



Dave Yost • Auditor of State

FULTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund,

and the aggregate remaining fund information of Fulton County, Ohio, as of December 31, 2014, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle Gas Tax, County Board of Developmental Disabilities, Senior Center, and Emergency Medical Services Advanced and Basic Life Service Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiring to management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "t".

Dave Yost
Auditor of State

Columbus, Ohio

September 15, 2015

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FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

The management's discussion and analysis of Fulton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The total net position of the County increased \$1,446,052. Net position of governmental activities increased \$1,990,166, which represents a 2.56% increase from 2013. Net position of business-type activities decreased \$544,114 or 2.35% from 2013.
- General revenues accounted for \$19,324,952 or 55.06% of total governmental activities revenue. Program specific revenues accounted for \$15,772,494 or 44.94% of total governmental activities revenue of \$35,097,446.
- The County had \$34,717,562 in expenses related to governmental activities; \$15,772,494 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$19,324,952 were adequate to provide for these programs.
- The general fund, the County's largest major fund, had revenues of \$13,006,551 in 2014. The expenditures and other financing uses of the general fund were \$13,203,806 in 2014. The general fund had a special item of \$1,610,282. The general fund balance increased \$1,413,027 from 2013 to 2014.
- The motor vehicle and gas tax fund, a County major fund, had revenues of \$5,086,194 in 2014. The motor vehicle and gas tax fund had expenditures of \$5,353,064 in 2014. The motor vehicle and gas tax fund balance decreased \$266,870 from 2013 to 2014.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues and other financing sources of \$5,113,441 in 2014. The county board of DD had expenditures of \$4,865,819 in 2014. The county board of DD fund balance increased \$247,622 from 2013 to 2014.
- The senior center fund, a County major fund, had revenues of \$1,278,964 in 2014. The senior center had expenditures of \$1,476,179 in 2014. The senior center fund balance decreased \$197,215 from 2013 to 2014.
- The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of \$2,007,117 in 2014. The EMS advanced and basic life services fund had expenditures of \$2,726,225 in 2014. The EMS A&B life services fund balance decreased \$719,108 from 2013 to 2014.
- The County had two major proprietary funds. The net position for the water fund decreased in 2014 by \$333,447 or 1.95%. Net position for the sewer fund decreased in 2014 by \$183,176 or 3.05%.
- In the general fund, actual revenues and other financing sources of \$13,199,226 exceeded original budgeted revenues and other financing sources by \$1,886,284 and final budgeted revenues and other financing sources by \$1,480,856. The increase is due to the County's conservative approach to budgeting.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

Using this Basic Financial Statements (BFS)

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 County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are five major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2014?" These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

Governmental activities - Most of the County's programs and services are reported here including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and State grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general, motor vehicle and gas tax, board of developmental disabilities (county board of DD), senior center and EMS advanced and basic (EMS A&B) life services funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water, sewer, solid waste incinerator and recycling operations. The internal service funds used to accumulate and allocate costs intentionally for mapping services and information technology provided to other departments.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the County as a whole.

The table below provides a summary of the County's net position for 2014 and 2013.

| | Net Position | | | | | |
|----------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| | Governmental Activities 2014 | Business-type Activities 2014 | Governmental Activities 2013 | Business-type Activities 2013 | 2014 Total | 2013 Total |
| | | | | | | |
| Assets: | | | | | | |
| Current and other assets | \$ 42,890,614 | \$ 3,085,581 | \$ 41,103,943 | \$ 3,094,514 | \$ 45,976,195 | \$ 44,198,457 |
| Capital assets, net | <u>47,244,301</u> | <u>22,058,445</u> | <u>47,281,261</u> | <u>22,682,702</u> | <u>69,302,746</u> | <u>69,963,963</u> |
| Total assets | <u>90,134,915</u> | <u>25,144,026</u> | <u>88,385,204</u> | <u>25,777,216</u> | <u>115,278,941</u> | <u>114,162,420</u> |
| Liabilities: | | | | | | |
| Long-term liabilities | 2,157,740 | 2,445,495 | 2,282,120 | 2,558,842 | 4,603,235 | 4,840,962 |
| Other liabilities | <u>1,376,963</u> | <u>79,138</u> | <u>1,300,012</u> | <u>54,867</u> | <u>1,456,101</u> | <u>1,354,879</u> |
| Total liabilities | <u>3,534,703</u> | <u>2,524,633</u> | <u>3,582,132</u> | <u>2,613,709</u> | <u>6,059,336</u> | <u>6,195,841</u> |
| Deferred inflows | <u>6,942,336</u> | <u>-</u> | <u>7,135,362</u> | <u>-</u> | <u>6,942,336</u> | <u>7,135,362</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 46,101,057 | 19,808,937 | 45,907,914 | 20,348,001 | 65,909,994 | 66,255,915 |
| Restricted | 20,956,368 | - | 22,255,180 | - | 20,956,368 | 22,255,180 |
| Unrestricted | <u>12,600,451</u> | <u>2,810,456</u> | <u>9,504,616</u> | <u>2,815,506</u> | <u>15,410,907</u> | <u>12,320,122</u> |
| Total net position | <u>\$ 79,657,876</u> | <u>\$ 22,619,393</u> | <u>\$ 77,667,710</u> | <u>\$ 23,163,507</u> | <u>\$ 102,277,269</u> | <u>\$ 100,831,217</u> |

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2014, the County's assets exceeded liabilities and deferred inflows by \$102,277,269. This amounts to \$79,657,876 in governmental activities and \$22,619,393 in business-type activities. The County's finances remained strong during 2014.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 60.12% of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. The County's net investment in capital assets at December 31, 2014, was \$65,909,994. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2014, the County is able to report positive balances in all three categories of net position for the governmental activities and business-type activities.

A portion of the County's net position, \$20,956,368 or 20.49%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$15,410,907 may be used to meet the government's ongoing obligations to citizens and creditors.

FULTON COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

The table below shows the changes in net position for fiscal years 2014 and 2013.

| | Change in Net Position | | | | | |
|------------------------------------|-------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Governmental | Business-type | Governmental | Business-type | 2014 | 2013 |
| | Activities 2014 | Activities 2014 | Activities 2013 | Activities 2013 | Total | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 5,604,590 | \$ 3,965,329 | \$ 5,901,424 | \$ 2,588,357 | \$ 9,569,919 | \$ 8,489,781 |
| Operating grants and contributions | 9,847,739 | - | 10,554,416 | 250,000 | 9,847,739 | 10,804,416 |
| Capital grants and contributions | 320,165 | 19,003 | 1,024,491 | 570,451 | 339,168 | 1,594,942 |
| Total program revenues | <u>15,772,494</u> | <u>3,984,332</u> | <u>17,480,331</u> | <u>3,408,808</u> | <u>19,756,826</u> | <u>20,889,139</u> |
| General revenues: | | | | | | |
| Property taxes | 7,405,121 | - | 6,883,369 | - | 7,405,121 | 6,883,369 |
| Sales tax | 7,826,658 | - | 7,120,482 | - | 7,826,658 | 7,120,482 |
| Unrestricted grants | 2,382,778 | - | 2,421,502 | - | 2,382,778 | 2,421,502 |
| Investment earnings | 245,984 | - | 192,111 | - | 245,984 | 192,111 |
| Other | 1,464,411 | 104,761 | 1,238,534 | 57,040 | 1,569,172 | 1,295,574 |
| Total general revenues | <u>19,324,952</u> | <u>104,761</u> | <u>17,855,998</u> | <u>57,040</u> | <u>19,429,713</u> | <u>17,913,038</u> |
| Total revenues | <u>35,097,446</u> | <u>4,089,093</u> | <u>35,336,329</u> | <u>3,465,848</u> | <u>39,186,539</u> | <u>38,802,177</u> |
| Expenses: | | | | | | |
| Program expenses: | | | | | | |
| General government | 7,741,578 | - | 7,588,338 | - | 7,741,578 | 7,588,338 |
| Public safety | 7,583,069 | - | 6,953,723 | - | 7,583,069 | 6,953,723 |
| Public works | 5,231,715 | - | 5,844,218 | - | 5,231,715 | 5,844,218 |
| Health | 6,843,523 | - | 6,704,496 | - | 6,843,523 | 6,704,496 |
| Human services | 4,799,491 | - | 5,112,554 | - | 4,799,491 | 5,112,554 |
| Economic development | 1,472,874 | - | 831,744 | - | 1,472,874 | 831,744 |
| Other | 46,713 | - | 134,598 | - | 46,713 | 134,598 |
| Intergovernmental | 972,705 | - | 871,152 | - | 972,705 | 871,152 |
| Interest and fiscal charges | 25,894 | - | 28,129 | - | 25,894 | 28,129 |
| Water | - | 3,838,703 | - | 3,573,354 | 3,838,703 | 3,573,354 |
| Sewer | - | 565,203 | - | 565,780 | 565,203 | 565,780 |
| Solid waste incinerator | - | 229,301 | - | 224,689 | 229,301 | 224,689 |
| Total expenses | <u>34,717,562</u> | <u>4,633,207</u> | <u>34,068,952</u> | <u>4,363,823</u> | <u>39,350,769</u> | <u>38,432,775</u> |
| Special item | 1,610,282 | - | - | - | 1,610,282 | - |
| Transfers | - | - | (148,000) | 148,000 | - | - |
| Change in net position | 1,990,166 | (544,114) | 1,119,377 | (749,975) | 1,446,052 | 369,402 |
| Net position at beginning of year | <u>77,667,710</u> | <u>23,163,507</u> | <u>76,548,333</u> | <u>23,913,482</u> | <u>100,831,217</u> | <u>100,461,815</u> |
| Net position at end of year | <u>\$ 79,657,876</u> | <u>\$ 22,619,393</u> | <u>\$ 77,667,710</u> | <u>\$ 23,163,507</u> | <u>\$ 102,277,269</u> | <u>\$ 100,831,217</u> |

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

Governmental Activities

Governmental net position increased by \$1,990,166 in 2014 from 2013.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2014, general government expenses totaled \$7,741,578, or 22.30% of total governmental expenses. General government programs were supported by \$3,180,792 in direct charges to users and \$53,059 in operating grants and contributions.

The County's largest program was public safety, which primarily supports the operations of the sheriff's department, E-911, emergency medical services, and the EMS advanced & basic life services. The program accounted for \$7,583,069 or 21.84% of total governmental expenses. Public safety programs are primarily supported by revenues from charges to users of services, of \$995,792, and operating grants and contributions of \$376,276.

The next largest program is health, which accounted for \$6,843,523 of expenses, or 19.71% of total governmental expenses of the County during 2014. Health programs include the operation of the county board of DD, the senior center and the dog warden and kennel. These expenses were funded in part by \$518,252 in charges to users of services and \$1,448,847 in operating grants and contributions in 2014.

Another significant program is public works, which accounted for \$5,231,715 of expenses, or 15.07% of total governmental expenses of the County during 2014. Public works programs include the office of the County Engineer, which is accounted for in the motor vehicle and gas tax fund. These expenses were funded in part by \$261,218 in charges to users of services, \$3,998,143 in operating grants and contributions, and \$320,165 in capital grants and contributions in 2014.

The final significant program is human services, which accounted for \$4,799,491 of expenses, or 13.82% of total governmental expenses of the County during 2014. Human services programs include the operations of the public assistance, public assistance trust, child support enforcement agency and the children services board. These expenses were funded in part by \$638,472 in charges to users of services and \$3,144,375 in operating grants and contributions in 2014.

Operating grants and contributions were the largest type of program revenue. The State and federal government contributed revenues of \$9,847,739 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$3,144,375, or 31.93%, subsidized human services programs, \$3,998,143 or 40.60%, subsidized public works programs, and \$1,448,847, or 14.71%, subsidized health programs. Another type of program revenue is direct charges to users of governmental activities, made up \$5,604,590 or 15.97% of total governmental revenues. These charges for services and sales include fees for charges for services, licenses and permits, and fines and forfeitures related to judicial activities, and rental income.

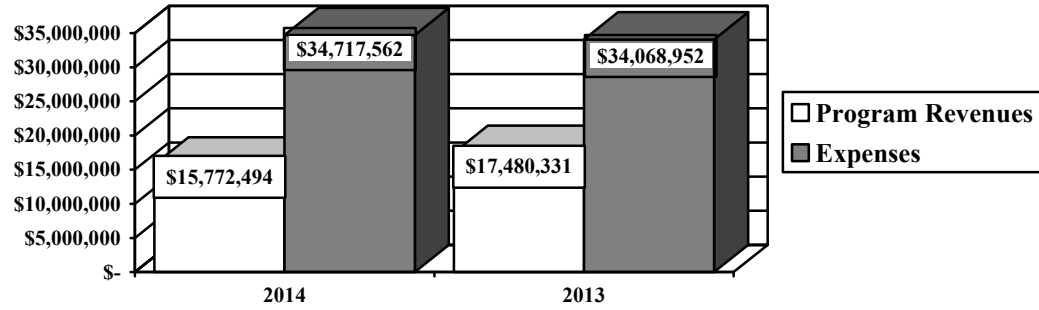
General revenues totaled \$19,324,952, and amounted to 55.06% of total revenues. These revenues primarily consist of property and sales tax revenue of \$15,231,779, or 78.82% of total general revenues in 2014. Property taxes increased by 7.58% during 2014. Sales tax revenue increased 9.92% in 2014. The other primary source of general revenues is grants and entitlements not restricted to specific programs which include local government revenue, homestead and rollback and tangible personal property tax reimbursement revenue. Interest earnings increased during 2014 to \$245,984, or 1.27%, of total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Governmental Activities – Program Revenues vs. Total Expenses



Governmental Activities

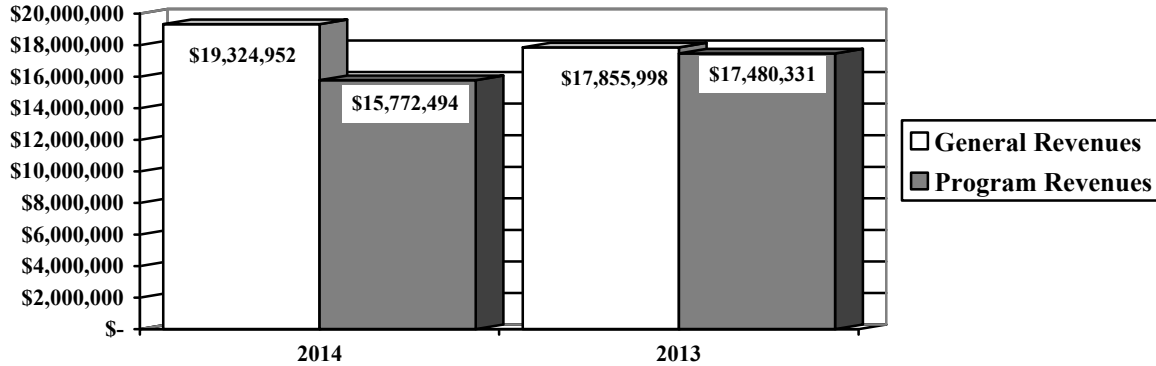
| | Total Cost of Services 2014 | Net Cost of Services 2014 | Total Cost of Services 2013 | Net Cost of Services 2013 |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Program expenses: | | | | |
| General government | \$ 7,741,578 | \$ 4,507,727 | \$ 7,588,338 | \$ 4,285,192 |
| Public safety | 7,583,069 | 6,211,001 | 6,953,723 | 5,372,541 |
| Public works | 5,231,715 | 652,189 | 5,844,218 | 667,240 |
| Health | 6,843,523 | 4,876,424 | 6,704,496 | 4,592,684 |
| Human services | 4,799,491 | 1,016,644 | 5,112,554 | 956,386 |
| Economic development and assistance | 1,472,874 | 635,771 | 831,744 | (319,301) |
| Other | 46,713 | 46,713 | 134,598 | 134,598 |
| Intergovernmental | 972,705 | 972,705 | 871,152 | 871,152 |
| Interest and fiscal charges | 25,894 | 25,894 | 28,129 | 28,129 |
| Total | <u>\$ 34,717,562</u> | <u>\$ 18,945,068</u> | <u>\$ 34,068,952</u> | <u>\$ 16,588,621</u> |

The dependence upon general revenues for governmental activities is apparent; with 54.57% and 48.69% of expenses supported through taxes and other general revenues during 2014 and 2013, respectively.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Governmental Activities - General and Program Revenues



Business-Type Activities

The water and sewer funds are the County’s two major proprietary funds. The business-type activities had revenues of \$4,089,093 and expenses of \$4,633,207 for 2014. The net position of these programs decreased \$544,114 or 2.35% from 2013. During 2014, these programs received \$19,003 in capital grants and contributions.

