



Dave Yost • Auditor of State

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Governing 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, 2011, 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, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparisons 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 accounting basis Note 1 describes.

As described in Note 3, during 2011 the Health Department adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2012, 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.

We conducted our audit to opine on the Health Department's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. The schedule of federal awards expenditure (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

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

Dave Yost
Auditor of State

July 26, 2012

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
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, 2011, 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 2011 are as follows:

- Net assets decreased by \$71,903. Women's, Infants and Children (WIC) grant was decreased by \$4,768. Public Health Infrastructure (PHI) had a decrease due to Center for Disease Control granting less money for Public Health Emergency Response by \$126,894. Women's Health Services ended on June 30, 2011 so there was a decrease of \$19,956. Immunization Action Plan (IAP) grant increased by \$27,684 due to it becoming a four county grant instead of just a two county. Breast and Cancer Prevention Project (BCCP) grant was increased by the state due to receiving tobacco monies by \$45,883. Family Planning Title X decreased their grant by \$7,300.
- 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 64 percent of all the dollars coming into the Department. General receipts in the form of property taxes and unrestricted grants make up the other 36 percent.
- The Health Department had \$2,647,104 in disbursements during 2011. Our flu vaccine costs increased by \$8,000 due to offering high dose influenza vaccine. The Health Department paid \$16,300 in December towards the Needs Assessment. The Health Department's General Fund is now picking up Reproductive Health and Wellness office and clinic supplies so this helped to increase our overall disbursements. We are sending more monies to the state for certification of birth/death certificates and environmental certifications.

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.

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
Unaudited**

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.

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 2011, 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

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
Unaudited**

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; WIC Fund; and BCCP Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Health Department as a Whole

Table 1 provides a summary of the Health Department's net assets for 2011 compared to 2010 on the cash basis:

**Table 1
Net Assets – Cash Basis**

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>
Assets			
Cash with Fiscal Agent	\$ 1,104,217	\$ 1,176,120	\$ (71,903)
Total Assets	<u>1,104,217</u>	<u>1,176,120</u>	<u>(71,903)</u>
Net Assets			
Restricted	143,305	193,535	(50,230)
Unrestricted	<u>960,912</u>	<u>982,585</u>	<u>(21,673)</u>
Total Net Assets	<u>\$ 1,104,217</u>	<u>\$ 1,176,120</u>	<u>\$ (71,903)</u>

As mentioned previously, net assets decreased by \$71,903. The decrease in unrestricted net assets was mainly due to the General Fund picking up over \$4,500 of Reproductive Health and Wellness office and clinic supplies, disbursing over \$7,000 more to the Ohio Department of Health for birth, death and environmental certification and also because in 2011 we bought high dose influenza vaccine for our elderly population. The decrease in restricted net assets was mainly due to a decrease in the PHEP grant.

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
Unaudited**

Table 2 reflects the change in net assets in 2011. This is a comparative analysis of government-wide data being presented.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2011	2010
Receipts		
Program Cash Receipts		
Charges for Services	\$ 528,468	\$ 519,175
Operating Grants and Contributions	1,254,229	1,012,463
Capital Grants and Contributions		34,676
Total Program Cash Receipts	1,782,697	1,566,314
General Receipts		
Property Taxes Levied for		
General Health Department Purposes	569,723	575,291
Grants and Entitlements not Restricted to Specific Programs	201,808	219,775
Gifts and Contributions	9,344	12,914
Miscellaneous	11,629	19,629
Total General Receipts	792,504	827,609
Total Receipts	2,575,201	2,393,923
Disbursements		
General Health		
General Health	613,821	638,575
Vital Statistics	33,961	30,527
Administration	252,446	180,400
Environmental Health	342,343	326,388
Women, Infant, and Children	319,592	303,619
Breast and Cervical Cancer Project	306,774	230,293
Immunizations	67,918	44,093
Child and Family Health Services	32,410	37,509
Family Planning	153,971	138,557
Cardiovascular Health		2,552
Women's Health Services	30,701	56,696
Public Health Infrastructure	185,354	279,066
Intergovernmental Expense	307,813	
Total Disbursements	2,647,104	2,268,275
Change in Net Assets	(71,903)	125,648
Net Assets Beginning of Year	1,176,120	1,050,472
Net Assets End of Year	\$ 1,104,217	\$ 1,176,120

