



**FINANCIAL CONDITION
WYANDOT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

**FINANCIAL CONDITION
WYANDOT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Wyandot County
109 S. Sandusky Avenue
Upper Sandusky, Ohio 43351-1435

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyandot County, Ohio (the County), as of and for the year ended December 31, 2004, 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.

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

Ohio Administrative Code §117-2-03(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 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyandot County, Ohio as of December 31, 2004, and the respective changes in modified cash financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, Motor Vehicle and Gasoline Tax Fund, Angeline MR/DD Fund and Jobs and Family Services fund, thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

During the year ended December 31, 2004, the County revised its financial presentation to include entity-wide financial statements, present major funds, to include Management's Discussion and Analysis and other revisions consistent with Governmental Accounting Statement No. 34, Modified for the County's accounting basis.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2006, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. We did subject the schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Betty Montgomery
Auditor of State

February 7, 2006

**FINANCIAL CONDITION
WYANDOT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

The discussion and analysis of Wyandot County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2004, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's financial statements.

Financial Highlights

Key financial highlights for 2004 are as follows:

Overall:

Total net assets increased \$454,467 with Governmental Activities increasing by \$1,267,705 and Business-Type Activities decreasing by \$813,238.

Total cash receipts were \$19,467,258 in 2004.

Total program cash disbursements were \$19,012,791 in 2004.

Governmental Activities:

Total program cash receipts were \$10,625,703 in 2004, while program cash disbursements were \$14,924,052.

Program cash disbursements were primarily composed of Legislative and Executive, Public Safety, Public Works, and Human Services related cash disbursements which were \$10,025,632 in 2004.

Business-Type Activities:

Program cash receipts were \$3,274,557 for Business Activities, while corresponding cash disbursements were \$4,088,739.

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 whole County, presenting both an aggregate view of the County's cash basis finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Wyandot County, the General Fund, the Motor Vehicle and Gasoline Tax Fund, the Job and Family Services Fund, and the Angeline MR/DD Fund are the most significant funds and have been presented as major funds.

**FINANCIAL CONDITION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

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 include one component unit. The primary government consists of Wyandot County.

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 2004?" 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 two 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.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

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, and the Angeline MR/DD Fund.

Governmental Funds Most of the County's activities are reported in governmental funds, which 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. Since the County is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in the statements for the County as a whole.

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 2004 compared to the prior year:

Table 1
Net Cash Assets

Assets	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Totals</i>	
	2004	2003	2004	2003	2004	2003
Cash and Cash Equivalents	\$ 13,531,906	\$ 12,264,201	\$ 206,205	\$ 1,019,443	\$ 13,738,111	\$ 13,283,644
<i>Total Assets</i>	13,531,906	12,264,201	206,205	1,019,443	13,738,111	13,283,644
<i>Net Cash Assets</i>						
Restricted	11,477,849	10,017,090			11,477,849	10,017,090
Unrestricted (deficit)	2,054,057	2,247,111	206,205	1,019,443	2,260,262	3,266,554
<i>Total Net Assets</i>	<u>\$ 13,531,906</u>	<u>\$ 12,264,201</u>	<u>\$ 206,205</u>	<u>\$ 1,019,443</u>	<u>\$ 13,738,111</u>	<u>\$ 13,283,644</u>

Total assets increased by \$454,467.

Table 2 shows the changes in Net Assets for fiscal year 2004. Because this is the first year the County has prepared cash basis financial statements following GASB Statement 34, cash receipt and cash disbursement comparisons to fiscal year 2003 have not been compiled. In future years, when prior year information has been compiled, a comparative analysis of governmental data will be presented.

**FINANCIAL CONDITION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

Table 2
Changes in Net Cash Assets

	Governmental Activities	Business-Type Activities	Totals
Cash Receipts			
<i>Program Cash Receipts</i>			
Charges For Services and Sales	\$ 2,819,715	\$ 3,274,557	\$ 6,094,272
Operating Grants and Contributions	7,748,364		7,748,364
Capital Grants and Contributions	57,624		57,624
Total Program Cash Receipts	10,625,703	3,274,557	13,900,260
<i>General Cash Receipts and Transfers</i>			
Property Taxes	2,178,434		2,178,434
Sales Taxes	1,865,187		1,865,187
Grants and Entitlements not Restricted to Specific Programs	563,742		563,742
Interest Receipts	284,995		284,995
Miscellaneous	673,696	944	674,640
Total General Cash Receipts and Transfers	5,566,054	944	5,566,998
Total Cash Receipts and Transfers	16,191,757	3,275,501	19,467,258
Cash Disbursements			
<i>Program Cash Disbursements</i>			
<i>General Government</i>			
Legislative and Executive	2,022,297		2,022,297
Judicial	823,174		823,174
Public Safety	2,078,225		2,078,225
Public Works	2,409,643		2,409,643
Health	1,795,546		1,795,546
Human Services	3,515,467		3,515,467
Conservation and Recreation	840,664		840,664
Miscellaneous	475,913		475,913
Capital Outlay	731,177		731,177
<i>Debt Service:</i>			
Principal Retirement	150,000		150,000
Interest and Fiscal Charges	81,946		81,946
Proprietary Funds		4,088,739	4,088,739
Total Cash Disbursements	14,924,052	4,088,739	19,012,791
Increase In Net Cash Assets	1,267,705	(813,238)	454,467
Net Cash Assets at Beginning of Year	12,264,201	1,019,443	13,283,644
Net Cash Assets at End of Year	\$ 13,531,906	\$ 206,205	\$ 13,738,111

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, County's dependence upon property taxes is hampered by a lack of tax growth and must return to the voters to maintain a constant level of service. Property taxes and sales taxes made up 13 percent and 12 percent, respectively, of cash receipts for governmental activities for Wyandot County in fiscal year 2004. Operating grants and contributions made up 48 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Over 100 percent of public

