

# WYANDOT COUNTY, OHIO

Basic Financial Statements – Cash Basis  
December 31, 2009  
(with Independent Auditors' Report)





Mary Taylor, CPA  
Auditor of State

Board of County 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, 2009 through December 31, 2009. 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. Wyandot County is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 19, 2010

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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, 2009, 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, 2009.

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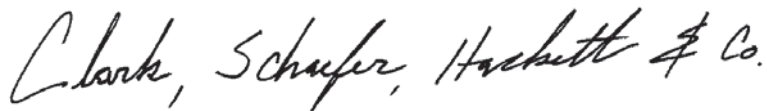
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In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Wyandot County, Ohio, as of December 31, 2009, 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 September 30, 2010, 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.



Springfield, Ohio  
September 30, 2010

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, 2009, 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, 2009 are as follows:

- Total net cash assets decreased \$533,575 during 2009; Governmental Activities decreased by \$957,393 and Business-Type Activities increased by \$423,818.
- Total cash receipts for 2009 were \$23.4 million which was approximately \$2.4 million less than cash receipts received in 2008. Total cash disbursements for the year were \$24.0 million or less than one percent less than cash disbursements of the previous year.
- Total Governmental Activities cash receipts for 2009 were \$18.5 million with \$12.0 million being classified as program cash receipts and the remaining \$6.5 million reported as general cash receipts. Total program cash disbursements were \$19.4 million for the same period.
- Total Business-Type Activities program cash receipts for 2009 were \$4.9 million with program cash disbursements totaling just over \$4.5 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.

#### *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 2009?" 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.

### 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 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 2009 compared to the prior year:

**TABLE 1  
 NET CASH ASSETS**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Totals</i>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ 16,167,604	\$ 17,124,997	\$ 1,559,979	\$ 1,136,161	\$ 17,727,583	\$ 18,261,158
<i>Total Assets</i>	<u>16,167,604</u>	<u>17,124,997</u>	<u>1,559,979</u>	<u>1,136,161</u>	<u>17,727,583</u>	<u>18,261,158</u>
<u>Net Cash Assets</u>						
Restricted	13,641,502	14,761,200	-	-	13,641,502	14,761,200
Unrestricted	2,526,102	2,363,797	1,559,979	1,136,161	4,086,081	3,499,958
<i>Total Net Assets</i>	<u>\$ 16,167,604</u>	<u>\$ 17,124,997</u>	<u>\$ 1,559,979</u>	<u>\$ 1,136,161</u>	<u>\$ 17,727,583</u>	<u>\$ 18,261,158</u>

Total cash assets decreased \$533,575; governmental activities decreased by \$957,393 and business-type activities increased by \$423,818. Restricted net cash assets of the County decreased by \$1,119,698 compared with the restricted amounts reported at December 31, 2008.

Table 2 shows the changes in Net Assets for 2009 compared with those reported for 2008. 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b><u>Cash Receipts:</u></b>						
<i>Program Cash Receipts</i>						
Charges for Services/ Sales	\$ 3,025,787	\$ 2,953,562	\$ 4,937,672	\$ 5,087,612	\$ 7,963,459	\$ 8,041,174
Operating Grants/Contributions	8,935,454	10,378,097	-	-	8,935,454	10,378,097
Capital Grants/Contributions	-	-	-	-	-	-
<b>Total Program Cash Receipts</b>	<b>11,961,241</b>	<b>13,331,659</b>	<b>4,937,672</b>	<b>5,087,612</b>	<b>16,898,913</b>	<b>18,419,271</b>
<i>General Cash Receipts</i>						
Property Taxes	1,956,535	2,018,726	-	-	1,956,535	2,018,726
Sales Taxes	-	2,604,498	-	-	-	2,604,498
Grants and Entitlements	3,190,905	705,185	-	-	3,190,905	705,185
Bonds Issued	-	390,460	-	-	-	390,460
Interest	531,826	964,029	-	-	531,826	964,029
Miscellaneous	850,140	749,755	-	-	850,140	749,755
<b>Total General Cash Receipts</b>	<b>6,529,406</b>	<b>7,432,653</b>	<b>-</b>	<b>-</b>	<b>6,529,406</b>	<b>7,432,653</b>
<b>Total Cash Receipts</b>	<b>18,490,647</b>	<b>20,764,312</b>	<b>4,937,672</b>	<b>5,087,612</b>	<b>23,428,319</b>	<b>25,851,924</b>
<b><u>Cash Disbursements</u></b>						
<i>Program Cash Disbursements</i>						
<i>General Government:</i>						
Legislative and Executive	2,521,632	2,396,837	-	-	2,521,632	2,396,837
Judicial	1,078,928	1,003,748	-	-	1,078,928	1,003,748
Public Safety	3,115,369	2,803,692	-	-	3,115,369	2,803,692
Public Works	4,531,947	3,952,124	-	-	4,531,947	3,952,124
Health	2,182,948	2,582,369	-	-	2,182,948	2,582,369
Human Services	4,387,274	4,513,988	-	-	4,387,274	4,513,988
Conservation and Recreation	779,973	674,691	-	-	779,973	674,691
Other	259,837	324,917	-	-	259,837	324,917
Capital Outlay	374,164	963,041	-	-	374,164	963,041
Debt Service	215,968	234,841	-	-	215,968	234,841
Nursing Home	-	-	4,513,854	4,515,931	4,513,854	4,515,931
<b>Total Cash Disbursements</b>	<b>19,448,040</b>	<b>19,450,248</b>	<b>4,513,854</b>	<b>4,515,931</b>	<b>23,961,894</b>	<b>23,966,179</b>
Increase in Net Cash Assets	(957,393)	1,314,064	423,818	571,681	(533,575)	1,885,745
Beginning Net Cash Assets	17,124,997	15,810,933	1,136,161	564,480	18,261,158	16,375,413
Ending Net Cash Assets	\$ 16,167,604	\$ 17,124,997	\$ 1,559,979	\$ 1,136,161	\$ 17,727,583	\$ 18,261,158

**Governmental Activities**

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 made up 10.6 percent and 9.7 percent, respectively, of the total cash receipts for governmental activities received in 2009 and 2008, respectively. Program cash receipts reported for governmental activities decreased in 2009 from those received in 2008 by \$1.4 million, while the general cash receipts decreased by \$903,247.

The decrease in program cash receipts was primarily due to the County receiving less federal funding from the Ohio Public Works Commission for road construction projects within the County in 2009 compared to the prior year. Also, the County received less federal funding related to the Work Force Investment Act for the placement of dislocated workers within the County in 2009 when compared to the prior year.