In 2011, 31 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 69 percent of the Health Department's total receipts in year 2011. 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, 2011
Unaudited**

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; BCCP and Intergovernmental Expense which account for 34%, 13%, 12%, 12%, and 12% 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 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**

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
General Health				
General Health	\$ 613,821	\$ 395,523	\$ 638,575	\$ 445,702
Vital Statistics	33,961	(25,668)	30,527	(24,068)
Administration	252,446	252,446	180,400	180,400
Environmental Health	342,343	184,774	326,388	168,303
Women, Infant, and Children	319,592	12,846	303,619	(7,895)
Breast and Cervical Cancer Project	306,774	17,590	230,293	(26,008)
Immunizations	67,918	(1,789)	44,093	2,070
Child and Family Health Services	32,410	(4,234)	37,509	4,809
Family Planning	153,971	16,078	138,557	(5,315)
Cardiovascular Health			2,552	2,552
Women's Health Services	30,701	2,463	56,696	(1,719)
Public Health Infrastructure	185,354	14,378	279,066	(36,870)
Intergovernmental Expense	307,813			
Totals	<u>\$ 2,647,104</u>	<u>\$ 864,407</u>	<u>\$ 2,268,275</u>	<u>\$ 701,961</u>

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 33% 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.

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.

At the end of 2011, the Health Department's governmental funds reported total ending fund balances of \$1,104,217.

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
Unaudited**

The General Fund is the chief operating fund of the Health Department. At the end of 2011, the fund balance in the General Fund was \$946,531.

The Environmental Fund accounts for the issuance of water, sewer, and food licenses and permits. License and permit fees accounted for 37 percent of Environmental Fund revenue. The rest of revenue is from transfers from the General Fund.

The WIC 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 2011, the total fund balance was \$9,926

The BCCP Fund balance increased substantially due to the fact Ohio Department of Health (ODH) increased the BCCP grant by 29%.

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 2011, the Health Department amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. The General Fund's revenues were a little less than anticipated due to property taxes and intergovernmental revenues being down. The General Fund's expenditures were less than budgeted due to an employee retiring and several grants paying for salaries that the general health had anticipated paying for.

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 Supervisor, 606 S. Shoop Ave, Wauseon, OH 43567.

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Net Assets - Cash Basis
December 31, 2011

	Governmental Activities
Assets	
Cash with Fiscal Agent	\$ 1,104,217
Net Assets	
Restricted for:	
Other Purposes	143,305
Unrestricted	960,912
<i>Total Net Assets</i>	\$ 1,104,217

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, 2011

	<u>Disbursements</u>	<u>Program Receipts</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental Activities			
General Health			
General Health	\$ 613,821	\$ 218,298	
Vital Statistics	33,961	59,629	
Administration	252,446		
Community Health Services			
Environmental Health	342,343	147,069	\$ 10,500
Women, Infants, and Children (WIC)	319,592		306,746
Breast and Cervical Cancer Project (BCCP)	306,774		289,184
Immunizations (IAP)	67,918		69,707
Child and Family Health Services (CFHS)	32,410		36,644
Family Planning (FP)	153,971	54,105	83,788
Women's Health Services (WHS)	30,701	7,683	20,555
Public Health Infrastructure (PHI)	185,354	41,684	129,292
Intergovernmental Expense	307,813		307,813
<i>Total Governmental Activities</i>	<u>2,647,104</u>	<u>528,468</u>	<u>1,254,229</u>