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

works and conservation and recreation activities are supported through charges for services and operating grants and contributions; for all governmental activities and general cash receipts support is 29 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Wyandot County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

Table 3
Total Cost of Program Services
Governmental Activities and Business-Type Activities

	2004	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities		
General Government		
Legislative and Executive	\$ 2,022,297	\$ 1,226,062
Judicial	823,174	540,715
Public Safety	2,078,225	1,332,064
Public Works	2,409,643	(622,839)
Health	1,795,546	803,269
Human Services	3,515,467	579,251
Conservation/Recreation	840,664	(78,059)
Miscellaneous	475,913	475,913
Capital Outlay	731,177	(83,248)
Debt Service		
Principal Retirement	150,000	43,278
Interest and Fiscal Charges	81,946	81,943
	<u>\$ 14,924,052</u>	<u>\$ 4,298,349</u>
Total Cash Disbursements - Governmental Activities		
Business-Type Activities		
Proprietary Funds	4,088,739	814,182
Total Cash Disbursements - Business-Type Activities	<u>\$ 4,088,739</u>	<u>\$ 814,182</u>

Business-Type Activities

Business-type activities consist primarily of care and treatment of the elderly and disabled county residents at the Wyandot County Nursing Home. Overall Net Assets decreased \$813,238 in 2004 due to upgrades made to buildings and grounds. Program cash receipts did not support business-type activities and during 2004 total cash disbursements exceeded program cash receipts.

The County's Funds

These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$17,843,185 and cash disbursements and other financing uses of \$16,585,868. The net change in fund balance for the year was most significant in the General Fund and the Motor Vehicle License and Gasoline Tax Fund, where the General Fund cash balance went from \$736,931 in 2003 to \$895,131 for 2004, and the Motor Vehicle License and Gas Tax Fund cash balance went from \$4,877,835 in 2003 to \$5,687,447 for 2004.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

For the General Fund, cash receipts exceeded cash disbursements in the amount of \$158,200, and in the Motor Vehicle License and Gas Tax Fund, cash receipts exceeded cash disbursements in the amount of \$809,612 due to conservative spending practices in both funds. These factors along with cash receipts exceeding cash disbursements in the other non-major governmental funds in the amount of \$254,534 resulted in governmental fund cash balances increasing \$1,257,317.

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 and other financing sources were \$5,233,652, which is \$107,122 more than the final budget estimates. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$5,075,452, \$158,200 below cash receipts, and \$553,476 less than the final budget estimates.

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 had capital outlay disbursements of \$731,177 during fiscal year 2004.

Debt

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 bonds, long-term notes, and short-term notes. At December 31, 2004, the County had \$2,268,590 in bonds and OWPC loans.

Table 4 summarizes bonds and OPWC Loans outstanding for Governmental Activities for the past two years:

Table 4
Outstanding Debt at December 31
Governmental Activities

	2004	2003
General Obligation Bonds		
Various Purpose Bonds	\$ 2,250,000	\$ 2,385,000
County Human Services Building		\$ 15,000
OPWC Loans		
Bridge Replacement	\$ 8,590	\$ 9,544
County Highway 4	10,000	20,000
Totals	\$ 2,268,590	\$ 2,429,544

During fiscal year 2004, the County issued no new debt.

**FINANCIAL CONDITION
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)**

Current Financial Related Activities

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

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

Contacting the County's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Jeffrey A. McClain, County Auditor at Wyandot County, 109 S. Sandusky – Room 21, Upper Sandusky, Ohio 43351. Or email at jamclain@co.wyandot.oh.us.

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**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Net Assets - Modified Cash Basis
For the Fiscal Year Ended December 31,2004*

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$13,531,906	\$206,205	\$13,738,111
<i>Total Assets</i>	<u>13,531,906</u>	<u>206,205</u>	<u>13,738,111</u>
Net Assets			
Restricted for:			
Capital Projects	931,735		931,735
Human Services	147,441		147,441
Mental Retardation	2,575,695		2,575,695
Road and Bridge	5,687,447		5,687,447
Other Purposes	2,135,531		2,135,531
Unrestricted (Deficit)	<u>2,054,057</u>	<u>206,205</u>	<u>2,260,262</u>
<i>Total Net Assets</i>	<u><u>\$13,531,906</u></u>	<u><u>\$206,205</u></u>	<u><u>\$13,738,111</u></u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
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*Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended December 31, 2004*

	Program Cash Revenues				Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government:							
Legislative and Executive	\$2,022,297	\$796,235			(\$1,226,062)		(\$1,226,062)
Judicial	823,174	271,959	\$10,500		(540,715)		(540,715)
Public Safety	2,078,225	301,954	444,207		(1,332,064)		(1,332,064)
Public Works	2,409,643	4,779	3,027,703		622,839		622,839
Health	1,795,546	48,439	943,838		(803,269)		(803,269)
Human Services	3,515,467	417,996	2,518,220		(579,251)		(579,251)
Conservation and Recreation	840,664	735,958	182,765		78,059		78,059
Other	475,913				(475,913)		(475,913)
Capital Outlay	731,177	135,670	621,131	\$57,624	83,248		83,248
Debt Service	231,946	106,725			(125,221)		(125,221)
<i>Total Governmental Activities</i>	<u>14,924,052</u>	<u>2,819,715</u>	<u>7,748,364</u>	<u>57,624</u>	<u>(4,298,349)</u>		<u>(4,298,349)</u>
Business-Type Activities:							
Nursing Home	4,088,739	3,274,557				(814,182)	(814,182)
<i>Total Business-Type Activities</i>	<u>4,088,739</u>	<u>3,274,557</u>				<u>(814,182)</u>	<u>(814,182)</u>
<i>Total - Primary Government</i>	<u>\$19,012,791</u>	<u>\$6,094,272</u>	<u>\$7,748,364</u>	<u>\$57,624</u>	<u>(4,298,349)</u>	<u>(814,182)</u>	<u>(5,112,531)</u>
General Cash Revenues:							
Property Taxes Levied for:							
General Purposes					1,237,053		1,237,053
Mental Retardation					941,381		941,381
Sales Tax Levied for:							
General Purposes					1,865,187		1,865,187
Grants and Entitlements not Restricted to Specific Programs							
Interest					563,742		563,742
Miscellaneous					284,995		284,995
					673,696	944	674,640
<i>Total Cash Receipts</i>					<u>5,566,054</u>	<u>944</u>	<u>5,566,998</u>
Change in Net Cash Assets					1,267,705	(813,238)	454,467
<i>Net Cash Assets Beginning of Year</i>					<u>12,264,201</u>	<u>1,019,443</u>	<u>13,283,644</u>
<i>Net Cash Assets End of Year</i>					<u>\$13,531,906</u>	<u>\$206,205</u>	<u>\$13,738,111</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
For the Fiscal Year Ended December 31, 2004*