Starting in 2009, the County has reclassified sales tax receipts to intergovernmental receipts instead of reporting as local tax revenue as has been done in years past. The decrease in general cash receipts during 2009 is attributable to lower interest and sale of debt receipts as compared with 2008. During the prior year, the County had numerous multiple-years certificates of deposits which matured. Since interest is only recorded at maturity by the County, interest was recorded in 2008 for these investments and will not be recorded again until the new certificates mature. In 2008, the County issued and reported nearly \$400,000 in capital facility bonds receipts associated with building improvements. There were no such bond receipts for 2009.

Total cash disbursements for the governmental activities were \$19.4 million in 2009 compared with \$19.5 million reported in 2008. While the amount of disbursements reported as health decreased significantly in 2009 compared to the prior year (\$399,000) the County focused its attention on controlling expenditures during 2009 as property and sales tax revenues were expected to decrease dramatically. In addition to management's efforts to control operating expenditures, expenditures on infrastructure improvements were limited in 2009 which can be seen through the decrease in capital outlay expenditures. The decrease in the capital outlay disbursements from 2008 is attributed to the OPWC project completed and recoded in 2008. All other functional areas reported expenditures levels comparable to those reported for 2008.

#### Business-Type Activity

The cash receipts of the County's Nursing Home (the County's only business-type activity) decreased by \$149,940 and expenditures decreased by only \$2,077. The decreased receipts can be attributed to the timing in which medical reimbursements are received. Expenditure decreases is attributed to County's focused efforts on controlling expenditures

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

All governmental funds had total cash receipts of \$18.6 million and cash disbursements of \$19.2 million for 2009. Two of the four major governmental funds reported decreases in cash fund balance for the year. The General Fund reported an increase in cash fund balance of \$203,406 for the year resulting in an ending fund balance of \$381,601. The ending cash fund balance represents 7.1 percent of the total disbursements reported in the General Fund for the year. The Motor Vehicle License and Gas Tax Fund decreased by \$190,398 during the year due reductions in state funding received for road maintenance and repair. The Angeline MRDD Fund reported a \$1.9 million ending cash fund balance for the year, an increase of \$18,103 over 2008. In total the governmental funds ended the year with a \$16.2 million ending cash balance which was just under \$431,000 less than the ending cash fund balance reported at December 31, 2008.

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 \$5,816,467 which was \$1,128,533 less than the final budget estimates. Total actual disbursements totaled \$5,466,670 on the budget basis (cash outlays plus encumbrances) compared with original budget estimates of \$6,568,265 and final budget estimates of \$6,697,807.

**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 \$374,164 for 2009.

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, 2009, the County had \$1,995,462 in general obligation bonds outstanding, of which \$138,389 is due within one year.

The table below summarizes bonds outstanding for at December 31:

	2009	2008
General Obligation Bonds		
2003 - Various Purpose Bonds	\$ 1,590,000	\$ 1,675,000
2007 - Hartle Ditch Project	47,000	61,000
2008 - MRDD Capital Improvement Bonds	358,462	390,460
Totals	\$ 1,995,462	\$ 2,126,460

See Note 9 to the financial statements for additional information on the County's debt obligations.

**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 George W. Kitzler, County Auditor at Wyandot County, 109 S. Sandusky – Room 21, Upper Sandusky, Ohio 43351 or email at [auditor@co.wyandot.oh.us](mailto:auditor@co.wyandot.oh.us).

Wyandot County, Ohio  
Statement of Net Assets - Cash Basis  
December 31, 2009

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Angeline Industries
Cash Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 16,167,604	\$ 1,559,979	\$ 17,727,583	\$ 131,196
	<u>\$ 16,167,604</u>	<u>\$ 1,559,979</u>	<u>\$ 17,727,583</u>	<u>\$ 131,196</u>
Net Cash Assets				
Restricted for:				
Capital Projects	\$ 66,455	\$ -	\$ 66,455	\$ -
Human Services	14,736	-	14,736	-
Mental Retardation	3,147,287	-	3,147,287	-
Road and Bridge	8,064,029	-	8,064,029	-
Other Purposes	2,348,995	-	2,348,995	-
Unrestricted	2,526,102	1,559,979	4,086,081	131,196
	<u>\$ 16,167,604</u>	<u>\$ 1,559,979</u>	<u>\$ 17,727,583</u>	<u>\$ 131,196</u>

See accompanying notes to the basic financial statements.

Wyandot County, Ohio  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2009

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets			Component Unit
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Angeline Industries	
Primary Government:								
Governmental Activities								
General Government:								
Legislative and Executive	\$ 2,521,632	\$ 824,091	\$ -	\$ (1,697,541)		\$ (1,697,541)		
Judicial	1,078,928	366,886	70,590	(641,452)		(641,452)		
Public Safety	3,115,369	775,824	190,829	(2,148,716)		(2,148,716)		
Public Works	4,531,947	70	3,877,321	(654,556)		(654,556)		
Health	2,182,948	215,800	1,201,713	(765,435)		(765,435)		
Human Services	4,387,274	73,018	3,558,861	(755,395)		(755,395)		
Conservation and Recreation	779,973	484,542	36,140	(259,291)		(259,291)		
Other	259,837	-	-	(259,837)		(259,837)		
Capital Outlay	374,164	285,556	-	(88,608)		(88,608)		
Debt Service	215,968	-	-	(215,968)		(215,968)		
Total Governmental Activities	19,448,040	3,025,787	8,935,454	(7,486,799)		(7,486,799)		
Business Type Activities					423,818	423,818		
Nursing Home	4,513,854	4,937,672	-		423,818	423,818		
Total Business Type Activities	4,513,854	4,937,672	-		423,818	423,818		
Total Primary Government	\$ 23,961,894	\$ 7,963,459	\$ 8,935,454	(7,486,799)	423,818	(7,062,981)		
Component Unit:								
Angeline Industries	\$ 315,469	\$ 317,865	\$ -				2,396	
General Cash Receipts								
Property Taxes Levied for:								
General Purposes				1,086,381	-	1,086,381	-	
Mental Retardation				870,154	-	870,154	-	
Grants and Entitlements not Restricted to Specific Programs				3,190,905	-	3,190,905	-	
Interest				531,826	-	531,826	1,884	
Miscellaneous				850,140	-	850,140	-	
Total General Receipts				6,529,406	-	6,529,406	1,884	
Change in Net Cash Assets				(957,393)	423,818	(533,575)	4,280	
Net Cash Assets Beginning of Year				17,124,997	1,136,161	18,261,158	126,916	
Net Cash Assets End of Year				\$ 16,167,604	\$ 1,559,979	\$ 17,727,583	\$ 131,196	

See accompanying notes to the basic financial statements.

