



**Auditor of State
Betty Montgomery**

WYANDOT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash and Cash Equivalents and Fund Cash Balances - All Fund Types	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types.....	6
Combined Statement of Receipts - Budget and Actual - All Fund Types	7
Combined Statement of Disbursements and Encumbrances Compared with Expenditure Authority - All Fund Types	8
Notes to the Financial Statements.....	11
Schedule of Federal Awards Expenditures.....	23
Notes to the Schedule of Federal Awards Expenditures.....	25
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	27
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	29
Schedule of Findings.....	31
Schedule of Prior Audit Findings	40

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Wyandot County
109 S. Sandusky Avenue, Room 10
Upper Sandusky, Ohio 43351-1497

To the Board of County Commissioners:

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

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

Ohio Administrative Code §117-2-3(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 have been prepared on a basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with generally accepted accounting principles. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash and cash equivalents and combined fund cash balances of Wyandot County, as of December 31, 2003, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2004 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

September 23, 2004

WYANDOT COUNTY

**COMBINED STATEMENT OF CASH AND CASH EQUIVALENTS
AND FUND CASH BALANCES
ALL FUND TYPES
AS OF DECEMBER 31, 2003**

Cash and Cash Equivalents	<u>\$ 14,352,966</u>
 Cash Balances by Fund Type	
Governmental Fund Types:	
General Fund	\$ 736,931
Special Revenue Funds	10,332,640
Debt Service Funds	331,512
Capital Projects Funds	814,756
Proprietary Fund Types:	
Enterprise Fund	1,019,443
Internal Service Fund	39,334
Fiduciary Fund Types:	
Expendable Trust Fund	9,029
Agency Funds	<u>1,069,321</u>
 Total	 <u>\$ 14,352,966</u>

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

WYANDOT COUNTY

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

	Governmental Fund Types	
	General	Special Revenue
Cash receipts:		
Property tax and other local taxes	\$ 3,053,324	\$ 997,361
Special assessments	75,145	
Intergovernmental receipts	455,804	6,702,434
Charges for services	742,825	1,836,980
Licenses and permits	2,728	
Fines and forfeitures	157,869	25
Miscellaneous	414,440	304,698
Total cash receipts	4,902,135	9,841,498
Cash disbursements:		
Current:		
General government:		
Legislative and executive	1,665,057	291,662
Judicial	852,082	104,099
Public safety	1,633,508	250,426
Public works	176,713	2,944,818
Health	134,247	1,866,755
Human services	172,054	3,342,308
Miscellaneous	159,127	
Conservation		902,155
Capital Outlay	63,288	
Debt service:		
Principal payments		
Interest payments		
Total cash disbursements	4,856,076	9,702,223
Total receipts over/(under) disbursements	46,059	139,275
Other financing receipts and (disbursements):		
Proceeds from Notes		
Transfer In	127,391	1,070,389
Other financing sources	358,004	139,531
Transfers-out	(231,727)	(986,053)
Other financing uses	(237,870)	
Total other financing receipts/(disbursements)	15,798	223,867
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	61,857	363,142
Fund cash balances, January 1	675,074	9,969,498
Fund cash balances, December 31	\$ 736,931	\$ 10,332,640

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

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
			\$ 4,050,685
	\$ 109,960		75,145
			7,268,198
			2,579,805
			2,728
			157,894
\$ 81,447	67,404	\$ 377	868,366
81,447	177,364	377	15,002,821
		60	1,956,779
			956,181
	1,371,961		1,883,934
			4,493,492
	1,236		2,001,002
			3,515,598
			159,127
			902,155
	54,520		117,808
2,315,000			2,315,000
169,182			169,182
2,484,182	1,427,717	60	18,470,258
(2,402,735)	(1,250,353)	317	(3,467,437)
2,385,000			2,385,000
	22,596		1,220,376
	(2,596)		497,535
			(1,220,376)
			(237,870)
2,385,000	20,000		2,644,665
(17,735)	(1,230,353)	317	(822,772)
349,247	2,045,109	8,712	13,047,640
\$ 331,512	\$ 814,756	\$ 9,029	\$ 12,224,868