	General	Motor Vehicle and Gasoline Tax Fund	Angeline MR/DD Fund	Jobs and Family Services Fund	Other Governmental Funds	Total Governmental Funds
Assets End of Year:						
Equity in Pooled Cash and Cash Equivalents	\$ 895,131	\$ 5,687,447	\$ 1,629,137	\$ 147,441	\$ 5,123,028	\$ 13,482,184
Fund Balances End of Year:						
Reserved for Encumbrances	\$ 76,785	\$ 387,469	\$ 56,252	\$ -	\$ 161,490	\$ 681,996
Unreserved, Reported in:						
General Fund	818,346					818,346
Special Revenue Funds		5,299,978	1,572,885	147,441	3,843,316	10,863,620
Capital Project Funds					206,291	206,291
Debt Service Funds					911,931	911,931
<i>Total Cash Basis Fund Balances</i>	<u>\$ 895,131</u>	<u>\$ 5,687,447</u>	<u>\$ 1,629,137</u>	<u>\$ 147,441</u>	<u>\$ 5,123,028</u>	<u>\$ 13,482,184</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
For the Fiscal Year Ended December 31, 2004*

Total Governmental Fund Balances	\$13,482,184
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***Amounts reported for governmental activities in the statement of
net assets are different because***

Governmental activities' net assets include the internal service funds' cash and cash equivalents. The proprietary funds' statements include these assets.	49,722
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<i>Net Assets of Governmental Activities</i>	<u>\$13,531,906</u>
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The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Cash Receipts, Cash Disbursements and Changes in
Cash Basis Fund Balances - Modified Cash Basis - Governmental Funds
For the Fiscal Year Ended December 31, 2004*

	General	Motor Vehicle and Gasoline Tax Fund	Angeline MR/DD Fund	Jobs and Family Services Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Taxes	\$3,102,240		\$941,381			\$4,043,621
Intergovernmental	563,742	\$3,027,203	755,896	\$1,279,175	\$2,686,090	8,312,106
Interest	163,034	121,961				284,995
Licenses and Permits	3,943				48,019	51,962
Fines and Forfeitures	137,013				150	137,163
Charges for Services	792,055			406,996	1,324,814	2,523,865
Special Assessments	57,624					57,624
Other	23,106	38,233	22,879		333,905	418,123
Total Receipts	4,842,757	3,187,397	1,720,156	1,686,171	4,392,978	15,829,459
Disbursements						
General Government:						
Legislative and Executive	1,644,843				377,453	2,022,296
Judicial	807,748				15,426	823,174
Public Safety	1,585,870				492,356	2,078,226
Public Works	26,930	2,377,785			4,927	2,409,642
Health	37,792		1,611,298		146,458	1,795,548
Human Services	375,690			1,804,516	1,335,260	3,515,466
Conservation and Recreation					840,665	840,665
Other	258,581					258,581
Capital Outlay	66,213				664,964	731,177
Debt Service:						
Principal Retirement					150,000	150,000
Interest and Fiscal Charges					81,946	81,946
Total Disbursements	4,803,667	2,377,785	1,611,298	1,804,516	4,109,455	14,706,721
<i>Excess of Receipts Over (Under) Disbursements</i>	39,090	809,612	108,858	(118,345)	283,523	1,122,738
Other Financing Sources (Uses)						
Other Sources	351,940					351,940
Other Uses	(217,331)					(217,331)
Transfers In	38,955		32,228	21,507	1,569,096	1,661,786
Transfers Out	(54,454)		(9,232)	(45)	(1,598,085)	(1,661,816)
Total Other Financing Sources (Uses)	119,110		22,996	21,462	(28,989)	134,579
Net Change in Fund Balances	158,200	809,612	131,854	(96,883)	254,534	1,257,317
Fund Balances at Beginning of Year	736,931	4,877,835	1,497,283	244,324	4,868,494	12,224,867
Fund Balances at End of Year	\$895,131	\$5,687,447	\$1,629,137	\$147,441	\$5,123,028	\$13,482,184

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004*

Net Change in Fund Balances - Total Governmental Funds \$1,257,317

***Amounts reported for governmental activities in the
statement of activities are different because***

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund revenues (expenses). 10,388

