Charges for Services	\$ 487,513
Operating Grants and Contributions	966,884
Total Program Cash Receipts	1,454,397
General Receipts	
Property Taxes Levied for	
General Health Department Purposes	684,469
Grants and Entitlements not Restricted to Specific Programs	136,577
Gifts and Contributions	25,249
Miscellaneous	14,901
Total General Receipts	861,196
<b>Total Receipts</b>	<b>2,315,593</b>
<b>Disbursements</b>	
General Health	
General Health	666,342
Vital Statistics	28,070
Administration	176,214
Environmental Health	320,937
Women, Infant, and Children	239,946
Breast and Cervical Cancer Project	413,030
Immunizations	42,574
Child and Family Health Services	37,431
Family Planning	134,101
Cardiovascular Health	68,872
Women's Health Services	41,251
Public Health Infrastructure	167,674
<b>Total Disbursements</b>	<b>2,336,442</b>
<b>Change in Net Assets</b>	<b>(20,849)</b>
<b>Net Assets Beginning of Year</b>	<b>1,100,038</b>
<b>Net Assets End of Year</b>	<b>\$ 1,079,189</b>

In 2007, 37 percent of the Health Department's total receipts were from general receipts, consisting mainly of property taxes levied for general health department purposes. Program receipts accounted for 63 percent of the Health Department's total receipts in year 2007. These receipts consist primarily of charges for services for birth and death certificates; food service licenses; trailer park, swimming pools and spas, and water system permits; and, state and federal operating grants and donations.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Governmental Activities**

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Health Department. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Health; Environmental Health; WIC; and Breast and Cervical Cancer Project, which account for 37%, 14%, 10%, and 18% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health Department that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers, and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2007</b>
General Health		
General Health	\$ 666,342	\$ 449,104
Vital Statistics	28,070	(27,574)
Administration	176,214	176,214
Environmental Health	320,937	201,236
Women, Infant, and Children	239,946	(18,758)
Breast and Cervical Cancer Project	413,030	72,853
Immunizations	42,574	(3,326)
Child and Family Health Services	37,431	(8,002)
Family Planning	134,101	45,953
Cardiovascular Health	68,872	808
Women's Health Services	41,251	(4,585)
Public Health Infrastructure	167,674	(1,878)
<b>Totals</b>	<b>\$ 2,336,442</b>	<b>\$ 882,045</b>

The Health Department has tried to limit its dependence upon property taxes and local subsidies by actively pursuing federal grants and charging rates for services that are closely related to costs. Only 37% percent of the Health Department costs are supported through property taxes, unrestricted grants, and other general receipts.

**The Health Department's Funds**

As noted earlier, the Health Department uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

The focus of the Health Department's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Health Department's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health Department's net resources available for spending at the end of the year.

At the end of 2007, the Health Department's governmental funds reported total ending fund balances of \$1,079,189. \$1,078,158 of the total is unreserved fund balance, which is available for spending. The remainder of fund balance is reserved to indicate it is not available for new spending.

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The general fund is the chief operating fund of the Health Department. At the end of 2007, unreserved fund balance in the general fund was \$967,777. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 111.2% of the total general fund expenditures.

Expenditures exceeded revenues in the general fund by \$241,619 in 2007. Intergovernmental revenues for this fund primarily consist of payments from the state.

The Environmental Fund accounts for the issuance of water, sewer, and food licenses and permits. License and permit fees accounted for 85.6 percent of environmental fund revenue.

The Breast and Cervical Cancer Project fund balance decreased by \$70,477 because of an increase in the number of women served during the year.

The WIC special revenue fund accounts for federal grant monies for the WIC program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms and infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. At the end of 2007, the total fund balance was \$1,559.

**General Fund Budgeting Highlights**

The Health Department's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2007, the Health Department amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts.

**Contacting the Health Department's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health Department's finances and to reflect the Health Department's accountability for the money it receives. Questions concerning any of the information in this report, or requests for additional information, should be directed to Jane Sauder, Fiscal Officer, 606 S. Shoop Ave, Wauseon, OH 43567-1712.

FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY

*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

	Primary Government Governmental Activities
<b>Assets</b>	
Cash with Fiscal Agent	\$ 1,079,189
<b>Net Assets</b>	
Restricted for:	
Other Purposes	107,288
Unrestricted	971,901
<i>Total Net Assets</i>	<u>\$ 1,079,189</u>

See accompanying notes to the basic financial statements

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**Statement of Activities - Cash Basis  
For the Year Ended December 31, 2007**

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Primary Government Governmental Activities
<b>Governmental Activities</b>				
<b>General Health</b>				
General Health	\$ 666,342	\$ 210,321	\$ 6,917	\$ (449,104)
Vital Statistics	28,070	55,644		27,574
Administration	176,214			(176,214)
<b>Community Health Services</b>				
Environmental Health	320,937	119,701		(201,236)
Women, Infants, and Children (WIC)	239,946		258,704	18,758
Breast and Cervical Cancer Project (BCCP)	413,030		340,177	(72,853)
Immunizations (IAP)	42,574		45,900	3,326
Child and Family Health Services (CFHS)	37,431	6	45,427	8,002
Family Planning (FP)	134,101	53,140	35,008	(45,953)
Cardiovascular Health (CVH)	68,872	1,064	67,000	(808)
Women's Health Services (WHS)	41,251	2,636	43,200	4,585
Public Health Infrastructure (PHI)	167,674	45,001	124,551	1,878
<b>Total Governmental Activities</b>	<b>2,336,442</b>	<b>487,513</b>	<b>966,884</b>	<b>(882,045)</b>
<b>General Receipts</b>				
Property Taxes Levied for				
				684,469
				136,577
				25,249
				14,901
				<b>861,196</b>
<b>Total General Receipts</b>				
				(20,849)
<b>Change in Net Assets</b>				
				1,100,038
<b>Net Assets Beginning of Year</b>				
				<b>\$ 1,079,189</b>
<b>Net Assets End of Year</b>				

See accompanying notes to the basic financial statements

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

***Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2007***

	<u>General</u>	<u>Environmental Fund</u>	<u>Women, Infants, and Children</u>	<u>Breast and Cervical Cancer Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash with Fiscal Agents	<u>\$ 968,586</u>	<u>\$ 3,315</u>	<u>\$ 1,559</u>	<u>\$ 46,766</u>	<u>\$ 58,963</u>	<u>\$ 1,079,189</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	809	32			190	1,031
Unreserved:						
Undesignated, Reported in:						
General Fund	967,777					967,777
Special Revenue Funds		3,283	1,559	46,766	58,773	110,381
<b>Total Fund Balances</b>	<u>\$ 968,586</u>	<u>\$ 3,315</u>	<u>\$ 1,559</u>	<u>\$ 46,766</u>	<u>\$ 58,963</u>	<u>\$ 1,079,189</u>

See accompanying notes to the basic financial statements

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2007**

	General	Environmental Fund	Women, Infants, and Children
<b>Receipts</b>			
Property and Other Local Taxes	\$ 684,469		
Intergovernmental	143,494		\$ 258,704
Fines, Licenses and Permits		\$ 103,023	
Charges for Services	180,895	16,678	
Gifts and Contributions	9,104		
Contractual Services	85,070		
Private Grant			
Miscellaneous	9,213	620	919
<i>Total Receipts</i>	<u>1,112,245</u>	<u>120,321</u>	<u>259,623</u>
<b>Disbursements</b>			
General Health			
General Health	666,342		
Vital Statistics	28,070		
Administration	176,214		
Environmental Health		320,937	
Women, Infants, and Children (WIC)			239,946
Breast and Cervical Cancer Project (BCCP)			
Immunizations (IAP)			
Child and Family Health Services (CFHS)			
Women's Health Services (WHS)			
Public Health Infrastructure (PHI)			
Family Planning (FP)			
Cardiovascular Health (CVH)			
<i>Total Disbursements</i>	<u>870,626</u>	<u>320,937</u>	<u>239,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>241,619</u>	<u>(200,616)</u>	<u>19,677</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In		100,000	
Transfers Out	(140,000)		
Advances In	40,502		
Advances Out	(781)		(21,802)
<i>Total Other Financing Sources (Uses)</i>	<u>(100,279)</u>	<u>100,000</u>	<u>(21,802)</u>
<i>Net Change in Fund Balances</i>	141,340	(100,616)	(2,125)
<i>Fund Balances Beginning of Year</i>	<u>827,246</u>	<u>103,931</u>	<u>3,684</u>
<i>Fund Balances End of Year</i>	<u>\$ 968,586</u>	<u>\$ 3,315</u>	<u>\$ 1,559</u>

