

**WYANDOT COUNTY, OHIO**

**Basic Financial Statements – Cash Basis**

**December 31, 2006**

**with**

**Independent Auditors' Report**





Mary Taylor, CPA  
Auditor of State

Board of Commissioners  
Wyandot County  
109 South Sandusky Avenue  
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Auditors' Report* of Wyandot County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wyandot County is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 4, 2008

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WYANDOT COUNTY, OHIO

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**WYANDOT COUNTY, OHIO**

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**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
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Independent Auditors' Report

Wyandot County, Ohio  
Board of County Commissioners  
109 South Sandusky Avenue  
Upper Sandusky, Ohio 43351

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wyandot County, Ohio (the County) as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of Angeline Industries, Inc. have not been audited, and we were not engaged to audit the financial statements of Angeline Industries as part of our audit of the County's basic financial statements. Angeline Industries' financial activities are included in the County's basic financial statements as a discretely presented component unit. Angeline Industries is the County's only discretely presented component unit.

Ohio Administrative Code Section 117-02-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and certain disclosures that, while material, we cannot determine at this time.

Because the financial statements of Angeline Industries, the County's only discretely presented component unit, have not been audited, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the discretely presented component unit of the County, as of and for the year ended December 31, 2006.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Wyandot County, Ohio, as of December 31, 2006, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2008, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison schedules for the General, Motor Vehicle and Gasoline Tax, Angeline MRDD, and Jobs and Family Services Funds are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is not a required part of the County's basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
March 5, 2008



# WYANDOT COUNTY, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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The discussion and analysis of Wyandot County's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2006, within the limitations of the County's cash basis of accounting. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

### **Financial Highlights**

Key financial highlights for the year ended December 31, 2006 are as follows:

- Total net cash assets increased \$981,867 during 2006; Governmental Activities increased by \$940,665 and Business-Type Activities increased by \$41,202.
- Total cash receipts for 2006 were \$25.0 million which was \$2.7 million or 12.1 percent higher than those received in 2005. Total cash disbursements totaled \$24.1 million or \$2.3 million (10.8 percent) higher as compared with the previous year.
- Total Governmental Activities cash receipts for 2005 were \$20.9 million with \$13.9 million being classified as program cash receipts and the remaining \$7.0 million reported as general cash receipts. Total program cash disbursements were \$20.0 million for the same period.
- Total Business-Type Activities program cash receipts for 2006 were \$4.1 million with program cash disbursements totaling \$4.0 million.

### **Using this Basic Financial Report**

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

The Statement of Net Assets-cash basis and Statement of Activities-cash basis provide information about the activities of the County as a whole, presenting an aggregate view of the County's cash basis finances. The fund financial statements present the County's most significant funds (major funds) separate from the less significant funds (non-major funds) for both governmental and proprietary funds. Non-major funds are presented in one total column. In the case of Wyandot County, the major governmental funds are the General Fund, the Motor Vehicle and Gasoline Tax Fund, the Job and Family Services Fund, and the Angeline MR/DD Fund. The Nursing Home Fund is the County's only enterprise fund as well as being classified as a major fund.

### **Reporting the County as a Whole**

#### *The County's Reporting Entity Presentation*

This annual report includes all activities for which Wyandot County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and one component unit. The primary government consists of Wyandot County and the component unit presentation includes Angeline Industries.

## WYANDOT COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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#### *Statement of Net Assets and Statement of Activities*

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include only net assets using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the cash basis 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, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets and the Statement of Activities, the County is divided into three distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, conservation and recreation, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's nursing home is reported as a business activity.

Component Unit Activities – Although Angeline Industries is a separate legal entity, the County includes its activities due to the level of support provided to Angeline by the County as well as Angeline's sole purpose is to provide assistance to the handicapped individuals within the County.

#### **Reporting the County's Most Significant Funds**

##### *Fund Financial Statements*

Fund financial statements 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 most significant funds that have been presented as major governmental funds are the General Fund, the Motor Vehicle and Gasoline Tax Fund, the Job and Family Services Fund, the Angeline MR/DD Fund, and the Nursing Home Fund.

# WYANDOT COUNTY, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

### Governmental Funds

Most of the County's activities are reported in governmental funds, which are essentially the same functions reported as governmental activities in the government-wide financial statements. The fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. A reconciliation of the governmental fund statements to the government-wide financial statements is presented to show the elimination of the activity of the internal service fund in the government-wide statement.

### Proprietary Funds

The County uses proprietary funds to account for activities in which the user fees charged to customers is intended to cover the cost of operating the activity. The County reports two proprietary funds; the County Nursing Home Fund is an enterprise fund and the Health Fund is an internal service fund.

### Fiduciary Funds

The financial activity of custodial funds, for which the County acts as the fiscal agent, is reported separately. This financial activity is excluded from the County's other financial statements because the County cannot use these resources to finance its operations. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. The County has numerous agency funds used to account for undivided tax receipts, the Wyandot County Board of Health, the Soil and Water Conservation District, the Family and Children First Council and the Law Library.

### **The County as a Whole**

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's Net Assets for 2006 compared to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Totals</i>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2004</u>
<i>Assets</i>						
Cash and Cash Equivalents	\$ 14,974,762	\$ 14,034,097	\$ 356,812	\$ 315,610	\$ 15,331,574	\$ 14,349,707
<i>Total Assets</i>	<u>14,974,762</u>	<u>14,034,097</u>	<u>356,812</u>	<u>315,610</u>	<u>15,331,574</u>	<u>14,349,707</u>
<i>Net Cash Assets</i>						
Restricted	13,098,037	11,839,813	-	-	13,098,037	11,839,813
Unrestricted	1,876,725	2,194,284	356,812	315,610	2,233,537	2,509,894
<i>Total Net Assets</i>	<u>\$ 14,974,762</u>	<u>\$ 14,034,097</u>	<u>\$ 356,812</u>	<u>\$ 315,610</u>	<u>\$ 15,331,574</u>	<u>\$ 14,349,707</u>

Total cash assets increased by \$981,867; \$940,665 in governmental activities and \$41,202 in business-type activities. Restricted net cash assets of the County increased by \$1.3 million as compared with the restricted amounts reported at December 31, 2005.

# WYANDOT COUNTY, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

Table 2 shows the changes in Net Assets for 2006 compared with those reported for 2005. This statement provides information on why the net cash assets reported in Table 1 changed during the year.

