



**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**



**Auditor of State  
Betty Montgomery**



**FINANCIAL CONDITION  
WILLIAMS COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williams County, Ohio (the County), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williams County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Auto and Gas, Enrichment Center, Job and Family Services, and Department of Aging funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2006, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 2, 2006

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

The management's discussion and analysis of Williams County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2005, within the limitations of the County's modified cash basis of accounting. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the modified cash-basis basic financial statements to enhance their understanding of the County's financial performance.

**Financial Highlights**

Key financial highlights for 2005 are as follows:

- The total net cash assets of the County increased \$1,564,563. Net cash assets of governmental activities increased \$1,363,956, which represents a 17.63% increase over fiscal year 2004. Net cash assets of business-type activities increased \$200,607 or 15.98% from fiscal year 2004.
- General cash receipts accounted for \$12,573,554 or 38.86% of total governmental activities cash receipts. Program specific cash receipts accounted for \$19,872,871 or 61.14% of total governmental activities cash receipts.
- The County had \$31,045,492 in cash disbursements related to governmental activities; \$19,872,871 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$12,573,554 were adequate to provide for these programs.
- The County's major funds are the General fund, Auto and Gas fund, the Enrichment Center fund, Job and Family Services fund, and the Department of Aging fund. The General fund, the County's largest major fund, had cash receipts and other financing sources of \$12,298,688 in 2005. The cash disbursements and other financing uses of the General fund, totaled \$11,491,353 in 2005. The General fund's cash balance increased \$807,335 from 2004 to 2005.
- The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,465,054 in 2005. The Auto and Gas fund had cash disbursements of \$4,385,869 in 2005. The Auto and Gas fund cash balance increased \$79,185 from 2004 to 2005.
- The Enrichment Center, a County major fund, had cash receipts and other financing sources of \$3,015,106 in 2005. The Enrichment Center had cash disbursements of \$2,510,565 in 2005. The Enrichment Center's fund cash balance increased \$504,541 from 2004 to 2005.
- The Job and Family Services fund, a County major fund, had cash receipts and other financing sources of \$2,645,155 in 2005. The Job and Family Services fund had cash disbursements of \$2,520,852 in 2005. The Job and Family Services fund cash balance increased \$124,303 from 2004 to 2005.
- The Department of Aging, a County major fund, had cash receipts and other financing sources of \$1,268,635 in 2005. The Department of Aging had cash disbursements of \$1,179,583 in 2005. The Department of Aging fund cash balance increased \$89,052 from 2004 to 2005.
- Net cash assets for the Hillside Country Living Nursing Home Enterprise fund increased in 2005 by \$227,824 or 19.06%. The net cash assets for the Sewer Enterprise fund decreased in 2005 by \$27,217 or 45.39%.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
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**Using this Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

The Statement of Net Assets – Modified Cash Basis and Statement of Activities – Modified Cash Basis provide information about the activities of the whole County, presenting both an aggregate view of the County's modified cash basis finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are five major governmental funds. The General fund is the largest major fund.

**Reporting the County as a Whole**

***Statement of Net Assets and the Statement of Activities***

The Statement of Net Assets – Modified Cash Basis and the Statement of Activities – Modified Cash Basis answer the question, "How did we do financially during 2005?" These statements include *only net assets* using the *modified cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the County's net assets and changes in those assets on a modified cash basis. This change in net cash assets is important because it tells the reader that, for the County as a whole, the modified cash basis financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, sales tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements; therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

In the Statement of Net Assets – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, the County is divided into two distinct kinds of activities: Governmental Activities and Business-Type Activities. Most of the County's programs and services are reported as Governmental Activities which include human services, health, public safety, public works and general government. Business-Type Activities include those County services which provide a charge for goods or services that recover all of the cash disbursements of the goods or services provided. The County's Hillside Country Living Nursing Home and Sewer Enterprise funds are reported as business-type activities



**FINANCIAL CONDITION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
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**Reporting the County's Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, Auto and Gas, Enrichment Center, Job and Family Services, and Department of Aging.

***Governmental Funds***

Most of the County's activities are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer modified cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the modified cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances; therefore, no reconciliation is necessary between such financial statements. Differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities – Modified Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities – Modified Cash Basis.

The County's budgetary process accounts for certain transactions on a modified cash basis. The budgetary statements for the General Fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets.

***Proprietary Funds***

The County maintains proprietary funds. Enterprise funds use the same basis of accounting (modified cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole. The County uses Enterprise funds to account for its Hillside Country Living Nursing Home and sewer operations.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's only fiduciary funds are agency funds. Only the cash held at year end for the agency funds are reported.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**Notes to the Financial Statements**

The notes provide additional information that is essential to understanding the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

Recall that the Statement of Net Assets provides the perspective of the County as a whole.

The table below provides a summary of the County's net assets for 2005 compared to the prior year.

