FINANCIAL CONDITION
WILLIAMS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001

JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

WILLIAMS COUNTY

TABLE OF CONTENTS

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REPORT OF INDEPENDENT ACCOUNTANTS

Williams County
One Courthouse Square, Suite L
Bryan, Ohio 43506-1791

To the Board of Commissioners:

We have audited the accompanying financial statements of Williams County (the County) as of and for the year ended December 31, 2001, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Notes 2 and 3, the County prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

As described in Note 3 the County reclassified its Hillside Country Living Special Revenue, Capital Projects, and Debt Service funds to an Enterprise fund.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of Williams County, as of December 31, 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2002, 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.

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

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

Jim Petro
Auditor of State

July 18, 2002

WILLIAMS COUNTY

COMBINED STATEMENT OF CASH AND CASH EQUIVALENTS
AND FUND CASH BALANCES - ALL FUND TYPES
AS OF DECEMBER 31, 2001

Cash and Cash Equivalents	**$11,853,675**

Cash Balances by Fund Type

Governmental Fund Types:	
General Fund	$1,547,479
Special Revenue Funds	4,017,450
Debt Service Funds	1,090,365
Capital Projects Funds	534,243
Proprietary Fund Types:	
Enterprise Funds	787,216
Fiduciary Fund Types:	
Expendable Trust Funds	265,225
Agency Funds	3,611,697
Total	**$11,853,675**

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

WILLIAMS COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types	
	General	**Special Revenue**
Cash Receipts:		
Property Taxes	$1,704,979	$1,762,852
Sales Tax	2,972,521	
Charges for Services	2,467,187	2,016,685
Licenses and Permits	9,360	180
Fines and Forfeitures	160,676	76,291
Intergovernmental Receipts	1,126,404	8,990,739
Special Assessments	84,447	142,167
Investment Income	559,407	49,843
Rental Income	12,020	22,639
Loan Repayments		145,571
Other Receipts	130,998	1,227,014
Total Cash Receipts	9,227,999	14,433,981
Cash Disbursements:		
General Government:		
Legislative and Executive	1,956,739	464,125
Judicial	1,028,141	498,997
Public Safety	2,978,560	168,051
Public Works	336,628	4,446,897
Health	342,454	818,995
Human Services	357,310	6,646,276
Conservation - Recreation	106,432	
Economic Development and Assistance		2,144,015
Hospitalization	1,855,226	
Other	174,680	
Capital Outlay		
Debt Service:		
Principal Payment	29,731	30,766
Interest and Fiscal Charges	5,633	2,618
Total Cash Disbursements	9,171,534	15,220,740
Excess of Cash Receipts Over/(Under) Cash Disbursements	56,465	(786,759)
Other Financing Receipts (Disbursements):		
Proceeds of Notes		200,352
Proceeds of Loans		
Sale of Fixed Assets	7,012	3,684
Operating Transfers - In	33,003	41,406
Operating Transfers - Out	(128,652)	(43,373)
Other Financing Sources		
Other Financing Uses		
Total Other Financing Receipts (Disbursements)	(88,637)	202,069
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(32,172)	(584,690)
Fund Cash Balance - January 1	1,579,651	4,602,140
Fund Cash Balance - December 31	**$1,547,479**	**$4,017,450**

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

	Governmental Fund Types		Fiduciary Fund Type	
	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
				$3,467,831
				2,972,521
	$149,445			4,633,317
				9,540
				236,967
		$103,285	$93	10,220,521
	818,031			1,044,645
			3,089	612,339
		17,247		51,906
			3,462	149,033
	64,194	700	7,980	1,430,886
	1,031,670	121,232	14,624	24,829,506
				2,420,864
				1,527,138
				3,146,611
				4,783,525
			7,501	1,168,950
			8,855	7,012,441
				106,432
				2,144,015
				1,855,226
	2,316		8	177,004
		1,264,010		1,264,010
	855,746	30,085		946,328
	145,811			154,062
	1,003,873	1,294,095	16,364	26,706,606
	27,797	(1,172,863)	(1,740)	(1,877,100)
	760,000	190,000		1,150,352
		1,133,341		1,133,341
				10,696
	11,468		27,550	113,427
			(2,002)	(174,027)
	771,468	1,323,341	25,548	2,233,789
	799,265	150,478	23,808	356,689
	291,100	383,765	241,417	7,098,073
	$1,090,365	**$534,243**	**$265,225**	**$7,454,762**

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WILLIAMS COUNTY

COMBINED STATEMENT OF RECEIPTS
BUDGET AND ACTUAL COMPARISON
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types:			
General Fund	$9,119,050	$9,268,014	$148,964
Special Revenue Funds	15,248,560	14,679,423	(569,137)
Debt Service Funds	1,083,423	1,803,138	719,715
Capital Projects Funds	1,143,159	1,444,573	301,414
Proprietary Fund Type			
Enterprise Funds	5,543,088	5,111,978	(431,110)
Fiduciary Fund Type:			
Trust Funds	33,410	42,174	8,764
Total (Memorandum Only)	**$32,170,690**	**$32,349,300**	**$178,610**