Financial Analysis of the Government’s Funds

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

Governmental Funds

The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County’s net resources available for spending at year-end.

The County’s governmental funds reported a combined fund balance of \$30,619,543, which is \$2,254,775 more than last year’s total of \$28,364,768. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 for all major and non-major governmental funds.

| | Fund Balance <u>December 31, 2014</u> | Fund Balance <u>December 31, 2013</u> | Increase <u>(Decrease)</u> |
|-----------------------------------|--|--|-------------------------------|
| Major funds: | | | |
| General | \$ 9,924,884 | \$ 8,511,857 | \$ 1,413,027 |
| Motor vehicle and gas tax | 2,371,049 | 2,637,919 | (266,870) |
| County board of DD | 4,893,838 | 4,646,216 | 247,622 |
| Senior Center | 709,198 | 906,413 | (197,215) |
| EMS A & B life services | 2,661,036 | 3,380,144 | (719,108) |
| Other nonmajor governmental funds | <u>10,059,538</u> | <u>8,282,219</u> | <u>1,777,319</u> |
| Total | <u>\$ 30,619,543</u> | <u>\$ 28,364,768</u> | <u>\$ 2,254,775</u> |

General Fund

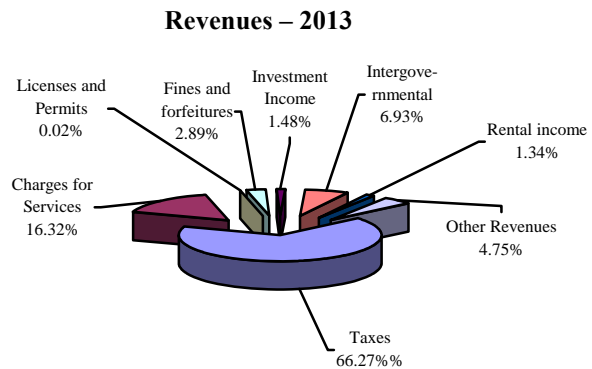
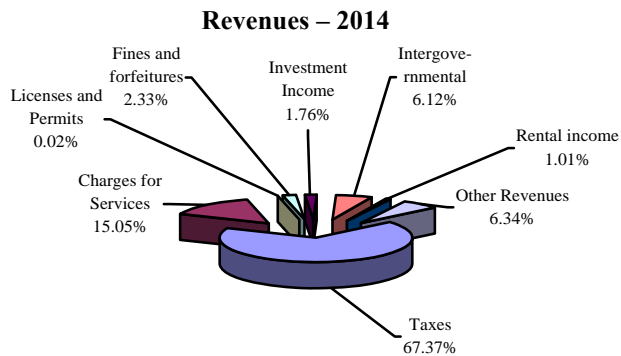
FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

The general fund is the primary operating fund of the County. During 2014, the County's general fund balance increased \$1,413,027. The table that follows assists in illustrating the revenues of the general fund.

| | <u>2014</u> <u>Amount</u> | <u>2013</u> <u>Amount</u> | <u>Percentage</u> <u>Change</u> |
|-----------------------|------------------------------|------------------------------|------------------------------------|
| Revenues: | | | |
| Taxes | \$ 8,764,096 | \$ 8,037,936 | 9.03 % |
| Charges for services | 1,957,685 | 1,980,083 | (1.13) % |
| Licenses and permits | 2,754 | 3,170 | (13.12) % |
| Fines and forfeitures | 302,785 | 350,049 | (13.50) % |
| Intergovernmental | 795,699 | 840,147 | (5.29) % |
| Investment income | 228,546 | 179,608 | 27.25 % |
| Rental income | 130,778 | 162,625 | (19.58) % |
| Other | <u>824,208</u> | <u>575,921</u> | 43.11 % |
| Total | <u>\$ 13,006,551</u> | <u>\$ 12,129,539</u> | 7.23 % |

Tax revenue represents 67.37% of all general fund revenue. Fines and forfeitures revenue decreased \$47,264 or 13.50% due to the Eastern District Court issuing fewer fines during the year. Investment income increased because several negotiable certificates of deposit were opened during 2014. Rental income decreased \$31,847 or 19.58% due to less monies received from various rentals throughout the County. Other revenues increased \$248,287 or 43.11% due to an increase in agriculture sales and utility reimbursements. All other revenue remained comparable to 2013.



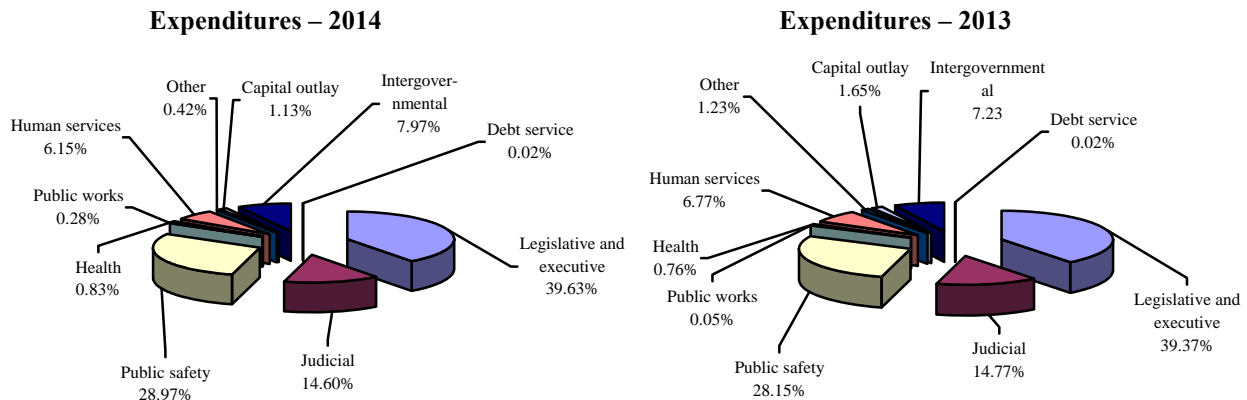
FULTON COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

The table that follows assists in illustrating the expenditures of the general fund.

| | 2014 | 2013 | Percentage |
|----------------------------|-----------------------------|-----------------------------|----------------------|
| | <u>Amount</u> | <u>Amount</u> | <u>Change</u> |
| <u>Expenditures</u> | | | |
| General government | | | |
| Legislative and executive | \$ 4,453,142 | \$ 4,312,715 | 3.26 % |
| Judicial | 1,640,277 | 1,617,916 | 1.38 % |
| Public safety | 3,255,005 | 3,083,597 | 5.56 % |
| Public works | 31,571 | 5,700 | 453.88 % |
| Health | 93,724 | 83,093 | 12.79 % |
| Human services | 691,236 | 741,063 | (6.72) % |
| Other | 46,713 | 134,598 | (65.29) % |
| Capital outlay | 126,979 | 180,636 | (29.70) % |
| Intergovernmental | 895,361 | 792,194 | 13.02 % |
| Debt service | 2,664 | 2,664 | - |
| Total | <u>\$ 11,236,672</u> | <u>\$ 10,954,176</u> | <u>2.58 %</u> |

Overall general fund expenditures increased 2.58% from the prior year. Public works expenditures increased \$25,871 or 453.88% due to an increase in public works projects. Other expenditures decreased by \$87,885 or 65.29% due to a large percentage the County's unclaimed monies being returned. Capital outlay decreased \$53,657 or 29.70% due to a decrease in assets purchased. Overall, expenditures remained consistent with the prior year.



Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues of \$5,086,194 in 2014. The motor vehicle and gas tax fund had expenditures of \$5,353,064 in 2014. The motor vehicle and gas tax fund balance decreased \$266,870 from 2013 to 2014. The decrease is due to expenditures for public works projects being greater than revenues.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues and other financing sources of \$5,113,441 in 2014. The county board of DD had expenditures of \$4,865,819 in 2014. The county board of DD fund balance increased \$247,622 from 2013 to 2014. The increase is due to a decrease in facilities maintenance and improvement expense.

Senior Center Fund

The Senior Center, a County major fund, had revenues of \$1,278,964 in 2014. The Senior Center fund had expenditures of \$1,476,179 in 2014. The Senior Center fund balance decreased \$197,215 from 2013 to 2014. This decrease is primarily due to an increase in staffing and purchases of assets.

EMS Advanced and Basic Life Services Fund

The EMS A&B life services fund, a County major fund, had revenues of \$2,007,117 in 2014. The EMS advanced and basic life services fund had expenditures of \$2,726,225 in 2014. The EMS advanced and basic life services fund balance decreased \$719,108 from 2013 to 2014. This decrease is primarily due to an increase in public safety contract services.

Budgeting Highlights – General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, actual revenues and other financing sources of \$13,199,226 exceeded original budgeted revenues and other financing sources by \$1,886,284 and final budgeted revenues and other financing sources by \$1,480,856. The increase is due to the County's conservative approach to budgeting. Actual expenditures and other financing uses of \$14,169,965 were \$1,960,180 more than original budgeted appropriations and \$1,145,084 less than final budgeted appropriations, respectively.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Capital Assets and Debt Administration

Capital Assets

At the end of 2014, the County had \$69,302,746 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$47,244,301 was reported in governmental activities and \$22,058,445 was reported in business-type activities, see Note 10 to the basic financial statements for detail.

FULTON COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

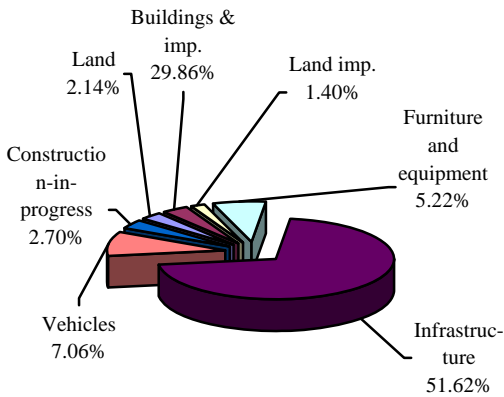
The following table shows fiscal 2014 balances compared to 2013:

**Capital Assets at December 31
(Net of Depreciation)**

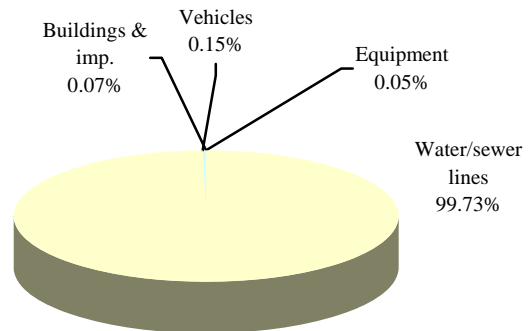
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 1,011,931 | \$ 1,011,931 | \$ - | \$ - | \$ 1,011,931 | \$ 1,011,931 |
| Construction-in-progress | 1,275,187 | 1,110,378 | - | - | 1,275,187 | 1,110,378 |
| Land improvements | 662,062 | 784,958 | - | - | 662,062 | 784,958 |
| Building and improvements | 14,109,772 | 14,727,618 | 15,620 | 17,355 | 14,125,392 | 14,744,973 |
| Furniture and equipment | 2,465,082 | 2,128,446 | 12,226 | 18,476 | 2,477,308 | 2,146,922 |
| Vehicles | 3,333,425 | 3,507,422 | 32,202 | - | 3,365,627 | 3,507,422 |
| Infrastructure | 24,386,842 | 24,010,508 | - | - | 24,386,842 | 24,010,508 |
| Water/sewer lines | - | - | 21,998,397 | 22,646,871 | 21,998,397 | 22,646,871 |
| Total | \$ 47,244,301 | \$ 47,281,261 | \$ 22,058,445 | \$ 22,682,702 | \$ 69,302,746 | \$ 69,963,963 |

The following graphs show the breakdown of governmental and business-type activities capital assets by category for 2014 and 2013.

Capital Assets - Governmental Activities 2014



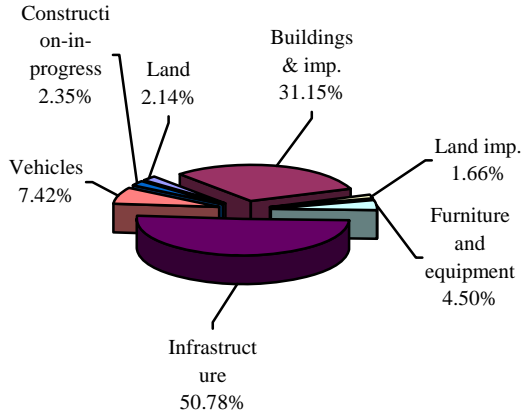
Capital Assets - Business-Type Activities 2014



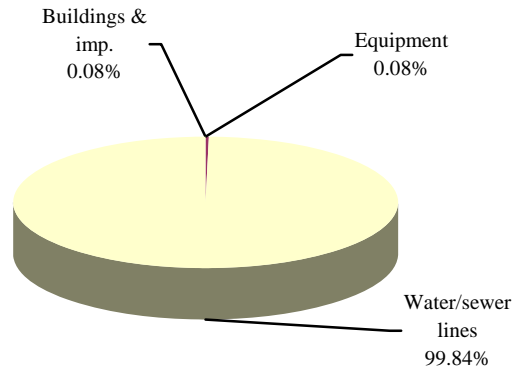
FULTON COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Capital Assets - Governmental Activities 2013



Capital Assets - Business-Type Activities 2013



Debt Administration

The County had the following long-term obligations outstanding at December 31, 2014 and 2013:

| | Governmental Activities 2014 | Governmental Activities 2013 |
|------------------------------------|-------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Special assessment bonds | \$ 125,000 | \$ 32,439 |
| General obligation notes | 90,415 | 117,835 |
| General obligation bonds | 315,000 | 410,000 |
| Landfill closure/postclosure | - | 4,813 |
| Capital lease | 2,141 | 4,529 |
| OPWC loans | <u>735,688</u> | <u>840,983</u> |
| Total long-term obligations | <u>\$ 1,268,244</u> | <u>\$ 1,410,599</u> |
| | | |
| | Business-Type Activities 2014 | Business-Type Activities 2013 |
| | <u> </u> | <u> </u> |
| OWDA loans | \$ 1,995,825 | \$ 2,035,027 |
| Special assessment bonds | 242,905 | 304,975 |
| Loan payable | <u>166,400</u> | <u>181,970</u> |
| Total long-term obligations | <u>\$ 2,405,130</u> | <u>\$ 2,521,972</u> |

See Note 13 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

Economic Factors

The County's Administration considered the impact of various economic factors when establishing the 2014 budget. Despite the uncertainty surrounding the economy, the County continues to carefully monitor its primary sources of revenue—real estate taxes, local sales taxes, local government funds and interest income. In order to stabilize the impact of the fluctuations in these revenue sources, the County continues to pursue economic development and job creation; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2014 budget, the County emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

The average unemployment rate for Fulton County in 2014 was 5.3%. Fulton County ranks slightly higher than the state average of 5.1%. Efforts in the area of economic development are predicted to have positive results in 2015 with the addition of jobs in Fulton County. The strongest growth area in 2015 is predicted to be in the area of commercial/retail opportunities, while the manufacturing base is remaining steady. Also, new housing growth is remaining steady in the County. The overall economy of the County is anticipated to improve slowly over the next year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Brett J. Kolb, Fulton County Auditor, Courthouse, 152 S. Fulton Street, Suite 165, Wauseon, Ohio 43567.