**TABLE 2  
CHANGES IN NET CASH ASSETS**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Totals</i>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Cash Receipts:</b>						
<i>Program Cash Receipts</i>						
Charges for Services/ Sales	\$ 4,564,830	\$ 4,044,938	\$ 4,035,107	\$ 4,062,820	\$ 8,599,937	\$ 8,107,758
Operating Grants/Contribution:	7,089,506	6,560,053	-	-	7,089,506	6,560,053
Capital Grants/Contributions	2,294,275	2,157,598	-	-	2,294,275	2,157,598
<b>Total Program Cash Receipts</b>	<b>13,948,611</b>	<b>12,762,589</b>	<b>4,035,107</b>	<b>4,062,820</b>	<b>17,983,718</b>	<b>16,825,409</b>
<i>General Cash Receipts</i>						
Property Taxes	2,588,990	2,320,031	-	-	2,588,990	2,320,031
Sales Taxes	2,790,275	1,811,474	-	-	2,790,275	1,811,474
Grants and Entitlements	458,393	576,741	-	-	458,393	576,741
Interest	620,098	406,069	-	-	620,098	406,069
Miscellaneous	540,388	364,763	46,745	19,003	587,133	383,766
<b>Total General Cash Receipts</b>	<b>6,998,144</b>	<b>5,479,078</b>	<b>46,745</b>	<b>19,003</b>	<b>7,044,889</b>	<b>5,498,081</b>
<b>Total Cash Receipts</b>	<b>20,946,755</b>	<b>18,241,667</b>	<b>4,081,852</b>	<b>4,081,823</b>	<b>25,028,607</b>	<b>22,323,490</b>
<b>Cash Disbursements</b>						
<i>Program Cash Disbursements</i>						
<i>General Government:</i>						
Legislative and Executive	2,444,029	2,233,151	-	-	2,444,029	2,233,151
Judicial	1,074,887	861,930	-	-	1,074,887	861,930
Public Safety	2,669,704	2,120,811	-	-	2,669,704	2,120,811
Public Works	3,568,834	3,173,108	-	-	3,568,834	3,173,108
Health	2,390,757	2,130,724	-	-	2,390,757	2,130,724
Human Services	4,177,066	3,350,053	-	-	4,177,066	3,350,053
Conservation and Recreation	786,977	1,151,978	-	-	786,977	1,151,978
Other	238,487	206,234	-	-	238,487	206,234
Capital Outlay	2,439,476	2,292,356	-	-	2,439,476	2,292,356
Debt Service	215,873	219,131	-	-	215,873	219,131
Nursing Home	-	-	4,040,650	3,972,418	4,040,650	3,972,418
<b>Total Cash Disbursements</b>	<b>20,006,090</b>	<b>17,739,476</b>	<b>4,040,650</b>	<b>3,972,418</b>	<b>24,046,740</b>	<b>21,711,894</b>
Increase in Net Cash Assets	940,665	502,191	41,202	109,405	981,867	611,596
Beginning Net Cash Assets	14,034,097	13,531,906	315,610	206,205	14,349,707	13,738,111
Ending Net Cash Assets	<b>\$ 14,974,762</b>	<b>\$ 14,034,097</b>	<b>\$ 356,812</b>	<b>\$ 315,610</b>	<b>\$ 15,331,574</b>	<b>\$ 14,349,707</b>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, County's dependence upon property taxes is hampered by a lack of tax growth and must return to the voters to maintain a constant level of service. Property taxes and sales taxes made up 12.5 percent and 13.5 percent, respectively, of the total cash receipts for governmental activities received in 2006. Both general and program cash receipts reported for governmental activities increased in 2006 from those received in 2005, \$1.5 million and \$1.2 million, respectively. General revenues increased due to the addition of public safety sales tax receipts during the year. The additional one-half of one percent was approved by County Commissioners in the prior year however the County did not begin receiving any of tax collections until calendar year 2006. The additional sales tax will be used to fund additional personnel and provide equipment to the Sheriff and EMS departments of the County.

# WYANDOT COUNTY, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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Major roadway construction projects which were started in 2005 continued into 2006. Other functional categories increased due to the rising cost of providing services to the citizens of the County. Human Services and Public Safety are the two major categories that experience significant increases in costs annually. The cash disbursements associated with Public Safety increased \$548,893 in 2006 over 2005 amounts. This increase can be attributed to rising cost of personnel as well as the ever increasing cost of incarceration individuals. Cash disbursements for Human Services increased \$827,013 compared with the amount reported for the prior year. This increase was partially offset by additional funding; however, unfunded mandates are continuing to increase in cost and in most cases exceed the additional funding received. In total, the cash disbursements of the governmental activities of the County increased by \$2.3 million compared with those reported for 2005. The remaining increase in cost is due in part to wage increases as well as the ever increasing cost of providing medical benefits to County employees.

The cash receipts and disbursement of the County's Nursing Home (the County's only business-type activity) are virtually the same as 2005, with no significant changes noted. The ending net cash assets of the Nursing Home Fund did increase slightly by \$41,202.

### **The County's Funds**

All governmental funds had total cash receipts of \$20.7 million and cash disbursements of \$19.7 million for 2006. Three of the four major governmental funds reported increases in cash fund balance for the year. The General Fund reported a decrease in cash fund balance of \$302,861 for the year resulting in an ending fund balance of \$476,273. The ending cash fund balance represents 7.6 percent of the total disbursements reported in the General Fund for the year. The Motor Vehicle License and Gas Tax Fund increased by \$872,538 during the year due to conservative spending practices as well as the County receiving grant monies to cover some of the needed roadway work performed during the year. The Angeline MRDD Fund reported a \$1.8 million ending cash fund balance for the year, an increase of \$163,175 over 2005. In total the governmental funds ended the year with a \$14.8 million ending cash balance which was \$1.2 million more than the ending cash fund balance reported at December 31, 2005.

As the County's only enterprise fund is the Nursing Home Fund, the changes in the fund financial are the same as those described for the business-type activities.

### **General Fund Budgeting Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, actual receipts totaled \$5,592,916 which was \$564,961 less than the final budget estimates. Total actual disbursements totaled \$6,309,591 the budget basis (cash outlays plus encumbrances) compared with original budget estimates of \$5,848,616 and final budget estimates of \$6,343,364.

### **Capital Assets and Debt Administration**

#### Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County reported capital outlay disbursements totaling \$2.4 million for 2006.

# WYANDOT COUNTY, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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### Debt Administration

Under the cash basis of accounting the County does not report bonds, long-term notes, or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about outstanding obligations of the County. At December 31, 2006, the County had \$1,973,817 in bonds and OWPC loans.

The table below summarizes bonds and OPWC Loans outstanding for at December 31<sup>st</sup> for the prior two years.

	<u>2006</u>	<u>2005</u>
General Obligation Bonds:		
2003 - Various Purpose	\$ 1,970,000	\$ 2,110,000
OPWC Loans:		
Bridge Replacement	<u>3,817</u>	<u>5,726</u>
Principal Outstanding	<u>\$ 1,973,817</u>	<u>\$ 2,115,726</u>

The County issued no new debt during 2006, however, in December 2007 the County did enter into a loan agreement to provide \$74,000 to finance the construction of a ditch project within the County.

### **Current Financial Related Activities**

As the preceding information shows, the County heavily depends on its property taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

### **Contacting the County's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the County's cash basis 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 Jeffrey A. McClain, County Auditor at Wyandot County, 109 S. Sandusky – Room 21, Upper Sandusky, Ohio 43351. Or email at [jamclain@co.wyandot.oh.us](mailto:jamclain@co.wyandot.oh.us).

**WYANDOT COUNTY, OHIO**

*Statement of Net Assets - Cash Basis  
December 31, 2006*

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Angeline Industries
<b>Cash Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 14,974,762	\$ 356,812	\$ 15,331,574	\$ 152,071
<i>Total Assets</i>	<u>\$ 14,974,762</u>	<u>\$ 356,812</u>	<u>\$ 15,331,574</u>	<u>\$ 152,071</u>
 <b>Net Cash Assets</b>				
Restricted for:				
Capital Projects	\$ 877,751	\$ -	\$ 877,751	\$ -
Human Services	96,743	-	96,743	-
Mental Retardation	3,021,497	-	3,021,497	-
Road and Bridge	7,157,741	-	7,157,741	-
Other Purposes	1,944,305	-	1,944,305	-
Unrestricted	1,876,725	356,812	2,233,537	152,071
<i>Total Net Cash Assets</i>	<u>\$ 14,974,762</u>	<u>\$ 356,812</u>	<u>\$ 15,331,574</u>	<u>\$ 152,071</u>

See accompanying notes to the basic financial statements.