Wyandot County, Ohio  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2009

	General	Motor Vehicle and Gasoline Tax Fund	Angeline MR/DD Fund	Jobs and Family Services Fund	Other Governmental Funds	Total Governmental Funds
Cash Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 381,601	\$ 8,064,029	\$ 1,854,414	\$ 14,736	\$ 5,873,378	\$ 16,188,158
Total Assets	<u>\$ 381,601</u>	<u>\$ 8,064,029</u>	<u>\$ 1,854,414</u>	<u>\$ 14,736</u>	<u>\$ 5,873,378</u>	<u>\$ 16,188,158</u>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	\$ 79,338	\$ 207,816	\$ -	\$ -	\$ 10,142	\$ 297,296
Unreserved:						
Undesignated, Reported in:						
General Fund	302,263	-	-	-	-	302,263
Special Revenue Funds	-	7,856,213	1,854,414	14,736	5,772,503	15,497,866
Debt Service Fund	-	-	-	-	71,764	71,764
Capital Projects Funds	-	-	-	-	18,969	18,969
Total Fund Balances	<u>\$ 381,601</u>	<u>\$ 8,064,029</u>	<u>\$ 1,854,414</u>	<u>\$ 14,736</u>	<u>\$ 5,873,378</u>	<u>16,188,158</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.

(20,554)

Net Cash Assets of Governemtnal Activities

\$ 16,167,604



Wyandot County, Ohio  
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009

	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	\$ 1,086,381	\$ -	\$ 870,154	\$ -	\$ -	\$ 1,956,535
Intergovernmental	2,374,141	3,705,838	1,053,286	2,177,033	2,816,061	12,126,359
Interest	341,406	187,250	-	-	3,170	531,826
Licenses and Permits	1,434	-	-	-	65,364	66,798
Fines and Forfeitures	133,943	-	-	-	73,347	207,290
Charges for Services	1,143,112	-	-	-	1,487,169	2,630,281
Special Assessments	121,415	-	-	-	-	121,415
Other	614,635	33,829	-	-	300,961	949,425
<b>Total Receipts</b>	<b>5,816,467</b>	<b>3,926,917</b>	<b>1,923,440</b>	<b>2,177,033</b>	<b>4,746,072</b>	<b>18,589,929</b>
<b>Disbursements:</b>						
<b>General Government:</b>						
Legislative and Executive	1,996,557	-	-	-	471,811	2,468,368
Judicial	891,170	-	-	-	154,826	1,045,996
Public Safety	1,829,149	-	-	-	1,191,737	3,020,886
Public Works	6,246	4,290,164	-	-	224,817	4,521,227
Health	24,074	-	1,856,118	-	298,806	2,178,998
Human Services	206,916	-	-	2,290,507	1,886,185	4,383,608
Conservation and Recreation	-	-	-	-	752,530	752,530
Other	259,837	-	-	-	-	259,837
Capital Outlay	157,107	-	-	-	217,057	374,164
<b>Debt Service:</b>						
Principal Retirement	14,000	-	-	-	116,998	130,998
Interest and Fiscal Charges	2,276	-	-	-	82,694	84,970
<b>Total Disbursements</b>	<b>5,387,332</b>	<b>4,290,164</b>	<b>1,856,118</b>	<b>2,290,507</b>	<b>5,397,461</b>	<b>19,221,582</b>
<b>Excess (Deficiency) of Receipts over Disbursements</b>	<b>429,135</b>	<b>(363,247)</b>	<b>67,322</b>	<b>(113,474)</b>	<b>(651,389)</b>	<b>(631,653)</b>
<b>Other Financing Sources (Uses)</b>						
Other Sources	-	172,849	-	-	-	172,849
Other Uses	(272,131)	-	-	-	-	(272,131)
Transfers In	300,000	-	-	74,632	228,185	602,817
Transfers Out	(253,598)	-	(49,219)	-	-	(302,817)
<b>Total Other Financing Sources (Uses)</b>	<b>(225,729)</b>	<b>172,849</b>	<b>(49,219)</b>	<b>74,632</b>	<b>228,185</b>	<b>200,718</b>
<b>Net Change in Fund Balances</b>	<b>203,406</b>	<b>(190,398)</b>	<b>18,103</b>	<b>(38,842)</b>	<b>(423,204)</b>	<b>(430,935)</b>
<b>Fund Balances Beginning of Year</b>	<b>178,195</b>	<b>8,254,427</b>	<b>1,836,311</b>	<b>53,578</b>	<b>6,296,582</b>	
<b>Fund Balances End of Year</b>	<b>\$ 381,601</b>	<b>\$ 8,064,029</b>	<b>\$ 1,854,414</b>	<b>\$ 14,736</b>	<b>\$ 5,873,378</b>	

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)

(526,458)

Change in Net Cash Assets of Governmental Activities

\$ (957,393)

Wyandot County, Ohio  
Statement of Fund Net Assets - Cash Basis  
Proprietary Funds  
December 31, 2009

	Business-Type Activities	Governmental Activity
	Nursing Home Fund	Internal Service Fund
Cash Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 1,559,979	\$ (20,554)
Total Assets	\$ 1,559,979	\$ (20,554)
 Net Cash Assets		
Unrestricted	\$ 1,559,979	\$ (20,554)

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, 2009

	Business-Type Activities	Governmental Activity
	Nursing Home Fund	Internal Service Fund
Operating Receipts		
Charges for Services	\$ 4,920,714	\$ -
Interfund Charges	-	2,276,205
Other Operating Receipts	16,958	-
Total Operating Receipts	4,937,672	2,276,205
Operating Disbursements		
Salaries and Benefits	3,145,596	-
Fringe Benefits	-	-
Purchased Services	867,834	-
Materials and Supplies	500,424	-
Medical Insurance	-	2,502,663
Capital Outlay	-	-
Total Operating Disbursements	4,513,854	2,502,663
Income before Transfers	423,818	(226,458)
Transfers In	-	-
Transfers Out	-	(300,000)
Change in Net Assets	423,818	(526,458)
Net Cash Assets Beginning of Year	1,136,161	505,904
Net Cash Assets End of Year	\$ 1,559,979	\$ (20,554)

See accompanying notes to the basic financial statements.

Wyandot County, Ohio  
Statement of Fiduciary Net Assets - Cash Basis  
As of December 31, 2009

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,827,417
Total Assets	<u>\$ 1,827,417</u>
Net Cash Assets	<u>\$ 1,827,417</u>

See accompanying notes to the basic financial statements.

## 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 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, 2009. 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 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.

## 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 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 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.

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. 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 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.

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

#### **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 2009, 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.