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

WILLIAMS COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2001

	Prior Year Carryover Appropriations	2001 Appropriations
Governmental Fund Types:		
General Fund	$114,269	$10,258,826
Special Revenue Funds	888,860	17,087,086
Debt Service Funds		1,101,101
Capital Projects Funds	872,004	1,390,019
Proprietary Fund Type:		
Enterprise Funds	152,628	6,004,350
Fiduciary Fund Type:		
Trust Funds	900	87,996
Total (Memorandum Only)	**$2,028,661**	**$35,929,378**

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

Total	Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total	Variance Favorable (Unfavorable)
$10,373,095	$9,300,186	$117,365	$9,417,551	$955,544
17,975,946	15,264,113	916,567	16,180,680	1,795,266
1,101,101	1,003,873		1,003,873	97,228
2,262,023	1,294,095	4,756	1,298,851	963,172
6,156,978	5,313,262	113,197	5,426,459	730,519
88,896	18,366	360	18,726	70,170
$37,958,039	$32,193,895	$1,152,245	$33,346,140	$4,611,899

WILLIAMS COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE PROPRIETARY AND FIDUCIARY FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	**Agency**	**Totals (Memorandum Only)**
Cash Receipts:			
Charges for Services	$4,316,882		$4,316,882
Other Operating Revenues	7,500		7,500
Total Cash Receipts	4,324,382		4,324,382
Cash Disbursements:			
Personal Services	2,870,704		2,870,704
Contractual Services	619,794		619,794
Materials and Supplies	387,766		387,766
Other	35,186		35,186
Capital Outlay	220,270		220,270
Debt Service:			
Principal Payment	839,000		839,000
Interest and Fiscal Charges	333,347		333,347
Total Cash Disbursements	5,306,067		5,306,067
Excess of Cash Disbursements Over Cash Receipts	(981,685)		(981,685)
Other Financing Receipts/(Disbursements):			
Other Non-operating Revenues	70,002	$51,305,793	51,375,795
Proceeds of Notes	635,000		635,000
Grants	40,000		40,000
Transfers-In	42,594	25,201	67,795
Transfers-Out	(7,195)		(7,195)
Other Non-operating Disbursements		(51,153,842)	(51,153,842)
Total Other Financing Receipts/(Disbursements)	780,401	177,152	957,553
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(201,284)	177,152	(24,132)
Fund Cash Balance - January 1	988,500	3,434,545	4,423,045
Fund Cash Balance - December 31	**$787,216**	**$3,611,697**	**$4,398,913**

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

NOTE 1 - DESCRIPTION OF WILLIAMS COUNTY AND REPORTING ENTITY

A) The County

Williams County (the County), was created in 1840. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, County Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, a Probate Court Judge, and a Domestic Relations/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 County, including each of these departments.

B) Reporting Entity

A primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. The primary government of Williams County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Williams County, this includes the Children's Services Board, the Department of Job and Family Services, the Williams County Solid Waste Management Board, the Williams County Emergency Management Agency, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County issues debt, levies taxes or determines the budget. The County has no component units.

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

County General Health District
Soil and Water Conservation District
Four County Solid Waste District

The County is associated with certain organizations which are defined as Jointly Governed Organizations or Joint Ventures. These organizations are presented in Notes 11 and 12 to the financial statements. These organizations are:

Regional Planning Commission
Maumee Valley Planning Organization (MVPO)
Northwest Ohio Correctional Center (CCNO)
Northwest Ohio Juvenile Detention, Training and Rehabilitation District
Four County Solid Waste District
Quadco Rehabilitation Center
Four County Board of Alcohol, Drug Addiction and Mental Health Services (ADAMHS Board)

The County is involved with two group insurance pools which are presented in Note 13 to the financial statements.

County Risk Sharing Authority (CORSA)
County Commissioners' Association Workers' Compensation Group Rating Plan

The County is involved with two related organizations which are presented in Note 14 to the financial statements. These organizations are:

Williams County Public Library
Williams Metropolitan Housing Authority

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

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

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

A) Fund Accounting

The County uses funds and account groups to report on its 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.

For financial statement presentation, the 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 are accounted for through governmental funds. The following are the County's governmental fund types:

General Fund. This 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. These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds. These funds are used to account for the accumulation of financial resources for, and the payment of, debt principal and interest and related costs.

Capital Projects Funds. These 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 Type

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 is the County's proprietary fund type:

Enterprise Fund. This fund is used to account for activities 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.

Fiduciary Fund Types

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

B) Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the 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.

The legal level of budgetary control is at the object level within each department. Although statutory law requires that all funds be budgeted, it is not necessary to do so if the County Commissioners do not anticipate expending the available funds. Segregated cash accounts are not included in the budgetary presentation because they are not controlled by the County Commissioners and separate budgets are not adopted. Budgetary modifications may only be made by resolution of the County Commissioners.