WYANDOT COUNTY

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

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Agency	
Operating cash receipts:				
Charges for services	\$ 1,913,578			\$ 1,913,578
Other	786			786
Total operating cash receipts	<u>1,914,364</u>			<u>1,914,364</u>
Operating cash disbursements:				
Personal services	2,421,928			2,421,928
Contractual services	228,718			228,718
Supplies and materials	253,006			253,006
Capital outlay	93,120			93,120
Total operating cash disbursements	<u>2,996,772</u>			<u>2,996,772</u>
Operating income	<u>(1,082,408)</u>			<u>(1,082,408)</u>
Non-operating cash receipts:				
Grants	805,689			805,689
Interest		\$ 9,408		9,408
Other non-operating receipts		1,855,036	\$28,011,184	29,866,220
Total non-operating cash receipts	<u>805,689</u>	<u>1,864,444</u>	<u>28,011,184</u>	<u>30,681,317</u>
Non-operating cash disbursements:				
Other non-operating cash disbursements		2,002,808	28,016,067	30,018,875
Total non-operating cash disbursements		<u>2,002,808</u>	<u>28,016,067</u>	<u>30,018,875</u>
Net disbursements over receipts	(276,719)	(138,364)	(4,883)	(419,966)
Fund cash balances, January 1	<u>1,296,162</u>	<u>177,698</u>	<u>1,074,204</u>	<u>2,548,064</u>
Fund cash balances, December 31	<u>\$ 1,019,443</u>	<u>\$ 39,334</u>	<u>\$ 1,069,321</u>	<u>\$ 2,128,098</u>

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

WYANDOT COUNTY

COMBINED STATEMENT OF RECEIPTS
BUDGET AND ACTUAL
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types:			
General Fund	\$ 5,190,235	\$ 5,387,530	\$ 197,295
Special Revenue Funds	11,484,381	11,051,418	(432,963)
Debt Service Funds	2,017,044	2,466,447	449,403
Capital Projects Funds	115,040	199,960	84,920
Proprietary Fund Types:			
Enterprise Fund	2,750,000	2,720,053	(29,947)
Internal Service Fund	1,375,000	1,864,444	489,444
Fiduciary Fund Type:			
Trust Funds		377	377
Total (Memorandum Only)	\$ 22,931,700	\$ 23,690,229	\$ 758,529

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

WYANDOT COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Prior Year Carryover <u>Appropriations</u>	2003 <u>Appropriations</u>
Governmental Fund Types:		
General Fund	\$ 65,298	\$ 5,676,173
Special Revenue Funds	306,181	10,788,905
Debt Service Fund		2,402,990
Capital Projects Funds	1,232,004	187,546
Proprietary Fund Types:		
Enterprise Fund	19,539	3,298,657
Internal Service Fund		52,018
Fiduciary Fund Type:		
Trust Funds		
Total (Memorandum Only)	<u>\$ 1,623,022</u>	<u>\$ 22,406,289</u>

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

<u>Total</u>	<u>Actual 2003 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/03</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 5,741,471	\$ 5,325,673	\$ 15,527	\$ 5,341,200	\$ 400,271
\$ 11,095,086	10,688,276	88,501	10,776,777	318,309
\$ 2,402,990	2,484,182		2,484,182	(81,192)
\$ 1,419,550	1,430,313		1,430,313	(10,763)
\$ 3,318,196	2,996,772	16,618	3,013,390	304,806
\$ 52,018	2,002,808	13,626	2,016,434	(1,964,416)
	60		60	(60)
<u>\$ 24,029,311</u>	<u>\$ 24,928,084</u>	<u>\$ 134,272</u>	<u>\$ 25,062,356</u>	<u>\$ (1,033,045)</u>

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WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2003

NOTE 1 – DESCRIPTION OF THE ENTITY

Wyandot County (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. Wyandot County was created in 1845. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Common Pleas Court Judges, and a Probate/Juvenile 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.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although required by Ohio Administrative Code § 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 chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

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

A general fixed asset group and general long-term debt obligation group of accounts is not recorded on the financial statements by the County under the basis of accounting used. By virtue of Ohio law, the County is required to maintain the encumbrance method of accounting and to make appropriations.