Change in Net Assets of Governmental Activities \$1,267,705

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Balance - Budget and Actual Comparison (Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Budgetary Basis Receipts				
Taxes	\$3,018,500	\$3,018,500	\$3,102,240	\$83,740
Intergovernmental	\$450,000	\$450,000	\$563,742	\$113,742
Interest	400,000	400,000	163,034	(236,966)
Licenses and Permits	2,460	2,460	3,943	1,483
Fines and Forfeitures	564,500	564,500	137,013	(427,487)
Charges for Services	327,000	327,000	792,055	465,055
Special Assessments	56,816	56,816	57,624	808
Other	22,000	22,000	23,106	1,106
<i>Total Receipts</i>	<u>4,841,276</u>	<u>4,841,276</u>	<u>4,842,757</u>	<u>1,481</u>
Budgetary Basis Disbursements				
General Government:				
Legislative and Executive	1,736,094	1,737,686	1,644,843	92,843
Judicial	902,537	903,140	807,748	95,392
Public Safety	1,783,618	1,786,718	1,585,870	200,848
Public Works	120,000	120,000	26,930	93,070
Health	121,500	121,500	37,792	83,708
Human Services	426,478	426,478	375,690	50,788
Other	287,642	287,642	258,581	29,061
Capital Outlay	30,000	27,864	66,213	(38,349)
<i>Total Disbursements</i>	<u>5,407,869</u>	<u>5,411,028</u>	<u>4,803,667</u>	<u>607,361</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(566,593)</u>	<u>(569,752)</u>	<u>39,090</u>	<u>608,842</u>
Other Financing Sources (Uses)				
Other Sources	285,254	285,254	351,940	66,686
Other Uses	(217,900)	(217,900)	(217,332)	568
Transfers In			38,955	38,955
Transfers Out			(54,453)	(54,453)
<i>Total Other Financing Sources (uses)</i>	<u>67,354</u>	<u>67,354</u>	<u>119,110</u>	<u>51,756</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	<u>(499,239)</u>	<u>(502,398)</u>	<u>158,200</u>	<u>660,598</u>
<i>Fund Balance at Beginning of Year</i>	736,931	736,931	736,931	
Prior Year Encumbrances Appropriated	12,344	12,344	12,344	
<i>Fund Balance at End of Year</i>	<u>\$250,036</u>	<u>\$246,877</u>	<u>\$907,475</u>	<u>\$660,598</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Balance - Budget and Actual Comparison (Budgetary Basis)
Motor Vehicle and Gasoline Tax
For the Fiscal Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Budgetary Basis Receipts				
Intergovernmental	\$2,950,000	\$3,000,000	\$3,027,203	\$27,203
Interest			121,961	121,961
Other			38,233	38,233
<i>Total Receipts</i>	<u>2,950,000</u>	<u>3,000,000</u>	<u>3,187,397</u>	<u>187,397</u>
Budgetary Basis Disbursements				
Public Works	3,612,265	3,682,029	2,377,785	1,304,244
<i>Total Disbursements</i>	<u>3,612,265</u>	<u>3,682,029</u>	<u>2,377,785</u>	<u>1,304,244</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(662,265)</u>	<u>(682,029)</u>	<u>809,612</u>	<u>1,491,641</u>
Other Financing Sources (Uses)				
Advances In			34,250	34,250
Advances Out			(34,250)	(34,250)
<i>Total Other Financing Sources (uses)</i>				
<i>Excess of Receipts and Other Financing Sources Over(Under) Disbursements and other financing uses</i>	(662,265)	(682,029)	809,612	1,491,641
<i>Fund Balance at Beginning of Year</i>	4,877,835	4,877,835	4,877,835	
Prior Year Encumbrances Appropriated	69,764	69,764	69,764	
<i>Fund Balance at End of Year</i>	<u>\$4,285,334</u>	<u>\$4,265,570</u>	<u>\$5,757,211</u>	<u>\$1,491,641</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Balance - Budget and Actual Comparison (Budgetary Basis)
Mental Retardation and Developmental Disabilities
For the Fiscal Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
Budgetary Basis Receipts				
Taxes	\$1,040,000	\$1,040,000	\$941,381	(\$98,619)
Intergovernmental	\$450,000	\$700,000	\$755,896	\$55,896
Other			22,879	22,879
<i>Total Receipts</i>	<u>1,490,000</u>	<u>1,740,000</u>	<u>1,720,156</u>	<u>(19,844)</u>
Budgetary Basis Disbursements				
Health	1,873,995	1,632,667	1,611,298	21,369
<i>Total Disbursements</i>	<u>1,873,995</u>	<u>1,632,667</u>	<u>1,611,298</u>	<u>21,369</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(383,995)</u>	<u>107,333</u>	<u>108,858</u>	<u>1,525</u>
Other Financing Sources (Uses)				
Advances In			34,340	34,340
Advances Out			(34,340)	(34,340)
Transfers In			32,228	32,228
Transfers Out			(9,232)	(9,232)
<i>Total Other Financing Sources (uses)</i>			<u>22,996</u>	<u>22,996</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	<u>(383,995)</u>	<u>107,333</u>	<u>131,854</u>	<u>24,521</u>
<i>Fund Balance at Beginning of Year</i>	<u>1,497,283</u>	<u>1,497,283</u>	<u>1,497,283</u>	
<i>Fund Balance at End of Year</i>	<u>\$1,113,288</u>	<u>\$1,604,616</u>	<u>\$1,629,137</u>	<u>\$24,521</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Balance - Budget and Actual Comparison (Budgetary Basis)
Jobs and Family Services Fund
For the Fiscal Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Budgetary Basis Receipts				
Intergovernmental	\$1,720,000	\$1,550,000	\$1,279,175	(\$270,825)
Charges for Services	500,000	250,000	406,996	156,996
<i>Total Receipts</i>	<u>2,220,000</u>	<u>1,800,000</u>	<u>1,686,171</u>	<u>(113,829)</u>
Budgetary Basis Disbursements				
Human Services	2,167,650	2,187,650	1,804,516	383,134
<i>Total Disbursements</i>	<u>2,167,650</u>	<u>2,187,650</u>	<u>1,804,516</u>	<u>383,134</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>52,350</u>	<u>(387,650)</u>	<u>(118,345)</u>	<u>269,305</u>
Other Financing Sources (Uses)				
Advances In			20,000	20,000
Advances Out			(20,000)	(20,000)
Transfers In			21,507	21,507
Transfers Out			(45)	(45)
<i>Total Other Financing (uses)</i>			<u>21,462</u>	<u>21,462</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	<u>52,350</u>	<u>(387,650)</u>	<u>(96,883)</u>	<u>290,767</u>
<i>Fund Balance at Beginning of Year</i>	<u>244,324</u>	<u>244,324</u>	<u>244,324</u>	<u></u>
<i>Fund Balance at End of Year</i>	<u>\$296,674</u>	<u>(\$143,326)</u>	<u>\$147,441</u>	<u>\$290,767</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2004*

