



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SANDUSKY COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Sandusky County  
100 North Park Avenue  
Fremont, Ohio 43420

To the County Commissioners:

We have audited the accompanying general-purpose financial statements of Sandusky County (the County) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of Sandco Industries, the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sandco Industries, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit (Sandco Industries), were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Sandusky County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types and discretely presented component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

July 26, 2001

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**SANDUSKY COUNTY**

COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT  
DECEMBER 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in pooled cash, cash equivalents and investment	\$3,046,525	\$10,310,718	\$320,468	\$522,973
Investments		102,987		
Cash in segregated accounts				
Receivables (net of allowances for uncollectibles):				
Taxes	3,318,982	1,847,110		
Accounts	175,525	96,019		3,314
Accrued interest	73,114			6,398
Special assessments		122,820	23,292	
Interfund loans	42,803			
Notes		322,593		
Advances to other funds	20,000			53,250
Due from other funds	56,235		29,969	122
Due from other governments	11,094	717,056		
Prepayments	82,460	2,534		
Materials and supplies inventory	184,244	282,135		
Property, plant and equipment (net of accumulated depreciation where applicable)				
Investment in joint venture				
<b>Other debits:</b>				
Amount available in debt service fund for retirement of general long-term obligations				
Amount available in debt service fund for retirement of special assessment bonds				
Amount to be provided for retirement of general long-term obligations				
Total assets and other debits	<b><u>\$7,010,982</u></b>	<b><u>\$13,803,972</u></b>	<b><u>\$373,729</u></b>	<b><u>\$586,057</u></b>



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Unit	Reporting Entity
\$3,388,778	\$930,117	\$6,265,981			\$24,785,560		\$24,785,560
					102,987		102,987
15,566		362,992			378,558	\$123,609	502,167
627,415					5,793,507		5,793,507
376,902	31,666	102			683,528	45,024	728,552
	5,386				84,898	1,843	86,741
192					146,304		146,304
					42,803		42,803
					322,593		322,593
					73,250		73,250
					86,326		86,326
					728,150		728,150
1,845					86,839	1,605	88,444
68,969					535,348		535,348
8,811,294			\$27,717,604		36,528,898		36,528,898
			2,044,201		2,044,201		2,044,201
				\$263,775	263,775		263,775
				86,662	86,662		86,662
				10,082,842	10,082,842		10,082,842
<b>\$13,290,961</b>	<b>\$967,169</b>	<b>\$6,629,075</b>	<b>\$29,761,805</b>	<b>\$10,433,279</b>	<b>\$82,857,029</b>	<b>\$172,081</b>	<b>\$83,029,110</b>

(Continued)

**SANDUSKY COUNTY**

COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT  
DECEMBER 31, 2000  
(Continued)

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts payable	\$294,256	\$975,886		\$42,488
Accrued wages and benefits	134,438	132,374		
Compensated absences payable	85,209	138,369		
Interfund loans payable		42,803		
Advances from other funds		53,250		
Deferred revenue	2,391,278	2,410,542	\$23,292	
Due to other funds	1,212	52,141		
Due to other governments	88,384	104,920		
Deposits held and due to others				
Claims and judgements payable				
Bond anticipation notes payable				665,000
Undistributed monies				
General obligation bonds payable				
Special assessment debt with government commitment				
Loans payable				
Capital lease obligation				
Total liabilities	<u>2,994,777</u>	<u>3,910,285</u>	<u>23,292</u>	<u>707,488</u>
<b>Equity and other credits:</b>				
Investment in general fixed assets				
Retained earnings - unreserved				
Net assets				
Fund balances:				
Reserved for encumbrances	39,097	388,297		
Reserved for materials and supplies inventory	184,244	282,135		
Reserved for notes receivable		322,593		
Reserved for advances	20,000			
Reserved for prepayments	82,460	2,534		
Reserved for external investment pool participants				
Reserved for debt service			320,468	
Reserved for long-term investment in Sandusky County bonds		102,987		
Unreserved-undesignated	<u>3,690,404</u>	<u>8,795,141</u>	<u>29,969</u>	<u>(121,431)</u>
Total equity and other credits	<u>4,016,205</u>	<u>9,893,687</u>	<u>350,437</u>	<u>(121,431)</u>
<b>Total liabilities, equity and other credits</b>	<b><u>\$7,010,982</u></b>	<b><u>\$13,803,972</u></b>	<b><u>\$373,729</u></b>	<b><u>\$586,057</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Unit	Reporting Entity
\$210,428	\$22,500				\$1,545,558	\$10,754	\$1,556,312
57,354					324,166	5,835	330,001
187,555				\$2,655,149	3,066,282		3,066,282
					42,803		42,803
20,000					73,250		73,250
627,607					5,452,719		5,452,719
31,696		\$1,277			86,326		86,326
125,416	66,124			268,424	653,268		653,268
15,566		362,992			378,558		378,558
	402,088	68,134			470,222		470,222
					665,000		665,000
		4,259,118			4,259,118		4,259,118
410,000				5,725,000	6,135,000		6,135,000
				96,101	96,101		96,101
				1,439,232	1,439,232		1,439,232
7,668				249,373	257,041		257,041
1,693,290	490,712	4,691,521		10,433,279	24,944,644	16,589	24,961,233
			\$29,761,805		29,761,805		29,761,805
11,597,671	476,457				12,074,128		12,074,128
						155,492	155,492
					427,394		427,394
					466,379		466,379
					322,593		322,593
					20,000		20,000
					84,994		84,994
		1,854,804			1,854,804		1,854,804
					320,468		320,468
					102,987		102,987
		82,750			12,476,833		12,476,833
11,597,671	476,457	1,937,554	29,761,805		57,912,385	155,492	58,067,877
<b>\$13,290,961</b>	<b>\$967,169</b>	<b>\$6,629,075</b>	<b>\$29,761,805</b>	<b>\$10,433,279</b>	<b>\$82,857,029</b>	<b>\$172,081</b>	<b>\$83,029,110</b>

**SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Property and other taxes	\$2,138,139	\$1,782,689
Sales taxes	5,638,001	
Charges for services	1,813,432	1,588,537
Licenses and permits	6,610	
Fines and forfeitures	431,173	41,575
Special assessments		169,595
Intergovernmental	2,150,914	18,309,371
Investment income	1,532,170	85,735
Other	1,298,859	864,370
	<u>15,009,298</u>	<u>22,841,872</u>
<b>Expenditures:</b>		
Current:		
General government:		
Legislative and executive	3,889,901	368,248
Judicial	2,012,522	274,382
Public safety	5,595,477	1,736,565
Public works	98,565	4,522,496
Health	105,940	190,086
Human services	1,538,676	15,222,893
Economic development and assistance		1,449,448
Other	240,331	
Capital outlay	384,057	
Intergovernmental	288,565	
Debt service:		
Principal retirement	134,684	
Interest and fiscal charges		
	<u>14,288,718</u>	<u>23,764,118</u>
Deficiency of revenues under expenditures	<u>720,580</u>	<u>(922,246)</u>
<b>Other financing sources (uses):</b>		
Proceeds of capital lease	384,057	
Operating transfers in	32,535	280,486
Operating transfers out	(210,886)	(853,462)
	<u>205,706</u>	<u>(572,976)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>926,286</u>	<u>(1,495,222)</u>
Fund balances, January 1	3,025,378	11,325,294
Increase in reserve for inventory	64,541	63,615
<b>Fund balances, December 31</b>	<b><u>\$4,016,205</u></b>	<b><u>\$9,893,687</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
			\$3,920,828
			5,638,001
			3,401,969
			6,610
			472,748
\$51,461	\$51,080		272,136
	1,690,478		22,150,763
	6,398		1,624,303
486,809	120,075		2,770,113
538,270	1,868,031		40,257,471
			4,258,149
			2,286,904
			7,332,042
			4,621,061
			296,026
			16,761,569
280,400	1,313		1,449,448
	3,858,296		522,044
			4,242,353
			288,565
434,692			569,376
339,317	31,246		370,563
1,054,409	3,890,855		42,998,100
(516,139)	(2,022,824)		(2,740,629)
			384,057
280,100	780,927		1,374,048
	(59,000)		(1,123,348)
280,100	721,927		634,757
(236,039)	(1,300,897)		(2,105,872)
586,476	1,179,466	\$82,750	16,199,364
			128,156
<b>\$350,437</b>	<b>(\$121,431)</b>	<b>\$82,750</b>	<b>\$14,221,648</b>

**SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2000

	General		Variance: Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Property taxes	\$2,138,268	\$2,138,140	(\$128)
Sales taxes	5,606,199	5,608,350	2,151
Charges for services	1,816,942	1,817,511	569
Licenses and permits	6,420	6,610	190
Fines and forfeitures	439,148	439,261	113
Intergovernmental	2,202,160	2,202,429	269
Special assessments			
Investment income	1,521,609	1,521,510	(99)
Other	109,145	109,743	598
Total revenues	<u>13,839,891</u>	<u>13,843,554</u>	<u>3,663</u>
<b>Expenditures:</b>			
Current:			
General government:			
Legislative and executive	4,135,980	3,941,837	194,143
Judicial	2,106,718	2,035,248	71,470
Public safety	5,982,241	5,802,897	179,344
Public works	101,672	98,566	3,106
Health	107,659	105,940	1,719
Human services	2,061,356	1,534,478	526,878
Economic development and assistance			
Other	368,179	292,043	76,136
Capital outlay			
Intergovernmental	289,027	288,565	462
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>15,152,832</u>	<u>14,099,574</u>	<u>1,053,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,312,941)</u>	<u>(256,020)</u>	<u>1,056,921</u>
<b>Other financing sources (uses):</b>			
Proceeds from Notes			
Advances in and not repaid	56,499	56,617	118
Advances (out) and not repaid		(52,803)	(52,803)
Operating transfers in	32,101	32,535	434
Operating transfers (out)	(950,000)	(210,886)	739,114
Other financing sources	1,050,360	1,051,334	974
Other financing uses	(31,000)	(9,848)	21,152
Total other financing sources (uses)	<u>157,960</u>	<u>866,949</u>	<u>708,989</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(1,154,981)</u>	<u>610,929</u>	<u>1,765,910</u>
Fund balances, January 1	1,956,442	1,956,442	
Prior year encumbrances appropriated	205,964	205,964	
<b>Fund balances, December 31</b>	<u><u>\$1,007,425</u></u>	<u><u>\$2,773,335</u></u>	<u><u>\$1,765,910</u></u>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,782,686	\$1,782,686				
1,926,722	1,815,454	(\$111,268)			
43,880	45,030	1,150			
97,502	97,238	(263)			
13,766,661	14,500,639	733,978			
169,595	169,595		\$52,055	\$51,460	(\$595)
2,633,002	2,326,057	(306,945)	594,919	465,259	(129,660)
20,420,047	20,736,699	316,652	646,974	516,719	(130,255)
599,556	492,456	107,099			
388,102	301,482	86,620			
2,013,188	1,768,321	244,868			
5,313,933	4,823,329	490,604			
223,432	170,641	52,791			
18,825,619	15,399,840	3,425,778			
1,571,565	1,600,262	(28,698)			
			1,663	1,663	
			1,204,692	1,455,938	(251,245)
			370,159	394,366	(24,206)
28,935,394	24,556,331	4,379,062	1,576,514	1,851,966	(275,452)
(8,515,347)	(3,819,632)	4,695,714	(929,540)	(1,335,247)	(405,707)
555,286	52,803	(502,483)	665,000	665,000	
	(51,617)	(51,617)			
333,608	704,684	371,076	280,279	412,838	132,559
(1,325,646)	(1,277,161)	48,485			
2,132,872	2,134,313	1,441			
1,696,120	1,563,022	(133,098)	945,279	1,077,838	132,559
(6,819,227)	(2,256,610)	4,562,616	15,739	(257,409)	(273,148)
10,397,705	10,397,705		577,877	577,877	
1,359,666	1,359,666				
<b>\$4,938,144</b>	<b>\$9,500,761</b>	<b>\$4,562,616</b>	<b>\$593,616</b>	<b>\$320,468</b>	<b>(\$273,148)</b>

(Continued)

**SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2000  
 (Continued)

	<b>Capital Projects</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property taxes			
Sales taxes			
Charges for services			
Licenses and permits			
Fines and forfeitures			
Intergovernmental		\$1,690,478	\$1,690,478
Special assessments	\$51,081	51,081	
Investment income			
Other	68,190	118,737	50,547
Total revenues	<u>119,271</u>	<u>1,860,296</u>	<u>1,741,025</u>
<b>Expenditures:</b>			
Current:			
General government:			
Legislative and executive			
Judicial			
Public safety			
Public works			
Health			
Human services			
Economic development and assistance			
Other			
Capital outlay	4,505,903	4,856,615	(350,712)
Intergovernmental			
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>4,505,903</u>	<u>4,856,615</u>	<u>(350,712)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,386,631)</u>	<u>(2,996,319)</u>	<u>1,390,312</u>
<b>Other financing sources (uses):</b>			
Proceeds from Notes			
Advances in and not repaid			
Advances (out) and not repaid			
Operating transfers in	1,720,226	648,927	(1,071,298)
Operating transfers (out)	(85,902)	(59,559)	26,343
Other financing sources			
Other financing uses			
Total other financing sources (uses)	<u>1,634,323</u>	<u>589,368</u>	<u>(1,044,955)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(2,752,308)</u>	<u>(2,406,951)</u>	<u>345,357</u>
Fund balances, January 1	1,681,112	1,681,112	
Prior year encumbrances appropriated	451,871	451,871	
<b>Fund balances, December 31</b>	<b><u>(\$619,325)</u></b>	<b><u>(\$273,968)</u></b>	<b><u>\$345,357</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*



(Memorandum Only)

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
\$3,920,954	\$3,920,826	(\$128)
5,606,199	5,608,350	2,151
3,743,664	3,632,965	(110,699)
50,300	51,640	1,340
536,650	536,499	(150)
15,968,821	18,393,546	2,424,725
272,731	272,136	(595)
1,521,609	1,521,510	(99)
3,405,256	3,019,796	(385,460)
<u>35,026,183</u>	<u>36,957,268</u>	<u>1,931,084</u>
4,735,536	4,434,293	301,242
2,494,820	2,336,730	158,090
7,995,429	7,571,218	424,212
5,415,605	4,921,895	493,710
331,091	276,581	54,510
20,886,975	16,934,318	3,952,656
1,571,565	1,600,262	(28,698)
369,842	293,706	76,136
4,505,903	4,856,615	(350,712)
289,027	288,565	462
1,204,692	1,455,938	(251,245)
370,159	394,366	(24,206)
<u>50,170,643</u>	<u>45,364,486</u>	<u>4,806,156</u>
<u>(15,144,459)</u>	<u>(8,407,218)</u>	<u>6,737,241</u>
665,000	665,000	
611,785	109,420	(502,365)
	(104,420)	(104,420)
2,366,214	1,798,984	(567,230)
(2,361,548)	(1,547,606)	813,942
3,183,232	3,185,647	2,415
(31,000)	(9,848)	21,152
<u>4,433,683</u>	<u>4,097,178</u>	<u>(336,505)</u>
(10,710,777)	(4,310,041)	6,400,736
14,613,136	14,613,136	
2,017,501	2,017,501	
<u><b>\$5,919,860</b></u>	<u><b>\$12,320,596</b></u>	<u><b>\$6,400,736</b></u>

**SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Proprietary Fund Types</u>		<b>Total (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating revenues:</b>			
Charges for services	\$4,935,879	\$2,400,147	\$7,336,026
Other operating revenues	307,660		307,660
Total operating revenues	<u>5,243,539</u>	<u>2,400,147</u>	<u>7,643,686</u>
<b>Operating expenses:</b>			
Personal services	3,101,357		3,101,357
Contractual services	1,205,934	353,379	1,559,313
Materials and supplies	560,683		560,683
Depreciation	317,284		317,284
Claims expense		2,160,731	2,160,731
Other operating expense	619,339		619,339
Total operating expenses	<u>5,804,597</u>	<u>2,514,110</u>	<u>8,318,707</u>
Operating loss	<u>(561,058)</u>	<u>(113,963)</u>	<u>(675,021)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest expense	(39,196)		(39,196)
Loss on sale of fixed assets	(2,016)		(2,016)
Taxes	617,089		617,089
Interest income		10,330	10,330
Non-operating grants	70,746		70,746
Total nonoperating revenues	<u>646,623</u>	<u>10,330</u>	<u>656,953</u>
Net income (loss) before operating transfers	85,565	(103,633)	(18,068)
Operating transfers in	29,400		29,400
Operating transfers out	<u>(280,100)</u>		<u>(280,100)</u>
Net loss	(165,135)	(103,633)	(268,768)
Retained earnings, January 1	<u>11,762,806</u>	<u>580,090</u>	<u>12,342,896</u>
Retained earnings, December 31	<u><b>\$11,597,671</b></u>	<u><b>\$476,457</b></u>	<u><b>\$12,074,128</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Sandco Industries</u>
<b>Operating revenues</b>	
Workshop	463,652
Job station	45,386
In-kind contributed services	<u>191,702</u>
Total operating revenues	<u>700,740</u>
<b>Operating expenses</b>	
Program expenses	721,246
Support services expenses	<u>165,617</u>
Total operating expenses	<u>886,863</u>
Change in net assets from operations	<u>(186,123)</u>
<b>Non-operating revenues</b>	
Interest and dividend income	7,563
Miscellaneous income	<u>3,046</u>
Total non-operating revenues	<u>10,609</u>
Change in net assets	(175,514)
Net assets, January 1	<u>331,006</u>
<b>Net assets, December 31</b>	<u><b>\$155,492</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**SANDUSKY COUNTY**