**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;
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.

#### 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, 2009, \$18,966,691 of the County's bank balance of \$20,239,409 was not covered by depository insurance. Of the uninsured amount, \$15,724,282 was collateralized by specific pledged securities or lines of credit by the financial institution to the County. The remaining \$3,242,409 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, 2009 the County's only investment was \$5,895 deposited in STAR Ohio investment pool. STAR Ohio has average investment maturities of less than one year and the investment pool is rated AAAM by Standard and Poors.

**B. Component Unit**

At December 31, 2009, the entire amount of Angeline Industries bank deposits were not exposed to custodial credit risk as it covered entirely by the Federal Deposit Insurance Corporation (FDIC).

**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 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes collected in and intended to finance 2010.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. 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, 2009 was \$6.95 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Residential/Agricultural	\$ 325,788,900
Commercial/Industrial	55,635,700
Public Utilities	324,260
Tangible Personal Property:	
General	556,220
Public Utilities	<u>12,355,950</u>
Total Assessed Valuation	<u>\$ 394,661,030</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.

## **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 sixty-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.

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 \$72.5 million, liabilities of \$46.9 million and net assets of \$25.6 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.

## **6. PENSION PLANS**

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

The County participates in the Ohio Public Employees Retirement System (OPERS). OPER administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of 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) 222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans (TP, MD and CO). While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2009 member contribution rates were 10.0 percent for members in state and local classifications. Public safety members contribute 10.1 percent. 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 2009 employer contribution rate for local government employer units was 14.00 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2009 was 17.63 percent. The County's required contribution for pension obligations to OPERS for all employees for the years ended December 31, 2009, 2008 and 2007 were \$1,400,246, \$1,411,731, and \$1,507,038, 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 system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**Plan Options** – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final

average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. 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.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan. A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated. Benefits are increased annually by 3% of the original base amount for DB Plan participants. The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed. 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2009, were 10 percent of covered payroll for members and 14 percent for employers. The County's required contributions for pension obligations for the DB Plan for the years ended December 31, 2009, 2008, and 2007 were \$25,026, \$26,831, and \$28,070, respectively; 100 percent has been contributed for all years.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2009 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

## 7. POSTEMPLOYMENT BENEFITS

### A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.63%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board



determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the portion of employer contributions allocated to the the health care plan was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payments amounts vary depending on the number of covered dependents and the coverage selected.

The portion of the County's contributions that were used to fund post-employment benefits for the years ending December 31, 2009, 2008, and 2007 were \$585,445, \$705,865 and \$598,445, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed 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). STRS administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from the employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008, and 2007. The 14 percent employer contribution rate is the maximum rate established under Ohio law. The portion of the County's contributions that were used to fund post-employment benefits for the years ending December 31, 2009, 2008, and 2007 were \$1,788, \$1,916 and \$2,005, respectively.

#### **8. PERMISSIVE SALES AND USE 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 2009 amounted to \$1,628,908.

**9. DEBT OBLIGATIONS**

The County's outstanding debt at December 31, 2009, was as follows:

	2009	2008
General Obligation Bonds:		
2003 - Various Purpose	\$ 1,590,000	\$ 1,675,000
2007 - Hartle Ditch Project	47,000	61,000
2008 - MRDD Capital Improvement Bonds	358,462	390,460
Principal Outstanding	\$ 1,995,462	\$ 2,126,460

In 2003, the County issued \$2,385,000 of general obligation bonds to finance various projects throughout the County, including the construction and renovation of the offices used by Jobs and Family Services. These bonds are repaid through transfers from the general fund and rental income out of the bond retirement fund and mature in 2023. As funds are available, the County is making additional principal payments to accelerate the retirement of these bonds.

In 2007, the County issued \$74,000 of general obligation bonds through the County Commissions Association of Ohio's low cost capital pooled financing program. The proceeds of these bonds were used to finance the construction costs associated with the Hartle Ditch Project. These bonds will be repaid from the general fund and mature in 2012.

In 2008, the County issued \$390,460 of general obligation bonds to finance the cost of improving the County's MRDD facility. These improvements included roof replacement and lighting and HVAC improvements. These bonds will be repaid from the bond retirement fund and mature in 2018.

The following represents the activity of the County's long-term debt obligations for 2009:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
<i>Governmental Activities:</i>					
General Obligation Bonds:					
2003 - General Purpose	\$ 1,675,000	\$ -	\$ 85,000	\$ 1,590,000	\$ 90,000
2007 - Ditch Construction	61,000	-	14,000	47,000	15,000
2008 - MRDD Capital Improvement Bonds	390,460	-	31,998	358,462	33,389
Total Debt Obligations	\$ 2,126,460	\$ -	\$130,998	\$1,995,462	\$138,389

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

Year	Principal	Interest	Total
2010	138,389	80,151	218,540
2011	140,842	75,177	216,019
2012	152,358	69,849	222,207
2013	137,939	64,336	202,275
2014	139,589	59,086	198,675
2015-2019	746,345	205,973	952,318
2020-2023	540,000	59,885	599,885
	1,995,462	614,457	2,609,919

**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, 2009 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.

**11. INTERFUND TRANSACTIONS**

The County reported the following transfers for the year ended December 31, 2009:

<u>Transfer-Out Fund</u>	<u>Transfer-In Fund</u>	<u>Amount</u>
General Fund:	Jobs & Family Services Fund	\$ 74,632
	Non-major Governmental Funds:	
	Courthouse Repair Fund	7,845
	Children's Services Fund	162,660
	DETAC Fund	2,333
	SCBG Fund	500
	Community Corrections Fund	628
	Ambulance Trust Fund	<u>5,000</u>
		253,598
Angeline MR/DD Fund	Non-major Governmental Funds	49,219
Internal Service Fund	General Fund	<u>300,000</u>
Total		<u>\$ 602,817</u>

Transfers from the General Fund were made to provide other funds with necessary funds to operate as well as to allocate additional funds to the pay health insurance premiums due. Angeline transferred funds to the non-major governmental funds for the payment of debt. The transfer from the internal service fund to the General Fund was to allocate funds received by the County from its previous healthcare administrator for closed out claim years. While these funds were initially deposited into the internal service fund, the General Fund was the fund from which the premiums were initially charged.

## 12. COMPLIANCE

Ohio Revised Code Section 5705.39 requires that appropriation from each fund shall not exceed the total estimated resources available for those funds as certified by the County Budget Commission. During 2009, the County had several funds in which appropriations exceeded the total estimated resources, including the Jobs and Family Services major fund.

Ohio Revised Code Section 5705.41(B) prohibits the expenditure of monies by a subdivision unless it has been properly appropriated. Budgetary expenditures (expenditures plus encumbrances) exceeding appropriations at the legal level of control, enacted through the appropriation resolution, were noted throughout the year in several funds, including the General Fund.