	Business-Type Activities	Governmental Activity
	Nursing	
	Home Fund	Internal Service
Assets		
Equity in Pooled Cash and Cash Equivalents	\$206,205	\$49,722
Net Assets		
Unrestricted	\$206,205	\$49,722

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Cash Receipts, Cash Disbursements, and Changes in
Fund Net Assets - Modified Cash Basis - Proprietary Funds
As of and for the Fiscal Year Ended December 31, 2004*

	Business-Type Activities	Governmental Activity
	Nursing Home Fund	Internal Service
Operating Receipts		
Charges for Services	\$3,274,557	
Miscellaneous	944	
	<u>3,275,501</u>	<u></u>
Operating Disbursements		
Salaries	2,951,289	
Purchased Services	610,089	
Materials and Supplies	338,833	
Capital Outlay	188,528	
	<u>4,088,739</u>	<u></u>
<i>Total Operating Disbursements</i>		
	<u>(813,238)</u>	<u></u>
Operating (Loss)		
	<u>(813,238)</u>	<u></u>
Non-Operating Receipts (Disbursements)		
Interest		\$5,135
Non-Operating Disbursements		(2,388,916)
Non-Operating Receipts		2,394,139
	<u></u>	<u>10,358</u>
<i>Total Non-Operating Receipts (Disbursements)</i>		
	<u>(813,238)</u>	<u>10,358</u>
<i>Income (Loss) before Transfers</i>		
	<u>(813,238)</u>	<u>10,358</u>
Transfers In		30
	<u>(813,238)</u>	<u>10,388</u>
<i>Change in Net Assets</i>		
	<u>(813,238)</u>	<u>10,388</u>
<i>Net Assets at Beginning of Year</i>		
	<u>1,019,443</u>	<u>39,334</u>
<i>Net Assets at End of Year</i>		
	<u>\$206,205</u>	<u>\$49,722</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004*

	Business-Type Activities	Governmental Activity
	Nursing Home Fund	Internal Service
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$3,274,557	
Cash Received from Interfund Services Provided		\$2,394,139
Other Cash Receipts	944	
Cash Payments to Employees for Services	(2,951,289)	
Cash Payments for Employee Benefits		(2,388,916)
Cash Payments for Goods and Services	(948,922)	
<i>Net Cash Provided by (Used in) Operating Activities</i>	<i>(624,710)</i>	<i>5,223</i>
Cash Flows from Noncapital Financing Activities		
Transfers In		30
Cash Flows from Capital and Related Financing Activities		
Payments for Capital Acquisitions	(188,528)	
Cash Flows from Investing Activities		
Interest on Investments		5,135
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>(813,238)</i>	<i>10,388</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>1,019,443</i>	<i>39,334</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$206,205</i>	<i>\$49,722</i>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

*Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2004*

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,922,989</u>
Net Cash Assets:	
Unrestricted	<u>\$ 1,922,989</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

NOTE 1 – DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

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

Reporting Entity

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

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

Component Unit

Angeline Industries, Inc. (Workshop)

Based on the foregoing criteria, the Workshop is a component unit of the County. See Note 3 for a presentation of condensed financial statement information of the Workshop for the year ended December 31, 2004.

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:

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 1 – DESCRIPTION OF THE ENTITY AND REPORTING ENTITY – (Continued)

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.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 1 – DESCRIPTION OF THE ENTITY AND REPORTING ENTITY – (Continued)

Insurance Purchasing Pool

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although required by Ohio Administrative Code Section 117-2-3(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the County, with the exception of the Angeline Industries, Inc., chooses to prepare its financial statements and notes in accordance with the modified cash-basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

As a result of the use of the modified 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.

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.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

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

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

Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Fund – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The County had the following enterprise fund:

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 fiduciary funds include agency funds. Agency funds are custodial in nature, where the County deposits and pays cash as directed by another entity or individual. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

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

B. Basis of Presentation

For fiscal year 2004 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. However, there are no adjustments to beginning fund balances since the basis of accounting has not changed. 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 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.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

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

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

3. Appropriations

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

4. Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

5. Non-Compliance

Twenty percent of expenditure transactions were not certified by the fiscal officer at the time the commitment was incurred.

D. Capital Assets

Acquisition of capital assets purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

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

E. Unpaid Vacation and Sick Leave

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

F. Long-term Obligations

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

G. Net Assets

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

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

H. Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the County's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the County are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2004, the County invested in certificates of deposit and STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Investment earnings were not allocated in accordance with Ohio statutes. Interest receipts credited to the General Fund during 2004 were \$163,034.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

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

I. Interfund Activity

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

J. Fund Balance Reserves

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

NOTE 3 – COMPONENT UNIT – ANGELINE INDUSTRIES, INC.

The Angeline Industries, Inc. (the Workshop) is a legally separate, nongovernmental, not-for-profit corporation, served 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 Wyandot County Board of 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 supervises 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. Separately issued financial statements can be obtained from the Angeline Industries, Inc. of Wyandot County.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 3 – COMPONENT UNIT – ANGELINE INDUSTRIES, INC. – (Continued)

Condensed Balance Sheet -
Angeline Industries Workshop

Assets:	
Current Assets	\$52,367
Property, Plant, and Equipment	73,973
Total Assets	\$126,340
Liabilities:	
Current Liabilities	\$2,831
Equity:	
Unrestricted Net Assets	123,509
Total Liabilities and Net Assets	\$126,340

Condensed Statement of Activities -
Angeline Industries Workshop

Operating Revenues	\$326,554
Operating Expenses	314,869
Net Increase in Net Assets	11,685
Net Assets, January 1	111,824
Net Assets, December 31	\$123,509

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Legal Requirements

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 4 – DEPOSITS AND INVESTMENTS – (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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.