A. Basis of Presentation – Fund Accounting

The County uses fund accounting to segregate cash and investments which are restricted to use. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

1. Governmental Fund Types

Governmental funds are those through which most governmental functions of the County are financed. The following are the County's governmental fund types:

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.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund – This fund is used for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest other than that accounted for in the proprietary fund.

Capital Projects Funds – The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

2. Proprietary Fund Types

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector.

Enterprise Fund – The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

Internal Service Fund – This fund is used to account for the financing of goods and services provided by one department or agency to other department or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

3. Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The County's fiduciary funds include expendable trust and agency funds.

B. 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.

1. 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.

The primary level of budgetary control is at the objective level within each function for the General Fund. For the rest of the funds the primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Commissioners.

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

2. 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, 2003, unencumbered fund balances. However, those fund balances are available for appropriations.

3. 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. Appropriations may not exceed estimated resources.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. 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 over and need not be reappropriated.

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

C. Property, Plant, and Equipment

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

D. 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.

E. 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 "Cash and Cash Equivalents" on the Combined Statement of Cash and Cash Equivalents and Fund Cash Balances. During fiscal year 2003, investments were limited to certificates of deposits and money markets accounts. All investments of the County had a maturity of two years or less. Investments are stated at cost. Investment earnings are allocated as authorized by State statute.

F. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Total- (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund -type eliminations have not been made in the aggregation of this data.

NOTE 3 - NONCOMPLIANCE

During the year ended December 31, 2003, the County did not certify the availability of funds prior to a commitment being incurred. The County did not increase its certificates for estimated resources which resulted in appropriations exceeding estimated resources for the Help Me Grow Fund and the Debt Service funds. Also, the Real Estate Assessment, Solid Waste, Hospitalization, and several other funds in smaller relative amounts had expenditures that exceeded appropriations. In addition, transfers were made without the County Commissioners' approval.

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Statement Cash and Cash Equivalents and Fund Cash Balances "Cash and Cash Equivalents".

A. Legal Requirements

Statutes require the classification of monies held by the County into two categories. The first category consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for current demands upon the County Treasury. Such monies must be maintained either as cash in the County Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

The second category consists of "inactive" monies, those monies in excess of the amount determined to be "active" monies. Inactive monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal 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;
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;

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

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.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 105 percent of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

B. Cash on Hand

Cash on hand consists of \$120,394 in undeposited cash which is included on the Combined Statement of Cash and Cash Equivalents and Fund Cash Balances as part of “Cash and Cash Equivalents.”

C. Deposits and Investments

The County maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	Carrying Amount
Demand deposits	\$ 1,739,763
Certificate of Deposits	12,400,000
Total deposits	<u>14,139,763</u>
STAR Ohio	92,809
Total investments	<u>92,809</u>
Total deposits and investments	<u>\$ 14,232,572</u>

Deposits

The bank balance was \$15,460,842. Of the bank balance:

1. \$600,000 was covered by federal depository insurance.
2. \$14,860,842 was covered by collateral held by third party trustee pursuant to § 135.181, Revised Code, in collateralized pools securing all public funds on deposits with specific depository institutions.

Investments

Investments in STAR Ohio funds are not evidenced by securities that exist in physical or book-entry form.

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

NOTE 5 - PROPERTY TAXES

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2003.

Real property taxes become a lien on all nonexempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate applied to real property, for the fiscal year ended December 31, 2003, was \$6.95 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$6.34 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$6.59 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property, for the fiscal year ended December 31, 2003, was \$6.87 per \$1,000 of assessed valuation.