General Receipts

Property Taxes Levied for
 General Health District Purposes
Grants and Entitlements not Restricted
 to Specific Programs
Gifts and Contributions
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets	
<u>Primary Government</u>	
<u>Governmental</u>	
<u>Activities</u>	
\$	(395,523)
	25,668
	(252,446)
	(184,774)
	(12,846)
	(17,590)
	1,789
	4,234
	(16,078)
	(2,463)
	(14,378)
	<u>(864,407)</u>
	569,723
	201,808
	9,344
	<u>11,629</u>
	792,504
	(71,903)
	<u>1,176,120</u>
<u>\$</u>	<u>1,104,217</u>

FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	<u>General</u>	<u>Environmental Fund</u>	<u>Women, Infants, and Children</u>
Assets			
Cash with Fiscal Agents	<u>\$ 946,531</u>	<u>\$ 14,381</u>	<u>\$ 9,926</u>
Fund Balances			
Restricted		14,381	9,926
Committed			
Assigned	38		
Unassigned	946,493		
<i>Total Fund Balances</i>	<u>\$ 946,531</u>	<u>\$ 14,381</u>	<u>\$ 9,926</u>

See accompanying notes to the basic financial statements

Breast and Cervical Cancer Project	Other Governmental Funds	Total Governmental Funds
<u>\$ 68,085</u>	<u>\$ 65,294</u>	<u>\$ 1,104,217</u>
68,085	28,473 36,821	120,865 36,821 38
<u>\$ 68,085</u>	<u>\$ 65,294</u>	<u>\$ 1,104,217</u>

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, 2011

	General	Environmental Fund	Women, Infants, and Children
Receipts			
Property and Other Local Taxes	\$ 569,723		
Intergovernmental	201,808	\$ 10,000	\$ 306,746
Fines, Licenses and Permits		129,795	
Charges for Services	219,678	17,274	
Gifts and Contributions	3,241		
Contractual Services	58,249	500	
Private Grant			
Miscellaneous	9,843	1,192	72
<i>Total Receipts</i>	1,062,542	158,761	306,818
Disbursements			
General Health			
General Health	613,821		
Vital Statistics	33,961		
Administration	252,446		
Environmental Health		342,343	
Women, Infants, and Children (WIC)			319,592
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)			
Intergovernmental Expense			
<i>Total Disbursements</i>	900,228	342,343	319,592
<i>Excess of Receipts Over (Under) Disbursements</i>	162,314	(183,582)	(12,774)
Other Financing Sources (Uses)			
Transfers In		190,000	
Transfers Out	(190,405)		
<i>Total Other Financing Sources (Uses)</i>	(190,405)	190,000	
<i>Net Change in Fund Balances</i>	(28,091)	6,418	(12,774)
<i>Fund Balances Beginning of Year</i>	974,622	7,963	22,700
<i>Fund Balances End of Year</i>	\$ 946,531	\$ 14,381	\$ 9,926