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 projected resources 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 2001.

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 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 objects within a fund and department may be modified during the year only by a resolution of the County 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 purpose other than those designated in the appropriation resolution of 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 (i.e. General Fund - Commissioner - salaries, supplies, equipment, contract repairs, travel expense, maintenance, other expenses etc.)

Encumbrances

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

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.

C) Cash and Cash Equivalents

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 "Cash Balances by Fund Type" on the Combined

Statement of Cash and Cash Equivalents and Fund Cash Balances. During 2001, the County had no investments. Interest earnings are allocated as authorized by State statute.

D) Property, Plant, and Equipment

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

E) Unpaid Vacation and Sick Leave

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

F) Total Columns on Financial Statements

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

NOTE 3 - CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND BALANCES

In previous years, the County presented its financial statements in accordance with generally accepted accounting principles. For the year ended December 31, 2001, County officials have chosen not to report in accordance with generally accepted accounting principles as required by Ohio Administrative Code § 117-2-03(B) and are presenting the County's financial statements on the cash basis. This change requires that certain adjustments be recorded to the January 1, 2001, fund balances as previously reported to reflect the prior year's effect of adopting this new reporting basis.

Previously the County reported the financial activity of the Hillside Country Living nursing home in the Special Revenue, Debt Service, and Capital Projects fund types. For 2001 the activity was appropriately reclassified to the Enterprise Fund Type. The effect of this reclassification resulted in an increase in the excess of cash receipts over cash disbursements of, $69,718, and $163,445 in the Debt Service and Capital Projects fund types, respectively, a decrease in the excess of cash disbursements over cash receipts of $64,622 in Special Revenue fund type, and an increase in the excess of cash disbursements over cash receipts in the Enterprise fund type of $297,785 for the year ended December 31, 2001.

The restatements to the opening fund balances are as follows:

Fund Type Fund	Previously Stated Balance at 12/31/00	Change in Accounting Basis	Fund Reclassifications	Restated Fund Balance at 1/1/01
Governmental Funds:				
General	$2,026,828	($447,177)		$1,579,651
Special Revenue	5,647,499	(556,030)	($489,329)	4,602,140
Debt Service	504,024	46,860	(259,784)	291,100
Capital Projects	228,874	224,609	(69,718)	383,765

Fund Type Fund	Previously Stated Balance at 12/31/00	Change in Accounting Basis	Fund Reclassifications	Restated Fund Balance at 1/1/01
Proprietary Funds:				
Enterprise	8,368,162	(8,198,493)	818,831	988,500
Fiduciary Funds:				
Expendable Trust	250,265	(8,848)		241,417
Agency		3,434,545		3,434,545

This change in the basis of accounting also resulted in the general fixed asset and general long term obligation account groups being eliminated from the County's financial statement presentation.

NOTE 4 - DEPOSITS AND INVESTMENTS

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies 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.

Inactive deposits are public deposits that the County has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook 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.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;

9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand. The County had $106,459 in undeposited cash on hand which is included on the Combined Statement of Cash and Cash Equivalents and Fund Cash Balances as part of "Cash and Cash Equivalents".

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

Deposits. At year-end, the carrying amount of the County's deposits was $11,747,216 and the bank balance was $13,251,313. Of the bank balance, $814,372 was covered by federal depository insurance, $909,105 was collateralized by securities specifically pledged by the financial institution, and $11,527,836 was collateralized by a surety bond issued by a corporate surety licensed by the state.

Investments. Investments are 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. The County had no investments at December 31

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2000. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. In 2001, the first payment was due February 15, with the remainder payable by July 20.

Taxes collected on tangible personal property in the current year are levied after October 1 of the prior year on the values as of December 31 of the prior year. Depreciable assets used in business (except for public utilities), including machinery and equipment, furniture, fixtures, and office equipment as listed on Schedules (2) and (4) of Form 920 *County Return of Taxable Business Property* are assessed for ad valorem taxation purposes at 25 percent of their true value. Inventories used in business, as listed on Schedules (3) and (3A) of Form 920 *County Return of Taxable Business Property*, are assessed for ad valorem taxation purposes at 24 percent of their true value. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. In 2001, the annual payment was due April 30, if paid semiannually, the first payment was due April 30, with the remainder payable October 10.

Public utility real and tangible personal property taxes collected in the current year are levied in the preceding calendar year on assessed values determined as of December 31, the lien date. Certain public utility tangible personal property is assessed at eighty-eight percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

The full tax rate for all County operations for the year ended December 31, 2001, was $8.00 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property	$512,461,400
Public Utility	43,422,100
Tangible Personal Property	127,484,270
Total Assessed Value	$683,367,770

NOTE 6 - PERMISSIVE SALES AND USE TAX

In 1988, the County Commissioners by resolution imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, or on the storage, use, or consumption in the County of tangible personal property, including automobiles. 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. Sales and Use tax revenue for 2001 amounted to $2,972,521.