Ohio Revised 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 office is attached certifying that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances. During the year, the County did not properly certify expenditures as required during 2009.

Deficit cash balances were reported in Felony Delinquent Care & Custody Fund, the VOCA Fund, and County Health Insurance Fund at December 31, 2009 of \$7,556, \$450 and \$20,554, respectively. The General Fund is liable for these deficits and provides operating transfers when cash is required. As a result, a negative fund balances indicate that money from one fund was used to cover the expenses of another fund resulting in noncompliance with Ohio Revised Code Section 5705.10(H).

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts:				
Taxes	\$ 1,419,300	\$ 1,287,100	\$ 1,086,381	\$ (200,719)
Intergovernmental	3,101,800	2,812,700	2,374,141	(438,559)
Interest	446,000	404,500	341,406	(63,094)
Licenses and Permits	1,900	1,700	1,434	(266)
Fines and Forfeitures	175,000	158,700	133,943	(24,757)
Charges for Services	1,493,500	1,354,300	1,143,112	(211,188)
Special Assessments	158,600	143,800	121,415	(22,385)
Other	803,000	782,200	614,635	(167,565)
<b>Total Receipts</b>	<b>7,599,100</b>	<b>6,945,000</b>	<b>5,816,467</b>	<b>(1,128,533)</b>
Cash Disbursements				
General Government:				
Legislative and Executive	1,900,600	2,091,568	2,008,381	83,187
Judicial	959,434	1,047,999	891,376	156,623
Public Safety	2,678,258	2,787,521	1,889,770	897,751
Public Works	4,239	4,239	6,246	(2,007)
Health	40,622	40,622	30,761	9,861
Human Services	477,686	283,591	206,916	76,675
Other	462,426	412,937	259,837	153,100
Capital Outlay	45,000	29,330	173,383	(144,053)
<b>Total Disbursements</b>	<b>6,568,265</b>	<b>6,697,807</b>	<b>5,466,670</b>	<b>1,231,137</b>
Excess of Receipts Over(Under) Disbursements	1,030,835	247,193	349,797	102,604
Other Financing Sources (Uses):				
Other Sources	591,000	588,378	-	(588,378)
Other Uses	(292,521)	(292,521)	(272,131)	20,390
Transfers In	-	-	300,000	300,000
Transfers Out	-	(304,967)	(253,598)	51,369
<b>Total Other Financing Sources (Uses)</b>	<b>298,479</b>	<b>(9,110)</b>	<b>(225,729)</b>	<b>(216,619)</b>
<b>Net Change in Fund Balance</b>	<b>1,329,314</b>	<b>238,083</b>	<b>124,068</b>	<b>(114,015)</b>
Fund Balance at Beginning of Year - Restated	135,919	135,919	135,919	-
Prior Year Encumbrances Appropriated	42,276	42,276	42,276	-
<b>Fund Balance at End of Year</b>	<b>\$ 1,507,509</b>	<b>\$ 416,278</b>	<b>\$ 302,263</b>	<b>\$ (114,015)</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts:				
Intergovernmental	\$ 3,398,000	\$ 3,398,000	\$ 3,705,838	\$ 307,838
Fines and Forfeitures	-	-	-	-
Interest	201,000	201,000	187,250	(13,750)
Other	301,000	301,000	33,829	(267,171)
<b>Total Receipts</b>	<b>3,900,000</b>	<b>3,900,000</b>	<b>3,926,917</b>	<b>26,917</b>
Cash Disbursements				
Current:				
Public Works	4,058,944	4,556,889	4,497,980	58,909
<b>Total Disbursements</b>	<b>4,058,944</b>	<b>4,556,889</b>	<b>4,497,980</b>	<b>58,909</b>
Excess of Revenues Over(Under) Expenditures	(158,944)	(656,889)	(571,063)	85,826
Other Financing Sources (Uses):				
Other Sources	-	-	172,849	172,849
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>172,849</b>	<b>172,849</b>
<b>Net Change in Fund Balance</b>	<b>(158,944)</b>	<b>(656,889)</b>	<b>(398,214)</b>	<b>258,675</b>
Fund Balance at Beginning of Year	8,199,482	8,199,482	8,199,482	-
Prior Year Encumbrances Appropriated	54,945	54,945	54,945	-
<b>Fund Balance at End of Year</b>	<b>\$ 8,095,483</b>	<b>\$ 7,597,538</b>	<b>\$ 7,856,213</b>	<b>\$ 258,675</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts:				
Taxes	\$ 927,000	\$ 927,000	\$ 870,154	\$ (56,846)
Intergovernmental	408,000	408,000	1,053,286	645,286
Other	715,000	715,000	-	(715,000)
<b>Total Receipts</b>	<b>2,050,000</b>	<b>2,050,000</b>	<b>1,923,440</b>	<b>(126,560)</b>
Cash Disbursements				
Health	2,088,435	2,088,606	1,856,118	232,488
<b>Total Disbursements</b>	<b>2,088,435</b>	<b>2,088,606</b>	<b>1,856,118</b>	<b>232,488</b>
Excess of Receipts Over(Under) Disbursements	(38,435)	(38,606)	67,322	105,928
Other Financing Sources (Uses):				
Transfers Out	-	-	(49,219)	(49,219)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(49,219)</b>	<b>(49,219)</b>
<b>Net Change in Fund Balance</b>	<b>(38,435)</b>	<b>(38,606)</b>	<b>18,103</b>	<b>56,709</b>
Fund Balance at Beginning of Year	1,836,311	1,836,311	1,836,311	-
<b>Fund Balance at End of Year</b>	<b>\$ 1,797,876</b>	<b>\$ 1,797,705</b>	<b>\$ 1,854,414</b>	<b>\$ 56,709</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)  
Jobs and Family Services Fund  
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts:				
Intergovernmental	<u>\$ 2,357,557</u>	<u>\$ 2,625,122</u>	<u>\$ 2,177,033</u>	<u>\$ (448,089)</u>
Total Receipts	<u>2,357,557</u>	<u>2,625,122</u>	<u>2,177,033</u>	<u>(448,089)</u>
Cash Disbursements				
Human Services	<u>2,411,100</u>	<u>2,703,582</u>	<u>2,290,507</u>	<u>413,075</u>
Total Disbursements	<u>2,411,100</u>	<u>2,703,582</u>	<u>2,290,507</u>	<u>413,075</u>
Excess of Receipts Over(Under) Disbursements	<u>(53,543)</u>	<u>(78,460)</u>	<u>(113,474)</u>	<u>(35,014)</u>
Other Financing Sources (Uses):				
Transfers In	<u>-</u>	<u>-</u>	<u>74,632</u>	<u>74,632</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>74,632</u>	<u>74,632</u>
Net Change in Fund Balance	<u>(53,543)</u>	<u>(78,460)</u>	<u>(38,842)</u>	<u>39,618</u>
Fund Balance at Beginning of Year	<u>53,578</u>	<u>53,578</u>	<u>53,578</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 35</u>	<u>\$ (24,882)</u>	<u>\$ 14,736</u>	<u>\$ 39,618</u>

See accompanying notes to the required supplementary information.