FULTON COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2014

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 29,252,046 | \$ 2,362,517 | \$ 31,614,563 |
| Cash in segregated accounts | 25,466 | 2,138 | 27,604 |
| Receivables: | | | |
| Sales taxes | 2,004,970 | - | 2,004,970 |
| Property taxes | 6,960,275 | - | 6,960,275 |
| Accounts | 322,533 | 315,113 | 637,646 |
| Special assessments | 498,530 | 400,185 | 898,715 |
| Accrued interest | 63,526 | - | 63,526 |
| Due from other governments | 3,270,901 | - | 3,270,901 |
| Materials and supplies inventory | 216,554 | 4,196 | 220,750 |
| Prepayments | 149,317 | 3,480 | 152,797 |
| Loans receivable, net | 124,448 | - | 124,448 |
| Internal balance | 2,048 | (2,048) | - |
| Capital assets: | | | |
| Land and construction in progress | 2,287,118 | - | 2,287,118 |
| Depreciable capital assets, net | 44,957,183 | 22,058,445 | 67,015,628 |
| Total capital assets, net | 47,244,301 | 22,058,445 | 69,302,746 |
| Total assets | 90,134,915 | 25,144,026 | 115,278,941 |
| Liabilities: | | | |
| Accounts payable | 375,799 | 61,752 | 437,551 |
| Contracts payable | 13,733 | - | 13,733 |
| Accrued wages and benefits | 544,315 | 11,362 | 555,677 |
| Due to other governments | 437,485 | 5,004 | 442,489 |
| Accrued interest payable | 5,631 | 1,020 | 6,651 |
| Long-term liabilities: | | | |
| Due within one year | 902,667 | 165,625 | 1,068,292 |
| Due in more than one year | 1,255,073 | 2,279,870 | 3,534,943 |
| Total liabilities | 3,534,703 | 2,524,633 | 6,059,336 |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year | 6,942,336 | - | 6,942,336 |
| Net position: | | | |
| Net investment in capital assets | 46,101,057 | 19,808,937 | 65,909,994 |
| Restricted for: | | | |
| Debt service | 7,916 | - | 7,916 |
| Capital projects | 1,152,074 | - | 1,152,074 |
| Real estate assessment | 716,715 | - | 716,715 |
| Public safety programs | 4,611,804 | - | 4,611,804 |
| Public works | 3,658,327 | - | 3,658,327 |
| Health programs | 5,781,308 | - | 5,781,308 |
| County court special projects | 717,378 | - | 717,378 |
| Human services programs | 2,805,002 | - | 2,805,002 |
| Economic development programs | 601,076 | - | 601,076 |
| County court computer services | 246,585 | - | 246,585 |
| Other purposes | 658,183 | - | 658,183 |
| Unrestricted | 12,600,451 | 2,810,456 | 15,410,907 |
| Total net position | \$ 79,657,876 | \$ 22,619,393 | \$ 102,277,269 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Expenses | Program Revenues | | |
|--|----------------------|--------------------------------|------------------------------------|----------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government: | | | | |
| Legislative and executive. | \$ 5,757,455 | \$ 1,940,282 | \$ 38,728 | \$ - |
| Judicial. | 1,984,123 | 1,240,510 | 14,331 | - |
| Public safety | 7,583,069 | 995,792 | 376,276 | - |
| Public works | 5,231,715 | 261,218 | 3,998,143 | 320,165 |
| Health. | 6,843,523 | 518,252 | 1,448,847 | - |
| Human services | 4,799,491 | 638,472 | 3,144,375 | - |
| Economic development and assistance . | 1,472,874 | 10,064 | 827,039 | - |
| Intergovernmental. | 972,705 | - | - | - |
| Other | 46,713 | - | - | - |
| Interest and fiscal charges. | 25,894 | - | - | - |
| Total governmental activities | <u>34,717,562</u> | <u>5,604,590</u> | <u>9,847,739</u> | <u>320,165</u> |
| Business-type activities: | | | | |
| Water. | 3,838,703 | 3,462,925 | - | - |
| Sewer | 565,203 | 300,594 | - | 19,003 |
| Other business-type activities: | | | | |
| Solid waste incinerator. | 229,301 | 201,810 | - | - |
| Total business-type activities | <u>4,633,207</u> | <u>3,965,329</u> | <u>-</u> | <u>19,003</u> |
| Totals | <u>\$ 39,350,769</u> | <u>\$ 9,569,919</u> | <u>\$ 9,847,739</u> | <u>\$ 339,168</u> |

General revenues:

Property taxes levied for:

- General purposes
- Health - County Board of DD.
- Health - Senior Center.
- Public safety - EMS A & B life services.
- Public safety - EMS.
- Public safety - 911.

Sales taxes levied for:

- General purposes
- Grants and entitlements not restricted to specific programs.
- Investment earnings.
- Miscellaneous

Total general revenues

Special item

Change in net position

Net position at beginning of year

Net positon at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|----------------|
| \$ (3,778,445) | \$ - | \$ (3,778,445) |
| (729,282) | - | (729,282) |
| (6,211,001) | - | (6,211,001) |
| (652,189) | - | (652,189) |
| (4,876,424) | - | (4,876,424) |
| (1,016,644) | - | (1,016,644) |
| (635,771) | - | (635,771) |
| (972,705) | - | (972,705) |
| (46,713) | - | (46,713) |
| (25,894) | - | (25,894) |
| (18,945,068) | - | (18,945,068) |
| - | (375,778) | (375,778) |
| - | (245,606) | (245,606) |
| - | (27,491) | (27,491) |
| - | (648,875) | (648,875) |
| (18,945,068) | (648,875) | (19,593,943) |
| 1,547,531 | - | 1,547,531 |
| 2,870,284 | - | 2,870,284 |
| 853,668 | - | 853,668 |
| 1,369,847 | - | 1,369,847 |
| 219,220 | - | 219,220 |
| 544,571 | - | 544,571 |
| 7,826,658 | - | 7,826,658 |
| 2,382,778 | - | 2,382,778 |
| 245,984 | - | 245,984 |
| 1,464,411 | 104,761 | 1,569,172 |
| 19,324,952 | 104,761 | 19,429,713 |
| 1,610,282 | - | 1,610,282 |
| 1,990,166 | (544,114) | 1,446,052 |
| 77,667,710 | 23,163,507 | 100,831,217 |
| \$ 79,657,876 | \$ 22,619,393 | \$ 102,277,269 |

FULTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

| | <u>General</u> | <u>Motor Vehicle and Gas Tax</u> | <u>County Board of DD</u> | <u>Senior Center</u> |
|---|----------------------|--|-------------------------------|----------------------|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 8,739,836 | \$ 1,746,779 | \$ 5,051,158 | \$ 768,353 |
| Cash in segregated accounts | 25,063 | - | - | - |
| Receivables: | | | | |
| Sales taxes | 1,964,260 | 40,710 | - | - |
| Property taxes | 1,060,469 | - | 2,727,029 | 1,134,524 |
| Accounts | 116,110 | 5,399 | 1,414 | 2,470 |
| Special assessments | - | - | - | - |
| Accrued interest | 63,526 | - | - | - |
| Due from other funds | 21,423 | - | - | - |
| Due from other governments | 378,841 | 1,967,869 | 176,322 | 56,520 |
| Advances to other funds | 46,992 | - | - | - |
| Materials and supplies inventory | 59,178 | 101,703 | 3,883 | 10,504 |
| Prepayments | 40,658 | 5,914 | 28,100 | 4,182 |
| Loans receivable, net | - | - | - | - |
| Total assets | <u>12,516,356</u> | <u>3,868,374</u> | <u>7,987,906</u> | <u>1,976,553</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 129,573 | \$ 81,172 | \$ 41,536 | \$ 32,326 |
| Contracts payable | - | - | - | - |
| Accrued wages and benefits payable | 214,275 | 59,303 | 102,866 | 25,334 |
| Compensated absences payable | 205 | - | - | - |
| Due to other governments | 100,101 | 26,122 | 46,315 | 12,082 |
| Advances from other funds | - | - | - | - |
| Due to other funds | 37,998 | - | - | 6,569 |
| Total liabilities | <u>482,152</u> | <u>166,597</u> | <u>190,717</u> | <u>76,311</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year | 1,057,736 | - | 2,720,000 | 1,131,600 |
| Delinquent property tax revenue not available | 2,733 | - | 7,029 | 2,924 |
| Accrued interest not available | 41,545 | - | - | - |
| Special assessments revenue not available | - | - | - | - |
| Sales tax revenue not available | 727,321 | - | - | - |
| Intergovernmental revenue not available | 279,985 | 1,330,728 | 176,322 | 56,520 |
| Miscellaneous revenue not available | - | - | - | - |
| Total deferred inflows of resources | <u>2,109,320</u> | <u>1,330,728</u> | <u>2,903,351</u> | <u>1,191,044</u> |
| Fund balances: | | | | |
| Nonspendable | 216,439 | 107,617 | 31,983 | 14,686 |
| Restricted | - | 2,263,432 | 4,861,855 | 694,512 |
| Committed | - | - | - | - |
| Assigned | 3,200,641 | - | - | - |
| Unassigned (deficit) | 6,507,804 | - | - | - |
| Total fund balances | <u>9,924,884</u> | <u>2,371,049</u> | <u>4,893,838</u> | <u>709,198</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 12,516,356</u> | <u>\$ 3,868,374</u> | <u>\$ 7,987,906</u> | <u>\$ 1,976,553</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| EMS A & B Life Services | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--|---|
| \$ 2,788,413 | \$ 9,959,866 | \$ 29,054,405 |
| - | 403 | 25,466 |
| - | - | 2,004,970 |
| 1,310,377 | 727,876 | 6,960,275 |
| 156,899 | 40,241 | 322,533 |
| - | 498,530 | 498,530 |
| - | - | 63,526 |
| - | 50,522 | 71,945 |
| 83,108 | 608,241 | 3,270,901 |
| - | 23,121 | 70,113 |
| - | 41,133 | 216,401 |
| 2,962 | 53,638 | 135,454 |
| - | 124,448 | 124,448 |
| <u>4,341,759</u> | <u>12,128,019</u> | <u>42,818,967</u> |
| | | |
| \$ 4,340 | \$ 83,526 | \$ 372,473 |
| - | 13,733 | 13,733 |
| 3,950 | 127,620 | 533,348 |
| - | - | 205 |
| 186,757 | 61,476 | 432,853 |
| - | 70,113 | 70,113 |
| 351 | 24,979 | 69,897 |
| <u>195,398</u> | <u>381,447</u> | <u>1,492,622</u> |
| | | |
| 1,307,000 | 726,000 | 6,942,336 |
| 3,377 | 1,876 | 17,939 |
| - | - | 41,545 |
| - | 498,530 | 498,530 |
| - | - | 727,321 |
| 83,108 | 460,628 | 2,387,291 |
| 91,840 | - | 91,840 |
| <u>1,485,325</u> | <u>1,687,034</u> | <u>10,706,802</u> |
| | | |
| 2,962 | 94,771 | 468,458 |
| 2,658,074 | 7,955,455 | 18,433,328 |
| - | 2,059,781 | 2,059,781 |
| - | 1,306 | 3,201,947 |
| - | (51,775) | 6,456,029 |
| <u>2,661,036</u> | <u>10,059,538</u> | <u>30,619,543</u> |
| | | |
| <u>\$ 4,341,759</u> | <u>\$ 12,128,019</u> | <u>\$ 42,818,967</u> |