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

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

B. Cash on Hand

Cash on hand consists of \$39,736 in undeposited cash on hand, included as part of "Equity in pooled cash and cash equivalents."

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 4 – DEPOSITS AND INVESTMENTS

C. Deposits

At year-end, the amount of the County's deposits, excluding cash on hand, was \$15,621,364 and the bank balance was \$16,229,180. Of the bank balance:

1. \$693,924 was covered by federal depository insurance;
2. \$6,115,418 was collateralized by securities specifically pledged or by letter of credit by the financial institution to the County;
3. \$9,419,838 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to § 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the County. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

NOTE 5 – PROPERTY TAXES

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

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

The full tax rate applied to real property, for the fiscal year ended December 31, 2004, was \$6.95 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$6.34 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$6.59 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property, for the fiscal year ended December 31, 2004, was \$6.95 per \$1,000 of assessed valuation.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 5 – PROPERTY TAXES – (Continued)

Real Property - 2003 Valuation	
Residential/Agricultural	\$266,464,220
Commercial/Industrial	45,946,780
Public Utilities	398,970
Tangible Personal Property - 2004 Valuation	
General	67,241,850
Public Utilities - 2003	14,986,770
Total Assessed Value	<u><u>\$395,038,590</u></u>

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

NOTE 6 – RISK MANAGEMENT

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

- Comprehensive general liability;
- Automobile liability;
- Law enforcement liability;
- Certain property insurance; and
- Excess Liability
- Public officials' errors and omissions liability insurance.

There has not been a significant reduction in coverage from the prior year.

For 2004, the County participated 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.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report, obtainable by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan that were in law enforcement contributed 10.1 percent of their annual covered salary. The County's contribution rate for 2004 was 13.55 percent of covered salary. The employer contribution rate for law enforcement was 16.7 percent.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002, were \$1,079,903, \$1,143,135, and \$1,114,250 respectively.

B. State Teachers Retirement System

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

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLANS – (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the benefit payment at a reduced level from the regular DB Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the year ended December 31, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations for the DB Plan for the years ended December 31, 2004, 2003, and 2002, were \$25,837, \$25,311, and \$22,745 respectively.

NOTE 8 – POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

In order to qualify for post-retirement 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 primary survivor benefit recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 8 – POSTEMPLOYMENT BENEFITS – (Continued)

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2004 employer contribution rate for state employers was 13.31 percent of covered payroll and 4.00 percent was used to fund health care for the year. For local government employer units, the rate were 13.55 percent of covered payroll and 4.00 percent was used to fund health care for the year. For both the public safety and law enforcement divisions, the 2004 employer rate was 16.70 percent and 4.00 percent was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.30 percent based on additional pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$487,923. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

B. State Teachers Retirement System

The County provides comprehensive health care benefits to retired employees and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. This system is on a pay-as-you-go basis.

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 8 – POSTEMPLOYMENT BENEFITS – (Continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$1,846.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000, and STRS had 111,853 eligible benefit recipients.

NOTE 9 – DEBT OBLIGATIONS

The County's outstanding debt at December 31, 2004, was as follows:

	Principal	Interest Rate
General Obligation Bonds:		
Various Purpose Bonds	\$2,250,000	2 - 4.40%
OPWC:		
Bridge Replacement Loan	8,590	
County Highway 4	10,000	
Total Outstanding at December 31, 2004	\$ 2,268,590	

General obligation bonds were issued for the Various Purpose Bonds. This debt is to be repaid through transfers from the general fund and rental income.

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

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

Year	General Obligation Bonds	OPWC Loans
2005	\$218,672	\$11,909
2006	215,872	1,909
2007	218,002	1,909
2008	219,522	1,909
2009	150,473	954
2010 and thereafter	2,119,117	
Total	\$3,141,658	\$18,590

**FINANCIAL CONDITION
WYANDOT COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)

NOTE 10 – 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 2004 amounted to \$1,865,187.

NOTE 11 – 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, 2004 will not have a material adverse effect on the County.

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

NOTE 12 – CONTRACTUAL COMMITMENTS

The County had the following outstanding contractual commitments as of December 31, 2004:

Contract	Project	Original Contract Amount	Change Order	Contract Balance 12/31/04
Kokosing Construction Company	Issue II Joint Paving Project	\$985,063	\$2,832	\$987,895

WYANDOT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR	Federal	Pass Through	
<i>Pass Through Grantor</i>	CFDA	Entity	
<u>Program Title</u>	<u>Number</u>	<u>Number</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
National School Lunch Program	10.555	-	\$ 712
Total U.S. Department of Agriculture			<u>712</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Independent Living - State Grants	84.169	066290-6BS-03	<u>1,798</u>
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	066290-6BSF-03P	3,615
Special Education - Preschool Grants	84.173	066290-6PGS-03P	<u>1,925</u>
Total Special Education Cluster			<u>5,540</u>
State Grants for Innovative Programs	84.298	066290-C2S1-03	<u>186</u>
Total U.S. Department of Education			<u>7,524</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant/State Program	14.228	BF-03-081-1	<u>43,500</u>
Home Investment Partnership Program	14.239	BG-00-081-1	112,098
		BG-00-081-2	<u>68,782</u>
Total Home Investment Partnership Program			<u>180,880</u>
Total U. S. Department of Housing and Urban Development			<u>224,380</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Department of Emergency Management:</i>			
State and Local All Hazards Emergency Operations Planning	97.051	EMC-2003-GR-7026	2,306
Emergency Management Performance Grants	97.042	EMC-2003-GR-7006	213
Predisaster Mitigation	97.047	EMC-2003-GR-7043	162
State Domestic Preparedness Equipment Support Program	97.004	2003-TE-TX-0199	67,600
		2003-MUP-30015	99,010
		2002-TE-CX-0106	37,880
		2002-TE-CX-0049	3,712
		2004-GE-T4-0025	<u>30,685</u>
Total Domestic Preparedness Equipment Support Program			<u>238,887</u>
Total U.S. Department of Homeland Security			<u>241,568</u>