Real Property - 2002 Valuation	
Residential/Agricultural	\$ 261,518,720
Commercial/Industrial	44,780,450
Public Utilities	387,180
Tangible Personal Property - 2003 Valuation	
General	67,241,850
Public Utilities - 2002	<u>14,752,410</u>
Total Valuation	<u>\$ 388,680,610</u>

The Wyandot County Treasurer collects property tax on behalf of all taxing districts within the County. The Wyandot County Auditor periodically remits to the taxing districts their portions of

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

NOTE 6 – RISK MANAGEMENT

The County is a member of the County Risk Sharing Authority, Inc., (CORSA) (the Pool). The Pool assumes the risk of loss up to the limits of the County's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- Comprehensive general liability.
- Automobile liability.
- Certain property insurance.
- Public officials' errors and omissions liability insurance.

The County is also self-insured for employee health plans. The Self Insured Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on interfund rates approved by the County Commissioners.

The Self Insured Fund cash and investments available to pay claims as of December 31, 2003 was \$39,334. The Self Insurance Fund has not determined actuarially measured liabilities as of December 31, 2003.

NOTE 7 - RETIREMENT SYSTEMS

Certified teachers employed by the school for the Mentally Retarded/Developmentally Disabled (MRDD) participate in the State Teachers Retirement System of Ohio (STRS). The County's official and all other employees belong to the Ohio Public Employees Retirement System (OPERS). STRS and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. STRS members contributed 9.3 percent of their wages and the County contributed an amount equal to 14 percent of participants' gross salaries. All other members contributed 8.5 percent of their wages to OPERS and the County contributed an amount equal to 13.55 percent of participants' gross salaries. The County has paid all contributions required through December 31, 2003.

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

NOTE 8 - DEBT OBLIGATIONS

The County's outstanding debt at December 31, 2003, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds:		
County Human Services Building	\$ 15,000	7.65%
Various Purpose Bonds	2,385,000	2 - 4.40%
OPWC:		
Bridge Replacement Loan	9,544	
County Highway 4	<u>20,000</u>	
Total Outstanding at December 31, 2003	<u><u>\$ 2,429,544</u></u>	

General obligation bonds were issued for the County Human Services building improvements and Various Purpose Bonds. This debt is to be repaid through transfers from the general fund and collections from taxes within the ten mill limitation.

The OPWC loans represents money owed to the Ohio Public Works Commission, at zero interest rates for improvements made to County Road 4 for the benefit of the Solid Waste Fund. The OPWC loan is payable solely from the gross revenues of the Solid Waste Fund (Special Revenue Fund) and due in January 1, 2006. The loan for the bridge replacement is paid from the Motor and Gas Fund and due in January 1, 2009.

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

<u>Year</u>	<u>General Obligation Bonds</u>	<u>OPWC Loans</u>
2004	\$ 232,521	\$ 11,909
2005	218,672	11,909
2006	215,872	1,909
2007	218,002	1,909
2008	219,523	1,908
2008 and there after	<u>2,269,587</u>	
Total	<u><u>\$ 3,374,177</u></u>	<u><u>\$ 29,544</u></u>

WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

NOTE 9 - PERMISSIVE SALES TAX

The County Commissioners by resolution imposed a one 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. 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 Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax rate are credited entirely to the General fund. Permissive Sales Tax revenue for 2003 amounted to \$1,797,597.

NOTE 10 - CONTINGENT LIABILITIES

A. Litigation

The County is party to legal proceedings. The County is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the County.

B. Grants

The County received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2003.