NOTE 7 - RISK MANAGEMENT

A) Property and Liability

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 2001, 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:

Property	
Building and Contents	Replacement Cost
Valuable Papers	$1,000,000
Extra Expense	$1,000,000
Electronic Data Processing	Replacement Cost
Contractors Equipment	Actual Cash Value
Inland Marine	Actual Cash Value
Motortruck Cargo	$100,000
Flood and Earthquake	$100,000,000 Aggregate Pool Limit
Auto Physical Damage	Actual Cash Value
Automatic Acquisition	$3,000,000
Boiler and Machinery	$100,000,000 Each Accident
Liability	
Automobile Liability	$6,000,000 Each Occurrence
Uninsured/Underinsured Motorists	$250,000 Each Occurrence
General Liability	$6,000,000 Each Occurrence
Stop Gap Liability	$1,000,000 Each Occurrence
Law Enforcement Liability	$6,000,000 Any One Claim
Errors and Omissions Liability	$6,000,000 Annual Aggregate
Crime	
Employee Dishonesty/Faithful Performance	$1,000,000 Each Loss
Money and Securities (inside)	$1,000,000 Each Loss
Money and Securities (outside)	$1,000,000 Each Loss
Money Orders and Counterfeit Currency	$1,000,000 Each Loss

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 13). The County pays all elected officials' bonds by statute. There were no significant changes in commercial coverage in 2001. Settled claims have not exceeded this commercial coverage in the past three years.

CORSA reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of April 30 (CORSA's fiscal year end):

	2001	2000
Cash and Investments	$41,390,053	$37,099,626
Actuarial liabilities	$11,381,615	$10,081,676

B) Workers Compensation Group Rating Program

For 2001, the County participated in the County Commissioners' Association Organization Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool (Note 13).

The program is intended to achieve lower workers' compensation rates while establishing safe 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 Program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. In order to allocate the savings derived by formation of the Program, and to maximize the number of participants in the Program, annually the Program's executive committee calculates the total savings which accrued to the Program through its formation. This savings is then compared to the overall savings percentage of the Program.

The Program's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Program is limited to counties that can meet the Program's selection criteria. The firm of Comp. Management, Inc. provided administrative, cost control and actuarial services to the Program. Each year, the County pays an enrollment fee to the Program to cover the costs of administering the Program.

The County may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, prior to withdrawal any participant leaving the Program allows representatives of the Program to access loss experience for three years following the last year of participation.

C) Self Insurance

The County is also self insured for employee health insurance. The General Fund pays covered claims to service providers and recovers these costs from charges to other funds based on an actuarially determined cost per employee. Under this program, the General Fund provides coverage for claims up to a maximum of $50,000 for each individual, per year. The County purchased commercial insurance for claims in excess of coverage provided by the General Fund and all other risks of loss. Settled claims have not exceeded this commercial coverage in the past three years.

The total cash and investments of the Employee Health Insurance Claims Reserve Fund at December 31 available to pay the actuarially-measured liability as of February 28 (the most recent information available) follows:

	2001	2000
Cash and investments at December 31	$125,000	$100,000
Actuarial liabilities at February 28	$209,201	$227,379

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A) Public Employees Retirement System

All 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 administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contributed 8.5 percent of their annual covered salary to fund pension obligations and the County is required to contribute 13.55 percent; 9.25 percent was the portion used to fund pension obligations for 2001. For law enforcement employees, the employee contribution is 10.1 percent of their annual covered salary for sheriffs and deputy sheriffs and 9 percent for all other members of the law enforcement program. (In January 2001, HB416 split the law enforcement program into two divisions; (1) sheriffs, deputy sheriffs, and township police, and (2) the public safety division made up of all other members of the law enforcement program.) The employer contribution is 16.70 percent of which 12.4 percent was the portion used to fund pension obligations, an increase from 11.4 percent for 2000. Contributions are authorized by state statute. The contribution rates are determined actuarially. The County's actual contributions for 2001 which were used to fund pension obligations were $988,691. The County has paid all contributions required through December 31, 2001.

B) State Teachers Retirement System

The County participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43512-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 14 percent; 9.50 percent was the portion used to fund pension obligations for 2001. For 2000, 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 actual contributions for 2001 which were used to fund pension obligations were $11,003. The County has paid all contributions required through December 31, 2001.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A) Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post employment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Post Employment Benefits Other Than Pension Benefits by State and Local Governmental Employees". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for

2001 was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.30 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2001 was 16.70 percent; 4.30 percent was used to fund health care.

Benefits are advance funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually, and an additional increase in total payroll of .54 percent to 5.1 percent based on additional pay increases. Health care premiums were assumed to increase 4.75 percent annually.

OPEB are financed through employer contributions and investment earnings. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

As of December 31, 2001, the total number of benefit recipients eligible for OPEB through the system was 411,076. As of December 31, 2001, the actuarial value of net assets available for future OPEB payments was $11,735.9 million. The actuarially accrued liability and the unfunded actuarial liability were $14,364.6 million and $2,628.7 million, respectively. The County's actual contributions for 2001 which were used to fund OPEB were $447,918.