	<b>Net Cash Assets</b>					
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 9,099,013	\$ 7,735,057	\$ 1,456,132	\$ 1,255,525	\$ 10,555,145	\$ 8,990,582
Total Assets	<u>9,099,013</u>	<u>7,735,057</u>	<u>1,456,132</u>	<u>1,255,525</u>	<u>10,555,145</u>	<u>8,990,582</u>
<u>Net Assets</u>						
Restricted	6,467,804	5,911,932			6,467,804	5,911,932
Unrestricted	<u>2,631,209</u>	<u>1,823,125</u>	<u>1,456,132</u>	<u>1,255,525</u>	<u>4,087,341</u>	<u>3,078,650</u>
Total Net Assets	<u>\$ 9,099,013</u>	<u>\$ 7,735,057</u>	<u>\$ 1,456,132</u>	<u>\$ 1,255,525</u>	<u>\$ 10,555,145</u>	<u>\$ 8,990,582</u>

The total net cash assets of the County increased \$1,564,563. Net cash assets of governmental activities increased \$1,363,956, which represents a 17.63% increase over fiscal year 2004. Net cash assets of business-type activities increased \$200,607 or 15.98% from fiscal year 2004.

A portion of the County's net cash assets, \$6,467,804, represents resources that are subject to external restrictions on how they may be used. The remaining balance of government-wide unrestricted net cash assets of \$2,631,209 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal years 2005 and 2004.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
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	Change in Net Cash Assets					
	Governmental Activities 2005	Governmental Activities 2004	Business-Type Activities 2005	Business-type Activities 2004	Total 2005	Total 2004
<b>Cash Receipts:</b>						
Program Cash Receipts:						
Charges for Services and Sales	\$ 8,286,751	\$ 7,844,901	\$ 5,561,691	\$ 5,466,589	\$ 13,848,442	\$ 13,311,490
Operating Grants and Contributions	10,378,170	9,741,003			10,378,170	9,741,003
Capital Grants and Contributions	1,207,950	3,050,764			1,207,950	3,050,764
<b>Total Program Cash Receipts</b>	<b>19,872,871</b>	<b>20,636,668</b>	<b>5,561,691</b>	<b>5,466,589</b>	<b>25,434,562</b>	<b>26,103,257</b>
General Cash Receipts:						
Property Taxes	3,926,340	3,852,170			3,926,340	3,852,170
Sales Tax	4,631,847	4,438,006			4,631,847	4,438,006
Unrestricted Grants	1,452,524	1,338,123			1,452,524	1,338,123
Proceeds from Sale of Notes	1,124,000	897,000	274,000	379,000	1,398,000	1,276,000
Investment Earnings	423,489	181,127			423,489	181,127
Sale of Capital Assets	21,662				21,662	
Miscellaneous	993,692	433,309	48,649	69,605	1,042,341	502,914
<b>Total General Cash Receipts</b>	<b>12,573,554</b>	<b>11,139,735</b>	<b>322,649</b>	<b>448,605</b>	<b>12,896,203</b>	<b>11,588,340</b>
<b>Total Cash Receipts</b>	<b>32,446,425</b>	<b>31,776,403</b>	<b>5,884,340</b>	<b>5,915,194</b>	<b>38,330,765</b>	<b>37,691,597</b>
<b>Cash Disbursements:</b>						
General Government	4,439,672	4,110,348			4,439,672	4,110,348
Public Safety	3,446,737	3,602,404			3,446,737	3,602,404
Public Works	5,247,434	4,673,151			5,247,434	4,673,151
Health	1,139,043	1,080,628			1,139,043	1,080,628
Human Services	8,646,047	8,180,334			8,646,047	8,180,334
Conservation and Recreation	138,339	129,200			138,339	129,200
Economic Development and Assistance	1,139,991	589,717			1,139,991	589,717
Hospitalization	2,892,646	3,281,601			2,892,646	3,281,601
Miscellaneous	497,859	829,963			497,859	829,963
Capital Outlay	1,978,922	3,740,122			1,978,922	3,740,122
Debt Service:						
Principal Retirement	1,119,093	900,951			1,119,093	900,951
Interest and Fiscal Charges	359,709	368,978			359,709	368,978
Hillside			5,330,255	5,209,917	5,330,255	5,209,917
Sewer			390,455	368,561	390,455	368,561
<b>Total Cash Disbursements</b>	<b>31,045,492</b>	<b>31,487,397</b>	<b>5,720,710</b>	<b>5,578,478</b>	<b>36,766,202</b>	<b>37,065,875</b>
Transfers	(36,977)	(13,299)	36,977	13,299		
<b>Change in Net Cash Assets</b>	<b>1,363,956</b>	<b>275,707</b>	<b>200,607</b>	<b>350,015</b>	<b>1,564,563</b>	<b>625,722</b>
<b>Net Cash Assets at Beginning of Year</b>	<b>7,735,057</b>	<b>7,459,350</b>	<b>1,255,525</b>	<b>905,510</b>	<b>8,990,582</b>	<b>8,364,860</b>
<b>Net Cash Assets at End of Year</b>	<b>\$ 9,099,013</b>	<b>\$ 7,735,057</b>	<b>\$ 1,456,132</b>	<b>\$ 1,255,525</b>	<b>\$ 10,555,145</b>	<b>\$ 8,990,582</b>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