WYANDOT COUNTY, OHIO

Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets			Component Unit
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary Government:</b>								
<i>Governmental Activities</i>								
General Government:								
Legislative and Executive	\$ 2,444,029	\$ 864,673	\$ 500	\$ -	\$ (1,578,856)	\$ -	\$ (1,578,856)	
Judicial	1,074,887	307,561	79,280	-	(688,046)	-	(688,046)	
Public Safety	2,669,704	515,144	182,224	-	(1,972,336)	-	(1,972,336)	
Public Works	3,568,834	21,220	3,716,748	-	169,134	-	169,134	
Health	2,390,757	320,076	1,076,167	-	(994,514)	-	(994,514)	
Human Services	4,177,066	1,527,126	2,025,590	-	(624,350)	-	(624,350)	
Conservation and Recreation	786,977	828,265	8,997	-	50,285	-	50,285	
Other	238,487	-	-	-	(238,487)	-	(238,487)	
Capital Outlay	2,439,476	180,765	-	2,294,275	35,564	-	35,564	
Debt Service	215,873	-	-	-	(215,873)	-	(215,873)	
<b>Total Governmental Activities</b>	<b>20,006,090</b>	<b>4,564,830</b>	<b>7,089,506</b>	<b>2,294,275</b>	<b>(6,057,479)</b>		<b>(6,057,479)</b>	
<i>Business Type Activities</i>								
Nursing Home	4,040,650	4,035,107	-	-	(5,543)	-	(5,543)	
<b>Total Business Type Activities</b>	<b>4,040,650</b>	<b>4,035,107</b>	<b>-</b>	<b>-</b>	<b>(5,543)</b>		<b>(5,543)</b>	
<b>Total Primary Government</b>	<b>\$ 24,046,740</b>	<b>\$ 8,599,937</b>	<b>\$ 7,089,506</b>	<b>\$ 2,294,275</b>	<b>(6,057,479)</b>		<b>(6,063,022)</b>	
<b>Component Unit:</b>								
Angeline Industries	\$ 342,765	\$ 389,191	\$ 13,388	\$ -				59,814
<b>General Cash Receipts</b>								
Property Taxes Levied for:								
General Purposes					1,514,270	-	1,514,270	-
Mental Retardation					1,074,720	-	1,074,720	-
State Tax Levied for:								
General Purposes					1,891,603	-	1,891,603	-
Public Safety					898,672	-	898,672	-
Grants and Entitlements not Restricted to Specific Programs					458,393	-	458,393	3,776
Interest					620,098	-	620,098	-
Miscellaneous					540,388	46,745	587,133	-
<b>Total General Receipts</b>					<b>6,998,144</b>	<b>46,745</b>	<b>7,044,889</b>	<b>3,776</b>
Change in Net Cash Assets					940,665	41,202	981,867	63,590
<i>Net Cash Assets Beginning of Year</i>					14,034,097	315,610	14,349,707	88,481
<i>Net Cash Assets End of Year</i>					<b>\$ 14,974,762</b>	<b>\$ 356,812</b>	<b>\$ 15,331,574</b>	<b>\$ 152,071</b>

See accompanying notes to the basic financial statements.



**WYANDOT COUNTY, OHIO**

*Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2006*

	<u>General</u>	<u>Motor Vehicle and Gasoline Tax Fund</u>	<u>Angeline MR/DD Fund</u>	<u>Jobs and Family Services Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 476,273	\$ 7,157,741	\$ 1,785,943	\$ 96,743	\$ 5,293,430	\$ 14,810,130
<i>Total Assets</i>	<u>\$ 476,273</u>	<u>\$ 7,157,741</u>	<u>\$ 1,785,943</u>	<u>\$ 96,743</u>	<u>\$ 5,293,430</u>	<u>\$ 14,810,130</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$ 9,990	\$ 37,280	\$ 3,390	\$ -	\$ 53,413	\$ 104,073
Unreserved:						
Undesignated, Reported in:						
General Fund	466,283	-	-	-	-	466,283
Special Revenue Funds	-	7,120,461	1,782,553	96,743	4,225,861	13,225,618
Debt Service Fund	-	-	-	-	136,405	136,405
Capital Projects Funds	-	-	-	-	877,751	877,751
<i>Total Fund Balances</i>	<u>\$ 476,273</u>	<u>\$ 7,157,741</u>	<u>\$ 1,785,943</u>	<u>\$ 96,743</u>	<u>\$ 5,293,430</u>	<u>14,810,130</u>

**Reconciliation to Statement of Net Assets - Cash Basis:**

*Amounts reported for governmental activities in the statement of net assets - cash basis are different because:*

Governmental activities in the statement of net assets - cash basis include the cash assets of the internal service fund. In the fund statements these cash assets are reported in proprietary fund statements.

	<u>164,632</u>
Net Cash Assets of Governemtnal Activities	<u>\$ 14,974,762</u>

See accompanying notes to the basic financial statements.

**WYANDOT COUNTY, OHIO**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006*

	General	Motor Vehicle and Gasoline Tax Fund	Angeline MR/DD Fund	Jobs and Family Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Taxes	\$ 3,405,873	\$ -	\$ 1,074,720	\$ -	\$ 898,672	\$ 5,379,265
Intergovernmental	682,770	4,802,348	759,795	1,157,058	2,354,255	9,756,226
Interest	323,194	296,904	-	-	-	620,098
Licenses and Permits	2,124	-	-	-	49,944	52,068
Fines and Forfeitures	175,255	-	-	-	507,561	682,816
Charges for Services	914,935	-	-	1,019,565	1,793,918	3,728,418
Special Assessments	69,208	-	-	-	-	69,208
Other	19,557	153,279	73,182	470	166,743	413,231
<i>Total Receipts</i>	<u>5,592,916</u>	<u>5,252,531</u>	<u>1,907,697</u>	<u>2,177,093</u>	<u>5,771,093</u>	<u>20,701,330</u>
<b>Disbursements</b>						
General Government:						
Legislative and Executive	1,877,548	-	-	-	516,289	2,393,837
Judicial	926,197	-	-	-	109,247	1,035,444
Public Safety	2,181,007	-	-	-	418,280	2,599,287
Public Works	205,799	3,105,016	-	-	185,362	3,496,177
Health	153,644	-	1,744,522	-	488,864	2,387,030
Human Services	438,459	-	-	2,281,112	1,406,672	4,126,243
Conservation and Recreation	-	-	-	-	771,093	771,093
Other	238,487	-	-	-	-	238,487
Capital Outlay	278,460	1,356,310	-	-	804,706	2,439,476
Debt Service:						
Principal Retirement	-	-	-	-	141,909	141,909
Interest and Fiscal Charges	-	-	-	-	75,873	75,873
<i>Total Disbursements</i>	<u>6,299,601</u>	<u>4,461,326</u>	<u>1,744,522</u>	<u>2,281,112</u>	<u>4,918,295</u>	<u>19,704,856</u>
<i>Excess (Deficiency) of Receipts over Disbursements</i>	<u>(706,685)</u>	<u>791,205</u>	<u>163,175</u>	<u>(104,019)</u>	<u>852,798</u>	<u>996,474</u>
<b>Other Financing Sources (Uses)</b>						
Other Sources	429,578	80,113	-	-	-	509,691
Other Uses	(264,266)	-	-	-	-	(264,266)
Transfers In	469,319	16,052	-	152,906	1,283,300	1,921,577
Transfers Out	(230,807)	(14,832)	-	-	(1,675,938)	(1,921,577)
<i>Total Other Financing Sources (Uses)</i>	<u>403,824</u>	<u>81,333</u>	<u>-</u>	<u>152,906</u>	<u>(392,638)</u>	<u>245,425</u>
<i>Net Change in Fund Balances</i>	<u>(302,861)</u>	<u>872,538</u>	<u>163,175</u>	<u>48,887</u>	<u>460,160</u>	<u>1,241,899</u>
<i>Fund Balances Beginning of Year</i>	<u>779,134</u>	<u>6,285,203</u>	<u>1,622,768</u>	<u>47,856</u>	<u>4,833,270</u>	
<i>Fund Balances End of Year</i>	<u>\$ 476,273</u>	<u>\$ 7,157,741</u>	<u>\$ 1,785,943</u>	<u>\$ 96,743</u>	<u>\$ 5,293,430</u>	

**Reconciliation to Statement of Activities - Cash Basis:**

*Amounts reported for governmental activities in the statement of activities - cash basis are different because:*

The internal service fund charge insurance costs to other funds. In the statement of activities, the expenditure by the governmental funds are eliminated as well as the corresponding internal service fund receipts. Governmental activities report allocated net internal service fund receipts (disbursements)

	<u>(301,234)</u>
Change in Net Cash Assets of Governmental Activities	<u>\$ 940,665</u>

See accompanying notes to the basic financial statements.