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Proprietary Fund Types</u>		<b>Total (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Cash flows from operating activities:</b>			
Cash received from charges for services	\$4,750,197	\$2,370,612	\$7,120,809
Cash received from other operations	225,840		225,840
Cash payments for personal services	(3,218,674)	(358,815)	(3,577,489)
Cash payments for contract services	(1,177,304)		(1,177,304)
Cash payments for materials and supplies	(584,027)		(584,027)
Cash payments for claims expense		(2,228,060)	(2,228,060)
Cash payments for other expenses	(598,777)		(598,777)
Net cash used in operating activities	<u>(602,745)</u>	<u>(216,263)</u>	<u>(819,008)</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from taxes	617,089		617,089
Cash received from nonoperating grants	70,746		70,746
Advances out to other funds	(5,000)		(5,000)
Transfers in from other funds	29,400		29,400
Transfers out to other funds	(280,100)		(280,100)
Net cash provided by noncapital financing activities	<u>432,135</u>		<u>432,135</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(110,349)		(110,349)
Proceeds from sale of fixed assets	60		60
Principal payments-capital lease	(3,691)		(3,691)
Interest payments-capital lease	(533)		(533)
Principal retirement	(45,000)		(45,000)
Interest paid	(41,400)		(41,400)
Net cash used in capital and related financing activities	<u>(200,913)</u>		<u>(200,913)</u>
<b>Cash flows from investing activities:</b>			
Interest received		13,652	13,652
Net cash provided by investing activities		<u>13,652</u>	<u>13,652</u>
Net decrease in cash and cash equivalents	(371,523)	(202,611)	(574,134)
Cash and cash equivalents at January 1	3,760,301	1,132,728	4,893,029
<b>Cash and cash equivalents at December 31</b>	<b><u>\$3,388,778</u></b>	<b><u>\$930,117</u></b>	<b><u>\$4,318,895</u></b>

(Continued)

**SANDUSKY COUNTY**

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	(\$561,058)	(\$113,963)	(\$675,021)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	317,284		317,284
Changes in assets and liabilities:			
Increase in materials and supplies inventory	(1,141)		(1,141)
Increase in accounts receivable	(267,502)	(29,535)	(297,037)
Increase in prepayments	(383)		(383)
Increase in accounts payable	21,896	13,914	35,810
Decrease in accrued wages and benefits	(5,395)		(5,395)
Decrease in claims payable		(152,803)	(152,803)
Decrease in compensated absences payable	(108,379)		(108,379)
Increase (decrease) in due to other governments	(3,765)	66,124	62,359
Increase in due to other funds	5,698		5,698
<b>Net cash used in operating activities</b>	<b><u>(\$602,745)</u></b>	<b><u>(\$216,263)</u></b>	<b><u>(\$819,008)</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**SANDUSKY COUNTY**

STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u><b>Sandco Industries</b></u>
<b>Cash flows from operating activities:</b>	
Change in net assets	(\$175,514)
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>	
Changes in operating assets and liabilities:	
Decrease in accounts receivable	12,383
Increase in interest receivable	(1,843)
Increase in accounts payable	4,956
Increase in accrued wages and benefits	185
	<u>185</u>
Net cash used in operating activities	<u>(159,833)</u>
<b>Cash flows from investing activities:</b>	
Sales of investments	<u>151,441</u>
Net cash used in investing activities	<u>151,441</u>
Net decrease in cash and cash equivalents	(8,392)
Cash and cash equivalents at January 1	<u>132,001</u>
<b>Cash and cash equivalents at December 31</b>	<u><u><b>\$123,609</b></u></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**SANDUSKY COUNTY**

STATEMENT OF CHANGES IN NET ASSETS  
INVESTMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Fiduciary Fund Type</u>
	<u>Investment Trust</u>
<b>Operations:</b>	
Interest revenue	85,019
Decrease in fair market value	<u>(2,179)</u>
Total revenues	<u>82,840</u>
Contributions from participants	262,710
<b>Capital transactions:</b>	
Proceeds of investments sold	(347,741)
Purchase of investments	<u>280,107</u>
Increase from capital transactions	<u>(67,634)</u>
Total increase in net assets	277,916
Net assets at January 1, 2000	<u>1,576,888</u>
<b>Net assets at December 31, 2000</b>	<b><u><u>\$1,854,804</u></u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

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## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 1 - DESCRIPTION OF THE COUNTY

Sandusky County, Ohio (the "County"), was created in 1820. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County, and who manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, three Common Pleas Court Judges, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Sandusky County, this includes the Sandusky County Board of Mental Retardation and Developmental Disabilities (MRDD); the Childrens Services Board; and other departments and activities that are directly operated by the elected County officials.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. 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. The financial statements include all funds, account groups, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general purpose 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.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

Based on the foregoing criteria, the financial activities of the following PCU is reflected in the accompanying financial statements:

#### **DISCRETELY PRESENTED COMPONENT UNIT**

Sandco Industries. Sandco Industries (Sandco) is a legally separate, not-for-profit corporation, served by a self-appointed Board of Trustees. Sandco, under contractual agreement with the Sandusky County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered, transitional, and outside employment for mentally retarded or handicapped adults in Sandusky County. Sandusky County Board of MRDD provides Sandco with available resources and staff for operation of Sandco. Based on the significant resources and services provided by the County to Sandco and Sandco's sole purpose of providing assistance to retarded and handicapped adults of Sandusky County, Sandco is reflected as a component unit of Sandusky County. Financial information may be obtained from Sandco Industries, 1101 Castalia Road, Fremont, Ohio 43420.

Sandco is a non-governmental not-for-profit organization. Sandco prepares its financial statements according to Financial Accounting Standards Board (FASB) Statement No. 117, Financial Statements of Not-For-Profit Organizations. The preparation of these financial statements required the use of estimates by management.

Sandco's deposits are held in segregated accounts and not held by the County Treasurer. For purposes of the statement of cash flows, the Sandco considers all highly liquid instruments purchased with a maturity of less than three months to be cash equivalents. Investments held by Sandco are recorded at market value.

#### **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 are presented as agency funds within the general purpose financial statements:

- Sandusky County Regional Planning Commission
- Sandusky County Soil and Water Conservation District
- Sandusky County Park District
- Sandusky County General Health District
- Sandusky County Emergency Management Agency
- Wightman Conservancy District
- Sandusky County Law Library

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

The County is associated with certain organizations which are defined as Joint Ventures with Equity Interest, a Shared Risk Pool, and an Insurance Purchasing Pool, as follows:

##### **JOINT VENTURES WITH EQUITY INTEREST**

###### Ottawa, Sandusky, and Seneca County Solid Waste District

The County is a member of the Joint Solid Waste District (the District), which is a joint venture between Ottawa, Sandusky, and Seneca Counties. The purpose of the District is to make disposal of waste in the three-county area more comprehensive in terms of recycling, incinerating, and landfilling. The District was created in 1989. The District is governed and operated by the three counties and its existence is dependent upon the continued participation of the counties. A nine member Board of Directors, comprised of three commissioners from each county, are responsible for the District's financial matters. Financial records are maintained by the Sandusky County Auditor. The Ottawa County Commissioners budget for the District with Board approval.

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A twenty-one member policy committee, comprised of seven members from each county and one at-large member appointed by the Board of Directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member technical advisory council (members appointed by the policy committee). Sandusky County's investment in this joint venture is \$685,239. Financial information can be obtained from the Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio 43420.

###### Sandusky County - Seneca County - City of Tiffin Port Authority

The Port Authority is a joint venture between Sandusky County, Seneca County, and the City of Tiffin. The Port Authority was created for the purpose of operating a railroad line from the Village of Woodville in Sandusky County to the City of Tiffin Seneca County. The Port Authority is governed by a Board of Directors appointed by the participating governments. All operating costs of the railroad line are paid from charges to the shippers utilizing the railroad line. In May 1990, non-interest revenue bonds were issued by the Port Authority to purchase 25.1 miles of railroad. Principal and interest payments on the debt will be paid from the operating revenues of the railroad line. Upon dissolution of the railroad, any real and personal property will be returned to the government from which it was received; any remaining personal property will be distributed equally among the participants after payment of all expenses and outstanding debt. Sandusky County's investment in this joint venture is \$569,420. Financial information can be obtained from the Sandusky County - Seneca County - City of Tiffin Port Authority, James Supance, Chairman, P.O. Box 767, Tiffin, Ohio 44883.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### Mental Health and Recovery Services

The Mental Health and Recovery Services (MHRS) is a joint venture between Seneca, Sandusky, and Wyandot Counties and is dependent upon the continued participation of the three counties. The MRHS provides mental health education, consultation, training, and referral services to residents of the participating counties. The MHRS is governed by an eighteen member board; ten members are appointed by the county commissioners from the participating counties, four members are appointed by the State Department of Mental Health, and four members are appointed by the State Department of Alcohol and Drug Addiction Services. Sandusky County's investment in this joint venture is \$789,542. Financial records are maintained by the Seneca County Auditor. 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 forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, 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. The total amount of certificates issued by CORSA for the forty-one participating counties is \$1,645,000.

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

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 of Ohio 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.

##### **RELATED ORGANIZATIONS**

###### Sandusky County Airport Authority

The Sandusky County Airport Authority was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a five member board of trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage, and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Sandusky County.

###### Sandusky County Convention and Visitors Bureau

The Sandusky County Convention and Visitors Bureau (the "Bureau") was created under the authority of Section 307.696 of the Ohio Revised Code. The Bureau is governed by a ten member board appointed by the Sandusky County Commissioners. The Sandusky County Commissioners are not financially accountable for the creating activities of the Bureau.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### **B. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the County and Sandco are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, as appropriate; and revenues, and expenditures or expenses, as appropriate.

The County and Sandco use funds and account groups to report on their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories of governmental, proprietary and fiduciary.

##### *GOVERNMENTAL FUND TYPES*

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the County's governmental fund types:

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

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

*Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

#### *PROPRIETARY FUND TYPES*

The Proprietary fund type is used to account for the County's ongoing activities which are similar to those found in the private sector. The following are the County's proprietary fund types:

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

Internal Service Funds - These funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis.

#### *FIDUCIARY FUND TYPES*

The Fiduciary fund types are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the County's fiduciary fund types:

Expendable Trust Fund - The Expendable Trust Fund is accounted for in essentially the same manner as governmental funds.