WYANDOT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR	Federal	Pass Through	
<i>Pass Through Grantor</i>	CFDA	Entity	
<u>Program Title</u>	<u>Number</u>	<u>Number</u>	<u>Disbursements</u>
<u>U. S. DEPARTMENT OF LABOR</u>			
<i>Passed Through Ohio Department of Jobs and Family Services:</i>			
Workforce Investment Act Incentive	17.267	-	<u>20,195</u>
<i>Workforce Investment Act Cluster:</i>			
<i>Passed Through Ohio Department of Jobs and Family Services:</i>			
WIA - Adult Program			20,270
WIA - Adult Administration			2,373
<i>Passed Through Montgomery County- Area 7:</i>			
WIA - Adult Program			9,940
WIA - Adult Administration			<u>1,354</u>
WIA - Adult Total	17.258	-	<u>33,937</u>
<i>Passed Through Ohio Department of Jobs and Family Services:</i>			
WIA - Youth Activities			13,461
WIA - Youth Administration			2,331
<i>Passed Through Montgomery County- Area 7:</i>			
WIA - Youth Activities			20,185
WIA - Youth Administration			<u>823</u>
WIA - Youth Total	17.259	-	<u>36,800</u>
<i>Passed Through Ohio Department of Jobs and Family Services:</i>			
WIA - Dislocated Worker			19,271
WIA - Dislocated Worker Administration			1,846
<i>Passed Through Montgomery County- Area 7:</i>			
WIA - Dislocated Worker			7,724
WIA - Dislocated Worker Administration			<u>677</u>
WIA - Dislocated Worker Total	17.260	-	<u>29,518</u>
Total Workforce Investment Act Cluster			<u>100,255</u>
Total U.S. Department of Labor			<u>120,450</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Ohio Attorney General's Office:</i>			
Crime Victims Assistance	16.575	2003-VAGENE442T	<u>30,004</u>
Total U.S. Department of Justice			<u>30,004</u>
<u>ELECTION ASSISTANCE COMMISSIONER</u>			
<i>Passed Through Ohio Secretary of State:</i>			
Help America Vote Act of 2002	90.401	05-SOS-HAVA-88	<u>6,000</u>
Total Election Assistance Commissioner			<u>6,000</u>

WYANDOT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL GRANTOR	Federal	Pass Through	
<i>Pass Through Grantor</i>	CFDA	Entity	
<u>Program Title</u>	<u>Number</u>	<u>Number</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant	93.667	-	65,067
Medical Assistance Program	93.778	8800015	
Targeted Case Management			19,722
Professional Service			4,662
Active Treatment			182,624
Administrative			<u>2,298</u>
			209,306
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Child Welfare Services State Grant	93.645	-	30,678
Emergency Medical Services for Children	93.127	-	<u>22,848</u>
Total U.S. Department of Health and Human Services			<u>327,899</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$958,537</u>

The notes to the schedule are an integral part of this statement.

**FINANCIAL CONDITION
WYANDOT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

These loans are collateralized by mortgage on the property. At December 31, 2004, the gross amount of loans outstanding under this program was \$787,650.

NOTE C - MATCHING REQUIREMENTS

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

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**Auditor of State
Betty Montgomery**

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

Wyandot County
109 S. Sandusky Avenue
Upper Sandusky, Ohio 43351-1435

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyandot County, Ohio (the County) as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 7, 2006, wherein, we noted the County uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-004 through 2004-007.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2004-004 and 2004-005 listed above to be material weaknesses. In a separate letter to the County's management dated February 7, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

One Government Center / Room 1420 / Toledo, OH 43604-2246
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www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 through 2004-003. In a separate letter to the County's management dated February 7, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management, Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

February 7, 2006



Auditor of State Betty Montgomery

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

Wyandot County
109 S. Sandusky Avenue
Upper Sandusky, Ohio 43351-1435

To the Board of County Commissioners:

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 apply to each of its major federal programs for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures 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 2004-008 in the accompanying schedule of findings, the County did not comply with requirements regarding Equipment and Real Property Management applying to its State Domestic Preparedness Equipment Support Program. Compliance with those requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Wyandot 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, 2004. In a separate letter to the County's management dated February 7, 2006, we reported another matter related to federal noncompliance not requiring inclusion in this report.

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Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

We intend this report solely for the information and use of management, Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

February 7, 2006

**FINANCIAL CONDITION
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	State Domestic Preparedness Equipment Support Program CFDA #97.004 Workforce Investment Act Cluster CFDA #17.258, 17.259, and 17.260 Medical Assistance Program CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2004-001

FINDING FOR RECOVERY REPAID UNDER AUDIT

Ohio Revised Code §§325.09 and 325.18 established the annual salary for county recorders for fiscal year 2003 at \$36,493. The former County Recorder, Sally Stansbery, retired effective December 31, 2003, and had received her entire salary by her retirement date. On January 9, 2004, the former County Recorder, Sally Stansbery received a warrant in the amount of \$420.96 which had been approved by the current County Recorder, Karen Kline and resulted in overcompensation of Ms. Stansbery's salary.