**WYANDOT COUNTY, OHIO**

*Statement of Fund Net Assets - Cash Basis  
Proprietary Funds  
December 31, 2006*

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	<u>Business-Type Activities</u>	<u>Governmental Activity</u>
	Nursing Home Fund	Internal Service Fund
<b>Cash Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 356,812	\$ 164,632
<i>Total Assets</i>	<u>\$ 356,812</u>	<u>\$ 164,632</u>
<b>Net Cash Assets</b>		
Unrestricted	<u>\$ 356,812</u>	<u>\$ 164,632</u>

See accompanying notes to the basic financial statements.

**WYANDOT COUNTY, OHIO**

*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2006*

	Business-Type Activities <u>Nursing Home Fund</u>	Governmental Activity <u>Internal Service Fund</u>
<b>Operating Receipts</b>		
Charges for Services	\$ 4,035,107	\$ -
Interfund Charges	-	2,611,409
Other Operating Receipts	<u>46,745</u>	<u>-</u>
<i>Total Operating Receipts</i>	<u>4,081,852</u>	<u>2,611,409</u>
<b>Operating Disbursements</b>		
Salaries and Benefits	2,827,653	-
Purchased Services	684,369	-
Materials and Supplies	481,607	-
Medical Insurance	-	2,919,644
Capital Outlay	<u>47,021</u>	<u>-</u>
<i>Total Operating Disbursements</i>	<u>4,040,650</u>	<u>2,919,644</u>
<i>Operating Income (Loss)</i>	41,202	(308,235)
<b>Non-Operating Receipts</b>		
Interest	<u>-</u>	<u>7,001</u>
<i>Change in Net Assets</i>	41,202	(301,234)
<i>Net Cash Assets Beginning of Year</i>	<u>315,610</u>	<u>465,866</u>
<i>Net Cash Assets End of Year</i>	<u>\$ 356,812</u>	<u>\$ 164,632</u>

See accompanying notes to the basic financial statements.

## WYANDOT COUNTY, OHIO

*Statement of Fiduciary Net Assets - Cash Basis  
As of December 31, 2006*

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	<u>Agency Funds</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,416,042
<i>Total Assets</i>	<u>\$ 1,416,042</u>
<b>Net Cash Assets</b>	<u>\$ 1,416,042</u>

See accompanying notes to the basic financial statements.

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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### **NOTE 1 – DESCRIPTION OF THE ENTITY AND REPORTING ENTITY**

Wyandot County, Ohio (the County) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three Commissioners elected by the voters of the County. The County Auditor is responsible for the fiscal controls over the resources of the County that are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. Other officials elected by the voters of the County that manage various segments of the County's operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serving as the budget and taxing authority, contracting body and chief administrator of public services for the County, including each of these departments.

#### ***Reporting Entity***

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992. The financial statements and notes include all funds, agencies, boards, commissions, and component units for which Wyandot 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 financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. Responsibility was evaluated on the basis of financial dependence and the manifestations of oversight exercised by the Commissioners. Among the factors considered were budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County, obligation of the County to finance any deficits that may occur, reliance of the organization on continuing subsidies from the County, selection of governing authority, and designation of management.

Based on the foregoing criteria, the financial activities of the following entities should be reflected in the accompanying financial statements and notes:

#### ***Component Unit***

##### **Angeline Industries, Inc.**

Angeline Industries, Inc. (the Workshop) is a legally separate, not-for-profit corporation, governed by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Wyandot County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped adults in the County. The MRDD provides the Workshop with some expenses and personnel for operation of the Workshop including staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, various financial reporting services, and other funds as necessary for the operation of the Workshop. The Workshop is considered a component unit of the

## WYANDOT COUNTY, OHIO

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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County, based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the retarded and handicapped adults of the County.

The Workshop is presented as a discretely presented component unit and the financial information included in the statement of net assets and statement of activities is for the fiscal year ended June 30, 2006. The Workshop does not issue separately audited financial statements.

#### ***Potential Component Units Reported as Agency Funds***

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissioners listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following entities is presented as agency funds within the financial statements:

County General Health District  
Soil and Water Conservation District  
Family and Children First Council  
Law Library

The County is associated with certain organizations which are defined as a Jointly Governed Organization, a Shared Risk Pool, and an Insurance Purchasing Pool, as follows:

#### ***Jointly Governed Organization***

##### *Mental Health and Recovery Services*

The Mental Health and Recovery Services (MHRS) is a joint venture between Seneca, Sandusky, and Wyandot counties. The headquarters for the MHRS Board is in Seneca County. The Board provides community services to mentally ill and emotionally disturbed persons. Statutorily created, the MHRS Board is made of 18 members, 10 of the members are appointed by the county commissioners of each respective county, 4 are appointed by the State Department of Mental Health, and 4 are appointed by the State of Ohio Department of Alcohol and Drug Addiction Services. Revenues to provide mental health services are generated through state and federal grants. The Mental Health Board adopts its own budget, hires and fires staff and does not rely on the County to finance deficits.

Financial information can be obtained from the Seneca County Auditor, Seneca County Courthouse, Tiffin, Ohio 44883.

#### ***Shared Risk Pool***

##### *County Risk Sharing Authority, Inc. (CORSA)*

The County Risk Sharing Authority, Inc. is a jointly governed organization among fifty 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

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation 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 time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

### ***Insurance Purchasing Pool***

#### *County Commissioners Association of Ohio Workers' Compensation Group Rating Plan*

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Although required by Ohio Administrative Code Section 117-2-3(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the County, and its discretely presented component unit, chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. Under this basis of accounting, receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

By using the cash basis of accounting, the County does not report certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) these financial statements. Therefore, when reviewing the



# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

### **A. Fund Accounting**

The County uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County classifies each fund as either governmental, proprietary or fiduciary.

#### **Governmental Funds**

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the County's major governmental funds:

General Fund – The General Fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle and Gas Tax Special Revenue Fund – This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

Jobs and Family Services Special Revenue Fund – This fund accounts for various federal and state grants used to provide public assistance to general relief recipients, pay their providers of medical assistance and certain public social services.

Angeline MR/DD Special Revenue Fund – This fund accounts for the operation of a school for the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and federal and state grants.

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

#### **Proprietary Funds**

Certain County funds operate similar to business enterprises, where user charges (i.e. charges for services) provide significant resources for the activity. The County classifies these as enterprise funds.

Nursing Home Fund – This fund accounts for the operations to provide care and treatment of elderly and disabled county residents at the Skilled Nursing and Rehabilitation Center.

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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Internal Service Fund – This fund is used to accumulate and allocate costs of health insurance internally among the County's other programs and activities

### **Fiduciary Funds**

Fiduciary funds account for cash and investments where the County is acting as trustee or fiscal agent for other entities or individuals. The County's only fiduciary funds are agency funds. Agency funds are custodial in nature, where the County deposits and pays cash as directed by another entity, individual, or statute. The agency funds of the County included funds established to account for undivided tax receipts, the Board of Health, the Soil and Water Conservation District, the Family and Children First Council and the Law Library. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

### **B. Basis of Presentation**

The County has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. The County's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

#### **Government-wide Financial Statements**

The statement of net cash assets 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 statement of net assets-cash basis presents the cash basis financial condition of governmental activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

#### **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 fund financial statements is on major funds rather than reporting funds by type.