B) State Teachers Retirement System

The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. 9.50 percent was the portion used to fund pension obligations for 2001. The Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled $5,212 during 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2000, was $3,419 million. For the year ended June 30, 2000, net health care costs paid by STRS were $283,137,000 and there were 99,011 eligible benefit recipients.

NOTE 10 - DEBT OBLIGATIONS

The County's debt obligations at year end consist of the following:

	Interest Rate	Outstanding 12/31/01
OWDA Loans	Various	$5,872,403
USDA Special Assessment Bonds	5.125%	839,312
USDA Revenue Bonds	Various	6,066,718
Equipment Loans/Leases	Various	281,218
Bond Anticipation Notes	Various	1,585,000
Total		$14,644,651

The Ohio Water Development Loans (OWDA) were obtained for wastewater improvement projects and are to be retired with general governmental revenues or special assessments.

The United States Department Agriculture (USDA) special assessment bonds are backed by the full faith and credit of the County. In the event that an assessed property owner fails to make payments, the County will be required to pay the related debt.

A portion of the USDA revenue bonds pledge sewer fund income derived from the acquired and constructed assets to pay debt service. The bond indentures have certain restrictive covenants and principally require that debt reserves be maintained and charges for services to customers be sufficient to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties. The revenue bonds are prepayable at any time in whole or in part at the sole option of the County at a price of par plus interest accrued to the date of prepayment.

The remaining USDA revenue bonds were issued for the construction of a nursing home facility and renovating the old nursing home facility to an independent living facility. The County has issued bonds which pledge the revenues from the Hillside County Living special revenue fund derived from the acquired and constructed assets to pay debt service. The bond indentures have certain restrictive covenants and principally require that debt reserves be maintained and charges to services to customers be sufficient to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties.

Equipment loans/leases were issued for the purchase of ambulances to be operated by the County Emergency Medical Services (EMS) Department and for the purchase of a Caterpillar wheeled excavator for the Engineer's office.

The bond anticipation notes were issued for various County improvements, including the nursing home, the juvenile detention center, the annex building, and a ditch project, and are backed by the full faith and credit of Williams County.

The following is a summary of the County's future annual debt service requirements for debt obligations:

	OWDA	Special Assessment Bonds	Revenue Bonds	Equipment Loans/ Leases	Bond Anticipation Notes	Total
2002	$76,463	$52,069	$405,812	$85,533	$1,643,441	$2,263,318
2003	76,463	52,069	405,862	68,651		603,045
2004	76,463	52,069	406,425	33,287		568,244
2005	76,463	52,069	406,212	33,287		568,031
2006	76,463	52,069	406,462	33,287		568,281
Thereafter	420,550	1,562,084	9,457,220	66,576		11,506,430
Totals	$802,865	$1,822,429	$11,487,993	$320,621	$1,643,441	$16,077,349

Authorized but Unissued Loans

The County has entered into loan agreements with OWDA for several wastewater improvement projects. The loans have been approved for a total of $6,423,500; however, only $5,352,838 has been received as of December 31, 2001. Upon completion of the projects, future annual debt service requirements will be determined. The above table does not include these ongoing projects.

Conduit Debt

There are several series of Industrial Development, Economic Development, and Hospital Facility Revenue Bonds for facilities used by private corporations and other entities with the aggregate original issue amount of $22,550,000. The bonds do not represent or constitute a debt or pledge of faith and credit of the taxing power of the County, and the County is not obligated in any way to pay debt charges on these debt issues from its resources. Therefore, the debt has been excluded entirely from the County's debt presentation.

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

Regional Planning Commission

The County participates in the Williams County Regional Planning Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed among thirty-four members comprised of the board of county commissioners, county auditor, county engineer, member of the health department, a member of soil and water, three members appointed by the City of Bryan, representatives from eight villages, and representatives from eight townships within the County. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County.

Maumee Valley Planning Organization (MVPO)

The County is a member of the Maumee Valley Planning Organization, a jointly governed organization between Defiance, Fulton, Henry, Paulding and Williams counties. The purpose of the MVPO is to act as a joint regional planning commission to write and administer CDBG grants, and help with the housing rehabilitation in the area. The MVPO is governed by a Board consisting of sixteen members.

The members consist of one commissioner per County, township trustees, and representatives from the cities and villages in the five counties. The main source of revenues is the CDBG grants and a per capita amount from each county. The financial records are maintained by the Defiance County Auditor and Treasurer. In 2001 Williams County paid $179,035 in dues and loan administration fees.

NOTE 12 - JOINT VENTURES

Northwest Ohio Correctional Center

Northwest Ohio Correctional Center (the Center) is a joint venture between Defiance, Fulton, Henry, Lucas, and Williams Counties and the City of Toledo.