FULTON COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

| | | | |
|--|----|-----------|-------------|
| Total governmental fund balances | | \$ | 30,619,543 |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i> | | | |
| Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds. | | | 47,234,656 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | | | |
| Sales taxes receivable | \$ | 727,321 | |
| Property taxes receivable | | 17,939 | |
| Charges for service receivable | | 91,840 | |
| Intergovernmental receivable | | 2,387,291 | |
| Special assessments receivable | | 498,530 | |
| Accrued interest receivable | | 41,545 | |
| Total | | 41,545 | 3,764,466 |
| Internal service funds are used by management to charge the costs of geographic information systems and loss to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position. | | | 195,175 |
| On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in the governmental funds, interest is accrued when due. | | | (5,631) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | | |
| Compensated absences | | 882,089 | |
| Capital lease payable | | 2,141 | |
| General obligation bonds | | 315,000 | |
| General obligation notes | | 90,415 | |
| Special assessment bonds | | 125,000 | |
| OPWC loans | | 735,688 | |
| Total | | 735,688 | (2,150,333) |
| Net position of governmental activities | | \$ | 79,657,876 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | General | Motor Vehicle and Gas Tax | County Board of DD | Senior Center |
|---|---------------------|---------------------------------|-----------------------|-------------------|
| Revenues: | | | | |
| Property taxes. | \$ 1,548,245 | \$ - | \$ 2,869,440 | \$ 852,577 |
| Sales taxes. | 7,215,851 | 532,289 | - | - |
| Charges for services. | 1,957,685 | 194,814 | 195,020 | 134,356 |
| Licenses and permits | 2,754 | - | - | - |
| Fines and forfeitures | 302,785 | 66,404 | - | - |
| Intergovernmental. | 795,699 | 4,035,744 | 1,927,063 | 248,175 |
| Special assessments | - | - | - | - |
| Investment income. | 228,546 | - | - | - |
| Rental income | 130,778 | - | - | - |
| Contributions and donations. | 4,092 | - | 6,534 | 39,110 |
| Other | 820,116 | 256,943 | 70,384 | 4,746 |
| Total revenues | <u>13,006,551</u> | <u>5,086,194</u> | <u>5,068,441</u> | <u>1,278,964</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Legislative and executive | 4,453,142 | - | - | - |
| Judicial. | 1,640,277 | - | - | - |
| Public safety | 3,255,005 | - | - | - |
| Public works | 31,571 | 5,205,970 | - | - |
| Health | 93,724 | - | 4,865,819 | 1,403,905 |
| Human services. | 691,236 | - | - | - |
| Economic development and assistance | - | - | - | - |
| Capital outlay | 126,979 | 41,799 | - | 72,274 |
| Intergovernmental. | 895,361 | - | - | - |
| Other | 46,713 | - | - | - |
| Debt service: | | | | |
| Principal retirement. | 2,388 | 105,295 | - | - |
| Interest and fiscal charges | 276 | - | - | - |
| Total expenditures | <u>11,236,672</u> | <u>5,353,064</u> | <u>4,865,819</u> | <u>1,476,179</u> |
| Excess (deficiency) of revenues over (under) expenditures. | <u>1,769,879</u> | <u>(266,870)</u> | <u>202,622</u> | <u>(197,215)</u> |
| Other financing sources (uses): | | | | |
| Bond issuance. | - | - | - | - |
| Transfers in | - | - | 45,000 | - |
| Transfers (out). | (1,967,134) | - | - | - |
| Total other financing sources (uses) | <u>(1,967,134)</u> | <u>-</u> | <u>45,000</u> | <u>-</u> |
| Special item | <u>1,610,282</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 1,413,027 | (266,870) | 247,622 | (197,215) |
| Fund balances at beginning of year | 8,511,857 | 2,637,919 | 4,646,216 | 906,413 |
| Fund balances at end of year | <u>\$ 9,924,884</u> | <u>\$ 2,371,049</u> | <u>\$ 4,893,838</u> | <u>\$ 709,198</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| EMS A & B Life Services | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--|---|
| \$ 1,369,677 | \$ 763,588 | \$ 7,403,527 |
| - | - | 7,748,140 |
| 456,133 | 1,814,283 | 4,752,291 |
| - | 207,343 | 210,097 |
| - | 190,722 | 559,911 |
| 176,988 | 5,471,186 | 12,654,855 |
| - | 256,688 | 256,688 |
| - | 384 | 228,930 |
| - | - | 130,778 |
| - | - | 49,736 |
| 4,319 | 347,066 | 1,503,574 |
| <u>2,007,117</u> | <u>9,051,260</u> | <u>35,498,527</u> |
| - | 679,469 | 5,132,611 |
| - | 185,991 | 1,826,268 |
| 2,726,225 | 1,263,773 | 7,245,003 |
| - | 15,053 | 5,252,594 |
| - | 173,086 | 6,536,534 |
| - | 3,895,666 | 4,586,902 |
| - | 1,473,330 | 1,473,330 |
| - | 1,185,384 | 1,426,436 |
| - | - | 895,361 |
| - | - | 46,713 |
| - | 174,859 | 282,542 |
| - | 26,807 | 27,083 |
| <u>2,726,225</u> | <u>9,073,418</u> | <u>34,731,377</u> |
| <u>(719,108)</u> | <u>(22,158)</u> | <u>767,150</u> |
| - | 145,000 | 145,000 |
| - | 1,750,895 | 1,795,895 |
| - | (96,418) | (2,063,552) |
| - | <u>1,799,477</u> | <u>(122,657)</u> |
| - | - | <u>1,610,282</u> |
| (719,108) | 1,777,319 | 2,254,775 |
| 3,380,144 | 8,282,219 | 28,364,768 |
| <u>\$ 2,661,036</u> | <u>\$ 10,059,538</u> | <u>\$ 30,619,543</u> |

FULTON COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

| | | |
|---|--------------------|-------------------------|
| Net change in fund balances - total governmental funds | \$ | 2,254,775 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period. | | |
| Capital asset additions | \$ 3,474,664 | |
| Current year depreciation | <u>(3,475,779)</u> | |
| Total | | (1,115) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. | | |
| | | (32,921) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Sales taxes | 78,518 | |
| Property taxes | 1,594 | |
| Intergovernmental revenues | (331,427) | |
| Special assessments | (83,912) | |
| Investment income | 17,438 | |
| Charges for services | <u>(83,292)</u> | |
| Total | | (401,081) |
| Proceeds of bonds are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position. | | |
| | | (145,000) |
| Repayment of bond, loan, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. | | |
| | | 282,542 |
| Governmental funds report capital outlay expenditures for improvements related to the landfill. However, on the statement of net position, capital outlays decrease the long-term liability for the closure and postclosure cost. | | |
| | | 4,813 |
| In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due. | | |
| | | 1,189 |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| | | (41,462) |
| The internal service funds used by management to charge the costs of GIS and loss to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. | | |
| | | <u>68,426</u> |
| Change in net position of governmental activities | \$ | <u>1,990,166</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 1,514,000 | \$ 1,515,584 | \$ 1,515,782 | \$ 198 |
| Sales taxes | 6,300,000 | 6,300,000 | 7,057,061 | 757,061 |
| Charges for services. | 1,686,280 | 1,569,748 | 1,716,237 | 146,489 |
| Licenses and permits | 1,900 | 1,500 | 2,754 | 1,254 |
| Fines and forfeitures | 286,500 | 286,105 | 313,272 | 27,167 |
| Intergovernmental. | 739,462 | 804,371 | 803,628 | (743) |
| Investment income. | 225,300 | 158,737 | 222,411 | 63,674 |
| Rental income | 116,000 | 116,000 | 153,277 | 37,277 |
| Contributions and donations. | 2,000 | 2,000 | 4,300 | 2,300 |
| Other | 431,500 | 608,308 | 722,267 | 113,959 |
| Total revenues | 11,302,942 | 11,362,353 | 12,510,989 | 1,148,636 |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Legislative and executive | 4,589,032 | 4,874,385 | 4,466,416 | 407,969 |
| Judicial. | 1,603,565 | 1,649,819 | 1,522,277 | 127,542 |
| Public safety | 3,655,847 | 3,622,280 | 3,276,347 | 345,933 |
| Public works | 21,000 | 40,525 | 39,832 | 693 |
| Health | 97,922 | 97,922 | 96,475 | 1,447 |
| Human services. | 937,049 | 930,463 | 704,726 | 225,737 |
| Intergovernmental. | 858,252 | 887,079 | 866,755 | 20,324 |
| Other | 311,000 | 18,978 | 5,560 | 13,418 |
| Capital outlay | 136,118 | 129,000 | 126,979 | 2,021 |
| Total expenditures | 12,209,785 | 12,250,451 | 11,105,367 | 1,145,084 |
| Excess (deficiency) of revenues over (under) expenditures. | (906,843) | (888,098) | 1,405,622 | 2,293,720 |
| Other financing sources (uses): | | | | |
| Sale of capital assets. | 10,000 | 56,017 | 56,017 | - |
| Advances in and not repaid | - | - | 329,000 | 329,000 |
| Advances (out). | - | (187,464) | (187,464) | - |
| Transfers in | - | 300,000 | 303,220 | 3,220 |
| Transfers (out). | - | (2,877,134) | (2,877,134) | - |
| Total other financing sources (uses) | 10,000 | (2,708,581) | (2,376,361) | 332,220 |
| Net change in fund balance | (896,843) | (3,596,679) | (970,739) | 2,625,940 |
| Fund balance at beginning of year | 5,761,362 | 5,761,362 | 5,761,362 | - |
| Prior year encumbrances appropriated | 156,386 | 156,386 | 156,386 | - |
| Fund balance at end of year | \$ 5,020,905 | \$ 2,321,069 | \$ 4,947,009 | \$ 2,625,940 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Sales taxes | \$ 520,000 | \$ 520,000 | \$ 530,536 | \$ 10,536 |
| Charges for services. | - | - | 197,454 | 197,454 |
| Fines and forfeitures | 52,600 | 52,600 | 66,195 | 13,595 |
| Intergovernmental. | 3,930,000 | 3,930,000 | 4,006,366 | 76,366 |
| Investment income. | 4,000 | 4,000 | - | (4,000) |
| Other | 193,400 | 193,400 | 256,943 | 63,543 |
| Total revenues | <u>4,700,000</u> | <u>4,700,000</u> | <u>5,057,494</u> | <u>357,494</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 4,601,104 | 6,142,020 | 5,366,374 | 775,646 |
| Capital outlay | 300,266 | 295,000 | 56,192 | 238,808 |
| Debt service: | | | | |
| Principal retirement. | 110,000 | 110,000 | 105,296 | 4,704 |
| Total expenditures | <u>5,011,370</u> | <u>6,547,020</u> | <u>5,527,862</u> | <u>1,019,158</u> |
| Net change in fund balance | (311,370) | (1,847,020) | (470,368) | 1,376,652 |
| Fund balance at beginning of year | 1,690,618 | 1,690,618 | 1,690,618 | - |
| Prior year encumbrances appropriated | 311,170 | 311,170 | 311,170 | - |
| Fund balance at end of year | <u>\$ 1,690,418</u> | <u>\$ 154,768</u> | <u>\$ 1,531,420</u> | <u>\$ 1,376,652</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Property taxes | \$ 2,700,000 | \$ 2,700,000 | \$ 2,728,992 | \$ 28,992 |
| Charges for services. | 97,000 | 97,000 | 195,020 | 98,020 |
| Intergovernmental. | 1,805,612 | 1,805,612 | 2,009,807 | 204,195 |
| Contributions and donations. | 500 | 500 | 6,948 | 6,448 |
| Other | 63,000 | 63,000 | 72,805 | 9,805 |
| Total revenues | <u>4,666,112</u> | <u>4,666,112</u> | <u>5,013,572</u> | <u>347,460</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Health | 5,635,983 | 5,568,315 | 5,060,862 | 507,453 |
| Capital outlay | 25,000 | 25,000 | 25,000 | - |
| Total expenditures | <u>5,660,983</u> | <u>5,593,315</u> | <u>5,085,862</u> | <u>507,453</u> |
| Excess of expenditures over revenues | (994,871) | (927,203) | (72,290) | 854,913 |
| Other financing sources: | | | | |
| Transfers in | 45,000 | 45,000 | 45,000 | - |
| Total other financing sources. | <u>45,000</u> | <u>45,000</u> | <u>45,000</u> | <u>-</u> |
| Net change in fund balance | (949,871) | (882,203) | (27,290) | 854,913 |
| Fund balance at beginning of year | 4,458,771 | 4,458,771 | 4,458,771 | - |
| Prior year encumbrances appropriated | 246,483 | 246,483 | 246,483 | - |
| Fund balance at end of year | <u>\$ 3,755,383</u> | <u>\$ 3,823,051</u> | <u>\$ 4,677,964</u> | <u>\$ 854,913</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 SENIOR CENTER
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Property taxes | \$ 800,000 | \$ 780,000 | \$ 778,407 | \$ (1,593) |
| Charges for services. | 100,000 | 112,000 | 133,390 | 21,390 |
| Intergovernmental. | 140,000 | 224,977 | 256,502 | 31,525 |
| Other | 17,000 | 13,691 | 44,053 | 30,362 |
| Total revenues | <u>1,057,000</u> | <u>1,130,668</u> | <u>1,212,352</u> | <u>81,684</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Health | 1,398,928 | 1,484,234 | 1,468,742 | 15,492 |
| Capital outlay | 65,000 | 72,274 | 72,274 | - |
| Total expenditures | <u>1,463,928</u> | <u>1,556,508</u> | <u>1,541,016</u> | <u>15,492</u> |
| Net change in fund balance | (406,928) | (425,840) | (328,664) | 97,176 |
| Fund balance at beginning of year | 870,864 | 870,864 | 870,864 | - |
| Prior year encumbrances appropriated | 53,661 | 53,661 | 53,661 | - |
| Fund balance at end of year | <u>\$ 517,597</u> | <u>\$ 498,685</u> | <u>\$ 595,861</u> | <u>\$ 97,176</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMS ADVANCED AND BASIC LIFE SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 1,400,000 | \$ 1,307,186 | \$ 1,307,185 | \$ (1) |
| Charges for services. | 500,000 | 426,127 | 433,156 | 7,029 |
| Intergovernmental. | 160,000 | 176,900 | 176,988 | 88 |
| Other | 1,000 | 4,400 | 4,526 | 126 |
| Total revenues | <u>2,061,000</u> | <u>1,914,613</u> | <u>1,921,855</u> | <u>7,242</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 2,456,313 | 2,850,520 | 2,652,974 | 197,546 |
| Total expenditures | <u>2,456,313</u> | <u>2,850,520</u> | <u>2,652,974</u> | <u>197,546</u> |
| Net change in fund balance | (395,313) | (935,907) | (731,119) | 204,788 |
| Fund balance at beginning of year | 3,224,099 | 3,224,099 | 3,224,099 | - |
| Prior year encumbrances appropriated | 75,342 | 75,342 | 75,342 | - |
| Fund balance at end of year | <u>\$ 2,904,128</u> | <u>\$ 2,363,534</u> | <u>\$ 2,568,322</u> | <u>\$ 204,788</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|---------------------|---------------------------------|----------------------|---|
| | Water | Sewer | Nonmajor Enterprise Funds | Total | |
| Assets: | | | | | |
| Current assets: | | | | | |
| Equity in pooled cash and investments. | \$ 1,785,621 | \$ 544,749 | \$ 32,147 | \$ 2,362,517 | \$ 197,641 |
| Cash with fiscal and escrow agents. | - | - | 2,138 | 2,138 | - |
| Receivables: | | | | | |
| Accounts. | 276,418 | 34,643 | 4,052 | 315,113 | - |
| Special assessments | 18,161 | 382,024 | - | 400,185 | - |
| Materials and supplies inventory. | 4,196 | - | - | 4,196 | 153 |
| Prepayments | 1,891 | 568 | 1,021 | 3,480 | 13,863 |
| Total current assets | <u>2,086,287</u> | <u>961,984</u> | <u>39,358</u> | <u>3,087,629</u> | <u>211,657</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Depreciable capital assets, net. | 16,724,766 | 5,316,801 | 16,878 | 22,058,445 | 9,645 |
| Total noncurrent assets | <u>16,724,766</u> | <u>5,316,801</u> | <u>16,878</u> | <u>22,058,445</u> | <u>9,645</u> |
| Total assets | <u>18,811,053</u> | <u>6,278,785</u> | <u>56,236</u> | <u>25,146,074</u> | <u>221,302</u> |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable. | 27,083 | 22,708 | 11,961 | 61,752 | 3,326 |
| Accrued wages and benefits | 4,954 | 4,954 | 1,454 | 11,362 | 10,967 |
| Due to other funds | 989 | 989 | 70 | 2,048 | - |
| Due to other governments | 2,071 | 2,071 | 862 | 5,004 | 4,632 |
| Accrued interest payable | 93 | 927 | - | 1,020 | - |
| Compensated absences payable - current. | 14,334 | 14,334 | - | 28,668 | 7,202 |
| Special assessment bonds payable | 553 | 41,897 | - | 42,450 | - |
| OWDA loans payable | 66,216 | 12,189 | - | 78,405 | - |
| Other loans payable | 16,102 | - | - | 16,102 | - |
| Total current liabilities | <u>132,395</u> | <u>100,069</u> | <u>14,347</u> | <u>246,811</u> | <u>26,127</u> |
| Long-term liabilities: | | | | | |
| Compensated absences payable | 5,815 | 5,815 | 67 | 11,697 | - |
| Special assessment bonds payable | 10,606 | 189,849 | - | 200,455 | - |
| OWDA loans payable | 1,754,727 | 162,693 | - | 1,917,420 | - |
| Other loans payable | 150,298 | - | - | 150,298 | - |
| Total long-term liabilities | <u>1,921,446</u> | <u>358,357</u> | <u>67</u> | <u>2,279,870</u> | <u>-</u> |
| Total liabilities | <u>2,053,841</u> | <u>458,426</u> | <u>14,414</u> | <u>2,526,681</u> | <u>26,127</u> |
| Net position: | | | | | |
| Net investment in capital assets. | 14,726,264 | 5,065,795 | 16,878 | 19,808,937 | 9,645 |
| Unrestricted | <u>2,030,948</u> | <u>754,564</u> | <u>24,944</u> | <u>2,810,456</u> | <u>185,530</u> |
| Total net position. | <u>\$ 16,757,212</u> | <u>\$ 5,820,359</u> | <u>\$ 41,822</u> | <u>\$ 22,619,393</u> | <u>\$ 195,175</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|---|---------------------|---------------------------------|-------------------|---|
| | Water | Sewer | Nonmajor Enterprise Funds | Total | |
| Operating revenues: | | | | | |
| Charges for services | \$ 3,461,387 | \$ 299,056 | \$ 201,810 | \$ 3,962,253 | \$ 369,319 |
| Tap-in fees | 1,538 | 1,538 | - | 3,076 | - |
| Other operating revenues | 42,331 | 62,430 | - | 104,761 | - |
| Total operating revenues. | <u>3,505,256</u> | <u>363,024</u> | <u>201,810</u> | <u>4,070,090</u> | <u>369,319</u> |
| Operating expenses: | | | | | |
| Personal services | 126,210 | 126,210 | 45,314 | 297,734 | 284,397 |
| Contract services. | 3,060,688 | 229,499 | 174,108 | 3,464,295 | - |
| Materials and supplies. | 11,570 | 7,479 | 3,159 | 22,208 | 277,016 |
| Administrative costs. | 6,481 | 18,267 | - | 24,748 | 2,547 |
| Depreciation. | 487,245 | 166,659 | 4,250 | 658,154 | 2,924 |
| Other | 138,183 | 2,895 | 2,470 | 143,548 | 1,666 |
| Total operating expenses. | <u>3,830,377</u> | <u>551,009</u> | <u>229,301</u> | <u>4,610,687</u> | <u>568,550</u> |
| Operating loss | <u>(325,121)</u> | <u>(187,985)</u> | <u>(27,491)</u> | <u>(540,597)</u> | <u>(199,231)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Interest and fiscal charges | (8,326) | (14,194) | - | (22,520) | - |
| Intergovernmental | - | 19,003 | - | 19,003 | - |
| Total nonoperating revenues (expenses). | <u>(8,326)</u> | <u>4,809</u> | <u>-</u> | <u>(3,517)</u> | <u>-</u> |
| Loss before transfers | (333,447) | (183,176) | (27,491) | (544,114) | (199,231) |
| Transfer in | - | - | - | - | 267,657 |
| Change in net position | (333,447) | (183,176) | (27,491) | (544,114) | 68,426 |
| Net position at beginning of year | <u>17,090,659</u> | <u>6,003,535</u> | <u>69,313</u> | <u>23,163,507</u> | <u>126,749</u> |
| Net position at end of year | <u>\$ 16,757,212</u> | <u>\$ 5,820,359</u> | <u>\$ 41,822</u> | <u>22,619,393</u> | <u>\$ 195,175</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | Business-type Activities - Enterprise Funds | | | Total | Governmental Activities - Internal Service Funds |
|---|---|-------------------|---------------------------------|---------------------|---|
| | Water | Sewer | Nonmajor Enterprise Funds | | |
| Cash flows from operating activities: | | | | | |
| Cash received from tap-in fees | \$ 1,538 | \$ 1,538 | \$ - | \$ 3,076 | \$ - |
| Cash received from charges for services. | 3,397,833 | 284,226 | 200,428 | 3,882,487 | 369,319 |
| Cash received from other operations | 42,623 | 62,430 | - | 105,053 | - |
| Cash payments for personal services. | (126,031) | (126,031) | (45,273) | (297,335) | (290,307) |
| Cash payments for contractual services | (3,065,630) | (213,817) | (170,728) | (3,450,175) | - |
| Cash payments for materials and supplies | (16,619) | (7,909) | (3,207) | (27,735) | (272,238) |
| Cash payments for administrative costs | (6,236) | (18,022) | - | (24,258) | (2,547) |
| Cash payments for other expenses | (121,581) | (3,121) | (2,470) | (127,172) | (1,981) |
| Net cash provided (used in) by operating activities. | 105,897 | (20,706) | (21,250) | 63,941 | (197,754) |
| Cash flows from noncapital financing activities: | | | | | |
| Cash received from transfers in | - | - | - | - | 267,657 |
| Cash received from special assessments. | 9,228 | 103,539 | - | 112,767 | - |
| Net cash provided by noncapital financing activities. | 9,228 | 103,539 | - | 112,767 | 267,657 |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition of capital assets | (16,949) | (16,948) | - | (33,897) | - |
| Principal retirement on bonds. | (20,502) | (41,568) | - | (62,070) | - |
| Principal retirement on loans | (48,678) | (6,094) | - | (54,772) | - |
| Interest and fiscal charges | (8,316) | (14,359) | - | (22,675) | - |
| Net cash used in capital and related financing activities. | (94,445) | (78,969) | - | (173,414) | - |
| Net increase (decrease) in cash and investments | 20,680 | 3,864 | (21,250) | 3,294 | 69,903 |
| Cash and investments at beginning of year . . . | <u>1,764,941</u> | <u>540,885</u> | <u>55,535</u> | <u>2,361,361</u> | <u>127,738</u> |
| Cash and investments at end of year | <u>\$ 1,785,621</u> | <u>\$ 544,749</u> | <u>\$ 34,285</u> | <u>\$ 2,364,655</u> | <u>\$ 197,641</u> |