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

### **C. Budgetary Process**

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 appropriations 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 legally required to be budgeted and appropriated.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

### **D. Capital Assets and Depreciation**

Capital assets acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

### **E. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the County.

### **F. Long-term Obligations**

These modified-cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

### **G. Net Assets**

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use. At December 31, 2006 the County did not have any net assets restricted by enabling legislation.

The County first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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### **H. Cash and Investments**

The County maintains a cash and investment pool which is available for all funds. Individual fund integrity is maintained through County records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. During fiscal year 2006, investments were limited to certificates of deposits and STAR Ohio. All investments of the County had a maturity of five years or less. Investments are stated at cost. Investment earnings are allocated as authorized by State statute.

### **I. Interfund Activity**

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses; proprietary funds report transfers after nonoperating receipts and disbursements. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

### **J. Fund Balance Reserves**

The County reserves those portions of fund equity which are legally segregated for a specific future use or are not available for appropriation or expenditure. Fund equity reserves have been established for encumbrances.

## **NOTE 3 – DEPOSITS AND INVESTMENTS**

### **A. Primary Government**

Statutes require the classification of monies held by the County into two categories. The first category consists of active deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the County has identified as not required for current demands on the treasury. Inactive deposits 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 or 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;

## WYANDOT COUNTY, OHIO

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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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. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio;

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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### Cash on Hand

At year-end, the County had \$2,000 in undeposited cash on hand, included as part of “Equity in pooled cash and cash equivalents.”

### Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. As of December 31, 2006, \$16,828,605 of the County’s bank balance of \$17,328,905 was not covered by depository insurance. Of the uninsured amount, \$9,236,779 was collateralized by specific pledged securities or lines of credit by the financial institution to the County. The remaining \$7,591,826 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the County’s name. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

### Investments

At December 31, 2006 the County’s only investment was \$5,427 deposited in STAR Ohio investment pool. STAR Ohio has average investment maturities of less than one year and the investment pool is rated AAA by Standard and Poors.

## **B. Component Unit**

At December 31, 2006, \$51,553 of the bank deposits of Angeline Industries was exposed to custodial credit risk as it was collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the name of Angeline Industries.

## **NOTE 4 – PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2005 taxes.

2005 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes collected in and intended to finance 2007.

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

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

Tangible personal property taxes paid by multi-county tax payers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The full tax rate of for all County operations for the year ended December 31, 2006 was \$6.95 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$ 283,111,780
Commercial/Industrial	50,074,240
Public Utilities	367,210
Tangible Personal Property:	
General	49,185,379
Public Utilities	<u>14,903,240</u>
Total Assessed Valuation	<u>\$ 397,641,849</u>

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

### **NOTE 5 – RISK MANAGEMENT**

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

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool made up of fifty-two 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 coverage provided by CORSA. The coverage provided include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation 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 time.

Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

The audited financial statements for CORSA reported the following at April 30: total assets of \$74.7 million, liabilities of \$48.5 million and net assets of \$26.2 million.

Insurance coverage stayed the same as in the prior year. Settled claims did not exceed the coverage amounts established in any of the past three years.

The County also participates in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to achieve lower worker's compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

### **NOTE 6 – PENSION PLANS**

#### **A. Ohio Public Employees Retirement System**

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member -directed plan members accumulate retirement assets equal to the value of 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 in nature to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report, obtainable by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 800-222-7377.



## WYANDOT COUNTY, OHIO

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan.

The 2006 member contribution rates were 9.0 percent for members in state and local and public safety division classifications. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1 percent.

The 2006 employer contribution rate for local government employer units was 13.70 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2006 was 16.93 percent. The County's required contribution for pension obligations to OPERS for all employees for the years ended December 31, 2006, 2005 and 2004 were \$1,437,977, \$1,360,922, and \$1,079,903, respectively; 100 percent has been contributed for each year.

#### **B. State Teachers Retirement System**

Certified teachers employed by the school for the Mentally Retarded/Developmentally Disabled (MRDD) participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a financial report, obtainable by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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 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 benefit payment at a reduced level from the regular DB Plan. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

## WYANDOT COUNTY, OHIO

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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For the year ended December 31, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent 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 for the DB Plan for the years ended December 31, 2006, 2005, and 2004 were \$27,716, \$24,424, and \$25,837 respectively; 100 percent has been contributed for all years.

#### **NOTE 7 – POSTEMPLOYMENT BENEFITS**

##### **A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll, and public safety and law enforcement employer units contributed at 16.93 percent. The portion of employer contributions for all employer allocated to health care was 4.50 percent.

The Ohio Revised Code provides the statutory authority requiring employers to fund postretirement health care through their contributions to OPERS.

##### Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2005.

Funding Method – An entry age normal actuarial cost method of valuation is used in determining the present value OPEB. The difference between assumed and actual experience (actuarial gains and losses becomes part of unfunded actuarial accrued liability).

Asset Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

Investment Return – the investment assumption rate for 2005 was 6.5 percent.

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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Active Employee Total Payroll – An annual increase of 4.0 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.5 percent to 6.3 percent.

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 6.0 percent for the next nine years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804.

The employer contributions that were used to fund postemployment benefits were \$703,429 for 2006. The amount of \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2005. The actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on the actuarial cost method used were \$31.3 billion and \$20.2 billion, respectively, at December 31, 2005.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 is effective January 1, 2007. OPERS took additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contributions rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

### **B. State Teachers Retirement System**

The County also provides comprehensive health care benefits to retired employees and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare B premiums. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. This system is on a pay-as-you-go basis.

The ORC grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal years ended June 30, 2006 and 2005, the the Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the County, the amount equaled \$3,384 for the year ended December 31, 2006. The balance in the Health Care Stabilization Fund was \$3.5 billion on June 30, 2006.

**WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006

For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282.7 million and there were 119,184 eligible benefit recipients.

**NOTE 8 – DEBT OBLIGATIONS**

A summary of the County’s outstanding debt obligations for the year ended December 31, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds:					
2003 - Various Purpose	\$ 2,110,000	\$ -	\$ (140,000)	\$ 1,970,000	\$ 145,000
OPWC Loans:					
Bridge Replacement	<u>5,726</u>	<u>-</u>	<u>(1,909)</u>	<u>3,817</u>	<u>1,909</u>
Total Obligations	<u>\$ 2,115,726</u>	<u>\$ -</u>	<u>\$ (141,909)</u>	<u>\$ 1,973,817</u>	<u>\$ 146,909</u>

In 2003, the County issued general obligation bonds for various purposes. These bonds mature in 2023 and have stated interest rates varying from 2.0 percent to 4.4 percent. This debt is to be repaid through transfers from the general fund and rental income.

The OPWC loans represents money owed to the Ohio Public Works Commission, at zero interest rates for improvements made to replace a bridge within the County. The OPWC loan is paid from the Motor Vehicle and Gasoline Tax Fund and matures on January 1, 2009. The County paid this loan off early by remitting the remaining principal balance of \$3,818 in June 2007.

The following is a summary of the County’s future debt payments:

<u>Year</u>	<u>G.O. Bonds</u>		<u>OPWC</u>
	<u>Principal</u>	<u>Interest</u>	<u>Loans</u>
			<u>Principal</u>
2007	\$ 145,000	\$ 73,002	\$ 1,909
2008	150,000	69,523	1,908
2009	85,000	65,473	-
2010	90,000	62,922	-
2011	90,000	60,043	-
2012-2016	515,000	247,720	-
2017-2021	610,000	139,650	-
2022-2023	<u>285,000</u>	<u>18,780</u>	<u>-</u>
	<u>\$ 1,970,000</u>	<u>\$ 737,113</u>	<u>\$ 3,817</u>

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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### **NOTE 9 – PERMISSIVE SALES AND USE TAX**

The County Commissioners by resolution imposed a one and one-half percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Effective October 1, 2005, the County increased the tax by one-half of one percent to provide funding for public safety within the County, including sheriff and EMS services. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State then has five days in which to draw the warrant payable to the County. Proceeds of this tax are paid into the General fund and Public Safety special revenue fund. Permissive Sales Tax revenue for 2006 amounted to \$1,891,603 and \$898,672 for the General and Public Safety funds, respectively.