See accompanying notes to the basic financial statements

Breast and Cervical Cancer Project	Other Governmental Funds	Total Governmental Funds
		\$ 569,723
\$ 204,184	\$ 647,799	1,370,537
		129,795
	61,788	298,740
	6,103	9,344
	41,684	100,433
85,000		85,000
365	157	11,629
<u>289,549</u>	<u>757,531</u>	<u>2,575,201</u>
		613,821
		33,961
		252,446
		342,343
		319,592
306,774		306,774
	67,918	67,918
	32,410	32,410
	30,701	30,701
	185,354	185,354
	153,971	153,971
	<u>307,813</u>	<u>307,813</u>
<u>306,774</u>	<u>778,167</u>	<u>2,647,104</u>
<u>(17,225)</u>	<u>(20,636)</u>	<u>(71,903)</u>
		405
		190,405
		<u>(190,405)</u>
		405
		<u>(71,903)</u>
(17,225)	(20,231)	(71,903)
<u>85,310</u>	<u>85,525</u>	<u>1,176,120</u>
<u>\$ 68,085</u>	<u>\$ 65,294</u>	<u>\$ 1,104,217</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 650,000	\$ 650,000	\$ 569,723	\$ (80,277)
Intergovernmental	242,806	242,806	201,808	(40,998)
Charges for Services	269,000	201,271	219,678	18,407
Gifts and Contributions	7,500	4,000	3,241	(759)
Contractual Services	33,000	33,000	58,249	25,249
Miscellaneous	60,229	21,458	9,843	(11,615)
<i>Total Receipts</i>	<u>1,262,535</u>	<u>1,152,535</u>	<u>1,062,542</u>	<u>(89,993)</u>
Disbursements				
General Health				
General Health	834,869	684,463	613,859	70,604
Vital Statistics	38,152	34,408	33,961	447
Administration	239,751	239,751	252,446	(12,695)
<i>Total Disbursements</i>	<u>1,112,772</u>	<u>958,622</u>	<u>900,266</u>	<u>58,356</u>
<i>Excess of Receipts Over Disbursements</i>	<u>149,763</u>	<u>193,913</u>	<u>162,276</u>	<u>(31,637)</u>
Other Financing (Uses)				
Transfers Out	(150,000)	(190,405)	(190,405)	
<i>Net Change in Fund Balances</i>	(237)	3,508	(28,129)	(31,637)
Prior Year Encumbrances Appropriated	237	237	237	
<i>Fund Balances Beginning of Year</i>	<u>974,385</u>	<u>974,385</u>	<u>974,385</u>	
<i>Fund Balances End of Year</i>	<u>\$ 974,385</u>	<u>\$ 978,130</u>	<u>\$ 946,493</u>	<u>\$ (31,637)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental Revenue			\$ 10,000	\$ 10,000
Fines, Licenses and Permits	\$ 178,000	\$ 178,000	129,795	(48,205)
Charges for Services	34,000	34,000	17,274	(16,726)
Contractual Services			500	500
Miscellaneous	<u>36,197</u>	<u>16,779</u>	<u>1,192</u>	<u>(15,587)</u>
<i>Total Receipts</i>	<u>248,197</u>	<u>228,779</u>	<u>158,761</u>	<u>(70,018)</u>
Disbursements				
Community Health Services				
Environmental Health	<u>398,197</u>	<u>378,779</u>	<u>342,380</u>	<u>36,399</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(150,000)</u>	<u>(150,000)</u>	<u>(183,619)</u>	<u>(33,619)</u>
Other Financing Sources				
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>190,000</u>	<u>40,000</u>
<i>Net Change in Fund Balances</i>			6,381	6,381
<i>Fund Balances Beginning of Year</i>	<u>7,963</u>	<u>7,963</u>	<u>7,963</u>	
<i>Fund Balances End of Year</i>	<u>\$ 7,963</u>	<u>\$ 7,963</u>	<u>\$ 14,344</u>	<u>\$ 6,381</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 302,102	\$ 321,357	\$ 306,746	\$ (14,611)
Miscellaneous	1,000	1,000	72	(928)
<i>Total Receipts</i>	<u>303,102</u>	<u>322,357</u>	<u>306,818</u>	<u>(15,539)</u>
Disbursements				
Community Health Services Women, Infant, and Children	<u>303,102</u>	<u>322,357</u>	<u>319,592</u>	<u>2,765</u>
<i>Net Change in Fund Balances</i>			(12,774)	(12,774)
<i>Fund Balances Beginning of Year</i>	<u>22,700</u>	<u>22,700</u>	<u>22,700</u>	
<i>Fund Balances End of Year</i>	<u>\$ 22,700</u>	<u>\$ 22,700</u>	<u>\$ 9,926</u>	<u>\$ (12,774)</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 130,000	\$ 214,900	\$ 204,184	\$ (10,716)
Private Grant	115,000	115,000	85,000	(30,000)
Miscellaneous	<u>1,712</u>	<u>1,712</u>	<u>365</u>	<u>(1,347)</u>
<i>Total Receipts</i>	<u>246,712</u>	<u>331,612</u>	<u>289,549</u>	<u>(42,063)</u>
Disbursements				
Community Health Services				
Breast and Cervical Cancer Project	<u>246,712</u>	<u>331,612</u>	<u>306,774</u>	<u>24,838</u>
<i>Net Change in Fund Balances</i>			(17,225)	(17,225)
<i>Fund Balances Beginning of Year</i>	<u>85,310</u>	<u>85,310</u>	<u>85,310</u>	
<i>Fund Balances End of Year</i>	<u><u>\$ 85,310</u></u>	<u><u>\$ 85,310</u></u>	<u><u>\$ 68,085</u></u>	<u><u>\$ (17,225)</u></u>