-- Continued

FULTON COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2014

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|--------------------|---------------------------------|------------------|---|
| | Water | Sewer | Nonmajor Enterprise Funds | Total | |
| Reconciliation of operating loss to net cash provided (used in) by operating activities: | | | | | |
| Operating loss | \$ (325,121) | \$ (187,985) | \$ (27,491) | \$ (540,597) | \$ (199,231) |
| Adjustments: | | | | | |
| Depreciation. | 487,245 | 166,659 | 4,250 | 658,154 | 2,924 |
| Changes in assets and liabilities: | | | | | |
| Increase in materials and supplies inventory | (4,196) | - | - | (4,196) | - |
| Increase in accounts receivable. | (63,262) | (14,830) | (1,382) | (79,474) | - |
| Decrease (increase) in prepayments | 3,133 | (387) | 317 | 3,063 | 125 |
| Increase in accounts payable | 17,806 | 15,595 | 3,063 | 36,464 | 3,326 |
| Increase (decrease) in accrued wages and benefits. | (672) | (672) | 11 | (1,333) | 1,627 |
| Increase (decrease) in intergovernmental payable | (10,085) | (583) | (37) | (10,705) | 157 |
| Increase (decrease) in compensated absences payable. | 1,714 | 1,714 | 67 | 3,495 | (6,682) |
| Decrease in due to other funds. | (665) | (217) | (48) | (930) | - |
| Net cash provided (used in) by operating activities | <u>\$ 105,897</u> | <u>\$ (20,706)</u> | <u>\$ (21,250)</u> | <u>\$ 63,941</u> | <u>\$ (197,754)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 DECEMBER 31, 2014

| | Agency |
|--|---------------|
| Assets: | |
| Equity in pooled cash | |
| and investments | \$ 7,254,416 |
| Cash in segregated accounts. | 330,126 |
| Receivables: | |
| Real estate and other taxes. | 43,651,684 |
| Due from other governments. | 1,271,690 |
| Special assessments. | 4,654,477 |
| Deferred special assessments. | 1,263,107 |
| Total assets | \$ 58,425,500 |
| Liabilities: | |
| Deposits held and due to others. | \$ 7,287,942 |
| Due to other governments. | 49,874,451 |
| Deferred loan payments. | 1,263,107 |
| Total liabilities | \$ 58,425,500 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - DESCRIPTION OF THE COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the County's accounting policies are described below.

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

EXCLUDED POTENTIAL COMPONENT UNITS

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

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore the operations of the following PCU's have been excluded from the County's BFS, but the funds held on behalf of these PCU's in the County treasury are included in the agency funds.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fulton County Board of Health - The five member Board of Health is appointed by the District Advisory Council, which is comprised of township trustee chairmen and clerks and mayors of participating municipalities. The Board of Health adopts its own budget and operates autonomously from the County.

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

JOINTLY GOVERNED ORGANIZATIONS

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

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer Community Development Block Grants and a per capita amount from each county. In 2014, the County paid per capita charges of \$82,086 to MVPO.

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

The Council is governed by a Board consisting of one representative from each member county's Board of County Commissioners. The Council establishes cooperative programs which benefit member entities.

Fulton County has elected to no longer provide health insurance benefits to its employees through the Council. A final distribution of the remaining cash fund balance was made to the County in 2014. See Note 2.R.

Regional Port Authority of Northwest Ohio - The Regional Port Authority of Northwest Ohio (the "Authority") was created in June 2008 and is a jointly governed organization between Defiance, Henry, Paulding and Fulton Counties. The Authority was established pursuant to Ohio Revised Code Section 4582.21. The purpose of the Authority is to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, governmental operations, culture, research and the creation and preservation of jobs and employment opportunities.

The Authority is governed by a Board consisting of twelve appointed members. Each member county's Board of County Commissioners shall appoint three members. Each respective Board of County Commissioners shall appoint one member of the Board whose initial term expired December 31, 2012, one member of the Board whose initial term expired December 31, 2013 and one member of the Board whose initial term expires December 31, 2014. Upon the expiration of the initial terms, each subsequent member of the Board shall serve a four year term commencing on January 1 of each year.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Any county may withdraw from the Authority by resolution of that county's Board of County Commissioners. Upon withdrawal, such county shall not be entitled to any distribution from the Authority and forfeits its rights to receive any funds it contributed to the Authority. The Authority may be dissolved by adoption of a resolution by all member counties' Board of County Commissioners. Upon dissolution and after paying all expenses, costs and debts of the Authority, any real or personal property given to the Authority shall be returned to the county from which it was received, and any balances remaining in the funds of the Authority, and remaining real or personal property of the Authority, shall be distributed to the counties equally.

During 2014, the County made no contributions to the Authority. Financial information of the Authority can be obtained by contacting Jerry J. Arkebauer, Executive Director, 1300 E. 2nd Street, Suite 200, Defiance, Ohio 43512.

JOINT VENTURES WITHOUT EQUITY INTEREST

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

The CCNO is governed by a commission team made up of 18 members. These members consist of one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. Sources of revenue include operating costs and capital costs contributed by members and rental revenue. The County does not have explicit, measurable right to the net resources of the CCNO. Total expenditures made by the County to the CCNO in 2014 were \$1,324,032. Complete financial statements for the CCNO can be obtained from the CCNO's administrative office on County Road 24 in Stryker, Ohio.

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

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

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

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Quadco is governed by an eight member Board composed of two appointees made by each of the four County Boards of Developmental Disabilities (County Boards of DD). This Board in conjunction with the County Boards of DD assesses the need of the adult developmentally disabled residents in each County and sets priorities based on available funds. The County provides subsidies to Quadco based on units of service provided to it. For the year ended December 31, 2014 the County remitted \$61,180 to Quadco to supplement its operations.

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

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

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

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Directors to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. The County has no ongoing financial responsibility for the District. No contributions were made by the County to the District in 2014. Grant monies received by the County from the District are reported in a special revenue fund.

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

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

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

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

NWOJDD is governed and operated by a thirteen member board of trustees consisting of three trustees from each county and one at large member. Revenue sources are from member counties and rental revenue. The County has no ongoing financial responsibility for NWOJDD. The County remitted \$248,827 to NWOJDD in 2014.

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

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

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

B. Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues 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. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - During the year, the County segregates transactions related to certain County 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 County at this more detailed level. The focus of governmental and proprietary 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. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. Fund Accounting

The County 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. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows is reported as fund balance. The following are the County's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle and Gas Tax - This fund accounts for revenues derived from motor vehicle licenses, and gasoline taxes. Expenditures are restricted by State law to County road and bridge repair and maintenance programs.

County Board of Developmental Disabilities (County Board of DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

Senior Center - This fund accounts for the operation of senior center services to the senior citizens in the County. It provides meals, housekeeping and various activities for the senior citizens. Revenue sources include a property tax levy with a small portion of federal and State grants.

EMS Advanced and Basic Life Services - This fund accounts for a property tax levy, charges for services and cost of services related to the emergency medical services provided by the County.

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise funds:

Sewer - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of the County. The costs of providing these services are financed primarily through user charges.

Water - This fund accounts for revenues and expenses associated with water services provided from the County to individual and commercial users. The costs of providing these services are financed primarily through user charges.

The other enterprise funds of the County are used to account for the solid waste incinerator and recycling activities. These funds are nonmajor funds whose activities have been aggregated and presented in a single column in the BFS.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service funds primarily account for geographic information systems services provided to various departments of the County.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and for forfeitures collected and distributed to other political subdivisions.

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the County are included on the statement of net position.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows, current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary funds.

Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the full accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the full accrual basis of accounting. Differences in the full accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the County that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the County that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as a deferred inflow of resources. Special assessments and sales taxes not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2014, are recorded as a deferred inflow of resources in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as a deferred inflow of resources.

Expense/Expenditures - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds are legally required to be budgeted. The purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate of estimated resources issued during 2014.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2014 are included in the original and final budget amounts in the budget-to-actual comparisons.

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not re-appropriated.

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During 2014, investments were limited to federal agency securities, negotiable certificates of deposit, nonnegotiable certificates of deposit and U.S. Government money market mutual funds.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2014 amounted to \$228,546 which includes \$179,209 assigned from other County funds.

The County has segregated bank accounts for monies held separately from the County's central bank account. These depository accounts are presented on the basic financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the County's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, reported material and supplies inventory is equally offset by nonspendable balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$2,500. The County's infrastructure consists of roads, bridges, culverts and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> | <u>Business-Type Activities Estimated Lives</u> |
|----------------------------|--|---|
| Land improvements | 10 - 20 years | - |
| Buildings and improvements | 20 - 40 years | 20 - 40 years |
| Machinery and equipment | 5 - 20 years | 5 - 20 years |
| Vehicles | 8 - 20 years | 5 years |
| Sewer lines/water lines | - | 50 years |
| Infrastructure | 20 - 50 years | 20 - 50 years |

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Interest is capitalized on proprietary fund capital assets acquired with tax-exempt debt. The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2014, the net interest expense incurred on proprietary fund construction projects was not material.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2014, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the vesting method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2014, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

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

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance classification in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes, capital leases and long-term loans are recognized as a liability in the fund financial statements when due.

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" for long-term loans. All other outstanding balances outstanding between funds are reported as "due to/from other funds." These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the governmental fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor 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 policies of the Board of Commissioners.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

FULTON COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the water, sewer, solid waste incinerator, recycling and geographic information systems programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2014, the proprietary funds received no contributions.