See accompanying notes to the basic financial statements

Breast and Cervical Cancer Project	Other Governmental Funds	Total Governmental Funds
		\$ 684,469
\$ 189,527	\$ 294,086	885,811
		103,023
	56,846	254,419
	16,145	25,249
	112,001	197,071
150,650		150,650
2,376	1,773	14,901
<u>342,553</u>	<u>480,851</u>	<u>2,315,593</u>
		666,342
		28,070
		176,214
		320,937
		239,946
413,030		413,030
	42,574	42,574
	37,431	37,431
	41,251	41,251
	167,674	167,674
	134,101	134,101
	<u>68,872</u>	<u>68,872</u>
<u>413,030</u>	<u>491,903</u>	<u>2,336,442</u>
<u>(70,477)</u>	<u>(11,052)</u>	<u>(20,849)</u>
	40,000	140,000
		(140,000)
	781	41,283
	<u>(18,700)</u>	<u>(41,283)</u>
	<u>22,081</u>	
(70,477)	11,029	(20,849)
<u>117,243</u>	<u>47,934</u>	<u>1,100,038</u>
<u>\$ 46,766</u>	<u>\$ 58,963</u>	<u>\$ 1,079,189</u>

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

***Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2007***

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 730,000	\$ 730,000	\$ 684,469	\$ (45,531)
Intergovernmental	45,000	45,000	143,494	98,494
Charges for Services	233,500	233,500	180,895	(52,605)
Gifts and Contributions	29,000	29,000	9,104	(19,896)
Contractual Services	45,000	45,000	85,070	40,070
Miscellaneous	167,766	167,766	9,213	(158,553)
<i>Total Receipts</i>	<u>1,250,266</u>	<u>1,250,266</u>	<u>1,112,245</u>	<u>(138,021)</u>
<b>Disbursements</b>				
General Health				
General Health	802,874	797,093	667,151	129,942
Vital Statistics	31,667	31,667	28,070	3,597
Administration	183,383	183,383	176,214	7,169
<i>Total Disbursements</i>	<u>1,017,924</u>	<u>1,012,143</u>	<u>871,435</u>	<u>140,708</u>
<i>Excess of Receipts Over Disbursements</i>	<u>232,342</u>	<u>238,123</u>	<u>240,810</u>	<u>2,687</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			40,502	40,502
Transfers Out	(232,342)	(232,342)	(140,000)	92,342
Advances In				
Advances Out		(5,781)	(781)	5,000
<i>Total Other Financing Sources (Uses)</i>	<u>(232,342)</u>	<u>(238,123)</u>	<u>(100,279)</u>	<u>137,844</u>
<i>Net Change in Fund Balances</i>			140,531	140,531
<i>Fund Balances Beginning of Year</i>	<u>827,246</u>	<u>827,246</u>	<u>827,246</u>	
<i>Fund Balances End of Year</i>	<u>\$ 827,246</u>	<u>\$ 827,246</u>	<u>\$ 967,777</u>	<u>\$ 140,531</u>

See accompanying notes to the basic financial statements

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

***Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Environmental Fund  
For the Year Ended December 31, 2007***

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Fines, Licenses and Permits	\$ 160,650	\$ 160,650	\$ 103,023	\$ (57,627)
Charges for Services	33,400	33,400	16,678	(16,722)
Miscellaneous	25,000	25,000	620	(24,380)
<i>Total Receipts</i>	<u>219,050</u>	<u>219,050</u>	<u>120,321</u>	<u>(98,729)</u>
<b>Disbursements</b>				
Community Health Services				
Environmental Health	<u>390,492</u>	<u>390,492</u>	<u>320,969</u>	<u>69,523</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(171,442)</u>	<u>(171,442)</u>	<u>(200,648)</u>	<u>(29,206)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>171,442</u>	<u>171,442</u>	<u>100,000</u>	<u>(71,442)</u>
<i>Net Change in Fund Balances</i>			(100,648)	(100,648)
<i>Fund Balances Beginning of Year</i>	<u>103,931</u>	<u>103,931</u>	<u>103,931</u>	
<i>Fund Balances End of Year</i>	<u><u>\$ 103,931</u></u>	<u><u>\$ 103,931</u></u>	<u><u>\$ 3,283</u></u>	<u><u>\$ (100,648)</u></u>

See accompanying notes to the basic financial statements

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

***Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Women, Infants, and Children Fund  
For the Year Ended December 31, 2007***