### **NOTE 10 – CONTINGENT LIABILITIES**

The County receives financial assistance from federal and state agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2006 will not have a material adverse effect on the County.

Several claims and lawsuits involving the County are pending. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial statements.

### **NOTE 11 – INTERFUND TRANSACTIONS:**

The County reported the following transfers for the year ended December 31, 2006:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
<i>Governmental Funds:</i>		
General Fund	\$ 469,319	\$ 230,807
Motor Vehicle & Gas Tax Fund	16,052	14,832
Jobs and Family Services Fund	152,906	-
Non-major Governmental Funds	<u>1,283,300</u>	<u>1,675,938</u>
Principal Outstanding	<u>\$ 1,921,577</u>	<u>\$ 1,921,577</u>

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt.

# WYANDOT COUNTY, OHIO

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

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### **NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE:**

For 2006, the County has implemented the requirements of GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” which requires that limitations on the use of net assets imposed by enabling legislation be reported and disclosed as restricted net assets. The implementation of this statement had no effect on the amount within the basic financial statements.

### **NOTE 13 – SUBSEQUENT EVENT:**

On December 27, 2007, the County entered into a loan agreement with Butler County, Ohio to borrow \$74,000 from the County Commissioner’s Association of Ohio’s (CCAO) low cost capital pooled financing program to provide financing for the construction of a maintenance ditch within the County.

**WYANDOT COUNTY, OHIO**

*Schedule of Cash Receipts, Cash Disbursements,  
and Changes in Fund Cash Balance (Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Cash Receipts:				
Taxes	\$ 3,764,292	\$ 3,764,292	\$ 3,405,873	\$ (358,419)
Intergovernmental	506,632	731,009	682,770	(48,239)
Interest	357,205	357,205	323,194	(34,011)
Licenses and Permits	2,348	2,348	2,124	(224)
Fines and Forfeitures	193,698	193,698	175,255	(18,443)
Charges for Services	1,011,219	1,011,219	914,935	(96,284)
Special Assessments	76,491	76,491	69,208	(7,283)
Other	21,615	21,615	19,557	(2,058)
<b>Total Receipts</b>	<b>5,933,500</b>	<b>6,157,877</b>	<b>5,592,916</b>	<b>(564,961)</b>
Cash Disbursements				
General Government:				
Legislative and Executive	1,749,636	1,897,641	1,887,538	10,103
Judicial	858,530	931,155	926,197	4,958
Public Safety	2,021,664	2,192,681	2,181,007	11,674
Public Works	190,763	206,901	205,799	1,102
Health	142,419	154,466	153,644	822
Human Services	406,425	440,806	438,459	2,347
Other	221,063	239,764	238,487	1,277
Capital Outlay	258,116	279,950	278,460	1,490
<b>Total Disbursements</b>	<b>5,848,616</b>	<b>6,343,364</b>	<b>6,309,591</b>	<b>33,773</b>
Excess of Receipts Over(Under) Disbursements	84,884	(185,487)	(716,675)	(531,188)
Other Financing Sources (Uses):				
Other Sources	250,000	285,254	429,578	144,324
Other Uses	(240,000)	(275,000)	(264,266)	10,734
Transfers In	-	-	469,319	469,319
Transfers Out	-	-	(230,807)	(230,807)
<b>Total Other Financing Sources (Uses)</b>	<b>10,000</b>	<b>10,254</b>	<b>403,824</b>	<b>393,570</b>
<b>Net Change in Fund Balance</b>	<b>94,884</b>	<b>(175,233)</b>	<b>(312,851)</b>	<b>(137,618)</b>
Fund Balance at Beginning of Year	772,497	772,497	772,497	-
Prior Year Encumbrances Appropriated	6,637	6,637	6,637	-
<b>Fund Balance at End of Year</b>	<b>\$ 874,018</b>	<b>\$ 603,901</b>	<b>\$ 466,283</b>	<b>\$ (137,618)</b>

See accompanying notes to the required supplementary information.

**WYANDOT COUNTY, OHIO**

*Schedule of Cash Receipts, Cash Disbursements,  
and Changes in Fund Cash Balance (Budgetary Basis)  
Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Cash Receipts:				
Intergovernmental	\$ 3,500,000	\$ 3,500,000	\$ 4,802,348	\$ 1,302,348
Interest	-	-	296,904	296,904
Other	-	-	153,279	153,279
<b>Total Receipts</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>5,252,531</b>	<b>1,752,531</b>
Cash Disbursements				
Current:				
Public Works	2,962,534	3,240,297	3,142,296	98,001
Capital Outlay	1,100,000	1,100,000	1,356,310	(256,310)
<b>Total Disbursements</b>	<b>4,062,534</b>	<b>4,340,297</b>	<b>4,498,606</b>	<b>(158,309)</b>
Excess of Revenues Over(Under) Expenditures	(562,534)	(840,297)	753,925	1,594,222
Other Financing Sources (Uses):				
Other Sources	-	-	80,113	80,113
Transfers In	-	-	16,052	16,052
Transfers Out	-	-	(14,832)	(14,832)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>81,333</b>	<b>81,333</b>
<b>Net Change in Fund Balance</b>	<b>(562,534)</b>	<b>(840,297)</b>	<b>835,258</b>	<b>1,675,555</b>
Fund Balance at Beginning of Year	6,263,805	6,263,805	6,263,805	-
Prior Year Encumbrances Appropriated	21,398	21,398	21,398	-
<b>Fund Balance at End of Year</b>	<b>\$ 5,722,669</b>	<b>\$ 5,444,906</b>	<b>\$ 7,120,461</b>	<b>\$ 1,675,555</b>

See accompanying notes to the required supplementary information.



**WYANDOT COUNTY, OHIO**

*Schedule of Cash Receipts, Cash Disbursements,  
and Changes in Fund Cash Balance (Budgetary Basis)  
Angeline MRDD Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Cash Receipts:				
Taxes	\$ 1,050,000	\$ 1,050,000	\$ 1,074,720	\$ 24,720
Intergovernmental	545,015	545,015	832,977	287,962
Other	-	-	-	-
Total Receipts	<u>1,595,015</u>	<u>1,595,015</u>	<u>1,907,697</u>	<u>312,682</u>
Cash Disbursements				
Health	<u>1,793,537</u>	<u>1,758,439</u>	<u>1,747,912</u>	<u>10,527</u>
Total Disbursements	<u>1,793,537</u>	<u>1,758,439</u>	<u>1,747,912</u>	<u>10,527</u>
Net Change in Fund Balance	(198,522)	(163,424)	159,785	323,209
Fund Balance at Beginning of Year	1,598,709	1,598,709	1,598,709	-
Prior Year Encumbrances Appropriated	<u>24,059</u>	<u>24,059</u>	<u>24,059</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,424,246</u>	<u>\$ 1,459,344</u>	<u>\$ 1,782,553</u>	<u>\$ 323,209</u>

See accompanying notes to the required supplementary information.