WYANDOT COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
National School Lunch Program	10.555	N/A	\$ 808
Total U.S. Department of Agriculture			<u>808</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Chaffee Independence Living	84.169	0066290-6BS-02	6,047
<u>Special Education Cluster</u>			
Special Education Grants to States - Title VI-B	84.027	066290-6BSF-03P	2,320
Preschool Disabilities	84.173	066290-PGS1-03P	1,538
Total Special Education Cluster			<u>3,858</u>
Innovative Education Program - Title V	84.298	066290-C2S1-03	1,478
Total U.S. Department of Education			<u>11,383</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant	14.239	BF-02-081-1	152,476
Total Community Development Block Grant			<u>152,476</u>
Community Housing Improvement Program	14.228	BC-00-081-1	6,803
		BC-00-081-2	12,094
Total Community Housing Improvement			<u>18,897</u>
Total U. S. Department of Housing and Urban Development			<u>171,373</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Department of Emergency Management:</i>			
State and Local All Hazards Emergency Operations Planning	97.051	K273	22,915
Emergency Management Performance Grants	97.042	K305	43,548
State Domestic Preparedness Equipment Support Program	97.004	J809, K195, J529	35,606
Total U.S. Department of Homeland Security			<u>102,069</u>

(Continued)

WYANDOT COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disbursements
U. S. DEPARTMENT OF LABOR			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
<u>Workforce Investment Act Cluster</u>			
Adult Program	17.258	N/A	41,620
Youth Activities	17.259	N/A	46,150
WIA Incentive	17.267	N/A	20,195
Dislocated Workers	17.260	N/A	25,949
Total Work Investment Act Cluster			<u>133,914</u>
Total U.S. Department of Labor			<u>133,914</u>
US DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General's Office:</i>			
Victims of Crime Assistance		2002-VAGENE442T	17,463
	16.575	2003-VAGENE442T	5,522
Total Federal Emergency Management Agency			<u>22,985</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant - Title XX	93.667	N/A	23,056
Targeted Case Management - Title XIX	93.778	8800015	166,885
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Child Welfare - Title IV-B	93.645	N/A	<u>29,822</u>
Total U.S. Department of Health and Human Services			<u>219,763</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$662,295</u></u>

THE ACCOMPANYING NOTES TO THIS SCHEDULE ARE AN INTEGRAL PART OF THIS SCHEDULE.

WYANDOT COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 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 Department 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 Federal Awards Expenditures (the Schedule). 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 Schedule.

These loans are collateralized by mortgage on the property. At December 31, 2003, the gross amount of loans outstanding under this program was \$1,042,098.

NOTE C - MATCHING REQUIREMENTS

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

NOTE D - U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL AWARDS

The Federal Homeland Security Act of 2002 established the Department of Homeland Security (the Department) to consolidate functions of other Federal agencies related to homeland security. Effective January 24, 2003, the Department began to administer certain Federal awards the County previously received from other Federal agencies. The accompanying Federal Awards Expenditure Schedule reports all such 2003 award amounts under the Department's Catalog of Federal Domestic Assistance (CFDA) numbers. The purposes and compliance requirement of these programs has not changed. A comparison of the former Federal agencies and CFDA numbers the County reported in its 2002 Federal Award Expenditure Schedule compared with the Department's CFDA numbers reported in the 2003 Schedule follows:

WYANDOT COUNTY

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

(Continued)

<u>Previous Federal Agency</u>	<u>CFDA No. Used for 2002</u>	<u>Homeland Security CFDA No. Used for 2003</u>
Department of Justice	16.007	97.004
	83.552	97.042
	83.562	97.051



**Auditor of State
Betty Montgomery**

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

Wyandot County
109 S. Sandusky Avenue, Room 10
Upper Sandusky, Ohio 43351-1497

To the Board of County Commissioners:

We have audited the financial statements of Wyandot County (the County) as of and for the year ended December 31, 2003, and have issued our report thereon dated September 23, 2004, in which we noted that the County prepares its financial statements on the basis of accounting other than that prescribed by Ohio Administrative Code § 117-2-03(B). 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.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 to 2003-006. We noted certain immaterial instances of noncompliance that we have reported to the County's management in a separate letter dated September 23, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion

on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-007 to 2003-011.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2003-007 and 2003-008 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have to the County's management in a separate letter dated September 23, 2004.