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 260,985	\$ 242,867	\$ 258,704	\$ 15,837
Miscellaneous	2,000	2,000	919	(1,081)
<i>Total Receipts</i>	<u>262,985</u>	<u>244,867</u>	<u>259,623</u>	<u>14,756</u>
<b>Disbursements</b>				
Community Health Services Women, Infant, and Children	<u>262,985</u>	<u>244,867</u>	<u>239,946</u>	<u>4,921</u>
<i>Excess of Receipts Over Disbursements</i>			<u>19,677</u>	<u>19,677</u>
<b>Other Financing Sources (Uses)</b>				
Advances In		21,802		(21,802)
Advances Out		<u>(21,802)</u>	<u>(21,802)</u>	
<i>Total Other Financing Sources (Uses)</i>			<u>(21,802)</u>	<u>(21,802)</u>
<i>Net Change in Fund Balances</i>			(2,125)	(2,125)
<i>Fund Balances Beginning of Year</i>	<u>3,684</u>	<u>3,684</u>	<u>3,684</u>	
<i>Fund Balances End of Year</i>	<u>\$ 3,684</u>	<u>\$ 3,684</u>	<u>\$ 1,559</u>	<u>\$ (2,125)</u>

See accompanying notes to the basic financial statements

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

***Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Breast and Cervical Cancer Project Fund  
For the Year Ended December 31, 2007***

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 162,000	\$ 162,000	\$ 189,527	\$ 27,527
Gifts and Contributions	1,000	1,000		(1,000)
Private Grant	150,650	150,650	150,650	
Miscellaneous	62,910	122,910	2,376	(120,534)
<i>Total Receipts</i>	<u>376,560</u>	<u>436,560</u>	<u>342,553</u>	<u>(94,007)</u>
<b>Disbursements</b>				
Community Health Services				
Breast and Cervical Cancer Project	376,560	436,560	413,030	23,530
<i>Net Change in Fund Balances</i>			(70,477)	(70,477)
<i>Fund Balances Beginning of Year</i>	<u>117,243</u>	<u>117,243</u>	<u>117,243</u>	
<i>Fund Balances End of Year</i>	<u>\$ 117,243</u>	<u>\$ 117,243</u>	<u>\$ 46,766</u>	<u>\$ (70,477)</u>

See accompanying notes to the basic financial statements

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 1 – REPORTING ENTITY**

The Fulton County Health Department (the Health Department) is governed by a six-member Board of Health. Four of the Board members are appointed by the Department Advisory Council, one member is appointed by the City of Wauseon, and one member is appointed by the Fulton Licensing Council. The Board appoints a health commissioner and all employees of the Health Department.

**A. Primary Government**

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

**B. Public Entity Risk Pools**

The Health Department participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. This organization is the Public Entities Pool of Ohio (PEP).

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health Department's accounting policies.

**A. Basis of Presentation**

The Health Department's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Health Department as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Health Department that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health Department has no business-type activities.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

Fund Financial Statements

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

**B. Fund Accounting**

The Health Department uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Health Department are presented as governmental.

Governmental Funds

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

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Health Department for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Environmental Fund accounts for monies received from licenses and permits for items such as food, water, sewage, swimming pools, camps, manufactured home parks, solid waste, infectious waste, and other non-mandated programs. There is no restriction on the use of these funds.

The Women, Infants, and Children special revenue fund accounts for federal grant monies for the Women, Infants, and Children Program.

The Breast and Cervical Cancer Project Fund accounts for all financial resources related to the Breast and Cervical Cancer Project Grant from the Ohio Department of Health. The fund also accounts for all financial resources from the Northwest Ohio Susan G. Komen Foundation.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The other governmental funds of the Health Department account for grants and other resources whose use is restricted for a particular purpose.

**C. Basis of Accounting**

The Health Department's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Health Department's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

**D. Budgetary Process**

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

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Health Department during the year.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**E. Cash and Investments**

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

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**G. Accumulated Leave**

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

**H. Employer Contributions to Cost-Sharing Pension Plans**

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

**I. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include fund balances for the following funds: Women, Infant, and Children; Breast and Cervical Cancer Project; Children and Family Health Services; Family Planning; Immunization Action Plan; Public Health Infrastructure; Cardiovascular Health; and Women's Health Services.