Q. Net Position

Net position represents the difference between assets plus deferred outflows less liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2014, there was no net position restricted by enabling legislation.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. During 2014, the County withdrew from the Fulton-Henry Counties Employee Insurance Benefits Program and received \$1,610,282 in leftover monies from the Program after all claims were settled. This amount was classified as a special item on both the fund and government-wide financial statements. The County had no extraordinary items during 2014.

S. Estimates

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

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2014, the County has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the County.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the County.

B. Deficit Fund Balances

Fund balances at December 31, 2014 included the following individual fund deficits:

| <u>Nonmajor governmental funds</u> | <u>Deficit</u> |
|------------------------------------|----------------|
| Ditch bond retirement | \$ 39,717 |
| FY13 HSTS project | 12,058 |

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.
9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

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

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

A. Cash in Segregated Accounts

At year end, the County had \$357,730 cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of deposits with fiscal institutions below.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2014, the carrying amount of all County deposits was \$25,413,987. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2014, \$13,141,253 of the County’s bank balance of \$25,706,427 was exposed to custodial risk as discussed below, while \$12,565,174 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the County’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

C. Investments

As of December 31, 2014, the County had the following investments and maturities:

| Investment type | Fair value | Investment maturities | | | | |
|------------------------------|----------------------|-----------------------|----------------|-----------------|---------------------|------------------------|
| | | 6 months or less | 7 to 12 months | 13 to 18 months | 19 to 24 months | Greater than 24 months |
| FHLMC | \$ 6,748,558 | \$ - | \$ - | \$ - | \$ - | \$ 6,748,558 |
| FFCB | 3,480,895 | - | - | - | - | 3,480,895 |
| FNMA | 1,001,080 | - | - | - | - | 1,001,080 |
| Negotiable CD's | 2,582,148 | - | - | - | 1,598,626 | 983,522 |
| U.S. Government money market | 41 | 41 | - | - | - | - |
| Total | \$ 13,812,722 | \$ 41 | \$ - | \$ - | \$ 1,598,626 | \$ 12,214,055 |

The weighted average maturity of investments is 3.45 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County’s investment policy limits investment portfolio maturities to five years or less.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The U.S. Government money market funds carry a rating of AAAm by Standard & Poor's. The County's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County's investments in negotiable certificates of deposit were not rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured and unregistered. The County has no investment policy dealing with investments custodial risk beyond the requirement in State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the County Treasurer or qualified trustee.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2014:

| <u>Investment type</u> | <u>Fair value</u> | <u>% of total</u> |
|---------------------------------|-------------------|-------------------|
| FHLMC | \$ 6,748,558 | 48.85% |
| FFCB | 3,480,895 | 25.20% |
| FNMA | 1,001,080 | 7.25% |
| Negotiable CD's | 2,582,148 | 18.69% |
| U.S. Government money market | 41 | 0.01% |
| Total | \$ 13,812,722 | 100.00% |

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2014:

| <u>Cash and investments per note</u> | |
|---|---------------|
| Carrying amount of deposits | \$ 25,413,987 |
| Investments | 13,812,722 |
| Total | \$ 39,226,709 |
| <u>Cash and investments per statement of net position</u> | |
| Governmental activities | \$ 29,277,512 |
| Business-type activities | 2,364,655 |
| Agency funds | 7,584,542 |
| Total | \$ 39,226,709 |

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2014, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:

| | |
|-----------------------------|--------------|
| General fund | \$ 1,699,477 |
| Nonmajor governmental funds | 51,418 |

Transfers to County Board of DD fund from:

| | |
|-----------------------------|--------|
| Nonmajor governmental funds | 45,000 |
|-----------------------------|--------|

Transfers to internal service funds from:

| | |
|--------------|---------|
| General fund | 267,657 |
|--------------|---------|

| | |
|-----------------|--------------|
| Total transfers | \$ 2,063,552 |
|-----------------|--------------|

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the statement of activities.

- B. Long-term advances to and from other funds at December 31, 2014, consisted of the following, as reported on the fund financial statements:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|---------------|
| General fund | Nonmajor governmental funds | \$ 46,992 |
| Nonmajor governmental funds | Nonmajor governmental funds | 23,121 |
| Total long-term advances | | \$ 70,113 |

The balance in the general fund represents amounts due from other funds that are not expected to be repaid within the next fiscal year.

Long-term advances between governmental funds are eliminated on the statement of net position.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- C. Due to/from other funds consisted of the following at December 31, 2014, as reported on the fund financial statements:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|-------------------------------|-----------------------------|------------------|
| General | Senior Center | \$ 6,569 |
| General | EMS A & B life services | 351 |
| General | Nonmajor governmental funds | 12,455 |
| General | Water | 989 |
| General | Sewer | 989 |
| General | Nonmajor enterprise funds | 70 |
| Nonmajor governmental funds | Nonmajor governmental funds | 12,524 |
| Nonmajor governmental funds | General | <u>37,998</u> |
| Total due to/from other funds | | <u>\$ 71,945</u> |

The balances resulted from the time lag between the dates that payments between the funds are made. Amounts due to/from between governmental funds are eliminated on the statement of net position.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2014 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2014 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all County operations for the year ended December 31, 2014 was \$10.30 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

| | |
|-------------------------------|-------------------------|
| <u>Real property</u> | |
| Residential/agricultural | \$ 821,623,400 |
| Commercial/industrial/mineral | 138,429,540 |
| <u>Public utility</u> | |
| Real | 537,010 |
| Personal | 45,045,490 |
| Total assessed value | <u>\$ 1,005,635,440</u> |

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners by resolution imposed a 0.5% tax on all retail sales made in the County, including sales of motor vehicles, and on storage, use, or consumption in the County of tangible personal property, including automobiles not subject to the sales tax. In 1987, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.0%. In 2009, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.5%.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the taxes to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month.

Proceeds of the sales tax are credited to the general fund and the motor vehicle and gas tax fund and amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent they are intended to finance the 2014 operations. Sales tax revenue for 2014 amounted to \$7,748,140.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2014, consisted of taxes, special assessments, accounts (billings for user charged services), interest, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2014.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 8 - RECEIVABLES - (Continued)

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

| | |
|----------------------------|--------------|
| Sales taxes | \$ 2,004,970 |
| Property taxes | 6,960,275 |
| Accounts | 322,533 |
| Due from other governments | 3,270,901 |
| Special assessments | 498,530 |
| Accrued interest | 63,526 |

Business-type activities:

| | |
|---------------------|---------|
| Accounts | 315,113 |
| Special assessments | 400,185 |

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year, with the exception of the special assessments which are collected over the life of the assessment.

NOTE 9 - LOANS RECEIVABLE

Loans receivable represents low interest loans made by the County for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at annual rates ranging between 3 and 5 percent. The loans are to be repaid over periods ranging from 5 to 10 years. A summary of the CDBG loan activity for 2014 is as follows:

| | <u>Balance at 12/31/2013</u> | <u>Issued/ Additions</u> | <u>Payments/ Reductions</u> | <u>Balance at 12/31/2014</u> |
|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|
| Revolving loans | \$ 240,957 | \$ 120,739 | \$ (100,213) | \$ 261,483 |
| Allowance for doubtful accounts | <u>(137,035)</u> | <u>-</u> | <u>-</u> | <u>(137,035)</u> |
| Revolving loans, net | <u>\$ 103,922</u> | <u>\$ 120,739</u> | <u>\$ (100,213)</u> | <u>\$ 124,448</u> |

The loans are reported in the nonmajor governmental funds.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 10 - CAPITAL ASSETS

A. Capital asset activity for the fiscal year ended December 31, 2014, was as follows:

| | <u>Balance</u> <u>12/31/13</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>12/31/14</u> |
|--|-----------------------------------|--------------------|--------------------|-----------------------------------|
| Governmental activities: | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Land | \$ 1,011,931 | \$ - | \$ - | \$ 1,011,931 |
| Construction in progress | <u>1,110,378</u> | <u>164,809</u> | <u>-</u> | <u>1,275,187</u> |
| Total capital assets not being depreciated | <u>2,122,309</u> | <u>164,809</u> | <u>-</u> | <u>2,287,118</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Land improvements | 4,066,517 | - | - | 4,066,517 |
| Buildings and improvements | 24,330,155 | 31,900 | - | 24,362,055 |
| Machinery and equipment | 5,877,852 | 730,417 | - | 6,608,269 |
| Vehicles | 5,832,713 | 263,432 | (245,498) | 5,850,647 |
| Infrastructure | <u>50,046,977</u> | <u>2,284,106</u> | <u>-</u> | <u>52,331,083</u> |
| Total capital assets being depreciated | <u>90,154,214</u> | <u>3,309,855</u> | <u>(245,498)</u> | <u>93,218,571</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Land improvements | (3,281,559) | (122,896) | - | (3,404,455) |
| Buildings and improvements | (9,602,537) | (649,746) | - | (10,252,283) |
| Machinery and equipment | (3,749,406) | (393,781) | - | (4,143,187) |
| Vehicles | (2,325,291) | (404,508) | 212,577 | (2,517,222) |
| Infrastructure | <u>(26,036,469)</u> | <u>(1,907,772)</u> | <u>-</u> | <u>(27,944,241)</u> |
| Total accumulated depreciation | <u>(44,995,262)</u> | <u>(3,478,703)</u> | <u>212,577</u> | <u>(48,261,388)</u> |
| Total capital assets being depreciated, net | <u>45,158,952</u> | <u>(168,848)</u> | <u>(32,921)</u> | <u>44,957,183</u> |
| Governmental activities capital assets, net | <u>\$ 47,281,261</u> | <u>\$ (4,039)</u> | <u>\$ (32,921)</u> | <u>\$ 47,244,301</u> |

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 10 - CAPITAL ASSETS - (Continued)

Capital assets of the business-type activities for the year ended December 31, 2014, was as follows:

| | <u>Balance</u> <u>12/31/13</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>12/31/14</u> |
|---|-----------------------------------|---------------------|-------------------|-----------------------------------|
| Business-type activities: | | | | |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings and improvements | \$ 69,416 | \$ - | \$ - | \$ 69,416 |
| Machinery and equipment | 228,946 | - | - | 228,946 |
| Vehicles | 20,989 | 33,897 | (20,989) | 33,897 |
| Waterlines/sewerlines | 32,658,084 | - | - | 32,658,084 |
| Total capital assets being depreciated | <u>32,977,435</u> | <u>33,897</u> | <u>(20,989)</u> | <u>32,990,343</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Buildings and improvements | (52,061) | (1,735) | - | (53,796) |
| Machinery and equipment | (210,470) | (6,250) | - | (216,720) |
| Vehicles | (20,989) | (1,695) | 20,989 | (1,695) |
| Waterlines/sewerlines | (10,011,213) | (648,474) | - | (10,659,687) |
| Total accumulated depreciation | <u>(10,294,733)</u> | <u>(658,154)</u> | <u>20,989</u> | <u>(10,931,898)</u> |
| Total capital assets being depreciated, net | <u>\$ 22,682,702</u> | <u>\$ (624,257)</u> | <u>\$ -</u> | <u>\$ 22,058,445</u> |

B. Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| Legislative and executive | \$ 359,364 |
| Judicial | 131,436 |
| Public safety | 256,233 |
| Public works | 2,223,303 |
| Health | 269,261 |
| Human services | 154,239 |
| Economic development | 4,599 |
| Intergovernmental | 77,344 |
| Depreciation of internal service fund capital assets | 2,924 |
| Total depreciation expense - governmental activities | <u>\$ 3,478,703</u> |
| Business-type activities: | |
| Water | \$ 487,245 |
| Sewer | 166,659 |
| Nonmajor | 4,250 |
| Total depreciation expense - business-type activities | <u>\$ 658,154</u> |

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the County entered into capital lease agreements for the acquisition of copier equipment. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of copier equipment have been capitalized in the amount of \$33,115. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2014 was \$31,168, leaving a current book value of \$1,947. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments made in the 2014 totaled \$2,388, and \$276, respectively.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2014:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---|-----------------|
| 2015 | \$ 2,220 |
| Total future minimum lease payments | 2,220 |
| Less: amount representing interest | <u>(79)</u> |
| Present value of net minimum lease payments | <u>\$ 2,141</u> |

NOTE 12 - COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending upon length of service and standard workweek. Current policies credit vacation leave on a pay period basis except for new employees who are required to complete one year of service prior to their accrual becoming available. Employees, per department policy, may also accrue compensatory time for hours worked in excess of regular work week. County employees are paid for earned, unused vacation leave upon termination of employment. Unused compensatory time may, depending on departmental policy, be paid at termination of service.

Upon retirement, all employees are paid their accumulated, unused sick leave per Ohio Revised Code Section 124.39(B). Each employee of the County with ten or more years of service with any Ohio local government or the State of Ohio is paid 25% of his or her accumulated unused sick leave, up to a maximum of 30 days upon retirement from the County, with the exception of the County Engineer Department highway workers who are paid 33% of the accumulated unused sick leave, up to maximum of 30 days upon retirement from the County.

FULTON COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 12 - COMPENSATED ABSENCES - (Continued)

At December 31, 2014, vested benefits for vacation leave for governmental activities employees totaled \$603,419 and vested benefits for sick leave totaled \$100,030. These amounts represent the non-current portion of the vested benefits and are reported in the government-wide financial statements. A current liability of \$205 is reported for governmental activities sick leave at December 31, 2014. For business-type activities, vested benefits for vacation leave totaled \$28,668 and vested benefits for sick leave totaled zero. These amounts represent the current and non-current portion of the vested benefits and are reported as a liability of the fund from which the employee is paid. In accordance with GASB Statement No. 16, an additional liability of \$185,842 for governmental activities employees and \$11,697 for business-type activities employees was accrued to record termination (severance) payments for employees expected to become eligible to retire in the future.