Agency Funds - The Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. Agency Funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

Investment Trust Fund - The investment trust fund, a fiduciary fund, represents an arrangement whereby the County government commingles the moneys of more than one legally separate entity, and invests, on the participants' behalf, in an investment portfolio.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### *ACCOUNT GROUPS*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

*General Fixed Assets Account Group* - The general fixed assets account group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the enterprise funds.

*General Long-Term Obligations Account Group* - The general long-term obligations account group is used to account for all long-term debt of the County, except that accounted for in the enterprise funds.

#### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types and the investment trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and expendable trust funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the County is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, sales tax (see Note 7), federal and state grants and entitlements, charges for current services, and fines, costs, and forfeitures. Major revenue sources not susceptible to accrual include licenses and permits, which are not considered measurable until received.



## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2001 operations, have also been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds, investment trust fund, and Sandco. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

#### **D. BUDGETARY DATA**

The budgetary process is prescribed by provisions of the 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 appropriations 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, legally are required to be budgeted and appropriated.

Budgetary information for Sandco is not reported because it is not included in the entity for which the "appropriated budget" is adopted, and does not itself maintain budgetary financial records.

The legal level of budgetary control is at the object level within each department. Although statutes require that all funds be budgeted, it is not necessary to do so if the County Commissioners do not anticipate expenditure of the available funds.

Segregated cash accounts are not included in the budgetary presentation because they are not controlled by the County Commissioners and the departments do not adopt separate budgets. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource. Budgetary modifications may only be made by resolution of the County Commissioners.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

Tax Budget - A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

Estimated Resources - The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The 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 estimated beginning fund balance and the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

Appropriations - A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes the spending authority at the fund, program, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditures - Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for the purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to fund, department and object level (e.g., General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, other expenses, etc.).

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds. Note 18 provides for governmental funds, a reconciliation of the budgetary-basis and GAAP-basis of accounting.

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

#### **E. CASH AND INVESTMENTS**

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalentents" and "Investments" on the combined balance sheet.

During fiscal year 2000, investments were limited to STAR Ohio, federal agency securities, certificates of deposits, Small Business Association loans, Sandusky County bonds and repurchase agreements. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and certificates of deposit are reported at cost.

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 December 31, 2000.

Following Ohio statutes and other legal provisions, the Commissioners have specified the funds to receive an allocation of interest earnings. The following funds were credited with more interest revenue than would have been received based upon their share of the County's cash fund balance during 2000:

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

	<u>Interest Actually Received</u>	<u>Interest Based Upon Share of Investments</u>	<u>Interest Assigned from Other Funds</u>
General	\$1,532,170	\$168,712	\$1,363,458
<u>Special Revenue Funds</u>			
Motor Vehicle and Gas Tax	55,495	43,791	11,704

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "Cash in Segregated Accounts" or "Cash with Fiscal Agents" since they are not required to be deposited into the County treasury.

For purpose of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent the investments were purchased from a specific fund rather than the pool.

The change in fair value of applicable investments during fiscal year 2000 per GASB Statement No. 31 is as follows:

Fair Value at December 31, 2000	\$ 5,051,073
Proceeds of investments matured during fiscal year 2000	9,023
Cost of investments purchased in fiscal year 2000	(2,000,000)
Fair value at December 31, 1999	<u>(2,996,985)</u>
 Change in fair value of investments during fiscal year 2000	 <u>\$ 63,111</u>

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

#### F. EXTERNAL INVESTMENT POOL

By statute, the County serves as fiscal agent for various legally separate entities. The County pools the moneys of these entities with the County's moneys for investment purposes. The County cannot allocate its investments between the internal and external investment pools. The external investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. The fair value of investments for both the internal and external investment pools is disclosed in Note 4, "Equity in Pooled Cash and Investments" Condensed financial information for the investment pool follows:

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### Statement of Net Assets December 31, 2000

Assets	
Cash	\$ 7,861,324
Investments	<u>16,924,236</u>
Total Assets	<u>\$24,785,560</u>
Net Assets Held in Trust for Participants	
Internal Portion	\$22,930,756
External Portion	<u>1,854,804</u>
Net Assets Available to Pool Participants	<u>\$24,785,560</u>

##### Statement of Changes in Net Assets For the Year Ended December 31, 2000

Revenue	
Interest income	\$ 1,634,633
Total Revenue	<u>1,634,633</u>
Net Increase in Assets Resulting from Operations	1,634,633
Distributions to Participants	(3,426,438)
Capital Transactions	
Proceeds of Investments sold	(4,845,715)
Purchase of Investments	<u>3,903,256</u>
Total Decrease in net assets	(2,734,264)
Net Assets at January 1, 2000	<u>27,519,824</u>
Net Assets at December 31, 2000	<u>\$24,785,560</u>

#### **G. MATERIALS AND SUPPLIES INVENTORY**

Inventories of governmental funds are stated at cost while inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as an expense in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

# SANDUSKY COUNTY, OHIO

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

#### H. PREPAID ITEMS

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

#### I. PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

The fixed asset values were initially determined at December 31, 1993 by assigning original acquisition costs when such information was available. In cases where supporting documentation was not available, the acquisition cost was estimated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized; however, improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost and depreciated, if applicable, over the remaining useful lives of the related fixed assets.

General Fixed Assets - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County.

Enterprise Fund Fixed Assets - Property, plant, and equipment reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Buildings	20 - 40
Sewer and Water Lines	70
Vehicles	5
Machinery and Equipment	5 - 15

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

Capitalization of Interest - Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. There was no interest capitalized during the year.

#### J. LONG-TERM OBLIGATIONS

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available financial resources. Bonds, capital leases and long-term loans are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund.

#### K. COMPENSATED ABSENCES

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

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The County records a liability for accumulated unused sick leave after fifteen years of service with the County or over fifty years of age.

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

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

#### **L. INTERGOVERNMENTAL REVENUES**

For governmental funds, intergovernmental revenues, such as entitlements, shared revenues, and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement - type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements, and shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

#### **M. RESERVES OF FUND EQUITY**

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances outstanding, material and supply inventories, prepayments, advances, available debt service fund equity, notes receivable, the County's investment in its own special assessment bonds, and amounts held for distribution to external investment pool participants.

#### **N. INTERFUND TRANSACTIONS**

During the course of normal operations, the County has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Nonrecurring and nonroutine permanent transfers of equity are reported as residual equity transfers.
3. Reimbursements from one fund to another (quasi-external transactions) are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/ expenses in the reimbursed fund. Amounts outstanding at year-end are reported on the combined balance sheet as due to/from other funds.
4. Short-term interfund loans are reported as interfund loans receivable or payable on the combined balance sheet.



## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

5. Long-term interfund loans that will not be repaid within the next fiscal year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of interfund transactions is presented in Note 5.

#### **O. ESTIMATES**

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

#### **P. STATEMENT OF CASH FLOWS**

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The County has presented a statement of cash flows for its proprietary funds. For purposes of the statement of cash flows, the County considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

#### **Q. FINANCIAL REPORTING FOR PROPRIETARY AND SIMILAR FUND TYPES**

The County's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The County accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of FASB and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

#### **O. TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS**

Total Columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of the statement indicates that a component unit is included, two total columns are presented. The first is captioned "primary government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "reporting entity" and includes operations of the County's legally separate discretely presented component unit (see Note 2.A). The total column on statements which do not include the component unit have no additional caption.

**SANDUSKY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. PRIOR PERIOD ADJUSTMENT**

The County has presented a restatement of special assessment bonds payable at January 1, 2000, due to the omission of one bond in the total liability as originally presented, December 31, 1999. The effect of this restatement in the General Long-Term Obligations Account Group is as follows:

	<u>Fund Balances As Originally Presented December 31, 1999</u>	<u>Effect of Restatement</u>	<u>Restated Fund Balance January 1, 2000</u>
GLTOAG			
Special Assessment			
Debt with government	\$ 137,481	\$1,427	\$ 138,908
commitment			
Total Liabilities	8,964,476	1,427	8,965,903

**B. LEGAL COMPLIANCE**

i. The following funds had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Funds</u>	
CDBG	\$ 16,531
Prepartnership Grant	13,638

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)**

<u>Debt Service Funds</u>	
Bond Retirement - Ditch	404
General Obligation	275,049
<u>Capital Projects</u>	
Issue II	668,798

In addition, the County had expenditures that were certified after the expenditure was incurred, which is in violation of State law.

- ii. The following funds had appropriations in excess of estimated revenues plus available balances for the year ended December 31, 2000:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Funds</u>	
Clerk of Courts Computerization	\$ 19
Youth Services Subsidy	6,359
VOCA Grant	713
<u>Capital Projects Funds</u>	
County Service Center Construction	18,282
Sunny Acres Construction	605,660
School of Hope Construction	60,089
County Court Renovations	64,818
Permanent Improvements	2,650

- iii The Permanent Improvement and Issue II funds should have received an increased amended certificate in the amount of \$4,928 and \$668,798 respectively.

**C. AGENCY FUND ACCRUALS**

The following are material receivables in Agency Funds, which would be recognized on the combined balance sheet in other fund types:

Real and other taxes receivable	\$27,542,773
Special assessments receivable	258,230
Due from other governments	51,375
Accounts receivable	<u>366,556</u>
	<u><u>\$28,218,934</u></u>

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)

##### D. DEFICIT RETAINED EARNINGS/FUND BALANCES

Fund balances at December 31, 2000 included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<u>Capital Projects Funds</u>	
County Court Renovations	\$(19,124)
<u>Special Revenue Funds</u>	
Common Pleas Court	(33,112)

These deficits are caused by the application of GAAP, and will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at December 31.

#### NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

##### A. PRIMARY GOVERNMENT

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

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

Moneys held by the County which are not considered active are classified as inactive. Inactive moneys 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;

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio 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; and
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. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash on Hand:* At year end, the County had \$326,006 in undeposited cash on hand (which includes \$200 cash on hand with departments). This amount is included in cash amounts reported on the combined balance sheet, but is not considered part of the County's carrying amount of deposits, reported below.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

*Cash in Segregated Accounts:* At year end, \$378,558 was on deposit in segregated accounts used by various County departments, and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

*Deposits:* At year end, the carrying amount of the County's deposits was \$7,920,490 and the bank balance was \$9,795,806. Both amounts include non-negotiable certificates of deposit, cash with fiscal agents, and cash in segregated accounts.

1. \$1,178,068 was covered by federal depository insurance; and
2. \$8,617,738 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

*Investments:* The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. STAR Ohio is an unclassified investment since it is not evidenced by securities which exist in physical or book entry form.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

	Category 1	Category 2	Category 3	Fair Value
Repurchase Agreement			\$3,403,256	\$ 3,403,256
U. S. Government Agency Securities		\$4,954,700		4,954,700
Small Business Association Loans			96,373	96,373
Special Assessment Bonds	\$102,987			102,987
Investments Not Subject to Categorization:				
STAR Ohio				8,463,293
<b>Total Investments</b>	<b>\$102,987</b>	<b>\$4,954,700</b>	<b>\$3,499,629</b>	<b>\$17,020,609</b>

The U.S. Government Agency securities have maturity dates ranging from May, 2002 to March, 2004. The SBA Loans mature in November, 2011, and May, 2012. See Note 13 for a schedule of maturity dates for the Special Assessment Bond.

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$24,785,560	\$ 102,987
Cash on Hand	(326,006)	
Investments of the Cash Management Pool:		
Repurchase Agreement	(3,403,256)	3,403,256
U.S. Government Agency Securities	(4,954,700)	4,954,700
Small Business Associations Loans	(96,373)	96,373
STAR Ohio	(8,463,293)	8,463,293
Total GASB Statement No. 3 Investments		<u>\$17,020,609</u>
Cash in Segregated Accounts	378,558	
GASB Statement No. 3	<u>\$ 7,920,490</u>	

**SANDUSKY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

**B. COMPONENT UNIT**

At year end, the carrying amount of Sandco cash and deposits was \$123,609. All deposits were covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at December 31, 2000 which result from quasi-external transactions consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>(Due to) Other Funds</u>
General Fund	\$56,235	\$ (1,212)
Special Revenue Funds:		
MRDD		(2,992)
Human Services		(46,166)
Dog and Kennel		(481)
TASC		(1,979)
Ditch Maintenance		(379)
Motor Vehicle and Gas Tax		<u>(144)</u>
Total Special Revenue		(52,141)
Debt Service Fund		
Bond Retirement	29,969	
Capital Projects Fund		
Permanent Improvements	122	
Enterprise Funds:		
County Home		<u>(31,696)</u>
Agency Funds		
EMA		(396)
Soil and Water		<u>(881)</u>
Total Agency	<u>          </u>	<u>(1,277)</u>
Total Due From/Due To Other Funds	<u><u>\$86,326</u></u>	<u><u>\$ (86,326)</u></u>



**SANDUSKY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund balances at December 31, 2000 consist of the following individual fund loans which are short term in nature (outstanding less than one year):

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans (Payable)</u>
General	\$42,803	
Special Revenue Fund: Pilot Probation	_____	\$(42,803)
Total Interfund Loans Receivable/Payable	<u>\$42,803</u>	<u>\$(42,803)</u>

- C.** Interfund balances at December 31, 2000 consist of the following individual fund loans which are long-term in nature (outstanding greater than one year):

	<u>Advances to Other Funds</u>	<u>Advances (from) Other Funds</u>
General	\$20,000	
Special Revenue Fund: Common Pleas Court Facility		\$(53,250)
Capital Projects Fund: Permanent Improvement	53,250	
Enterprise Fund: Sanitary Sewer	_____	(20,000)
Total Advances to/Advances from Other Funds	<u>\$73,250</u>	<u>\$(73,250)</u>

**SANDUSKY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

D. A reconciliation of the County's operating transfers for 2000 is as follows:

	<u>Transfers in</u>	<u>Transfers (out)</u>
General Fund	\$ 32,535	\$ (210,886)
Special Revenue Funds:		
Motor Vehicle and Gas Tax	100,000	(2,035)
Human Services	41,486	
Work Release Earnings	30,000	
Title Administration		(30,000)
Clerk of Courts Computerization	30,000	
Electronic Monitoring	20,000	
MRDD		(488,927)
County Court Facilities	59,000	(282,000)
County Court Computer Legal Research		(20,000)
CDBG		<u>(30,500)</u>
Total Special Revenue	280,486	(853,462)
Debt Service Fund:		
Bond Retirement	<u>280,100</u>	<u>                    </u>
Total Debt Service	280,100	
Capital Projects Funds:		
Sunny Acres Construction	10,000	
School of Hope Construction	488,927	
County Court Renovations	<u>282,000</u>	<u>(59,000)</u>
Total Capital Projects	780,927	(59,000)
Enterprise Funds:		
County Home		(280,100)
Sanitary Sewer	<u>29,400</u>	<u>                    </u>
Total Enterprise	<u>29,400</u>	<u>(280,100)</u>
Total Transfers In/Out	<u>\$1,403,448</u>	<u>\$(1,403,448)</u>

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35 percent of appraised market value. Public utility real and personal property taxes are assessed on tangible personal property, as well as land and improvements, at true value, although certain personal property is assessed at 88 percent of true value. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25 percent of true value. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2000 was \$7.10 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2000 tax receipts were collected are as follows:

Real Property	
Residential/Agricultural	\$550,609,310
Commercial/Industrial/Mineral	147,778,370
Personal Property	
Public Utility Real	371,390
Public Utility Personal	67,172,480
Tangible Personal Property	<u>158,385,457</u>
Total Assessed Value	<u>\$924,317,007</u>

Real property taxes are payable annually or semi-annually. The first payment is due December 31, and the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes for unincorporated and single county businesses may be paid annually or semi-annually. If paid annually, payment is due April 30. If paid semi-annually, the first payment is due April 30 and the remainder payable by September 20. Due dates are normally extended an additional 45 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date. The first \$10,000 of taxable value is exempt from taxation for each business by state law. The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business files a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The 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.

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement and real and public utility taxes which were measurable as of the year end.

Since the current levy is not intended to finance 2001 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 60 days of 2001 are shown as 2000 revenue; the remainder are shown as "Deferred Revenue".

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 6 - PROPERTY TAXES - (Continued)

The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

#### NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1979, the County Commissioners, by resolution, imposed a 0.5 percent tax on all retail sales made in the County, except sales of motor vehicles. In 1989, the percentage increased to 1 percent. The tax included 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 are credited entirely to the General fund. Amounts that are measurable and available at year end are accrued as revenue. Permissive sales and use tax revenue totaled \$5,638,001 in 2000.

#### NOTE 8 - RECEIVABLES

Receivables at December 31, 2000, consisted of taxes, interest, special assessments, accounts (billings for user charged services, including unbilled utility services), and intergovernmental receivables arising from grants and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Any underpayment of benefits due the public assistance and child support enforcement agency special revenue funds are not reflected on the financial statements. These amounts were not available at the time of the preparation of these statements. A summary of principal receivables follows:

<u>Fund Description</u>	<u>Amount</u>
<u>General Fund</u>	
Sales Taxes	\$ 927,704
Real and Other Taxes	2,391,278
Accounts	175,525
Due From Other Governments	11,094
<u>Special Revenue Funds</u>	
Real and Other Taxes	1,847,110
Special Assessments	122,820
Due From Other Governments	717,056
Accounts	96,019
<u>Debt Service</u>	
Special Assessment	23,292

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 8 - RECEIVABLES (continued)

<u>Capital Projects</u>	
Accounts	3,314
<u>Enterprise Funds</u>	
Accounts	376,902
Real and Other Taxes	627,415
Special Assessments	192
<u>Internal Services</u>	
Accounts	31,666

#### NOTE 9 - NOTES RECEIVABLE

The County, through the Community Development Block Grant program, makes low-interest or interest-free loans to small businesses in the County. The activity for these loans is accounted for in the Revolving Loan special revenue fund. The following is a summary of the changes in the notes receivable during 2000.