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

**J. Fund Balance Reserves**

The Health Department reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 3 – CHANGE IN FINANCIAL STATEMENT PRESENTATION**

Last year the Health Department reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Health Department has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$809
Major Special Revenue Fund:	
Environmental Fund	\$32

**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due February 5, with the remainder payable by July 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 5 - PROPERTY TAXES – (CONTINUED)**

The full tax rate for all Health Department operations for the year ended December 31, 2007, was \$1.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$ 548,354,210
Agricultural	89,985,330
Commercial/Industrial/Mineral	155,801,120
Public Utility Property	
Real	398,980
Personal	43,006,920
Tangible Personal Property	108,464,011
Total Assessed Value	<u>\$ 946,010,571</u>

**NOTE 6 - RISK MANAGEMENT**

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

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

The Health Department belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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 does not require its Membership to be jointly responsible for the liabilities of other Members.

**A. Public Entity Risk Pool**

**Casualty Coverage**

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 6 - RISK MANAGEMENT – (CONTINUED)**

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property 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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Health Department's share of these unpaid claims collectible in future years is approximately \$9,000.

This payable includes the subsequent year's contribution due if the Health Department terminates participation, as described in the last paragraph below.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 6 - RISK MANAGEMENT – (CONTINUED)**

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
2005	\$5,449
2006	\$5,146
2007	\$4,571

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

Cincinnati Insurance Company holds the coverage for building contents with a \$550,000 limit and a \$500 deductible. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**B. Workers' Compensation**

The Health Department pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**C. Employee Benefits**

The Health Department provided health insurance to eligible employees through a County Consortium. The Health Department provides life insurance in the amount of \$15,000 for eligible employees and accidental death and dismemberment insurance to most employees through Ft. Dearborn Life.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Health Department participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, members of all three plans were required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The Health Department's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health Department's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005, were \$159,649, \$148,849, and \$142,906, respectively. The full amount has been contributed for 2007, 2006, and 2005. Contributions to the member-directed plan for 2007 were \$4,553 made by the Health Department and \$3,123 made by plan members.

**B. Social Security System**

Under the Ohio Revised Code (ORC) §145.034, all employees covered by the Ohio Public Employees Retirement System (OPERS) have the option to choose Social Security as their desired retirement system. As of December 31, 2007, 2007, six members of the Health Department have elected Social Security. The Board's liability is 6.2 percent of wages.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers".

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 8 - POSTEMPLOYMENT BENEFITS – (CONTINUED)**

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 employer contribution rate was 13.85 percent of covered payroll; 5 percent was the portion used to fund health care from January 1 – June 30, 2007 and 6 percent from July 1 – December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 0.5 to 5 percent for the next 8 years and 4 percent annually after 9 years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$63,044. The actual contribution and the actuarial required contribution amounts are the same. OPERS' net assets available for the payment of benefits at December 31, 2006 (the latest information available), was \$12 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care cost. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**NOTE 9 - INTERFUND TRANSFERS**

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Environmental Fund	\$ 100,000
Other Governmental Funds	40,000
Total Transfers from the General Fund	<u>\$ 140,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 10 – CONTINGENT LIABILITIES**

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

**NOTE 11 - RELATED PARTY**

The Health Department entered into contracts with Dr. Murtiff for family planning and physician services. Dr. Murtiff's spouse is a member of the Health Department, but abstains from voting on the doctor's contracts. Total payments to Dr. Murtiff during the audit period totaled \$10,875.

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FEDERAL GRANTOR Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Project Number</b>	<b>Disbursements</b>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed Through the Ohio Department of Health</b>			
Family Planning Services	93.217	26-1-001-1-XX-06 26-1-001-1-XX-07	\$ 1,377 30,000 <u>31,377</u>
Immunization Grants	93.268	26-1-001-2-AZ-06 26-1-001-2-AZ-07	5,225 41,900 <u>47,125</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	26-1-001-2-BI-07 26-1-001-2-PI-08	79,567 29,524 <u>109,091</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	26-1-001-2-AE-07 26-1-001-4-BC-08	89,254 73,206 <u>162,460</u>
Maternal and Child Health Services Block Grant to the States	93.994	26-1-001-1-MC-07 26-1-001-1-MC-08	6,737 11,550 <u>18,287</u>
Total Department of Health and Human Services			<u><b>\$368,340</b></u>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE Passed Through the Ohio Department of Health</b>			
Special Supplemental, Nutrition Program for Women, Infants, and Children	10.557	26-001-1-CL-07 26-001-1-WA-08	187,511 50,972 <u>238,483</u>
Total Department of Agriculture			<u><b>238,483</b></u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u><b>\$ 606,823</b></u>

*The accompanying notes are an integral part of this schedule.*

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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



# Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fulton County Health Department, Fulton County, Ohio (the Health Department), as of and for the year ended December 31, 2007, which collectively comprise the Health Department's basic financial statements and have issued our report thereon dated July 30, 2008, wherein we noted the Health Department uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Health Department's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Health Department's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Health Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Health Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Health Department's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Health Department's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted a certain matter that we reported to the Health Department's management in a separate letter dated July 30, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Health Department's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the finance and audit committee, management, Members of the Board, federal awarding agencies, and the pass-through entity. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 30, 2008



# Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

### Compliance

We have audited the compliance of the Fulton County Health Department, Fulton County (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 apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Health Department's major federal program. The Health Department's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Health Department's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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.