### **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, 2009, 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.

**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:

	General Fund	Motor Vehicle and Gasoline Tax Fund	Angeline MRDD Fund	Jobs and Family Services Fund
Fund Basis - Cash Basis	\$ 203,406	\$ (190,398)	\$ 18,103	\$ (38,842)
Encumbrances	(79,338)	(207,816)	-	-
Budgetary Basis Fund Balance	\$ 124,068	\$ (398,214)	\$ 18,103	\$ (38,842)

**Restatement of Budgetary Fund Balance**

The beginning budgetary fund balance for the General Fund was restated as of January 1, 2010 for an error noted in the prior year's report. In the prior year, the amount used in the budgetary statements for encumbrances was inadvertently reported as \$26,957 instead of \$42,276. This error resulted in the budgetary expenditures reported for the General Fund to be understated by \$15,319 which caused the ending budgetary fund balance reported at December 31, 2008 to be overstated by the \$15,319. As a result, the beginning budgetary fund balance reported for the General Fund as of January 1, 2009 to be restated from \$151,238 previously reported to \$135,919.

Wyandot County, Ohio  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended December 31, 2009

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Number	Award Disbursements
<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	\$ 2,831
<i>Passed Through Ohio Department of Job &amp; Family Services</i>			
Supplemental Nutrition Assistance Program (SNAP) Cluster:			
Supplemental Nutrition Assistance Program	10.551	G-1011-11-5137	200
State Administrative Matching Grant for SNAP	10.561	G-1011-11-5137	53,285
ARRA - State Administrative Matching Grant for SNAP	10.561	G-1011-11-5137	9,178
Total SNAP Cluster			<u>62,663</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>65,494</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through the Ohio Department of Education</i>			
Special Education Cluster:			
Special Education Grants to States	84.027	066290-6BSF	13,574
Special Education Preschool Grants	84.173	066290-PGS1	<u>8,578</u>
Total Special Education Cluster			22,152
State Grants for Innovative Programs	84.298	066290-C2S1	<u>25</u>
<b>Total U.S. Department of Education</b>			<b><u>22,177</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	BC-07-081-1 BF-08-081-1	27,364 <u>74,384</u> 101,748
Home Investment Partnership	14.239	BC-07-081-2	<u>55,726</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>157,474</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>			
Workforce Investment Act Cluster			
Workforce Investment Act - Adult	17.258	(1)	81,700
ARRA - Workforce Investment Act - Adult	17.258	(1)	33,823
Workforce Investment Act - Youth	17.259	(1)	51,234
ARRA - Workforce Investment Act - Youth	17.259	(1)	48,817
Workforce Investment Act - Dislocated Worker	17.260	(1)	224,756
ARRA - Workforce Investment Act - Dislocated Worker	17.260	(1)	<u>67,556</u>
<b>Total U.S. Department of Labor</b>			<b><u>507,886</u></b>
<b><u>U.S. ELECTION ASSISTANCE COMMISSION</u></b>			
<i>Passed through the Ohio Secretary of State</i>			
Help America Vote Act	90.401	E05-0086-88	<u>2,236</u>
<b>Total U.S. Election Assistance Commission</b>			<b><u>2,236</u></b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>			
<i>Passed through the Ohio Department of Public Safety</i>			
Emergency Management Performance Grant			
	97.042	2008-EM-E8-0002 2009-EP-E9-0061	18,582 <u>5,637</u> 24,219
Homeland Security Grant Program	97.067	2007-GE-T7-0030 2008-GE-T8-0025	1,980 <u>28,742</u> <u>30,722</u>
<b>Total Department of Homeland Security</b>			<b><u>54,941</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 Fiscal Year Ended December 31, 2009  
(Continued)

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Number	Award Disbursements
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed through Ohio Attorney General's Office</i>			
Crime Victim Assistance	16.575	(1)	25,341
<b>Total U.S. Department of Justice</b>			<b><u>25,341</u></b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through the Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities Grants to States	93.617	(1)	199
<i>Passed Through Ohio Department of Job &amp; Family Services</i>			
Promoting Safe and Stable Families	93.556	G-1011-11-5137	8,661
Temporary Assistance for Needy Families (TANF)	93.558	G-1011-11-5137	622,877
<i>Child Support Enforcement Grants:</i>			
Child Support Enforcement	93.563	G-1011-11-5137	89,403
ARRA - Child Support Enforcement	93.563	G-1011-11-5137	126,716
			<u>216,119</u>
<i>Child Care and Development Block Grant Program Cluster:</i>			
Child Care Development Block Grant	93.575	G-1011-11-5137	68,616
Child Care Mandatory & Matching Funds of the Child Care Program	93.596	G-1011-11-5137	72,401
ARRA - Child Care and Development Block Grant	93.713	G-1011-11-5137	27,000
<b>Total Child Care and Development Block Grant Program Cluster</b>			<b>168,017</b>
Child Welfare Services - State Grants	93.645	G-1011-11-5137	26,610
Foster Care - Title IV-E	93.658	G-1011-11-5137	149,229
Adoption Assistance	93.659	G-1011-11-5137	99,161
<i>Passed Through Ohio Department of Job &amp; Family Services</i>			
Social Service Block Grant - Title XX	93.667	G-1011-11-5137	239,202
<i>Passed through Ohio Department of Developmental Disabilities</i>			
Social Service Block Grant - Title XX	93.667	(1)	23,544
			<u>262,746</u>
<i>Passed Through Ohio Department of Job &amp; Family Services</i>			
Title XIX - Medical Assistance Program	93.778	G-1011-11-5137	104,006
<i>Passed through Ohio Department of Developmental Disabilities</i>			
Title XIX - Medical Assistance Program - Day Habilitation	93.778	(1)	273,441
Title XIX - Medical Assistance Program - TCM	93.778	(1)	19,886
ARRA - Title XIX - Medical Assistance Program - EFMAP	93.778	(1)	70,427
			<u>467,760</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>2,021,379</u></b>
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<b><u>\$ 2,856,928</u></b>

(1) Pass through number not available.