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



Betty Montgomery
Auditor of State

September 23, 2004



**Auditor of State
Betty Montgomery**

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

Wyandot County
109 S. Sandusky Avenue, Room 10
Upper Sandusky, Ohio 43351-1497

To the Board of County Commissioners:

Compliance

We have audited the compliance of Wyandot County (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 its major federal program for the year ended December 31, 2003. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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.

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

Internal Control over Compliance

The management of the 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 and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Betty Montgomery
Auditor of State

September 23, 2004

WYANDOT COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Targeted Case Management – Title XIX CFDA # 93.778
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2003-001

Finding for Recovery

The Wyandot County Ambulance Trust Fund Agreement with the Village of Sycamore dated May 2003 states that the Village of Sycamore will agree to pay a sum of \$50 to the Wyandot County Ambulance Trust Fund for every EMS run made by the Sycamore Fire and Rescue. Such payment is to be made after the Village receives payment of at least 50 percent of the total amount billed for the EMS run. Such pay-ins to the Ambulance Trust Fund is to be made at least every quarter of the calendar year.

In 2003, the Village of Sycamore received 50 percent payment of 105 runs but failed to make any payment to the Wyandot County Ambulance Trust Fund. At \$50 per run billed, a total of \$5,250 should have been paid to the Wyandot County Ambulance Trust Fund by the Village of Sycamore.

In accordance with the foregoing facts, and pursuant the Ohio Revised Code § 117.28, a Finding for Recovery for public money that is due and not collected is hereby issued against the Village of Sycamore in the amount of five thousand two hundred and fifty dollars and zero cents (\$5,250) and in favor of the Wyandot County Ambulance Trust Fund.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-3 further clarifies the requirements of the Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-3(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the County prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual

FINDING NUMBER 2003-002
(Continued)

reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant the Ohio Revised Code §117.38, the County can be fined and various other administrative remedies may be taken against the County for failure to file the required financial report.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Revised Code § 5705.14 provides that no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise, with certain limited exceptions. The transfers permitted under the Ohio Revised Code § 5705.14 requires a resolution passed by a two-thirds vote of the members of the taxing authority, except transfers from the General Fund, which require a resolution passed by a simple majority. In addition, to the transfers permitted under Ohio Revised Code § 5705.14, Ohio Revised Code §§ 5705.15 and 5705.16 provide that the taxing authority, with the approval of the Tax Commissioner and the Court of Common Pleas may transfer from one fund to another, with certain limited exceptions.

Approximately 13 percent of transfers were not approved by the Commissioners. Furthermore, there were several transfers made from special revenue funds, capital projects funds, and expendable trust funds to other funds. These transfers did not meet any of the exceptions allowable under the Ohio Revised Code. We recommend no transfers be made unless prior approval has been obtained in the form of a resolution authorizing the transfers or an approval of the Tax Commissioner and the Court of Common Pleas. The financial statements have been adjusted to reverse the transfers.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Revised Code § 5705.36 allows the County to request increased amended certificates of estimated resources and reduce amended certifications upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

FINDING NUMBER 2003-004
(Continued)

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriations.

As of December 31, 2003 the County should have received an increased amended certificate for the following funds, since appropriations exceeded existing certified resources:

<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Help Me Grow	\$ 77,700	\$ 144,157	\$ 66,457
Debt Service	2,017,044	2,466,447	449,403

Several other funds also had such variances in smaller relative amounts. This variance caused appropriations to exceed estimated resources in the following funds which is contrary to Ohio Revised Code § 5705.39:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Help Me Grow	\$ 66,532	\$ 128,770	\$ (62,238)
Debt Service	2,366,291	2,402,990	(36,699)

To avoid over appropriating, we recommend the County monitor appropriations and estimated resources to ensure that appropriations do not exceed the amount of estimated resources.