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FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Long-Term Obligations

During 2014, the following changes occurred in the County's governmental long-term obligations:

| | Issue <u>Date</u> | Maturity <u>Date</u> | Balance <u>12/31/13</u> | <u>Additions</u> | <u>Reductions</u> | Balance <u>12/31/14</u> | Amount Due <u>in One Year</u> |
|--|----------------------|-------------------------|----------------------------|-------------------|---------------------|----------------------------|----------------------------------|
| Governmental activities: | | | | | | | |
| <u>Special assessment bonds:</u> | | | | | | | |
| Ditch Bond, Series 2014 | 5/08/14 | 12/1/20 | \$ - | \$ 145,000 | \$ (20,000) | \$ 125,000 | \$ 20,000 |
| Ditch Bond, Ditch #2105 | 10/15/09 | 12/1/14 | 32,439 | - | (32,439) | - | - |
| Total special assessment bonds | | | <u>32,439</u> | <u>145,000</u> | <u>(52,439)</u> | <u>125,000</u> | <u>20,000</u> |
| <u>General obligation notes:</u> | | | | | | | |
| Fulton County solid waste building | 1/10/03 | 12/1/17 | 117,835 | - | (27,420) | 90,415 | 28,737 |
| Total general obligation notes | | | <u>117,835</u> | <u>-</u> | <u>(27,420)</u> | <u>90,415</u> | <u>28,737</u> |
| <u>General obligation bonds:</u> | | | | | | | |
| Various purposes | 8/30/07 | 8/15/17 | 135,000 | - | (30,000) | 105,000 | 35,000 |
| Various purposes | 8/30/07 | 8/15/17 | 275,000 | - | (65,000) | 210,000 | 65,000 |
| Total general obligation bonds | | | <u>410,000</u> | <u>-</u> | <u>(95,000)</u> | <u>315,000</u> | <u>100,000</u> |
| <u>OPWC loans payable:</u> | | | | | | | |
| Issue II Loan - Co Rd C Project | 12/01/06 | 01/01/27 | 61,913 | - | (4,763) | 57,150 | 4,762 |
| Issue II Loan - Co Rd 14 Project | 12/01/06 | 01/01/27 | 53,735 | - | (4,133) | 49,602 | 4,134 |
| Issue II Loan - Co Rd C Reconstruct. | 1/1/07 | 1/1/28 | 17,500 | - | (1,250) | 16,250 | 1,250 |
| Issue II Loan - Co Rd A Project | 1/1/07 | 7/1/18 | 73,787 | - | (16,397) | 57,390 | 16,397 |
| Issue II Loan - Rd 20 Resurfacing | 12/1/09 | 7/1/19 | 74,588 | - | (13,561) | 61,027 | 13,561 |
| Issue II Loan - County Rd B | 10/22/10 | 1/1/21 | 195,336 | - | (27,905) | 167,431 | 27,905 |
| Issue II Loan - Co Rd D Resurfacing | 7/22/11 | 1/1/22 | 248,124 | - | (31,016) | 217,108 | 31,015 |
| Issue II Loan - Bridge T64.9 replace | 10/5/12 | 7/1/32 | 116,000 | - | (6,270) | 109,730 | 6,270 |
| Total OPWC Loans | | | <u>840,983</u> | <u>-</u> | <u>(105,295)</u> | <u>735,688</u> | <u>105,294</u> |
| <u>Other long-term obligations</u> | | | | | | | |
| Landfill closure/postclosure costs | | | 4,813 | - | (4,813) | - | - |
| Capital lease obligations | | | 4,529 | - | (2,388) | 2,141 | 2,141 |
| Compensated absences | | | 871,521 | 639,930 | (621,955) | 889,496 | 646,495 |
| Total other long-term obligations | | | <u>880,863</u> | <u>639,930</u> | <u>(629,156)</u> | <u>891,637</u> | <u>648,636</u> |
| Total governmental activities long-term liabilities | | | <u>\$ 2,282,120</u> | <u>\$ 784,930</u> | <u>\$ (909,310)</u> | <u>\$ 2,157,740</u> | <u>\$ 902,667</u> |

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

Landfill closure/postclosure costs: The County has recognized a liability for estimated closure and postclosure costs on the landfill. The liability is reduced as expenditures are made, which occur in a nonmajor governmental fund. The liability for landfill closure and postclosure costs is further described in Note 19. During 2014, this liability had been paid in full.

General obligation notes: The County issued general obligation notes on January 10, 2003, for the purpose of acquiring and improving a facility to be used as a solid waste/recycling transfer station and acquiring equipment for operation. The notes have been issued in three series - the first series for \$91,000 had an interest rate of 4.40% and matured December 1, 2007; the second series for \$115,000 has an interest rate of 4.65% and matured on December 1, 2012; and the third series for \$144,000 has an interest rate of 4.80% and matures on December 1, 2017. Payments are made from nonmajor governmental funds.

General obligation bonds: On August 30, 2007 the County issued two general obligation bonds for various purposes in the amount of \$915,000. These bonds bear an interest rate of 4.05% and are supported by the full faith and credit of the County. Repayment will be made with tax levy revenues in the nonmajor governmental funds.

OPWC loans payable: The Ohio Public Works Commission (OPWC) loans were issued on December 1, 2006, January 1, 2007, July 24, 2008, June 22, 2009, October 22, 2010, July 22, 2011 and October 5, 2012 to provide for improvements to County Road C, County Road 14, County Road A, County Road 20, County Road B, County Road D and Bridge T64.9. These loans bear no interest rate as long as the County remains current on its payments. The OPWC loan proceeds are recorded in a nonmajor governmental fund and OPWC loan payments are recorded in the motor vehicle and gas tax fund.

Capital lease obligation: The County has entered into capital lease obligations for the purchase of copier equipment. Principal payments on these obligations are reported in the general fund and in nonmajor governmental funds. The capital lease obligation is further described in Note 11.

Compensated absences: Compensated absences represent amounts for which the County could potentially be liable on eligible employees. Compensated absences are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the funds from which the employees' salaries are paid, which are primarily the general, motor vehicle and gas tax, and County Board of DD funds. Compensated absences are further described in Note 12.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

| <u>Year Ending</u> | <u>OPWC Loans</u> | | | <u>Special Assessment Bonds</u> | | |
|--------------------|-------------------|-----------------|-------------------|---------------------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2015 | \$ 105,294 | \$ - | \$ 105,294 | \$ 20,000 | \$ 5,813 | \$ 25,813 |
| 2016 | 105,298 | - | 105,298 | 20,000 | 4,882 | 24,882 |
| 2017 | 105,294 | - | 105,294 | 20,000 | 3,953 | 23,953 |
| 2018 | 97,098 | - | 97,098 | 20,000 | 3,022 | 23,022 |
| 2019 | 82,118 | - | 82,118 | 20,000 | 2,093 | 22,093 |
| 2020 - 2024 | 172,017 | - | 172,017 | 25,000 | 1,162 | 26,162 |
| 2025 - 2029 | 52,894 | - | 52,894 | - | - | - |
| 2030 - 2032 | 15,675 | - | 15,675 | - | - | - |
| Total | \$ 735,688 | \$ - | \$ 735,688 | \$ 125,000 | \$ 20,925 | \$ 145,925 |

| <u>Year Ending</u> | <u>General Obligation Notes</u> | | | <u>General Obligation Bonds</u> | | |
|--------------------|---------------------------------|-----------------|------------------|---------------------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2015 | \$ 28,737 | \$ 4,340 | \$ 33,077 | \$ 100,000 | \$ 11,745 | \$ 111,745 |
| 2016 | 30,116 | 2,961 | 33,077 | 105,000 | 7,695 | 112,695 |
| 2017 | 31,562 | 1,515 | 33,077 | 110,000 | 3,342 | 113,342 |
| Total | \$ 90,415 | \$ 8,816 | \$ 99,231 | \$ 315,000 | \$ 22,782 | \$ 337,782 |

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

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$23,325,886 at December 31, 2014 and the unvoted legal debt margin was \$10,056,354 at December 31, 2014.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities

During 2014, the following changes occurred in the County's business-type long-term obligations:

| | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Balance 12/31/13</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/14</u> | <u>Amount Due in One Year</u> |
|--|-----------------------|--------------------------|-----------------------------|------------------|---------------------|-----------------------------|-----------------------------------|
| Business-type activities: | | | | | | | |
| <u>OWDA loans:</u> | | | | | | | |
| NE Fulton County Water Supply | 2010 | 2042 | \$ 1,854,051 | \$ - | \$ (33,108) | \$ 1,820,943 | \$ 66,216 |
| Riviera Mobile Home Court sewer | 2011 | 2031 | 28,871 | - | (849) | 28,022 | 1,699 |
| Wastewater collection/treatment | 2007 | 2028 | <u>152,105</u> | <u>-</u> | <u>(5,245)</u> | <u>146,860</u> | <u>10,490</u> |
| Total OWDA loans | | | <u>2,035,027</u> | <u>-</u> | <u>(39,202)</u> | <u>1,995,825</u> | <u>78,405</u> |
| <u>Special assessment bonds:</u> | | | | | | | |
| Pettisville waterline | 9/1/97 | 12/1/14 | 20,000 | - | (20,000) | - | - |
| Waterline extension assessment | 6/15/06 | 6/15/26 | 11,661 | - | (502) | 11,159 | 553 |
| Exit 3 sewer improvement | 1/13/99 | 12/1/18 | 180,000 | - | (35,000) | 145,000 | 35,000 |
| Industrial corridor sewer district | 12/23/04 | 12/1/24 | <u>93,314</u> | <u>-</u> | <u>(6,568)</u> | <u>86,746</u> | <u>6,897</u> |
| Total special assessment bonds | | | <u>304,975</u> | <u>-</u> | <u>(62,070)</u> | <u>242,905</u> | <u>42,450</u> |
| <u>Other long-term obligations:</u> | | | | | | | |
| Loan payable | | | 181,970 | - | (15,570) | 166,400 | 16,102 |
| Compensated absences | | | <u>36,870</u> | <u>12,517</u> | <u>(9,022)</u> | <u>40,365</u> | <u>28,668</u> |
| Total other long-term obligations | | | <u>218,840</u> | <u>12,517</u> | <u>(24,592)</u> | <u>206,765</u> | <u>44,770</u> |
| Total business-type activities long-term liabilities | | | <u>\$ 2,558,842</u> | <u>\$ 12,517</u> | <u>\$ (125,864)</u> | <u>\$ 2,445,495</u> | <u>\$ 165,625</u> |

Ohio Water Development Authority Loan - 2007 Issue: During 2007, the County entered into a loan agreement with the OWDA for wastewater collection and treatment. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on July 1, 2028.

Ohio Water Development Authority Loan - 2010 Issue: During 2010, the County entered into a loan agreement with the OWDA for the Northeast Fulton County Water Supply project. Repayment of this loan is funded through user charges in the water fund. This loan is interest free with final maturity on January 1, 2042.

Ohio Water Development Authority Loan - 2011 Issue: During 2011, the County entered into a loan agreement with the OWDA for the Riviera Mobile Home Court Sanitary Sewer. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on January 1, 2031. Since no capital assets were purchased with this loan, it is not included in the calculation of "net investment in capital assets" in the sewer fund.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Special assessment bonds: On June 15, 2006, the County issued special assessment bonds which retired the bond anticipation note issued in 2005 for the waterline extension project. On December 23, 2004, the County issued special assessment bonds for the industrial corridor sewer project in the amount of \$140,000. Other special assessments issued in prior years include the Pettisville waterline and Exit 3 sewer improvement projects. These bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners in the sewer fund. A portion of the capital assets associated with the Exit 3 sewer improvement bond are no longer reported as capital assets of the County, therefore, 88% of the balance of this loan is excluded from the County's calculation of "net investment in capital assets" for the sewer fund.

Loan payable: During 2002, Fulton County entered into an agreement with the City of Wauseon as a subrecipient of an OWDA loan to construct the Tedrow waterline. Repayment of this loan will be funded by user charges collected by the County. The loan bears an interest rate of 3.39% and will mature on January 1, 2024.

The following is a summary of the future debt service requirements of the business-type special assessment bonds and loans:

| <u>Year Ended</u> | <u>Special Assessment Bonds</u> | | | <u>OWDA Loans</u> | | |
|-------------------|---------------------------------|------------------|-------------------|---------------------|-----------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2015 | \$ 42,450 | \$ 13,300 | \$ 55,750 | \$ 78,405 | \$ - | \$ 78,405 |
| 2016 | 42,852 | 11,009 | 53,861 | 78,404 | - | 78,404 |
| 2017 | 43,276 | 8,695 | 51,971 | 78,404 | - | 78,404 |
| 2018 | 48,724 | 6,339 | 55,063 | 78,405 | - | 78,405 |
| 2019 | 9,199 | 3,685 | 12,884 | 78,404 | - | 78,404 |
| 2020 - 2024 | 54,157 | 10,270 | 64,427 | 392,022 | - | 392,022 |
| 2025 - 2029 | 2,247 | 227 | 2,474 | 381,532 | - | 381,532 |
| 2030 - 2034 | - | - | - | 333,628 | - | 333,628 |
| 2035 - 2039 | - | - | - | 331,081 | - | 331,081 |
| 2040 - 2042 | - | - | - | 165,540 | - | 165,540 |
| Total | \$ 242,905 | \$ 53,525 | \$ 296,430 | \$ 1,995,825 | \$ - | \$ 1,995,825 |

| <u>Year Ended</u> | <u>Loan Payable</u> | | |
|-------------------|---------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2015 | \$ 16,102 | \$ 5,506 | \$ 21,608 |
| 2016 | 16,653 | 4,955 | 21,608 |
| 2017 | 17,222 | 4,386 | 21,608 |
| 2018 | 17,811 | 3,797 | 21,608 |
| 2019 | 18,420 | 3,188 | 21,608 |
| 2020 - 2023 | 80,192 | 6,236 | 86,428 |
| Total | \$ 166,400 | \$ 28,068 | \$ 194,468 |

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

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

NOTE 14 - RISK MANAGEMENT

A. County Risk Sharing Authority, Inc.

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

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

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

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. The County obtains employee health, dental and vision coverage through the County Employee Benefits Consortium of Ohio, Inc. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

B. County Employee Benefits Consortium of Ohio

The County participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claim contingency reserve fund, as well as the fixed costs of the consortium. In 2014, the County contributed a total of \$2,726,928 to the Consortium.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 14 - RISK MANAGEMENT - (Continued)

The business and affairs of the consortium are managed by a board of not less than nine of more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of member Counties and one third are employees of the member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the Board of Directors of the CCAO and another is required to be a Board Member of the County Risk Sharing Authority, Inc. (CORSA).

NOTE 15 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The County 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% 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 Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 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. For 2014 member and employer contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2014 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 12.00% and 13.00%, respectively. The County's contribution rate for 2014 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10% of covered payroll.

The County's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.00%. For those plan members in law enforcement and public safety pension contributions were 16.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$1,459,564, \$1,549,136, and \$1,160,934, respectively; 100% has been contributed for 2014, 2013 and 2012. Contributions to the Member-Directed Plan for 2014 were \$32,704 made by the County and \$23,360 made by the plan members.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 15 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 9.50% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service credit; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For January 1, 2014 through June 30, 2014, plan members were required to contribute 11.00% of their annual covered salaries. For July 1, 2014 through December 31, 2014, plan members were required to contribute 12.00% of their annual covered salaries. The County was required to contribute 14.00%; 13.00% was the portion used to fund pension obligations for January 1, 2014 through June 30, 2014 and 14.00% was the portion used to fund pension obligations for July 1, 2014 through December 31, 2014. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14.00% for members and 14.00% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2014, 2013 and 2012 were \$32,986, \$31,203 and \$30,744, respectively; 100% has been contributed for 2014, 2013 and 2012.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to 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.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB 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 healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.00%.

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 healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$236,307, \$115,968, and \$452,581, respectively; 100% has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. From January 1, 2014 through June 30, 2014, STRS Ohio allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. From July 1, 2014 through December 31, 2014, STRS Ohio did not allocate any percentage of employer contributions to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2014, 2013 and 2012 were \$1,222, \$2,400 and \$2,365, respectively; 100% has been contributed for 2014, 2013 and 2012.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, motor vehicle and gas tax fund, County Board of Developmental Disabilities (DD) fund and EMS Advance and Basic (A&B) Life Services fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

| | <u>General fund</u> | <u>Motor Vehicle Gas Tax</u> | <u>County Board of DD</u> | <u>Senior Center</u> | <u>EMS A&B Life Services</u> |
|---|---------------------|----------------------------------|-------------------------------|--------------------------|--------------------------------------|
| Budget basis | \$ (970,739) | \$ (470,368) | \$ (27,290) | \$ (328,664) | \$ (731,119) |
| Net adjustment for revenue accruals | 177,284 | 28,700 | 54,869 | 66,612 | 85,262 |
| Net adjustment for expenditure accruals | (36,325) | (40,561) | 118,821 | 5,464 | (162,689) |
| Net adjustment for other sources/uses | 666,983 | - | - | - | - |
| Funds budgeted elsewhere | 1,408,211 | - | - | - | - |
| Adjustment for encumbrances | <u>167,613</u> | <u>215,359</u> | <u>101,222</u> | <u>59,373</u> | <u>89,438</u> |
| GAAP basis | <u>\$ 1,413,027</u> | <u>\$ (266,870)</u> | <u>\$ 247,622</u> | <u>\$ (197,215)</u> | <u>\$ (719,108)</u> |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the budget stabilization fund, the unclaimed hospital bond fund, the self insurance fund, unclaimed monies fund, the age 26-28 dependent fund, the title administration fund, the recorder equipment fund and rural fire protection fund.