In accordance with the foregoing facts and pursuant to O.R.C. § 117.28, a finding for recovery for public money illegally expended is hereby issued against Sally Stansbery, Former County Recorder, Karen Kline, Current County Recorder, Jeff McClain, County Auditor, and Ohio Farmers Insurance Company, their surety, jointly and severally in the amount of \$420.96 and in favor of the Wyandot County General Fund. Sally Stansbery repaid this finding on December 27, 2005 in the amount of \$420.96.

FINDING NUMBER 2004-002

NONCOMPLIANCE CITATION

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

Ohio Administrative Code § 117-2-3(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the County prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant the Ohio Revised Code §117.38, the County can be fined and various other administrative remedies may be taken against the County for failure to file the required financial report.

FINDING NUMBER 2004-003

NONCOMPLIANCE CITATION

Ohio Revised Code § 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 thereto. The fiscal officer must certify 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 the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **“Then and Now” certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Commissioners can authorize the drawing of a warrant for the payment of the amount due. The Commissioners has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$100 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Commissioners.

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Commissioners may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twenty percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred, and there was no evidence that the County followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Certification is not only required by Ohio law, but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of County funds being over expended or exceeding budgetary spending limitations as set by the County Commissioners.

To improve controls over disbursements, we recommend all County disbursements receive prior certification of the County Auditor and the County Commissioners periodically review the expenditures made to ensure they are within the appropriations adopted by the County Commissioners, certified by the County Auditor, and recorded against appropriations.

FINDING NUMBER 2004-004

Material Weakness - Adjustments and Reclassifications

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

<u>Fund</u>	<u>Adjustment</u>	<u>Reclassification</u>
General		\$28,193
Jobs and Family Services		\$1,041,957
Angeline MR/DD Fund		\$713,531
Motor Vehicle and Gasline Tax Fund		\$21,224
Nursing Home Fund		\$183,000
Remaining Fund Information	\$327,334	\$1,301,217

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

FINDING NUMBER 2004-005

Material Weakness - Tax Collections

The County Auditor distributes all collections to the taxing districts. The distributions should be reconciled to the County Treasurer's Form 7. The Treasurer's Form 7 did not balance to the Auditor's fund balance as of December 31, 2004, by \$18,163.79. Also, manufactured home homestead exemption settlements from the State for 2001 through 2004 in the amount of \$4,300.14 were not distributed until 2005 and two Townships were overpaid for the estate tax settlement.

This matter was brought to the County Auditor's attention and he has notified the Townships for repayment. Richland Township reimbursed their portion to the County in the amount of \$1,735.32 in December 2005. Jackson Township reimbursed their portion to the County in the amount of \$7,114.15 in January 2006.

These weaknesses resulted in a deficit fund balance for the County Auditor in the amount of \$9,066.72. Also, this situation increases the possibility of misappropriation of collections, errors or irregularities occurring and not being timely detected.

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

FINDING NUMBER 2004-006

Reportable Condition - Monitoring of Receipts

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

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

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

FINDING NUMBER 2004-007

Reportable Condition – Fund Structure

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

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

3. FINDINGS FOR FEDERAL AWARDS

Equipment and Real Property Management

Finding Number	2004-008
CFDA Title and Number	CFDA #97.004 State Domestic Preparedness Equipment Support Program
Federal Award Number / Year	2003-TE-TX-0199, 2003-MUP-30015, 2002-TE-CX-0106, 2002-TE-CX-0049, and 2004-GE-T4-0025
Federal Agency	U.S. Department of Homeland Security
Pass-Through Agency	Ohio Department of Emergency Management

28 C.F.R. 66.32 (d) states property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. This section also requires a physical inventory of the property be taken and the results reconciled with the property records at least once every two years. The Emergency Management Agency (EMA) purchased several items of equipment with Homeland Security Funds. Equipment purchases distributed to various entities in 2002 totaled \$31,612. The entities signed documents with a detailed list of equipment received. Equipment purchased during 2004 in the amount of \$110,562 and retained by the County had not been inventoried. A reconciliation of property purchased in 2002 and held by the various entities had not been reconciled with the list of equipment distributed in 2004 as required. We recommend the County EMA Director prepare an inventory of County equipment purchased with Homeland Security funds and a reconciliation of equipment be performed every two years.

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**FINANCIAL CONDITION
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Revised Code § 117.28 Finding for Recovery against Village of Sycamore in the amount of \$5,250.	Yes	
2003-002	Ohio Revised Code § 117.38 and Ohio Administrative Code §117-2-3 the County reported using cash basis of accounting.	No	Not corrected. Repeated as Finding # 2004-002.
2003-003	Ohio Revised Code § 5705.14 transfers were not approved.	No	Partially corrected. Repeated in the management letter.
2003-004	Ohio Revised Code § 5705.36 changes to estimated resources had not been modified.	Yes	
2003-005	Ohio Revised Code § 5705.41 (B) Expenditures exceeded appropriations.	No	Partially corrected. Repeated in the management letter.
2003-006	Ohio Revised Code § 5705.41 (D) Expenditures of money had not been certified by the county auditor.	No	Not corrected. Repeated as Finding # 2004-003.
2003-007	Adjustments and Reclassifications errors in posting to financial statements.	No	Not corrected. Repeated as Finding # 2004-004.
2003-008	Real Estate and Personal Property Collections Failed to reconcile records between County Auditor and Treasurer.	No	Not corrected. Repeated as Finding # 2004-005.
2003-009	Monitoring of Receipts Failing to include the budgeted receipts into the accounting system.	No	Not corrected. Repeated as Finding # 2004-006.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-010	Fund Structure Funds and accounts are not maintained in a consistent format.	No	Not corrected. Repeated as Finding # 2004-007
2003-011	Expenditure Controls Lack of supporting documentation, manual checks being issued, unused checks not safeguarded and invoices not marked "paid".	Yes	



**Auditor of State
Betty Montgomery**

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FINANCIAL CONDITION

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 21, 2006**