FINDING NUMBER 2003-005

Noncompliance Citation

Ohio Revised Code § 5705.41 (B), states no subdivision is to expend money unless it has been appropriated. As of December 31, 2003 the County had expenditures that exceeded appropriations as follows:

<u>Fund</u>	<u>Appropriations and Carry Over</u>	<u>Expenditures and Encumbrances</u>	<u>Variance</u>
Real Estate Assessment	\$ -	\$ 152,827	\$ (152,827)
Solid Waste	494,887	1,033,450	(538,563)
Hospitalization	52,018	2,016,434	(1,964,416)

FINDING NUMBER 2003-005
(Continued)

Budgetary expenditures exceeded the appropriation authority for several other funds in smaller relative amounts. The County Auditor should not certify the availability of funds and should deny payment requests exceeding appropriations. The County Auditor may request the Commissioners to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2003-006

Noncompliance Citation

Ohio Revised Code § 5705.41(D), states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Commissioners may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$100 the fiscal officer may authorize it to be paid without the affirmation of the Commissioners, upon completion of a then and now certificate, if such expenditure is otherwise valid.

Fifty-eight percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all County disbursements receive certification of the fiscal officer that the funds are or will be available, prior to an obligation being incurred.

To facilitate monitoring of budgeted and actual expenditures, the departments within the County receive monthly Appropriation History Reports from the County Auditor. These reports allow management to see detailed budget and actual expenditure information, including encumbrances.

FINDING NUMBER 2003-006
(Continued)

Although the County Auditor processes the MRDD Department invoices, the Department issues its own purchase orders, which are not entered into the County’s accounting system. Therefore, the monthly Appropriation History Reports received by the Department show only actual expenditures incurred - not amended appropriation levels or encumbered balances. This does not allow management to properly monitor its budgeted and actual expenditures. Failure to properly monitor expenditures could result in actual expenditures exceeding amounts approved in the legally-adopted budget. Additionally, this method of operation does not comply with Ohio Revised Code Section 5705.41(D), which requires the County Auditor to certify purchase commitments.

We recommend the MRDD Department follow the disbursement cycle of the County. This includes using purchase orders generated by the County Auditor; through this, the department’s encumbrances, available appropriation levels, and actual expenditures incurred would be included in reports received by the department.

FINDING NUMBER 2003-007

Material Weakness - Adjustments and Reclassifications

Adjustments and reclassifications were required during the audit caused by improper posting of revenues and disbursements on the financial statements as follows:

<u>Fund</u>	<u>Adjustment</u>	<u>Reclassification</u>
General	\$ 145,342	
Special Revenue	434,192	\$ 2,190,809
Bond Retirement		4,770,574
Capital Projects		54,520
Enterprise		805,689
Agency	314,365	
Expendable Trust	305,697	

To strengthen controls and to accurately account for revenues and disbursements, we recommend the County Auditor review their chart of accounts and AOS bulletins for guidance to ensure that postings are made to the proper accounts and/or funds.

FINDING NUMBER 2003-008

Material Weakness - Real Estate and Personal Property Collections

The County Auditor distributes all collections to the taxing districts. The distributions should be reconciled to the County Treasurer's offices Form 7. The Treasurer's Form 7 did not balance to the Auditor's fund balance as of December 31, 2003. For the Real Estate collections, fund we found state revenues incorrectly posted to the county auditors' records. Certain amounts should have been distributed in 2002, but were not distributed until this was brought to the County Auditor's attention in 2004. Also, the Personal Property fund records show an advance paid to a local school district in prior years was never deducted from a settlement. We brought this to the County Auditor's attention and he has notified the District and will deduct this from the October settlement.

These weaknesses resulted in a deficit fund balance for the county auditor. Also, this situation increases the possibility of misappropriation of collections, errors or irregularities occurring and not being timely detected.

To reduce the possibility of misappropriation of collections and errors from occurring, we recommend the County Treasurer reconcile their Form 7 monthly to the County Auditor's fund balance and any discrepancies should be investigated immediately. It is further recommended that the County Auditor establish separate fund(s) to account for sources other than the collections mentioned above.