WYANDOT COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**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, 2009, the gross amount of loans outstanding under this program was \$1,337,246.

**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.

**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

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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 30, 2010, 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 opinions 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-007 through 2009-010 to be material weaknesses.

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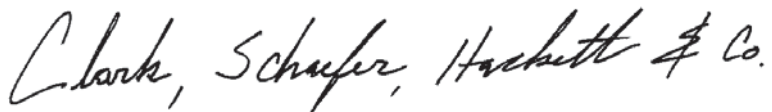
## Compliance and Other Matters

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 and questioned costs as items 2009-001 through 2009-006.

We also noted other matters that we reported to management of the County in a separate letter dated September 30, 2010.

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.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hackett & Co." The signature is written in black ink and is positioned above the typed name and date.

Springfield, Ohio  
September 30, 2010

**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

**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, 2009. 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 2009-011 in the accompanying schedule of findings and questioned costs, 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, 2009.

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## Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the 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, 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.

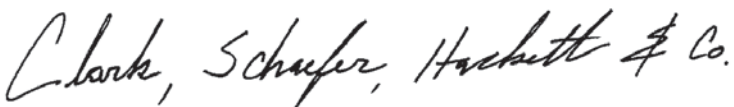
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-010 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-007 to be a significant deficiency.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses 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  
September 30, 2010

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Qualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None Noted
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditors’ report issued on compliance for major programs:	Qualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	Yes
Identification of major programs:	
<i>Workforce Investment Act Cluster:</i>	
CFDA 17.258 – Adult	
CFDA 17.259 – Youth	
CFDA 17.260 – Dislocated Worker	
CFDA 93.558 – Temporarily Assistance for Needy Families	
CFDA 93.778 – Medical Assistance Program	
Dollar threshold to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

## **Section II – Financial Statement Findings**

### **Finding Number 2009-001:**

Ohio Administrative Code Section 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 (GAAP). Wyandot County has elected to prepare and submit its annual financial report on the cash basis of accounting. The accompanying financial statements and notes omit material assets, liabilities, fund equities and disclosures required by GAAP.

*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 2009-002:**

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 six of the forty 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 prior to certification.

*Management Response: The County Auditor has been made aware of the non-compliance issue noted in this finding and will attempt to resolve in the future.*

### **Finding Number 2009-003:**

Ohio Rev. Code section 5705.39 requires that appropriations from each fund shall not exceed the total of the estimated resources available for those funds as certified by the County Budget Commission. During 2009, there were multiple funds at the County that had appropriations which exceeded the total estimated resources, both at the end of the year as well as at different points throughout the year.

The County should ensure appropriate amended certificates of estimated resources are obtained prior to appropriating any unanticipated revenues. In addition, prior to amending the adopted appropriations of the County, it should be determined if the pending amendment would exceed the estimated resources currently certified.

*Management Response: The County Auditor has been made aware of the non-compliance issue noted in this finding and will attempt to resolve in the future.*

### **Finding Number 2009-004:**

Ohio Rev. Code section 5705.10(H) provides that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. At December 31, 2009 the County had three funds which reported a negative ending cash fund balance amount.

The County should advance money from the General Fund to cover any potential cash deficits or limiting expenditures from those funds until money is available for payment.

*Management Response: The County Auditor has been made aware of the non-compliance issue noted in this finding and will attempt to resolve in the future.*

**Finding Number 2009-005:**

Ohio Rev. Code section 5705.41(B) prohibits the expenditure of monies by a subdivision unless it has been properly appropriated. Budgetary expenditures (expenditures plus encumbrances) exceeding appropriations at the legal level of control, enacted through the appropriation resolution, were noted throughout the year in several of the County's funds.

The County should ensure expenditures and encumbrances do not exceed the appropriation levels established by the Board of County Commissions through the appropriation resolutions and subsequent amendments. Any changes necessary to the appropriation accounts should be made prior to the expenditure or encumbrance being incurred rather than after they have occurred.

*Management Response: The County Auditor has been made aware of the non-compliance issue noted in this finding and will attempt to resolve in the future.*

**Finding Number 2009-006:**

Guidelines pertaining to transfers are contained within Ohio Rev. Code sections 5705.14, 5705.15 and 5705.16. In addition, GASB Codification Section 1800.102 defines transfers as a "flow of assets (such as cash or goods) without equivalent flow of assets in return and without a requirement for repayment" from one fund to another. During 2009, the County Commission approved various transfers which were subsequently posted to the accounting records which did not meet the definition of a transfer as noted above. Transfers were approved which were actually budget amendments (transfer of appropriation authority), advances (allocation of money to another fund with the intention of repayment), and interfund reimbursements (repayment from the funds responsible for particular expenditures to the funds that initially paid for them). While none of these "transfers" approved by the County violated the restrictions on the use of monies from the particular funds involved, they did not meet the definition of a transfer. As such, adjustments were made to the financial statements to properly report these items.

The County should ensure all transactions recorded as transfers not only meet the definition of a transfer, but are also permitted by Ohio Rev. Code sections 5705.14, 5705.15 and 5705.16. Transfers should only be recorded if the requirements contained within the Ohio Rev. Code are met and if there is no intent of repayment of the money being transferred.

*Management Response: The County Auditor has been made aware of the issue noted above and will work with the Commissioners and Department heads to ensure financial transactions are properly classified and reported.*

**Finding Number 2009-007:**

While the County implemented a new, numeric chart of accounts for 2008 which dramatically improved its ability to capture and report financial information, the usefulness of the information provided by the accounting system is contingent upon financial transactions being entered into the system in a logical and consistent manner. During the audit, it was noted that certain receipts were not being properly classified by source. For example in one fund intergovernmental receipts were properly recorded and in another fund receipts from the same source were recorded in another receipt account. In addition, certain cash receipts made by various departments contained receipts from various sources such as intergovernmental, charges for services and/or miscellaneous sources but were simply recorded in total within one receipt account instead of properly separating out the cash receipts being deposited. It appears the County uses the miscellaneous and other financing sources accounts to post cash receipts where the source is not identified without performing any additional investigation into the source of the receipts.

Furthermore, the various receipt and expenditure reports produced by the financial system did 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 appropriations report. Also, in some reports the information was presented in the order of the fund number and in others it was not, which made tracing an item from one report to another difficult and time consuming.

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 the course of performing their normal duties. Management decisions can only be made if the financial information, on which those decisions are based, is reported in an accurate, consistent and timely manner.