**WYANDOT COUNTY, OHIO**

*Schedule of Cash Receipts, Cash Disbursements,  
and Changes in Fund Cash Balance (Budgetary Basis)  
Jobs and Family Services Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Cash Receipts:				
Intergovernmental	\$ 1,195,252	\$ 1,195,252	\$ 1,157,058	\$ (38,194)
Charges for Services	1,052,792	1,087,792	1,019,565	(68,227)
Other	-	-	470	470
<b>Total Receipts</b>	<b>2,248,044</b>	<b>2,283,044</b>	<b>2,177,093</b>	<b>(105,951)</b>
Cash Disbursements				
Human Services	2,295,900	2,530,900	2,281,112	249,788
<b>Total Disbursements</b>	<b>2,295,900</b>	<b>2,530,900</b>	<b>2,281,112</b>	<b>249,788</b>
Excess of Receipts Over(Under) Disbursements	(47,856)	(247,856)	(104,019)	143,837
Other Financing Sources (Uses):				
Transfers In	-	200,000	152,906	(47,094)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>200,000</b>	<b>152,906</b>	<b>(47,094)</b>
<b>Net Change in Fund Balance</b>	<b>(47,856)</b>	<b>(47,856)</b>	<b>48,887</b>	<b>96,743</b>
Fund Balance at Beginning of Year	47,856	47,856	47,856	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 96,743</b>	<b>\$ 96,743</b>

See accompanying notes to the required supplementary information.

# WYANDOT COUNTY, OHIO

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2006

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### **Budgetary Process**

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 appropriations 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 legally required to be budgeted and appropriated.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

### **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, for the period January 1 to December 31 of the following year.

### **Estimated Resources**

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 receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31 the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2006, unencumbered fund balances. However, those fund balances are available for appropriations.

### **Appropriations**

A temporary appropriation measure 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 measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. The County's legal level of control is at the fund, department, and object level. Appropriations may not exceed estimated resources.

### **Encumbrances**

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. 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 need not be re-appropriated.

**WYANDOT COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2006

**Budgetary Basis Fund Balances**

Differences between the budgetary basis fund balances and the fund cash balances are due to year end encumbrance amounts. The table below presents the differences between the net changes in fund balance reported in the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Cash Basis and the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance (Budgetary Basis) for the County’s General and major special revenue funds:

	<u>General Fund</u>	<u>Motor Vehicle and Gasoline Tax Fund</u>	<u>Angeline MRDD Fund</u>	<u>Jobs and Family Services Fund</u>
Fund Basis - Cash Basis	\$ (302,861)	\$ 872,538	\$ 163,175	\$ 48,887
Encumbrances	<u>(9,990)</u>	<u>(37,280)</u>	<u>(3,390)</u>	<u>-</u>
Budgetary Basis Fund Balance	<u><u>\$ (312,851)</u></u>	<u><u>\$ 835,258</u></u>	<u><u>\$ 159,785</u></u>	<u><u>\$ 48,887</u></u>

**Wyandot County, Ohio**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2006**

<b>Federal Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Award Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Education</i>			
National School Lunch Program	10.555	066290-LLP4	\$ 1,379
<b>Total U.S. Department of Agriculture</b>			<b><u>1,379</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through the Ohio Department of Education</i>			
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	066290-6BSF	17,392
Special Education Preschool Grants	84.173	066290-PGS1	11,726
Total Special Education Cluster			<u>29,118</u>
State Grants for Innovative Programs	84.298	066290-C2S1	119
<b>Total U.S. Department of Education</b>			<b><u>29,237</u></b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grant/State Program	14.228	BF-04-081-1 BF-05-081-1 BC-05-081-1	79,401 94,590 <u>121,845</u> 295,836
Home Investment Partnership	14.239	BG-03-081	<u>254,918</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>550,754</u></b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<i>Passed through the Ohio Department of Job &amp; Family Services (Area 7 Board)</i>			
<u>Workforce Investment Act Cluster</u>			
Workforce Investment Act - Adult	17.258	(1)	42,769
Workforce Investment Act - Youth	17.259	(1)	57,112
Workforce Investment Act - Dislocated Worker	17.260	(1)	66,800
Workforce Investment Act - Unemployment Insurance	17.225	(1)	2,405
Total Workforce Investment Act Cluster			<u>169,086</u>
<b>Total U.S. Department of Labor</b>			<b><u>169,086</u></b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	PID22541	<u>1,496,845</u>
<b>Total U.S. Department of Transportation</b>			<b><u>1,496,845</u></b>
<b><u>U.S. DEPARTMENT OF GENERAL SERVICES ADMINISTRATION:</u></b>			
<i>Passed through the Ohio Secretary of State</i>			
Help America Vote Act	90.401	E05-0086-88	<u>224,377</u>
<b>Total U.S. Department of General Services Administration</b>			<b><u>224,377</u></b>

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**Wyandot County, Ohio**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2006**  
**(Continued)**

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Number	Award Disbursements
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>			
<i>Passed through the Ohio Department of Public Safety</i>			
Pre-Disaster Mitigation	97.047	SO4-FM03-88-0272	4,586
State Homeland Security Program	97.073	2005-GE-T5-0101	53,856
Disaster Grants - Public Assistance	97.036	(1)	<u>18,306</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>76,748</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed through the Ohio Attorney General's Office</i>			
Crime Victim Assistance	16.575	(1)	<u>36,699</u>
<b>Total U.S. Department of Justice</b>			<b><u>36,699</u></b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Service Block Grant	93.667	(1)	18,602
Medical Assistance Program	93.778	(1)	<u>303,083</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>321,685</u></b>
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<b><u>\$ 2,906,810</u></b>

(1) Pass through number not available.

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**WYANDOT COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**A. SIGNIFICANT ACCOUNTING POLICIES**

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

**B. COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAMS**

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

These loans are collateralized by mortgages on the property. At December 31, 2006, the gross amount of loans outstanding under this program was \$1,084,042.

**C. MATCHING REQUIREMENTS**

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



**Clark, Schaefer, Hackett & Co.**  
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Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Wyandot County, Ohio  
Board of County Commissioners  
109 South Sandusky Avenue  
Upper Sandusky, Ohio 43351

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Wyandot County, Ohio (the County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 5, 2008, in which it was noted the County prepared its financial statements on a cash accounting basis, which is a basis other than accounting principles generally accepted in the United States of America. We did not express an opinion on the County's only discretely presented component unit because the financial information for Angeline Industries, Inc. was not audited. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of audit findings and responses as items 2006-003 through 2006-005 to be significant deficiencies in the internal control over financial reporting.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2006-003 and 2006-005 to be material weaknesses.

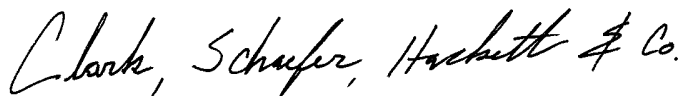
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we are required to report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 through 2006-002.

We also noted other matters that we reported to management of the County in a separate letter dated March 5, 2008.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

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



Springfield, Ohio  
March 5, 2008



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Report on Compliance with Requirements Applicable to Each  
Major Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133.

Wyandot County, Ohio  
Board of County Commissioners  
109 South Sandusky Avenue  
Upper Sandusky, Ohio 43351

Compliance

We have audited the compliance of Wyandot County, Ohio (the County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in item 2006-006 in the accompanying schedule of findings, the County did not comply with the requirement regarding preparation of the Schedule of Expenditures of Federal Awards. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to the reporting of expenditures of federal award programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

## Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in the internal control over compliance described in the accompanying schedule findings and responses as item 2006-005 to be a significant deficiency.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We consider the item described above, item 2006-005, to be a material weakness.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
March 5, 2008

**WYANDOT COUNTY, OHIO**

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2006

**1. SUMMARY OF AUDITORS' RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material weakness reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction - CFDA #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

WYANDOT COUNTY, OHIO

SCHEDULE OF FINDINGS  
DECEMBER 31, 2006

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

**FINDING NUMBER 2006-001**

Ohio Rev. Code Section 117.38 requires each public office to file a financial report annually in accordance with the requirements of the Auditor of State. Ohio Administrative Code Section 117-2-3(B) further clarifies the reporting requirements applicable to each public office and requires counties in the State to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). Wyandot County has elected to prepare and submit its annual financial report on the cash basis of accounting, which is a basis of accounting other than GAAP, contrary to the provisions of above stated.