Balance of notes receivable, 12/31/99	\$420,179
Principal payments received in 2000	<u>(97,586)</u>
Net notes receivable, 12/31/00	<u>\$322,593</u>

#### NOTE 10 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at December 31, 2000 follows:

	Primary Government
Land & Buildings	\$5,228,483
Sewer & Water Lines	7,765,375
Vehicles	153,282
Machinery and Equipment	1,083,444
Construction in Progress	<u>322,089</u>
Total	14,552,673
Less Accumulated Depreciation	<u>(5,741,379)</u>
Net Fixed Assets	<u>\$8,811,294</u>

**SANDUSKY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 10 - FIXED ASSETS (continued)**

A summary of the changes in general fixed assets during 2000 follows:

	Balance January 1, 2000	Additions	Reductions	Balance December 31, 2000
Land and Buildings	\$15,286,140	\$ 55,300		\$15,341,440
Vehicles	3,172,784	430,488	\$ (89,749)	3,513,523
Machinery and Equipment	5,205,144	418,695	(44,240)	5,579,599
Construction in Progress	<u>                    </u>	<u>3,283,042</u>	<u>                    </u>	<u>3,283,042</u>
Total General Fixed Assets	<u>\$23,664,068</u>	<u>\$4,187,525</u>	<u>\$(133,989)</u>	<u>\$27,717,604</u>

**NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years, and in the current year, the County has entered into a capital lease agreement for equipment. This lease meets the criteria of a capital lease as defined by FASB Standards No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Equipment and vehicles acquired by lease have been capitalized in the general fixed assets account group in the amount of \$384,057, and in the enterprise funds in the amount of \$19,312. These amounts equal the present value of the future minimum lease payments at the time of acquisition. At inception, capital lease transactions are accounted for as a capital outlay expenditure or fixed asset addition and other financing source or non-operating revenue in the appropriate fund, and a corresponding liability was recorded in the general long-term obligations account group or enterprise fund.

Principal payments in 2000 totaled \$134,684 in the General fund. Capital lease payments in governmental funds have been reclassified on the financial statements to reflect debt principal and interest retired. These payments are reported as program expenditures on the budgetary statement.

Principal payments in 2000 totaled \$3,691 in the enterprise funds. These expenses are reported as function expenses on a budgetary basis.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2000:

<u>Year Ending December 31</u>	<u>Enterprise</u>	<u>GLTOAG</u>
2001	\$ 4,224	\$134,684
2002	<u>3,871</u>	<u>134,685</u>
Total Future Minimum Lease Payments	8,095	269,369
Less: Amount Representing Interest	<u>(427)</u>	<u>(19,996)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 7,668</u>	<u>\$249,373</u>

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 12 - NOTE PAYABLE

During the fiscal year, on December 7, 2000, the County issued \$665,000 in bond anticipation notes, which mature December 6, 2001. These notes are general obligations of the County, for which the full faith and credit of the County is pledged for repayment. Current operating funds will provide the source or repayment. The Capital Projects funds received the notes proceeds upon issuance and the liability is booked on that fund.

#### NOTE 13 - LONG-TERM OBLIGATIONS

A. The following is a summary of the changes in the County's long-term obligations during 2000:

	Interest Rate	Restated Balance 1/1/00	Additions	Reductions	Outstanding 12/31/00
<b><u>General Long-Term Obligations:</u></b>					
<u>General Obligation Bonds:</u>					
County Service Building-1994	3.5-6.25%	\$3,720,000		\$(160,000)	\$3,560,000
Various Purpose Refunding-1996	4.4-7.90%	<u>2,390,000</u>		<u>(225,000)</u>	<u>2,165,000</u>
Total General Obligation Bonds		<u>6,110,000</u>		<u>(385,000)</u>	<u>5,725,000</u>
<u>Special Assessment Bonds:</u>					
Devries Ditch	4.71%		6,885	(6,885)	0
C.E. Wolfe Ditch	5.00%	1,427		(444)	983
Eva Haar Ditch	5.50%	9,506		(3,169)	6,337
Buchler-Gessner Ditch	6.50%	7,316		(3,658)	3,658
Kenan Ditch	4.75%	5,473		(2,737)	2,736
Root Ditch	5.00%	5,175		(5,175)	0
Township Rd. 55	6.00%	10,537		(2,107)	8,430
Gangwer Ditch	5.50%	17,549		(8,774)	8,775
Bowe Ditch	5.00%	7,151		(1,788)	5,363
Lewis Saam Jt. Ditch	6.00%	<u>74,774</u>		<u>(14,955)</u>	<u>59,819</u>
Total Special Assessment Bonds		<u>138,908</u>	<u>6,885</u>	<u>(49,692)</u>	<u>96,101</u>
<u>Ohio Public Works Commission Loans:</u>					
Rice Township Sewer Improvements	NA		148,105		148,105
Rice/Sandusky Sewer Improvement	NA		59,533		59,533
Sunny Acres Sewer Improvements	NA		<u>49,844</u>		<u>49,844</u>
Total OPWC Loans			<u>257,482</u>		<u>257,482</u>
<u>Ohio Water Pollution Control Loans:</u>					
Sandusky/Rice Joint Sewer Improvements	4.16%		952,876		952,876
Sunny Acres Sewer Improvements	4.16%		<u>228,874</u>		<u>228,874</u>
Total OWPC Loans			<u>1,181,750</u>		<u>1,181,750</u>

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 13 - LONG-TERM OBLIGATIONS (continued)

<u>Other Long-Term Obligations:</u>				
Compensated Absences Payable	2,262,433	392,716		2,655,149
Due to Other Governments	454,562		(186,138)	268,424
Capital Lease Payable	<u>                    </u>	<u>384,057</u>	<u>(134,684)</u>	<u>249,373</u>
Total Other Long-Term Obligations	<u>2,716,995</u>	<u>776,773</u>	<u>(320,822)</u>	<u>3,172,946</u>
Total General Long-Term Obligations	<u>\$8,965,903</u>	<u>\$2,222,890</u>	<u>\$(755,514)</u>	<u>\$10,433,279</u>

	<u>Interest Rate</u>	<u>Balance 1/1/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/00</u>
<b><u>Enterprise Fund Obligations:</u></b>					
General Obligation Bonds:					
Sewer District #1 - 1980	9.00%	\$455,000		\$(45,000)	\$410,000
Other Long-Term Obligations:					
Capital Leases Payable		<u>11,359</u>		<u>(3,691)</u>	<u>7,668</u>
Total Enterprise Fund Obligations		<u>\$466,359</u>	<u>\$ 0</u>	<u>\$(48,691)</u>	<u>\$417,668</u>

- B.** The 1994 County Service Building Bonds were issued to pay for the construction of a building for the Department of Human Services and related offices. The bonds are retired with general resources of the County. Interest is payable on June and December 1 each year with principal payments due in December.

The 1996 Various Purpose Refunding Bonds were issued to advance refund the County's outstanding Various Purpose Improvement Bonds, dated February 15, 1989. The Series 1989 Bonds had an outstanding principal amount of \$3,290,000 at the time of refunding, and the balance at December 31, 2000 is \$2,140,000. This refunded debt is considered defeased (in-substance); accordingly, it has been removed from the General Long-Term Obligations Account Group.

The County entered into three debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund sewer improvements. The amounts due to the OPWC are payable solely from operating revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2000, the County has outstanding borrowings of \$148,105, \$49,844 and \$59,533 in the special revenue funds. The loan agreements require semi-annual payments based on the actual amount loaned. The OPWC loans are interest free.



## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 13 - LONG-TERM OBLIGATIONS (continued)**

The County entered into two debt financing arrangements through the OhioWater Pollution Control Loan Fund (OWPCLF) to fund sewer improvements. The amounts due to the OWDA are payable solely from operating revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2000, the County has outstanding borrowings of \$228,874 and \$952,876 in the special revenue funds. The loan agreements require semi-annual payments based on the actual amount loaned.

The 1980 Sewer District Improvement Bonds are general obligation revenue bonds, which are supported by the full faith and credit of the County. These bonds were issued to pay for the costs of improving the Sewer District #1. The bonds are retired with revenues from the sanitary engineer fund to the extent such resources are available, or from the general operating revenues of the County. Interest is payable on June and December 1 of each year with principal payments due in December.

Special assessment bonds will be paid from the proceeds of special assessments levied against the property owners who are primarily benefitted from the project. In the event that property owners fail to make their payments, the County is responsible for providing the resources to meet annual principal and interest payments.

Capital leases will be paid from the fund that maintains custody of the related asset. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

- C. The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2000 are an overall debt margin of \$16,203,393 and an unvoted debt margin of \$3,838,638, both of which include available funds of \$320,468.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

- D. The following is a summary of the County's future annual debt service requirements for general long-term obligations:

<u>Year</u>	<u>General Obligation Bonds</u>	<u>OPWC Loans</u>	<u>Special Assessment Bonds</u>	<u>Total</u>
2001	\$ 703,143	\$ 8,651	\$ 43,025	\$ 754,819
2002	699,943	9,897	25,726	735,566
2003	695,645	9,897	21,257	726,799
2004	685,508	9,897	18,343	713,748
2005	679,673	9,899		689,572
2006 - 2010	2,616,120	49,488		2,665,608
2011 - 2015	1,437,530	49,487		1,487,017
2016 - 2020	1,007,512	49,487		1,056,999
2021 - 2025	<u>                    </u>	<u>1,246</u>	<u>                    </u>	<u>1,246</u>
Total Principal	8,525,074	197,949	108,351	8,831,374
Interest	<u>(2,800,074)</u>	<u>                    </u>	<u>(12,250)</u>	<u>(2,812,324)</u>
Total	<u>\$ 5,725,000</u>	<u>\$197,949</u>	<u>\$96,101</u>	<u>\$ 6,019,050</u>

The loan agreements with the Ohio Public Works Commission in the amount of \$59,533 and Ohio Water Pollution Control in the amounts of \$1,181,750 are for projects in progress, thus no final debt schedule from the state is available as of December 31, 2000.