See accompanying notes to the basic financial statements

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**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 1 - Reporting Entity

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

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

Primary Government

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

Public Entity Risk Pool

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

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Health Department that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other 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.

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

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

Fund Accounting

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

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

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

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

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

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Breast and Cervical Cancer Project Fund This fund accounts for and reports federal grants restricted for the Breast and Cervical Cancer Project Grant from the Ohio Department of Health. The fund also accounts for and reports grants for Northwest Ohio Susan G Komen Foundation.

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 call 419-337-9252.

Restricted Assets

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

Inventory and Prepaid Items

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

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.

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.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted 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 Emergency Preparedness 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.

Fund Balance

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

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Health, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Health Department for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health Department official delegated that authority by resolution, or by State Statute.

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

The Health Department applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Transactions

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

Note 3 – Change in Accounting Principles

For 2011, the Department has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 3 – Change in Accounting Principles (Continued)

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on the previously reported fund balances.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB 59 had no effect on the financial statements.

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 any major special revenue fund are 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 cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$38 for the General Fund and \$37 for the Environmental Fund.

Note 5 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Health Department. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Health Department operations for the year ended December 31, 2011, was \$1 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$829,762,430
Public Utility Personal Property	<u>39,511,580</u>
Total	<u><u>\$869,274,010</u></u>

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 5 - Property Taxes (Continued)

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

Note 6 - Risk Management

The Health Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

A. Public Entity Risk Pool

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 6 - Risk Management (Continued)

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Health Department's share of these unpaid claims collectible in future years is approximately \$2,000.

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

<u>Contributions to PEP</u>		
<u>2011</u>	<u>2010</u>	<u>2009</u>
\$1,748	\$4,798	\$4,734

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

B. Commercial Coverage

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.

C. Workers Compensation

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

D. Employee Benefits

The Health Department provided health insurance to eligible employees through a County Consortium. Life insurance is provided 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Health Department participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local classifications. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local classifications may participate in all three plans. For 2011, member and employer contribution rates were consistent across all three plans.

The Health Department's 2011 contribution rate was 14 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. Employer contribution rates are actuarially determined.

The Health Department's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$164,411, \$180,281, and \$183,528, respectively; 100 percent has been contributed for 2011, 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$6,553 made by the Health Department and \$4,681 made by plan members.

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, 2011, six members of the Health Department have elected Social Security. The Board's liability is 6.2 percent of wages.

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers und post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Health Department's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$46,972, \$65,111, and \$75,743, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 9 – Fund Balances

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

Fund Balances	General	Environmental	Women, Infants and Children	BCCP	Other Governmental Funds	Total
Restricted for						
Environmental Programs		\$14,381				\$14,381
Women, Infants and Children			9,926			9,926
Breast and Cervical Cancer Prevention				68,085		68,085
Public Health Emergency Preparedness					1,851	1,851
Reproductive Health and Wellness					16,898	16,898
Immunization Action Plan					3,391	3,391
Child Health Services					6,333	6,333
<i>Total Restricted</i>		<u>14,381</u>	<u>9,926</u>	<u>68,085</u>	<u>28,473</u>	<u>120,865</u>
Committed to						
Epidemiologist (6 Pact Agreement)					36,821	36,821
Assigned to						
Interpreter	38					38
Unassigned:	946,493					946,493
<i>Total Fund Balances</i>	<u>\$946,531</u>	<u>\$14,381</u>	<u>\$9,926</u>	<u>\$68,085</u>	<u>\$65,294</u>	<u>\$1,104,217</u>

Note 10 - Interfund Transfers

During 2011 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>
	General
Environmental	\$190,000
Other Governmental Funds	405
Total	<u>\$190,405</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.