The Center provides additional jail space for convicted criminals in the five counties and the City of Toledo and is a correctional center for the inmates. The Center was created in 1986 and construction was finished and occupancy was taken December 31, 1991. The Center is governed by a Commission Team made up of eighteen members. The continued existence of the Northwest Ohio Correctional Center is dependent upon the continued participation of Williams County.

The Center has not accumulated significant financial resources nor is the Center experiencing fiscal stress that may cause an additional financial benefit or burden on the County in the future.

The Northwest Ohio Correctional Center has no outstanding debt as of December 31, 2001, and the County has no outstanding commitments for past construction. Complete financial statements can be obtained from Northwest Ohio Correctional Center, 03151 County Road 2425, Stryker, Ohio 43557.

Northwest Ohio Juvenile Detention, Training, and Rehabilitation District

The Northwest Ohio Juvenile Detention, Training, and Rehabilitation District (the District) is a joint venture between Defiance, Fulton, Henry, and Williams counties. The District provides a detention facility for juveniles in the four counties. The District was created in 1996 and money was placed with the fiscal agent for the purchase of property.

The District is governed by a Board of Trustees made up of thirteen members. Continued existence of Northwest Ohio Juvenile Detention Training and Rehabilitation District is dependent upon the continued participation of Williams County. The District has not accumulated significant financial resources nor is the District experiencing fiscal stress that may cause an additional financial benefit or burden on the County in the future. The Northwest Ohio Juvenile Detention, Training, and Rehabilitation District has no outstanding debt as of December 31, 2001. The address of the Defiance County Auditor is: 221 Clinton Street, Defiance, Ohio 43512.

Four County Solid Waste District

The Four County Solid Waste District (the District) is a joint venture among Defiance, Fulton, Paulding, and Williams Counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and landfilling. The District was created in 1989. The District is governed and operated through a twelve-member board of directors comprised of three commissioners from each county. Financial records are maintained by the Williams County Auditor in Bryan, Ohio. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste.

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Directors to use the District's surplus resources to undertake special projects of interest to the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. The County has no ongoing financial responsibility for the District.

Quadco Rehabilitation Center

Quadco Rehabilitation Center (Quadco), a nonprofit corporation, is a joint venture between Williams, Defiance, Henry, and Fulton Counties. Quadco provides services and facilities for training physically and mentally disabled persons and contracts with various agencies to obtain funding to operate the organization.

Quadco is governed by an eight-member board composed of two appointees from each of the four counties' Board of Mental Retardation and Development Disabilities (MRDD). Quadco, in conjunction with the county Boards of MRDD, assesses the needs of adult mentally retarded and developmentally disabled residents in each County and sets priorities based on the available funds. The County provides subsidies to Quadco based on units of service provided to it.

For the year ended December 31, 2001, the County remitted $747,520 to Quadco to supplement its operations.

Quadco operates autonomously from the County and the County has no financial responsibility of the operations of Quadco. Should Quadco dissolve, the property and equipment of the corporation would revert back to the four counties. This access to the net resources of Quadco has not been explicitly defined, nor is it currently measurable. Complete financial statements for Quadco can be obtained from Quadco's administrative office at 427 North Defiance Street, Stryker, Ohio.

Four County Board of Alcohol, Drug Addiction and Mental Health Services (ADAMHS Board)

The Four County Board of Alcohol, Drug Addiction and Mental Health Services is a four County political organization whose general purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction, and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming, while respecting, protecting, and advocating the rights of persons as consumers of alcohol, drug addiction, and mental health services.

The Board of Trustees of ADAMHS Board consists of eighteen members. Four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services, four are appointed by the Ohio Director of Mental Health Services, three each are appointed by Defiance and Fulton Counties and two each are appointed by Henry and Williams Counties.

The main sources of revenue of the ADAMHS Board are state and federal grants and a property tax levy covering the entire four county area. Outside agencies are contracted by the Board to provide services for the ADAMHS Board. The ADAMHS Board operates autonomously from the County and the County has no financial responsibility for the operations of the ADAMHS Board. The County does have indirect access to the net resources of the ADAMHS Board. In the event the County withdrew from the ADAMHS Board it would be entitled to a share of the state and federal grants that are currently being received by the ADAMHS Board. This access to net resources of the ADAMHS Board has not been explicitly defined, nor is it currently measurable. Complete financial statements can be obtained from the ADAMHS Board at its offices located at T-761, State Route 66, Archbold, Ohio 43502.

NOTE 13 - GROUP INSURANCE POOLS

County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. is an Ohio nonprofit corporation established by forty-six counties 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. Financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

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

The County is participating in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Plan as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners' Association Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services, and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of the 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 on the group executive committee in any year, and each elected member shall be a County Commissioner.

NOTE 14 - RELATED ORGANIZATIONS

Williams County Public Library

The Williams County Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the County Commissioners and the Common Pleas Judge. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Williams County Public Library, Kathy Whitman, Clerk-Treasurer, at 107 East High Street, Bryan, Ohio 43506.