- E. The following is a summary of the County's future annual debt service requirements for enterprise funds:

<u>Year</u>	<u>Principal on General Obligation Bonds</u>	<u>Interest on General Obligation Bonds</u>	<u>Total</u>
2001	\$ 45,000	\$ 36,900	\$ 81,900
2002	45,000	32,850	77,850
2003	40,000	28,800	68,800
2004	40,000	25,200	65,200
2005	40,000	21,600	61,600
2006 - 2010	<u>200,000</u>	<u>54,000</u>	<u>254,000</u>
Totals	<u>\$410,000</u>	<u>\$199,350</u>	<u>\$609,350</u>

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds to account for nursing home care and waste disposal services. Segment information as of and for the year ended December 31, 2000 is as follows:

	<u>County Home</u>	<u>Sanitary Sewer</u>	<u>Total</u>
Operating Revenues	\$4,703,104	\$540,435	\$5,243,539
Operating Expenses Before Depreciation	5,050,682	436,631	5,487,313
Depreciation Expense	142,222	175,062	317,284
Operating Loss	(489,800)	(71,258)	(561,058)
Operating Transfers In		29,400	29,400
Operating Transfers Out	280,100		280,100
Net Loss	(95,515)	(69,620)	(165,135)
Fixed Assets:			
Acquisitions	82,938	27,411	110,349
Deletions	(6,470)	(5,422)	(11,892)
Net Working Capital	2,907,361	478,409	3,385,770
Total Assets	7,066,357	6,224,604	13,290,961
Long-Term Liabilities:			
General Obligation Bonds		410,000	410,000
Capital Lease Obligation	7,668		7,668
Compensated Absences	127,662	59,893	187,555
Advances From Other Funds		20,000	20,000
Total Fund Equity	5,902,822	5,694,849	11,597,671
Encumbrances Outstanding at December 31, 2000-Budget Basis	205,024	18,934	223,958

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 15 - RISK MANAGEMENT

- A. The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2000, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

Type of Coverage	Amount
General Liability (per occurrence)	\$ 1,000,000
Law Enforcement Liability (per occurrence)	1,000,000
Automobile Liability and Physical Damage Liability (per occurrence)	1,000,000
Medical payments	
Per Person	5,000
Per Occurrence	50,000
Uninsured Motorist (per person)	250,000
Physical Damage	Actual Cost
Flood (pool limit)	100,000,000
Earthquake (pool limit)	100,000,000
Property	58,946,527
Other Property Insurance:	
EDP Extra Expense	50,000
Extra Expense	1,000,000
EDP Media	100,000
911 Equipment	225,000
Contractor's Equipment	1,250,000
Money and Securities	1,000,000
Valuable Papers and Records	1,000,000
Motor Truck Cargo	100,000
Crime Insurance:	
Faithful Performance	1,000,000

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 2). There has been no significant reduction in coverage from 1999, and settled claims have not exceeded limits of coverage in the past three years. The County pays all elected officials' bonds in accordance with statute.

#### **B. SELF INSURANCE PROGRAM**

The County manages hospital/medical insurance for its employees on a self insured basis. A third party administrator processes the claims, which the County pays. The Group Medical Benefits Plan internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium to each individual enrolled in the health insurance program. These premiums, along with the premium the County pays for each employee enrolled in the program, are paid into the Group Medical Benefits Plan internal service fund. Claims and services are paid from this fund.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 15 - RISK MANAGEMENT - (Continued)

Under the self insurance program, the internal service fund provided coverage for up to a maximum lifetime benefit of \$2,000,000 per individual. The County purchased commercial insurance for claims in excess of coverage provided by the Group Medical Benefits Plan internal service fund. The stop-loss coverage for 2000 was \$60,000 per individual.

The liability for claims payable is based on the requirements of FASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 2000 are estimated by the third party administrator at \$402,088.

The changes in the claims liability for the current and past three fiscal years were:

	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2000	\$554,891	\$2,051,331	\$2,204,134	\$402,088
1999	491,618	2,078,331	2,015,058	554,891
1998	603,195	1,428,322	1,539,899	491,618
1997	504,795	1,576,211	1,477,811	603,195

#### C. INSURANCE PURCHASING POOL

For 2000, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 2). The Plan is intended to achieve lower workers' 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. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 15 - RISK MANAGEMENT - (Continued)

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

In prior years, the County paid the State Workers' Compensation System using a retrospective rating plan. The County continues to pay claims resulting from this plan. The activity is accounted for in an internal service fund. The claims activity for the current and past three fiscal periods is as follows:

	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2000	\$ 0	\$23,926	\$23,926	\$ 0
1999	0	19,661	19,661	0
1998	0	27,936	27,936	0
1997	0	93,721	93,721	0

#### NOTE 16 - DEFINED BENEFIT PENSION PLANS

##### A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

All Sandusky County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The PERS Retirement Board instituted a temporary employer rate rollback for calendar year 2000. The rate rollback was 20% for local government subdivisions and 6% for law enforcement divisions. The employer contribution rate for employees other than law enforcement was 10.84 percent of covered payroll; 6.54 percent was the portion used to fund pension obligations for 2000. The employer contribution rate for law enforcement employees was 15.70 percent of covered payroll; 11.40 percent was the portion used to fund pension obligations for 2000. The County's contributions for pension obligations to PERS for the years ended December 31, 2000, 1999, and 1998 were \$1,995,013, \$2,110,026 and \$1,418,837, respectively; 80 percent has been contributed for 2000 and 100 percent for 1999 and 1998. \$367,607, representing the unpaid contribution for 2000, is recorded as a liability within the respective funds.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

##### **B. STATE TEACHERS RETIREMENT SYSTEM**

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 2000, 1999, and 1998 were \$41,675, \$54,905 and \$41,879, respectively; 92 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. \$3,216, representing the unpaid contributions for 2000, is recorded as a liability within the respective funds.

#### NOTE 17 - POSTEMPLOYMENT BENEFITS

##### **A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate for local government employers was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care. The law enforcement employer rate for 2000 was 15.70% of covered payroll; 4.30% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The County's contribution actually made to fund post employment benefits was \$715,672. Of this amount, \$658,418 was used to fund health care for the year for regular employees, while \$57,254 was used to fund health care for the year for law enforcement employees.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 17 - POSTEMPLOYMENT BENEFITS - (Continued)**

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively, at December 31, 1999 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 1999 (the latest information available) was 401,339.

During 2000, the PERS Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based upon a December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 2000, Comprehensive Annual Financial Report.

#### **B. STATE TEACHERS RETIREMENT SYSTEM**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS based on authority granted by State statute.

Benefits are funded on a pay-as-you-go basis. All benefit recipients are required to pay a portion of their health care cost in the form of a monthly premium. Under Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$23,814 during 2000. Eligible benefit recipients totaled 99,011. For the year ended June 30, 2000, net health care costs paid by STRS statewide were \$283.1 million.



## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 18 - OTHER EMPLOYEE BENEFITS

##### COMPENSATED ABSENCES

County employees earn vacation leave at varying rates ranging from two to five weeks per year. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee. All accumulated, unused vacation time is paid upon separation from the County. Sick leave is accumulated at the rate of three weeks per year. Upon retirement, employees hired before August 12, 1982, are entitled to 100 percent of their accumulated sick leave up to a maximum of 260 days. Employees hired after August 12, 1982, with seven years of service, are entitled to 25 percent of their accumulated sick leave up to a maximum of 30 days. As of December 31, 2000 the total liability for compensated absences was \$3,066,282 for the Primary Government. Of that amount, the liability for governmental funds was \$2,878,727; the current portion was \$223,578, and \$2,655,149 was reported in the General Long-Term Obligations Account Group. The total liability for the enterprise funds was \$187,555, of which \$25,830 was current, and the balance of \$161,725 was reported as long-term.

#### NOTE 19 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Cash activity of accounts which are held separately by the County and not budgeted for by the County are excluded on the budget basis, but are recorded on the GAAP basis.
5. Short-term note proceeds and note principal retirement are operating transactions (budget) as opposed to the fund that received the proceeds (GAAP).
6. State statute requires short-term note debt to be repaid from the debt service fund (budget) as opposed to the fund that received the proceeds (GAAP).

**SANDUSKY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
	Budget Basis	\$ 610,929	\$(2,256,610)	\$(257,409)
Net Adjustment for Revenue Accruals	1,165,744	2,105,173	(643,449)	676,535
Net Adjustment for Expenditure Accruals	(388,291)	(19,559)	797,557	(499,979)
Net Adjustment for Other Financing Sources (Uses)	(661,243)	(2,135,998)	(132,738)	132,559
Budget Basis Encumbrances Outstanding at Year End	<u>199,147</u>	<u>811,772</u>	<u>          </u>	<u>796,941</u>
GAAP Basis	<u>\$ 926,286</u>	<u>\$(1,495,222)</u>	<u>\$(236,039)</u>	<u>\$(1,300,897)</u>

**NOTE 20 - CONTINGENT LIABILITIES**

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

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material effect on the financial statements.

## SANDUSKY COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 21 - FEDERAL FOOD STAMP PROGRAM

The County's Department of Human Services distributes federal food stamps through the department as well as through contracting issuance centers to entitled recipient within Sandusky County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Human Services merely acts in an intermediary capacity.