The General Fund transferred monies in 2011 to the Environmental Fund because their fees and licenses do not cover their expenses for them to do the services required by the state. The General Fund also transferred monies to Women’s Health Services to close out this fund since the grant ended on June 30, 2011.

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 11 – Contingent Liabilities

The Health Department is defendant in one lawsuit. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Health Department's financial condition.

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 12 – Related Party Transactions

The Health Department entered into contracts with Dr. Murtiff for Reproductive Health and Wellness and physician services. Dr. Murtiff's spouse is a member of the Board of Health, but abstains from voting on the Doctor's contracts. Total payments to Dr. Murtiff during the audit period totaled \$10,500.

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal CFDA Number	Project Number	Disbursements
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Drug Free Communities	93.276	5H79SP01581	\$ 128,806
<i>Passed Through the Ohio Department of Health</i>			
Family Planning Services	93.217	02610011FP0311	37,548
Reproductive Health and Wellness	93.217	02610011RH0112	42,693
			<u>80,241</u>
Immunization Grants	93.268	02610012IM0310	247
		02610012IM0411	67,596
			<u>67,843</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	02610014BC0411	54,591
		02610014BC0512	70,952
			<u>125,543</u>
Maternal and Child Health Services Block Grant to the States	93.994	02610011MC0411	16,298
		02610011MC0512	15,883
			<u>32,181</u>
Public Health Emergency Preparedness	93.069	02610012PH0211	97,733
		02610012PH0312	35,487
			<u>133,220</u>
Total Department of Health and Human Services			<u>567,834</u>
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Health</i>			
<u>Early Intervention Services (IDEA) Cluster</u>			
ARRA - Help Me Grow	84.393A	02610011HA0211	15,687
Help Me Grow	84.181	02610011HG0209	21,219
Help Me Grow		02610011HG0312	193
			<u>21,412</u>
Total Department of Education			<u>37,099</u>
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	02610011WA0411	259,842
		02610011WA0512	59,639
			<u>319,481</u>
Total Department of Agriculture			<u>319,481</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 924,414</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
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

INDEPENDENT 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 Governing 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, 2011, which collectively comprise the Health Department's basic financial statements and have issued our report thereon dated July 26, 2012, wherein we noted the Health Department uses a comprehensive accounting basis other than generally accepted accounting principles and we noted the Health Department implemented GASB Statement 54. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Health Department's financial statements will not be prevented, or detected and timely corrected.

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

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*.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.ohioauditor.gov

We did note certain matters not requiring inclusion in this report that we reported to the Health Department's management in a separate letter dated July 26, 2012.

We intend this report solely for the information and use of management, the audit committee, Governing Board, federal awarding agencies and pass-through entities and others within the Health Department. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

July 26, 2012



Dave Yost • Auditor of State

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

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

To the Governing Board:

Compliance

We have audited the compliance of the Fulton County Health Department, Fulton County, Ohio (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 could directly and materially affect the Health Department's major federal program for the year ended December 31, 2011. 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 each major federal program. Our responsibility is to opine on the Health Department's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, the Fulton County Health Department complied, in all material respects, with the requirements referred to above that could directly and materially affect to each of its major federal programs for the year ended December 31, 2011.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Health Department's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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 audit committee, management, Governing Board, others within the Health Department, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Dave Yost
Auditor of State

July 26, 2012

**FULTON COUNTY HEALTH DEPARTMENT
FULTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

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)?	No
<i>(d)(1)(ii)</i>	Were there any 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 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(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Supplemental Nutrition Program For Women, Infants, And Children (WIC) – 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**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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 14, 2012