Williams Metropolitan Housing Authority

The Williams Metropolitan Housing Authority (the Housing Authority) was created under the authority of Section 3735.27 of the Ohio Revised Code. The Housing Authority is governed by a five member board, one of which is (each) appointed by the Williams County Commissioners, the Probate Judge, and by the Common Pleas Judge respectively. Williams County is not financially accountable for the activities of the Housing Authority. Financial information can be obtained from the Williams Metropolitan Housing Authority, Mary Jo Sands, Executive Director, at 104 Chelsa, Napoleon, Ohio 43545.

NOTE 15 - 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.

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WILLIAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
Community Facility Loans	-	10.766	$70,914
Passed Through the Local Agricultural Stabilization and Conservation Service:			
Crop Deficiency Program	-	10.XXX	14,849
Total U.S. Department of Agriculture			85,763
U.S. DEPARTMENT OF LABOR			
Passed Through Ohio Job and Family Services:			
Employment and Training Administration, Department of Labor	-	17.255	160,285
Total U.S. Department of Labor			160,285
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through The Area Office of Aging:			
Aging Cluster:			
Special Programs for the Aging -			
Title III Part B - Grants for Supportive Services and Senior Centers	-	93.044	22,986
Title III Part C - Nutrition Services	-	93.045	216,211
Total Aging Cluster			239,197
Passed Through Ohio Job and Family Services:			
Chaffee	86-6018-02	93.674	80
Basic Child Abuse and Neglect	86-6020-01	93.669	1,842
Child Welfare Subsidy (Title IV-B)	86-6010-02	93.645	22,566
Child Welfare Subsidy (Title IV-B)	86-6010-01	93.645	25,825
ESSA Family Preservation	86-6035-02	93.645	1,025
ESSA Family Preservation	86-6035-01	93.645	1,035
ESSA Family Reunification	86-6036-02	93.645	1,140
ESSA Family Reunification	86-6036-01	93.645	202
Total			51,793
Passed Through Ohio Supreme Court:			
Children's Justice Act	-	93.643	30,000
Grant for State Court - Court Improvement Program	-	93.586	30,000
Passed Through Ohio Department of Health:			
Social Services Block Grant (Title XX)	-	93.667	27,109

(Continued)

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001
(Continued)

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:			
Medical Assistance Program (Medicaid: Title XIX)	-	93.778	311,882
Total U.S. Department of Health and Human Services			691,903
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Home Investment Partnerships Program (Chip)	B-C-99-079-2	14.239	400,723
Passed Through Ohio Department of Development:			
Community Development Block Grant (Chip)	B-C-99-079-1	14.228	126,967
Community Development Block Grant (Formula)	B-F-98-079-1	14.228	63,900
Community Development Block Grant - (Formula)	B-F-99-079-1	14.228	73,155
Community Development Block Grant - (Formula)	B-F-00-079-1	14.228	98,203
Community Development Block Grant - (Economic Development)	B-E-00-079-1	14.228	293,690
Community Development Block Grant (Economic Development)	B-E-00-079-2	14.228	205,000
Total U.S. Department of Housing and Urban Development			1,261,638
U.S. DEPARTMENT OF JUSTICE			
Passed Through The Office of Criminal Justice Services:			
Juvenile Accountability Grant	99-JB007-A038	16.523	15,238
Passed Through The State Attorney General:			
Victims of Crimes Act Grant	02-VAG-ENE-129	16.575	7,864
Victims of Crimes Act Grant	01-VAG-ENE-129	16.575	43,226
Victims of Crimes Act Grant	01-VAG-ENE-516	16.575	2,725
Total Victims of Crimes Act Grant			53,815
Total U.S. Department of Justice			69,053
U.S. FEDERAL CORPORATION FOR NATIONAL SERVICE			
Americorps Grant	YCP-027-01	94.066	1,071
Total U.S. Federal Corporation for National Service			1,071
Total			**$2,269,713**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2001

NOTE 1 - 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 2 - SUBRECIPIENTS

The County passes-through certain federal assistance received from the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with law, regulations, and the provisions of contracts or grant agreements that performance goals are achieved.

NOTE 3 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the 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. At December 31, 2001, the gross amount of loans outstanding under this program was $812,061.

NOTE 4 - MATCHING REQUIREMENTS

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

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

Williams County
One Courthouse Square, Suite L
Bryan, Ohio 43506-1791

To the Board of Commissioners:

We have audited the financial statements of Williams County as of and for the year ended December 31, 2001, and have issued our report thereon dated July 18, 2002, in which we noted that the County prepares its financial statements on the basis of accounting formerly prescribed by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles, and that the County reclassified its Hillside Country Living Special Revenue, Capital Projects, and Debt Service funds to an Enterprise fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we 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 2001-60186-001 and 2001-60186-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated July 18, 2002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 the County in a separate letter dated July 18, 2002.