FINDING NUMBER 2003-009

Reportable Condition - Monitoring of Receipts

In accordance with budgetary laws and regulations the County submits a Certificate of Estimated Resources to the County Budget Commission; however, the approved budgeted receipts were not entered into the accounting system. Therefore, the monthly Revenue History Report reviewed by the Commissioners does not include approved budgeted receipts, and monitoring of budgeted versus actual receipts is not being performed by the Commissioners.

Including the budgeted receipts in the accounting system facilitates proper monitoring of the completeness of receipts and mitigates the risk of posting errors and irregularities. Without proper monitoring of receipts these conditions may exist and go unnoticed. Additionally, the lack of proper monitoring of budgeted and actual receipts could cause appropriations to exceed available resources.

FINDING NUMBER 2003-009
(Continued)

We recommend the County include the estimated receipts and any amendments as approved in its Certificates of Estimated Resources in its accounting system. This will facilitate proper monitoring of budgeted and actual receipts to ensure their completeness, as well as mitigate the risk of errors, irregularities, and appropriations above the amount of available resources.

FINDING NUMBER 2003-010

Reportable Condition - Fund Structure

The fund accounting system is not structured in a consistent format. The funds and accounts are not in numeric sequence. This created additional time in locating financial information in the accounting reports.

The County can gain efficiencies in both financial accounting and reporting by re-sequencing the funds and accounts in numeric order. Also, the County Auditor should consider investing in additional training for county departments to ensure all activity is accurately coded.

FINDING NUMBER 2003-011

Reportable Condition - Expenditures Controls

Testing of expenditure controls disclosed the following weaknesses:

- Insufficient support documentation,
- Manual checks are issued for the Veteran's department,
- Unused checks are not properly safeguarded,
- Invoices are not marked "paid"

Override or lack of control procedures could allow for illegal expenditures, misappropriation or duplicate payments to occur and go undetected. In order to ensure control procedures are properly performed, we recommend:

- All expenditures be made based on original invoice documents,
- Avoid the issuance of manual checks,
- Maintain unused checks in a locked, secured location,
- All invoices should be stamped "paid".

3. FINDINGS FOR FEDERAL AWARDS

None.

WYANDOT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Administrative Code § 117-2-3(B) annual financial report in accordance with GAAP.	No	Not corrected. Repeated as finding number 2003-002
2002-002	Ohio Revised Code § 5705.14 transfers be approved by resolution.	No	Not corrected. Repeated as finding number 2003-003
2002-003	Ohio Revised Code §§ 5705.36 and 5705.39 allows for increase of estimated resources to avoid appropriations exceeding estimated resources.	No	Not corrected. Repeated as finding number 2003-004.
2002-004	Ohio Revised Code § 5705.41(B) expenditures exceeded appropriations.	No	Not corrected. Repeated as finding number 2003-005.
2002-005	Ohio Revised Code § 5705.41(D) failure to certify expenditures	No	Not corrected. Repeated as finding number 2003-006.
2002-006	Adjustments and Reclassifications errors in posting to financial statements.	No	Not corrected. Repeated as finding number 2003-007.
2002-007	Real Estate and Personal Property Collections failed to reconcile records between County Auditor and Treasurer.	No	Not corrected. Repeated as finding number 2003-008.
2002-008	Monitoring of Receipts failing to include the budgeted receipts into the accounting system.	No	Not corrected. Repeated as finding number 2003-009.
2002-009	Monitoring of Expenditures failing to include purchase orders into the accounting system for the MRDD.	No	Not corrected. Repeated as finding number 2003-010.

Wyandot County
 Schedule of Prior Audit Findings
 Page 2

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-010	Fund Structure funds and accounts are not maintained in a consistent format.	No	Not corrected. Repeated as finding number 2003-011
2002-011	EMS contract no written agreement with the Village of Sycamore	Yes	



**Auditor of State
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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
OCTOBER 18, 2004**