Every attempt should be made to ensure financial information is posted to the appropriate and logical account within the financial system. The County Auditor's Office 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 the transaction. The development of a County-wide chart of accounts could aid in posting financial statements in a consistent and accurate manner. The development of such a chart of accounts should be done in conjunction with the various department heads after determining the receipt sources of each department. In addition, the County should work with its financial system support company to determine if the reports produced by the system could be reformatted to be presented consistently and articulate one another.

*Management Response: The County Auditor has been made aware of the issues noted in the finding above and will work with the auditors and department heads to develop a system which will capture cash receipts in a consistent and proper manner throughout the year.*

**Finding Number 2009-008:**

During the 2009 audit, numerous 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. Audit adjustments were necessary to correct the following accounts in numerous funds within the financial statement:

- Intergovernmental receipts were recorded in various other revenue accounts including taxes, miscellaneous, charges for services, and other financing sources.
- Transfers in and out were reported in the financial statements for the allocation of budgetary appropriations.
- Charges for services receipts were recorded as miscellaneous receipts.
- Tax receipts were improperly posted as charges for services.
- Interest receipts allocated from the general fund to other funds within the County were classified as other receipts and transfers.
- To report expenditures of a particular fund instead of having funds reported as transferred out and the expenditures reported by another fund.

The audit process should not be viewed by management as part of the County's internal control process to detect and correct errors. The County should develop in-house procedures which would examine the transactions posted to the financial system to ensure transactions are posted appropriately and any corrections are made on a timely basis.

*Management Response: The County Auditor has been made aware of the situation noted above and will work at capturing financial information accurately throughout the year which would result in fewer audit adjustments.*

**Finding Number 2009-009:**

During 2009, the Ohio Public Works Commission (OPWC) paid \$296,729 directly to contractors related to roadway resurfacing projects based on a contracts entered into by the County and OPWC; Project Identification #CPU27. Since these projects represent "on-behalf-of" payments for the County, the receipts and disbursements associated with the project should have been captured in the County's accounting records. However, during 2009 there were no entries to record the financial activity of the projects in the County's accounting or budgetary records.

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.

Adequate procedures, including discussion with the Engineer's Office related to on-going construction projects, 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: The County Auditor has been made aware of the issue related to "on-behalf-of" payments and the need to capture those within the County's accounting system. We will contact the County Engineer's Office to determine if any such projects are on-going and gather the information necessary to record the payments made on behalf of the County in future periods.*

**Finding Number 2009-010:**

Several issues regarding deficiencies in the internal control structure and significant non-compliance have been communicated to the County through its annual audits over the past several years. While there have been a few audit comments corrected, numerous comments have been carried forward from one audit period to the next. This would indicate the County does not have an adequate method in place to ensure control deficiencies and non-compliance issued noted, either during the audit or during normal day-to-day operations, are addressed and corrected. The lack of such monitoring controls over the financial reporting process at the County results in deficiencies not being corrected and jeopardizes the accuracy and integrity of reporting process.

The County should implement monitoring control procedures to ensure all reported and perceived deficiencies and compliance issues in the financial reporting process are appropriately addressed and corrected in an appropriate time-period. Such procedures should include assigning responsibility for addressing the deficiencies and compliance issues to a specific member of the County's management team, having that person identify the causes and possible solutions for each issue and once a solution is determined, an implementation time-table should be enacted to ensure the solutions are implemented. Adequate monitoring of the progress of the implementation is necessary by the appropriate level of management to ensure all control deficiencies and non-compliance issues are being addressed and adequate solutions are being implemented.

*Management Response: While the County might not be able to address all the audit comments presented during 2010, efforts will be made to change the procedures and practices necessary to address audit comments in the near future.*

### **Section III – Federal Awards Findings and Questioned Costs**

#### **Finding Number 2009-011:**

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.

For 2009, the County presented information it deemed necessary to complete the Schedule of Expenditures of Federal Awards, however, this information did not contain all the federal award programs that existed at the County during the year, nor was the information presented in the manner prescribed by OMB Circular A-133. Some of the deficiencies noted in the County's reporting of federal expenditures included:

- Incorrect amount of federal awards expended during the year for particular grants;
- Information not provided on certain federal programs such as Help America Vote, Voting Access for Individuals with Disabilities and Crime Victim Assistance.
- Reporting the incorrect CFDA or pass-through number; or not reporting the required information at all.

Preparing an accurate and complete schedule of expenditures of federal awards is the County's responsibility. Failure to adhere to this reporting requirement and/or reporting inaccurate grant information in such a schedule may jeopardize future grant funding and/or require the County to return funding to the grantor agency. The County should take the necessary steps to ensure the schedule of expenditures of federal awards is prepared annually and should utilize due care in preparing this schedule 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: The Auditor's Office will work with the various Departments to ensure amounts are reported are getting better at providing the Auditor's office the information on a timely basis.*

Wyandot County, Ohio  
Schedule of Prior Audit Findings and Questioned Costs  
Year Ended December 31, 2009

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b><u>Explanation of Correction</u></b>
2008-001	ORC 117.38/OAC 117-2-3(B) requires counties to file GAAP basis reports.	No	Not corrected – repeated as Finding 2009-001
2008-002	ORC 117.38 – Filing of financial report annually in accordance with Auditor of State.	Yes	Corrected
2008-003	ORC 5705.41(D)(1) – Expenditure of money has not been properly certified.	No	Not corrected – repeated as Finding 2009-002
2008-004	ORC 5705.39 – Appropriations exceeding estimated resources.	No	Not corrected – repeated as Finding 2009-003
2008-005	ORC 305.86 – Failure to follow competitive bidding procedures for purchased supplies and services exceeding \$25,000.	Yes	Corrected
2008-006	ORC 5705.14, 5705.15 and 5705.16 – Transfers were not properly recorded and reported.	No	Not corrected – repeated as Finding 2009-006
2008-007	Failure to prepare year-end cash reconciliations.	Yes	Corrected
2008-008	Transactions not entered into the accounting system in a consistent manner and system reports did not contain all transactions.	No	Not corrected – see Finding 2009-007
2008-009	Audit adjustments and reclassifications were required to correct financial statements.	No	Not corrected – repeated as Finding 2009-008
2008-010	Payments made on behalf of the County were not recorded as revenue and expenditures in the accounting records.	No	Not corrected – repeated as Finding 2009-009
2008-011	Monitoring control procedures not in place to ensure all reported and perceived deficiencies and weaknesses in the financial reporting process are addressed and corrected in an appropriate time period.	No	Not corrected – repeated as Finding 2009-010
2008-012	Schedule of expenditures of federal awards was not accurate and did not contain all the necessary information.	No	Not corrected – repeated as Finding 2009-011





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**Mary Taylor, CPA**  
Auditor of State

**WYANDOT COUNTY 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  
NOVEMBER 4, 2010**