In our opinion, the Health Department complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

### Internal Control Over Compliance

The Health Department's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Department's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Health Department's ability to administer a federal program such that there is more than a remote likelihood that the Health Department's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Health Department's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the finance and audit committee, management, Members of the Board, federal awarding agencies, and the pass-through entity. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 30, 2008

**FULTON COUNTY HEALTH DEPARTMENT  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control 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 weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control 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):	Women, Infants, and Children CFDA #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**

**FINDING NUMBER 2007-001**

**Material Weakness-- Monitoring of Financial Activity**

The Health Department's annual financial report contained classification errors requiring adjustment to the financial statements. The following errors were noted:

- Governmental Activities – Personal property tax reimbursements were posted as property taxes levied for general district health purposes rather than grants and entitlements not restricted to specific programs. One adjustment was required totaling \$9,490.

**FINDING NUMBER 2007-001  
(Continued)**

**Material Weakness-- Monitoring of Financial Activity – (Continued)**

- General Fund – Personal property tax reimbursements were posted as property taxes rather than intergovernmental revenue, advances-in were incorrectly posted as transfers in, refunds were posted as other financing sources rather than miscellaneous revenue, and encumbrances were not appropriately presented as a reservation of fund balance. Five adjustments were required totaling \$108,558.
- Environmental Fund - Refunds were posted as other financing sources rather than miscellaneous revenue, encumbrances were not appropriately presented as a reservation of fund balance, charges for services were erroneously posted as fines, licenses and permits, and fines, licenses and permits were erroneously posted as charges for services. Four adjustments were required totaling \$119,815.
- Women, Infant and Children Fund – Advances-out were erroneously posted as transfers out. One adjustment was required totaling \$21,802.
- Breast and Cervical Cancer Fund – Foundation grant monies received were posted as “NW OH Susan G. Komen” revenue rather than as a private grant. An adjustment of \$150,650 was required.
- Other Governmental Funds - Refunds were posted as other financing sources rather than miscellaneous revenue, advances-out were erroneously posted as transfers-out, encumbrances were not appropriately presented as a reservation of fund balance, and receipts received in excess of required contributions were posted as charges for services rather than gifts and contributions. Four adjustments were required totaling \$35,700.
- Budgetary Statements – Original and final budget amounts did not agree to board approved documents, actual amounts did not agree to the accounting system, encumbrances outstanding at year end were not included in expenditure amounts, and variance calculations contained errors. The General Fund budgetary statements required four adjustments totaling \$32,315. The Environmental Fund budgetary statements required five adjustments totaling \$474,114; the Women, Infant and Children Fund budgetary statements required one adjustment totaling \$239,946; and, the Breast and Cervical Cancer Project Fund budgetary statements required one adjustment totaling \$413,030.
- Schedule of Federal Award Expenditures – Federal disbursements were missposted for the Family Planning and Immunization Action Plan Funds. Two adjustments were required totaling \$35,120.
- The annual financial report also contained errors requiring modification to Management’s Discussion and Analysis and the notes to the financial statements resulting from the above noted adjustments and failure to prepare current and complete disclosures.

As a result, the financial statements did not correctly reflect the financial activity of the Health Department. Inaccurate posting of transactions impedes the ability of the Board of Health to accurately assess the financial status of the Health Department.

**FINDING NUMBER 2007-001  
(Continued)**

We recommend the Health Department post all transactions in accordance with the guidance established by the Auditor of State and prepare current and complete note disclosures. Further, the Health Department should adopt policies and procedures including a final review of the financial statements by the Finance and Audit Committee to ensure errors and omissions are detected and corrected.

**Officials' Response**

We did not receive a response from Officials to this finding.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None





**Mary Taylor, CPA**  
Auditor of State

**FULTON COUNTY HEALTH DEPARTMENT**

**FULTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 26, 2008**