The inventory value of these stamps is not reflected in the accompany financial statements as the only economic interest related to the stamps rests with the ultimate recipient. Federal food stamp activity for the year is as follows:

Balance at beginning of year	\$ 373,782	
Amount distributed to entitled recipients		<u>(267,265)</u>
Balance at end of year		<u>\$ 106,517</u>

#### NOTE 22 - CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Industrial Revenue Bonds and Health Care Facility Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2000 there are four series of Industrial Revenue Bonds outstanding, aggregate principal \$33,366,931; and three series of Health Care Facility Bonds outstanding, aggregate principal \$18,790,000.

#### NOTE 23 - CONTRACTUAL COMMITMENTS

At December 31, 2000, the County had the following contractual commitments:

<u>Contractor</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Paid as of December 31, 2000</u>	<u>Balance of Contract</u>
M&B Asphalt	MV & GT	\$ 428,235	\$ 0	\$428,235
Unilliance	MV & GT	583,940	(555,317)	28,623
West End Land Development	Sunny Acres Const.	1,248,521	(1,058,584)	189,937
Underground Utilities	Sunny Acres Const.	839,454	(791,676)	47,778

**SANDUSKY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 23 - CONTRACTUAL COMMITMENTS (continued)**

Fort Defiance Construction & Supply	MV & GT	228,275	(67,132)	161,143
Marlin White & Sons	MRDD	307,890	(283,259)	24,631
Fought Electric Co., Inc.	MRDD	142,755	(114,389)	28,366

**SANDUSKY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE PERIOD ENDED DECEMBER 31, 2000**

<b>FEDERAL GRANTOR</b> <i>Pass -Through Grantor</i> Program Title	CFDA Number	Pass Through Entity Number	Disbursements	Non-Cash Disbursements
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>				
<i>Passed through Ohio Department of Emergency Management</i>				
State and Local Assistance	83.534		\$25,201	
Total Federal Emergency Management Assistance			<u>25,201</u>	
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed through Ohio Department of Development:</i>				
Community Development Block Grant	14.228	B-F-98-067-1	164,771	
		B-F-99-067-1	128,989	
Community Housing Improvement	14.228	B-C-98-067-1	166,949	
HOME Investment Partnerships Program	14.239	B-C-98-067-2	340,809	
Total U. S. Department of Housing and Urban Development			<u>801,518</u>	
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>				
<i>Passed through Criminal Justice Services:</i>				
Crime Victims Assistance	16.575	00-VAG-ENE-251	18,115	
		99-VAG-ENE-251	209	
		00-VAG-ENE-251	9,128	
		99-VAG-ENE-251	2,356	
		2001-VAG-ENE-251	4,268	
Total U. S. Department of Justice			<u>34,076</u>	
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>				
<i>Passed through Ohio Department of Education:</i>				
Special Education Grants to States - Title VI-B	84.027	066233-B-SF-01P	6,979	
		066233-B-SF-00P	14,822	
Total Special Education Grants to States - Title VI-B			<u>21,801</u>	
Preschool Disabilities	84.173	066233-PG-S1-01P	2,607	
		066233-PG-S1-2000P	4,090	
Total Preschool Disabilities Grant			<u>6,697</u>	
Total Special Education Cluster			<u>28,498</u>	
Innovative Education Program - Title VI	84.298	066233-C2-S1-99	243	
		066233-C2-S1-2000	1,453	
Total Innovative Education Program - Title VI			<u>1,696</u>	
Total Department of Education			<u>30,194</u>	

(Continued)

**SANDUSKY COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE PERIOD ENDED DECEMBER 31, 2000  
(Continued)

<b>FEDERAL GRANTOR</b>		Pass Through		
<i>Pass -Through Grantor</i>	CFDA	Entity		Non-Cash
Program Title	Number	Number	Disbursements	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>				
<i>Passed through Ohio Department of Education:</i>				
Nutrition Cluster:				
Special Milk Program for Children	10.556	N/A	3,101	
National School Lunch Program	10.555	N/A	3,809	
Food Distribution Program	10.550	N/A	<u>        </u>	5,386
Total Nutrition Cluster			<u>6,910</u>	<u>5,386</u>
Total U. S. Department Of Agriculture			<u>6,910</u>	<u>5,386</u>
<b>UNITED STATES DEPARTMENT OF JOBS AND FAMILY SERVICES</b>				
<i>Passed through Ohio Department of Jobs and Family Services</i>				
Workforce Investment Act	17.255		217,629	
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Medical Assistance Program - Title XIX	93.778	7200013	373,881	
Social Service Block Grant - Title XX	93.667	MR-72	<u>50,402</u>	
Total U. S. Department of Health and Human Services			<u>641,912</u>	
<b>TOTAL FEDERAL AWARDS</b>			<u><b>\$1,539,811</b></u>	<u><b>\$5,386</b></u>

*The accompanying notes are an integral part of this schedule.*

**SANDUSKY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At December 31, 2000, the County had no significant food commodities in inventory.

**NOTE C - MATCHING REQUIREMENTS**

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

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

The County has established a revolving loan program to provide low-interest loans to business to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development (ODOD). 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 mortgages on the property. ODOD has informed us that all their CDBG loans should be collateralized. At December 31, 2000, the gross amount of loans outstanding under this program were \$322,593.

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

Sandusky County  
100 North Park Avenue  
Fremont, Ohio 43420

To the County Commissioners:

We have audited the financial statements of Sandusky County as of and for the year ended December 31, 2000, and have issued our report thereon dated July 26, 2001, which referenced the report of other auditors of the component unit (Sandco Industries). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the component unit (Sandco Industries), were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to that component unit.

### Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-60172-001, 2000-60172-002, 2000-60172-003, 2000-60172-04. We also noted a certain immaterial instance of noncompliance that we have reported to management of Sandusky County in a separate letter dated July 26, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Sandusky County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-60172-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Sandusky County in a separate letter dated July 26, 2001.

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

**Jim Petro**  
Auditor of State

July 26, 2001



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

Sandusky County  
100 North Park Avenue  
Fremont, Ohio 43420

To the Board of Commissioners:

**Compliance**

We have audited the compliance of Sandusky County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2000. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

July 26, 2001

**SANDUSKY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title XIX- Medicaid CFDA # 93.778 Home Improvement Partnership -HOME/CHIP CFDA # 14.239
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2000-60172-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. The following funds had total appropriations exceeding estimated revenue which may result in negative fund balances as of December 31, 2000:

**FINDING NUMBER 2000-60172-001  
 (Continued)**

<u>Fund Name</u>	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Variance</u>
<u>Special Revenue Funds:</u>			
Clerk of Courts Computerization	\$61,170	\$61,189	(19)
Youth Services Subsidy	115,098	121,457	(6,359)
VOCA Grant	23,558	24,271	(713)
<u>Capital Projects Funds:</u>			
County Service Center Construction	11,350	29,632	(18,282)
Sunny Acres Construction	1,046,176	1,651,836	(605,660)
School of Hope Construction	929,800	989,889	(60,089)
County Court Renovation	719,126	783,944	(64,818)
Permanent Improvements	886,279	888,929	(2,650)

We recommend appropriations be amended on a timely basis to ensure they do not exceed estimated revenue. The County may consider making advances to funds participating in grants whereby proceeds are received after the expenditures are incurred to avoid fund deficits.

**FINDING NUMBER 2000-60172-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(B) states no subdivision is to expend money unless it has been appropriated. During fiscal year 2000, fund expenditures exceeded appropriations in the following funds:

<u>Fund Name</u>	<u>Expenditure Amount</u>	<u>Appropriations</u>	<u>Variance</u>
<u>Special Revenue Funds:</u>			
CDBG	1,396,047	1,379,516	(16,531)
Partnership Grant	54,550	40,912	(13,638)
<u>Debt Service Fund</u>			
Special Assessment Bonds	855,956	855,552	(404)
General Obligation	996,012	720,963	(275,049)
<u>Capital Projects Funds:</u>			
Issue II	668,798		(668,798)

The County Auditor should deny payments exceeding appropriations. The County Auditor should determine whether sufficient resources are available to support an increase to appropriations, and should inquire whether the Board wishes to approve additional appropriations for the payments.

**FINDING NUMBER 2000-60172-003**

**Noncompliance Citation**

Ohio Revised Code § 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

As of December 31, 2000 the County should have received an increased amended certificate for the following funds:

<u>Fund Name</u>	<u>Amount</u>
Permanent Improvement	\$4,928
Issue II	668,798

To avoid over/under appropriating, we recommend the County obtain increased amended certificates when required.

**FINDING NUMBER 2000-60172-004**

**Noncompliance Citation**

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

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

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

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

**FINDING NUMBER 2000-60172-005**

**Material Weakness - Loans**

The County entered into three debt financing arrangements to fund sewer improvements. These loans were signed with the Ohio Water Pollution Control and the Ohio Public Works Commission. The liability as of December 31, 2000 was not recorded on the financial statements. This weakness resulted in material audit adjustments of \$1,241,283 in the General Long Term Debt Account Group.

We recommend the County Auditor obtain all loan information from the Sanitary Engineer and reflect the activity in the financial statements.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.



**SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No longer Valid
1999-60172-001	ORC § 5705.41(D) Certify the availability of funds	No	Management will attempt to require the certificates.
1999-60172-002	ORC § 5705.41(B)	No	Management will review the certificate on a monthly basis and make necessary modifications.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## SANDUSKY COUNTY FINANCIAL CONDITION

### SANDUSKY 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  
AUGUST 9, 2001