NOTE 18 - CONTINGENT LIABILITIES

A. Grants

The County has received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County Commissioners believe such disallowance, if any, will be immaterial.

B. Litigation

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, no liability is anticipated in excess of insurance coverage.

NOTE 19 - LANDFILL

State laws and regulations require that the County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1983. The County completely retired the landfill liability in 2014. Any future costs for maintenance and monitoring will be presented as an expense as incurred.

FULTON COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 20 - CONDUIT DEBT OBLIGATIONS

To provide for the financing of certain expenditures at the Fulton County Health Center, the Health Center has issued special facility revenue bonds. These consist of \$5,200,000 in 1995 and \$7,000,000 in 1999, Fulton County, Ohio, Tax-Exempt Variable Rate Demand Bonds, with final maturity in 2021. In 2005, the special facility bonds were refunded and new bonds were issued in the amount of \$28,500,000. In 2011 the special facility bonds were refunded and new bonds were issued in the amount of \$28,755,000. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2014, \$26,720,000 was still outstanding.

NOTE 21 - FEDERAL TRANSACTIONS

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

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FULTON COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 22 - FUND BALANCE

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

| Fund balance | General | Motor Vehicle Gas Tax | County Board of DD | Senior Center | EMS A & B Life Services | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------|---------------------|--------------------------|-----------------------|-------------------|----------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | | | |
| Materials and supplies inventory | \$ 59,178 | \$ 101,703 | \$ 3,883 | \$ 10,504 | \$ - | \$ 41,133 | \$ 216,401 |
| Prepays | 40,658 | 5,914 | 28,100 | 4,182 | 2,962 | 53,638 | 135,454 |
| Advances to other funds | 46,992 | - | - | - | - | - | 46,992 |
| Unclaimed hospital bond | 40,262 | - | - | - | - | - | 40,262 |
| Unclaimed monies | 29,349 | - | - | - | - | - | 29,349 |
| Total nonspendable | 216,439 | 107,617 | 31,983 | 14,686 | 2,962 | 94,771 | 468,458 |
| Restricted: | | | | | | | |
| Debt service | - | - | - | - | - | 7,916 | 7,916 |
| Capital improvements | - | - | - | - | - | 684,066 | 684,066 |
| Public works | - | 2,263,432 | - | - | - | 38,667 | 2,302,099 |
| Real estate assessment | - | - | - | - | - | 754,844 | 754,844 |
| Economic development | - | - | - | - | - | 475,400 | 475,400 |
| Public safety | - | - | - | - | 2,658,074 | 1,656,630 | 4,314,704 |
| WIA | - | - | - | - | - | 110,251 | 110,251 |
| Health programs | - | - | 4,861,855 | 694,512 | - | 158,224 | 5,714,591 |
| Human service programs | - | - | - | - | - | 2,665,055 | 2,665,055 |
| County court computer services | - | - | - | - | - | 246,585 | 246,585 |
| County court special projects | - | - | - | - | - | 717,078 | 717,078 |
| Other purposes | - | - | - | - | - | 440,739 | 440,739 |
| Total restricted | - | 2,263,432 | 4,861,855 | 694,512 | 2,658,074 | 7,955,455 | 18,433,328 |
| Committed: | | | | | | | |
| Capital improvements | - | - | - | - | - | 2,059,781 | 2,059,781 |
| Total committed | - | - | - | - | - | 2,059,781 | 2,059,781 |
| Assigned: | | | | | | | |
| Debt service | - | - | - | - | - | 164 | 164 |
| Capital improvements | - | - | - | - | - | 1,142 | 1,142 |
| Legislative and executive | 93,834 | - | - | - | - | - | 93,834 |
| Subsequent year's appropriations | 1,453,379 | - | - | - | - | - | 1,453,379 |
| Stabilization | 1,610,282 | - | - | - | - | - | 1,610,282 |
| Other purposes | 43,146 | - | - | - | - | - | 43,146 |
| Total assigned | 3,200,641 | - | - | - | - | 1,306 | 3,201,947 |
| Unassigned (deficit) | 6,507,804 | - | - | - | - | (51,775) | 6,456,029 |
| Total fund balances | \$ 9,924,884 | \$ 2,371,049 | \$ 4,893,838 | \$ 709,198 | \$ 2,661,036 | \$ 10,059,538 | \$ 30,619,543 |

FULTON COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 23 - OTHER COMMITMENTS

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u> | <u>Year-End Encumbrances</u> |
|---------------------------|----------------------------------|
| General fund | \$ 137,862 |
| Motor vehicle and gas tax | 147,499 |
| County Board of DD | 65,270 |
| Senior center | 34,322 |
| EMS A&B life services | 87,624 |
| Nonmajor governmental | <u>1,192,291</u> |
| Total | <u>\$ 1,664,868</u> |

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FINANCIAL CONDITION
FULTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

| FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Files | Federal CFDA Number | Project Number | Disburse- ments |
|---|---------------------------|-------------------|-------------------------|
| UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| <i>Passed through the Ohio Development Services Agency</i> | | | |
| Community Development Block Grants | | | |
| Formula Grants | 14.228 | B-F-12-1AX-1 | \$ 109,241 |
| Formula Grants | 14.228 | B-F-13-1AX-1 | 105,000 |
| Community Housing Improvement Program (CHIP) | 14.228 | B-C-12-1AX-01&02 | 268,947 |
| Community Development Block Grant | 14.228 | B-E-13-1AX-1 | 125,000 |
| Community Development Block Grant RLF | 14.228 | | 268,942 |
| Housing Program Income RLF | 14.228 | | 12,560 |
| Total Community Development Block Grants | | | <u>889,690</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>889,690</u> |
| UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <i>Passed through Ohio Department of Job and Family Services</i> | | | |
| Promoting Safe and Stable Families | 93.556 | G-1415-11-5358 | 62,594 |
| Temporary Assistance for Needy Families | 93.558 | G-1415-11-5358 | 486,728 |
| Child Support Enforcement | 93.563 | G-1415-11-5358 | 474,874 |
| Child Care Cluster | | | |
| Child Care and Development Block Grant | 93.575 | G-1415-11-5358 | 30,730 |
| Child Abuse and Neglect Prevention Month | 93.590 | G-1415-11-5358 | 1,739 |
| Total Child Care Cluster | | | <u>32,469</u> |
| Child Welfare Services | 93.645 | G-1415-11-5358 | 15,301 |
| Foster Care (Title IV-E) | 93.658 | G-1415-11-5358 | 161,289 |
| Adoption Assistance | 93.659 | G-1415-11-5358 | 43,552 |
| Social Services Block Grant (Title XX) | 93.667 | G-1415-11-5358 | 374,346 |
| Medicaid | 93.778 | G-1415-11-5358 | 431,082 |
| Chafee Foster Care Independence Program | 93.674 | G-1415-11-5358 | 487 |
| State Children's Health Insurance Program (SCHIP) (Title XXI) | 93.767 | G-1415-11-5358 | 2,636 |
| Total passed through Ohio Department of Job and Family Services | | | <u>2,085,358</u> |
| <i>Passed through Area Office on Aging</i> | | | |
| <i>Aging Cluster:</i> | | | |
| Nutrition Services Incentive Program | 93.053 | | 17,267 |
| Title III Part C - Nutrition Services | 93.045 | | 30,393 |
| Title III Part B - Grants for Supportive Services and Senior Centers | 93.044 | | 7,858 |
| Total passed through Area Office on Aging | | | <u>55,518</u> |
| <i>Pass-through the Ohio Secretary of State</i> | | | |
| Voting Access for Individuals with Disabilities | 93.617 | | <u>1,580</u> |
| <i>Passed through Ohio Department of Developmental Disabilities</i> | | | |
| Medicaid Assistance Program | 93.778 | | 49,387 |
| Social Services Block Grant (Title XX) | 93.667 | | 32,713 |
| Total passed through Ohio Department of Developmental Disabilities | | | <u>82,100</u> |
| Total Social Service Block Grant Program (CFDA 93.667) | | | 407,059 |
| Total Medicaid Assistance Program (CFDA 93.778) | | | <u>480,469</u> |
| Total U.S. Department of Health and Human Services | | | <u>2,224,556</u> |
| UNITED STATES GENERAL SERVICES ADMINISTRATION | | | |
| ON BEHALF OF THE ELECTION ASSISTANCE COMMISSION | | | |
| <i>Pass-through the Ohio Secretary of State</i> | | | |
| Help America Vote Act, Title II | 90.401 | | <u>1,852</u> |
| UNITED STATES DEPARTMENT OF LABOR | | | |
| <i>Passed through Area 7, Workforce Investment Board (Montgomery County)</i> | | | |
| <u>Workforce Investment Act Cluster</u> | | | |
| Workforce Investment Act - Adult | 17.258 | G-1415-11-5358 | 111,693 |
| Workforce Investment Act - Youth | 17.259 | G-1415-11-5358 | 66,589 |
| Workforce Investment Act - Dislocated Worker | 17.278 | G-1415-11-5358 | 95,529 |
| Total Workforce Investment Act Cluster | | | <u>273,811</u> |
| Total U.S. Department of Labor | | | <u>273,811</u> |

(Continued)

FINANCIAL CONDITION
FULTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

| FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Files | Federal CFDA Number | Project Number | Disburse- ments |
|--|---------------------------|-----------------------------|----------------------------|
| UNITED STATES DEPARTMENT OF HOMELAND SECURITY | | | |
| <i>Passed through Ohio Emergency Management Agency</i> | | | |
| Emergency Management Performance Grant-13 | 97.042 | EMW-2013-EP-00060-S01 | 31,254 |
| Emergency Management Performance Grant-14 | 97.042 | EMW-2014-EP-00064 | 32,529 |
| FEMA Hazard Mitigation Grant | 97.039 | FEMA-DR-4077.7-P | 7,048 |
| Total U.S. Department of Homeland Security | | | <u>70,831</u> |
| UNITED STATES DEPARTMENT OF AGRICULTURE | | | |
| FOOD AND NUTRITION SERVICE | | | |
| State Administrative Match Grant for Supplemental Nutrition Assistance Program | 10.561 | G-1415-11-5358 | <u>164,258</u> |
| UNITED STATES DEPARTMENT OF TRANSPORTATION | | | |
| <i>Federal Aviation Administration Direct Assistance</i> | | | |
| Airport Improvement Program - Vision 100 | 20.106 | 3-39-0087-012-2014 | 16,480 |
| <i>Passed through the Ohio Department of Public Safety</i> | | | |
| Impaired Driving Enforcement Program | 20.616 | IDEP-2015-26-00-00-00369-00 | 5,705 |
| Selective Traffic Enforcement Program | 20.600 | STEP-2015-26-00-00-00542-00 | 1,251 |
| 4 High Visibility Enforcement Overtime | 20.600 | HVEO-2014-26-00-00-00349-00 | 20,951 |
| <i>Total passed through Ohio Department of Public Safety</i> | | | <u>27,907</u> |
| <i>Passed through the Ohio Department of Transportation</i> | | | |
| FED/CSTP - 2013 | 20.205 | 92219 | 2,136 |
| FED/CSTP - 2014 | 20.205 | 96361 | 44,881 |
| <i>Total passed through Ohio Department of Transportation</i> | | | <u>47,017</u> |
| Total U.S. Department of Transportation | | | <u>91,404</u> |
| TOTAL FEDERAL AWARDS EXPENDITURES | | | <u>\$ 3,716,402</u> |

THE ACCOMPANYING NOTES ARE A INTEGRAL PART OF THIS SCHEDULE

**FINANCIAL CONDITION
FULTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Job and Family Services (ODJFS) to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

| Program Title | Federal CFDA Number | Amounts Provided to Subrecipients |
|--|------------------------|--------------------------------------|
| Temporary Assistance for Needy Families (TANF) | 93.558 | \$ 77,070 |
| Workforce Investment Act (WIA) for Youth Program | 17.259 | 66,589 |

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. The initial loan of this money is recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans; and therefore are reported as federal expenditures in the year of disbursement. Prior year outstanding loan balances are reported in the schedule below.

These loans are collateralized by mortgages, personal guarantees, promissory notes and/or security agreements.

Activity in the CDBG revolving loan fund during 2014 is as follows:

**FINANCIAL CONDITION
FULTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

| | | |
|---|-------------------|--|
| Beginning loans receivable balance as of January 1, 2014 | \$ 240,957 | |
| Loans made | 120,739 | |
| Loan principal repaid | (100,213) | |
| Ending loans receivable balance as of December 31, 2014 | <u>\$ 261,483</u> | |
| | | |
| Cash balance on hand in the revolving loan fund as of December 31, 2014 | \$ 241,867 | |
| | | |
| Revolving Loans issued in 2014 | \$ 120,739 | |
| Revolving Loan Administrative costs expended during 2014 | 3,462 | |
| Revolving Loan Housing Costs | 12,560 | |
| Other Grants Administered through the CDBG 14.228 Program | 752,929 | |
| Total CDBG 14.228 program expenditures | <u>\$ 889,690</u> | |

The County estimates \$137,035 of the loans outstanding at December 31, 2014 to be uncollectible.

NOTE D - MATCHING REQUIREMENTS

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

NOTE E - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2014, the County made allowable transfers of \$235,667 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$486,728 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2014 and the amount transferred to the Social Services Block Grant program.

| | |
|---|-------------------|
| Temporary Assistance for Needy Families | \$ 722,395 |
| Transfer to Social Services Block Grant | <u>(235,667)</u> |
| Total Temporary Assistance for Needy Families | <u>\$ 486,728</u> |

NOTE F – MEDICAID SETTLEMENTS

During 2014, the Fulton County Board of Developmental Disabilities received a settlement for the 2009 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA # 93.778) in the amount of \$1,020. The Cost Report (MAC) settlement was for the settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Award since the underlying expenses occurred in prior reporting periods.

During 2014, the Fulton County Board of Developmental Disabilities received a settlement for the 2009 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA # 93.778) in the amount of \$97,912. The Cost Report (CAFS) settlement was for the settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Award since the underlying expenses occurred in prior reporting periods.



Dave Yost • Auditor of State

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

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 15, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

September 15, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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
152 South Fulton Street
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Fulton County, Ohio's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Fulton County's major federal programs for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Fulton County, Ohio (the County) complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 15, 2015

FULTON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weaknesses reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under § .510(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Community Development Block Grant – CFDA #14.228 Medicaid Cluster CFDA #93.778 Workforce Investment Act Cluster – CFDA #17.258, #17.259, and #17.278 Temporary Assistance for Needy Families – CFDA #93.558 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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FULTON COUNTY FINANCIAL CONDITION

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 29, 2015