*Management Response: Wyandot County's finances continue to drive the decision to file under the cash basis. We believe that filing under GAAP would cost an additional \$30,000 per year with no appreciable benefit to the County.*

**FINDING NUMBER 2006-002**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached certifying that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. There are several exceptions to this standard requirement including the use of blanket purchase orders, "then and now" certificates, and "super" blanket purchase orders.

Proper prior certification by the fiscal officer or following one of the approved exception methods could not be verified in numerous disbursement transactions tested. Failure to properly certify the availability of funds can result in exceeding appropriation levels and negative cash fund balances. The County should ensure all expenditures are being properly certified or addressed through one of the approved exception methods to prior certification.

*Management Response: We have further trained our employees and helped them understand how important this process is. This should no longer happen.*

**FINDING NUMBER 2006-003**

The accounting system of the County is not structured in a consistent manner and hinders the processing of information in such a manner that clear and concise financial information can not be readily produced. The current chart of account assigns numerical identifiers for each individual fund however the number sequence assigned to individual funds has no significance, such as all special revenues funds are in the 200 numerical series, all capital project funds are identified in the 300 series, etc. The account codes currently assigned to the receipt and expenditure accounts are comprised of letters or a combination of

letters and numbers and are specifically established for each individual fund which results in information being reported at different levels of detail depending on the codes assigned. Furthermore, various reports produced by the system do not include all the transaction types that should be included, such as transfers into a fund not being reported on the Receipt History report and transfers out not being reported on the Appropriation report. Also, in some reports the information is presented in the order of the fund number and others it is not, which makes tracing an item from one report to the next difficult.

The issues noted above increases the risk that misstatements in the financial information processed by the accounting system would not be detected on a timely basis by employees. In addition, the lack of structure increases the manual tasks associated with extracting financial information, compiling financial statements and reports, including the annual financial report; all of which increases the risk that a misstatement could occur during the compilation of those statements and reports.

The County should establish a logical and meaningful chart of accounts structure. Funds should be assigned numerical identifies which identifies and groups the funds by type. Standard revenue and expense codes should be established for every fund to ensure financial information is being recorded and reported consistently regardless of what fund those transactions are posted. Finally, reporting capabilities should be revised to ensure all similar transactions are grouped and reported in a complete and meaningful manner. The County should work with the company that is supporting its existing system to see if that system can handle such modifications and if it can not, the County should explore the possibility of acquiring a system that increases effectiveness and efficiency of the accounting function.

*Management Response: A numeric chart of accounts has been completed and is being used beginning with the 2007 year end reports. It is sorted by fund numbers along the following lines:*

*1000 General Fund  
2000 Special Revenue Funds  
3000 Debt Service Funds  
4000 Capital Project Funds  
5000 Enterprise Funds  
6000 Internal Service Funds  
7000 Fiduciary Funds  
8000 Health District & SWCD District  
9000 Agency Funds*

*All appropriations and revenues have eight digits broken down by fund, location and line item. Transfer lines have also been added so that no transactions are missed.*

#### **FINDING NUMBER 2006-004**

Several audit adjustments or reclassifications were necessary to accurately report the cash receipts and disbursements on the financial statements. Audit adjustments are an indication that controls over financial reporting are deficient in design or not operating as intended. The lack of an entity wide chart of account structure previously mentioned is a significant factor hindering the County's ability to produce consistent and accurate information. In other cases, the information provided or the lack of information provided regarding transactions seems to be responsible for some of the improper account postings.

Every attempt should be made to ensure information is posted to the correct account. The County Auditor should require sufficient documentation be provided along with the pay-ins so employees can identify the type and source of each receipt thereby enabling a verification of the account coding prior to posting. This process might require additional instruction provided to department personnel regarding the level of reporting needed to properly post transactions.

*Management Response: We believe this has been corrected per the explanation in 2006-003.*

#### **FINDING NUMBER 2006-005**

During 2005, the Ohio Department of Transportation (ODOT) paid \$1.35 million in federal funds directly to contractors related to a roadway construction project based on a contracts entered into by the County and ODOT; PID #22541. Based on these contracts, ODOT and the County mutually agreed to designate the County as the lead agency for the administration of these projects including but not limited to selecting the engineers and contractors, supervising and monitoring the construction, review and approve all invoices related to the projects, and ensuring all Federal and State laws, regulations and executive orders are complied with. As such, the payments made by ODOT are considered to be made on be-half of the County and the County is a sub-recipient of the federal funds disbursed requiring these funds be reported on the County's schedule of expenditures of federal awards. In addition, the County received approximately \$225,000 worth of voting equipment in 2006 from the Secretary of State's Office that was purchased using federal grant monies.

Auditor of State Bulletin 2000-008, states in part that governments operating on the cash basis of accounting should record the cash value of the benefit received as memorandum receipts and disbursements in the year the on-behalf-of disbursements are made and budgetary information amended accordingly.

The County did not record the payments made by ODOT or the receipt of the voting equipment in its accounting system. Adequate procedures should be implemented to ensure all future on-behalf-of payments are properly recognized in the County's accounting records and subsequent financial reports in the year in which the benefits of such payments are received.

*Management Response: These projects were missed because the proper information was not forwarded to us by the respective departments. Per our discussions we have asked for notification from both in the future.*

## 2. FINDINGS RELATED TO THE DISTRICT'S FEDERAL AWARDS

### **FINDING NUMBER 2006-006**

OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, Section 310(b) requires recipients to prepare a schedule of expenditures of federal awards that should include, among other things, providing the total expenditures for the period for each individual federal program.

The County's Schedule of Expenditures of Federal Awards presented for audit included several errors and omissions, including not reporting the federal funds expended by ODOT on the County's behalf and the receipt of voting equipment paid for by the Secretary of State's Office as mentioned in Finding Number 2006-005, reporting the incorrect expenditure amount associated with several grant programs, and reporting the incorrect program or Catalog of Federal Domestic Assistance (CFDA) identification numbers associated with the award programs of the County.

Reporting inaccurate grant information in the Schedule of Expenditures of Federal Awards may jeopardize future grant funding and/or require the County to return funding to the grantor agency. The County should utilize due care in preparing the annual Schedule of Expenditures of Federal Awards to ensure completeness and accuracy of all information reported. This effort will require all departments carefully review grant documents and accounting records to ensure the correct amounts and program information is provided to the County Auditor to prepare the annual schedule. The final schedule should be reviewed after completion and agreed to underlying cash accounting records of the County.

*Management Response: We are in the process of helping the departments that receive federal funds to prepare and deliver this information to us in a timely manner. We believe this issue has been corrected.*



**WYANDOT COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Explanation of Correction
2005-001	ORC 117.38/OAC 117-2-3(B) – requires counties to file GAAP basis reports	No	Not Corrected – repeated as Finding 2006-001.
2005-002	ORC 5705.41(D)(1) – expenditure of money has not been properly certified.	No	Not Corrected – repeated as Finding 2006-002.
2005-003	Accounting system not structured in consistent manner and hinders the processing financial information and reports	No	Not Corrected – repeated as Finding 2006-003.
2005-004	Audit adjustments and reclassifications were required to correct financial statements.	No	Not Corrected – repeated as Finding 2006-004.
2005-005	Payments made on behalf of the County were not recorded as revenue and expenditures in the accounting records	No	Not Corrected – repeated as Finding 2006-005.
2005-006	Schedule of expenditures of federal awards was not accurate and did not contain all the necessary information.	No	Not Corrected – repeated as Finding 2006-006.





**Mary Taylor, CPA**  
Auditor of State

**FINANCIAL CONDITION**

**WYANDOT 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  
APRIL 17, 2008**