This report is intended for the information and use of management, the 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 18, 2002

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

Williams County
One Courthouse Square, Suite L
Bryan, Ohio 43506-1791

To the Board of Commissioners:

Compliance

We have audited the compliance of Williams County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. 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, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings as items 2001-60186-003, 2001-60186-004, and 2001-60186-005. We also noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the County in a separate letter dated July 18, 2002.

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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings as items 2001-60186-003 and 2001-60186-005

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 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. Our consideration of the internal control over compliance 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 none of the reportable conditions described above is a material weakness. We also noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management in a separated letter dated July 18, 2002.

This report is intended for the information and use of management, the 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 18, 2002

WILLIAMS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weakness conditions reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other reportable internal control weakness conditions reported for major federal programs?**	Yes
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Employment and Training Administration - CFDA# 17.255 Medical Assistance Program - CFDA# 93.778 Home Improvement Partnership Program (HOME) - CFDA # 14.239
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

FINDING NUMBER 2001-60186-001

Noncompliance Citation

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

FINDING NUMBER 2001-60186-002

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless a certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance.

This section provides two exceptions to the above requirements:

a. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of the warrant. The taxing authority has 30 days from the receipt of such a certificate to approved payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing authority.

b. Amounts of less than $100 for Counties may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Seventeen percent of the transactions tested were not certified at the time the commitment was incurred. None of these commitments were subsequently approved as “then and now” certificates.

We recommend the County Auditor certify the amount required to meet a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance prior to placing an order. In instances where prior certification is not practical, we recommend issuance of a “then and now” certificate”.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2001-60186-003
CFDA Title and Number	17.255
Federal Award Number / Year	January 1 to December 31, 2001
Federal Agency	U.S. Department of Labor
Pass - Through Agency	Ohio Department of Job and Family Services

Reportable condition

29 CFR 97.20(b)(7) provides that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as to advances to the grantees.

The County Job and Family Services Department does not have a system that indicates either accrual or cash balances of WIA programs. Consequently, there is no way to monitor the cash requirements of WIA programs. This weakness significantly increases the risk that program expenditures could be over or under-expended. This has resulted in the July 1, 2001 cash balance of total WIA programs being approximately twelve times higher than average monthly expenditures in calendar year 2001.

To ensure cash advances are limited to the minimum amounts needed, we recommend the County Job and Family Services Department create reports that indicate running cash balances of individual WIA programs. These cash balance reports should be provided to the Director of Job and Family Services and the joint board of County Commissioners on a regular basis to monitor the expenditure of WIA funds. In addition, a system should be developed that would indicate reserves of future contractual commitments against available funds. This procedure would also help ensure that WIA funds are not over-expended.

Finding Number	2001-60186-004
CFDA Title and Number	17.255
Federal Award Number / Year	January 1 to December 31, 2001
Federal Agency	U.S. Department of Labor
Pass - Through Agency	Ohio Department of Job and Family Services

Noncompliance Finding

Section 667.300 (C) (3) of the Federal Regulations states reported expenditures and program income earned must be on the accrual basis of accounting and cumulative by fiscal year of appropriation. If the recipient's accounting records are not normally kept on the accrual basis of accounting, the recipient must develop accrual information through an analysis of the documentation on hand.

The County Job and Family Services Department did not report WIA financial information on the accrual basis of accounting. In addition, no accrual information was developed through an analysis of documentation on hand. We recommend the fiscal agent report WIA expenditures and program income on the accrual basis of accounting as required by the Federal Regulations.

Finding Number	2001-60186-005
CFDA Title and Number	17.255
Federal Award Number / Year	January 1 to December 31, 2001
Federal Agency	U.S. Department of Labor
Pass - Through Agency	Ohio Department of Job and Family Services

Reportable Condition

Section 667.410 of the Federal Regulations states each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to:

1. Determine that expenditures have been made against the cost categories and within the cost limitations specified in the Act and these regulations;

2. Determine whether or not there is compliance with other provisions of the Act and these regulations and other applicable laws and regulations; and

3. Provide technical assistance as necessary and appropriate.

The County Job and Family Services Department (the Department) did not conduct regular oversight and monitoring of its subrecipient agency, the Northwest Ohio Workforce Development Agency (an agency of Defiance County). This significantly increases the risk that pass-through moneys paid to the subrecipient may be expended in a manner that is not in compliance with federal regulations. We recommend a subrecipient agreement be created between the Department and the Northwest Ohio Workforce Development Agency to define each party's responsibilities and obligations. In addition, we recommend that the Department regularly monitor compliance of the subrecipient agency in accordance with the requirements applicable to the Federal program as well as the subrecipient agreement.

WILLIAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
2000-60186-001	Ohio Revised Code § 9.39 - Finding for recovery against Dog Warden for $112.04.	Yes	Finding was repaid on June 15, 2001.
2000-60186-002	Ohio Revised Code § 5705.41(D) - Improper certification of funds.	No	Partially corrected. Reissued as finding 2001-60186-002.

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FINANCIAL CONDITION

WILLIAMS 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 13, 2002