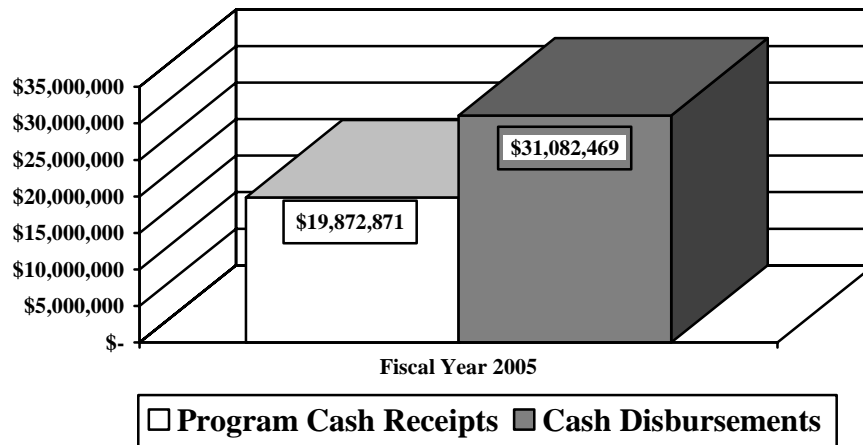
**Governmental Activities**

Governmental cash assets increased by \$1,363,956 in 2005 from 2004. This increase is primarily due to the rise in investment earnings as well as an increase in sales tax collected, along with a decrease in disbursements in 2005 compared to 2004.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2005, general government cash disbursements totaled \$4,439,672, or 14.28% of total governmental cash disbursements. General government programs were supported by \$2,966,652 in direct charges to users and operating grants and contributions.

The County program, Human Services, accounted for \$8,646,047 or 27.82% of total governmental cash disbursements. Human Service programs include: Job and Family Services, Enrichment Center, and Senior Citizens Services. Human Service programs are primarily supported by cash receipts from property tax, state, and federal grants.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005. It identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

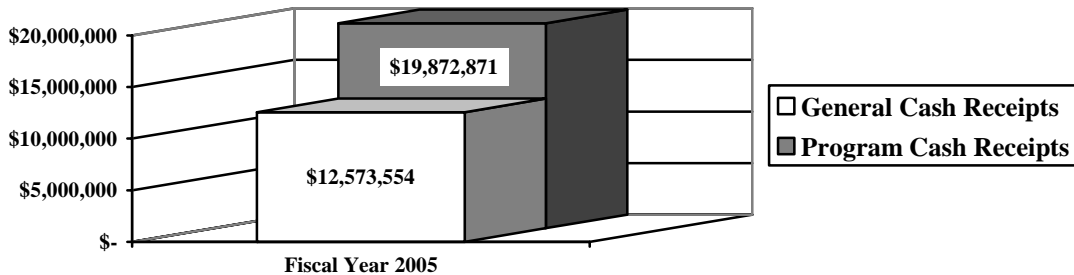
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Governmental Activities**

	<b>Governmental Activities</b>			
	Total Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
Cash Disbursements:				
General Government	\$ 4,439,672	\$ 4,110,348	\$ 1,473,020	\$ 1,191,740
Public Safety	3,446,737	3,602,404	3,144,339	3,103,911
Public Works	5,247,434	4,673,151	146,949	187,245
Health	1,139,043	1,080,628	103,879	8,763
Human Services	8,646,047	8,180,334	2,545,535	2,980,906
Conservation and Recreation	138,339	129,200	138,339	129,200
Economic Development and Assistance	1,139,991	589,717	503,635	(170,246)
Hospitalization	2,892,646	3,281,601	928,843	1,472,455
Other	497,859	829,963	315,694	510,368
Capital Outlay	1,978,922	3,740,122	760,021	535,248
Debt Service:				
Principal Retirement	1,119,093	900,951	907,245	700,685
Interest and Fiscal Charges	359,709	368,978	205,122	200,454
<b>Total</b>	<b><u>\$ 31,045,492</u></b>	<b><u>\$ 31,487,397</u></b>	<b><u>\$ 11,172,621</u></b>	<b><u>\$ 10,850,729</u></b>

The dependence upon general cash receipts for governmental activities is apparent; with 35.99% of cash disbursements supported through taxes and other general cash receipts during 2005.

**Governmental Activities - General and Program Cash Receipts**



**FINANCIAL CONDITION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
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**Proprietary Funds**

Williams County's proprietary funds provide the same type of information found in the government-wide financial statements.

At the end of the current fiscal year, Williams County's proprietary funds reported a combined ending fund cash balance of \$1,456,132, an increase of \$200,607 in comparison with the prior audit year.

**Financial Analysis of the Government's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The County's governmental funds are accounted for using the modified cash basis of accounting.

The County's governmental funds reported a combined fund cash balance of \$9,099,013, which is \$1,363,956 above last year's total of \$7,735,057. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005, and December 31, 2004, for all major and nonmajor governmental funds.

	Fund Cash Balance at <u>12/31/05</u>	Fund Cash Balance at <u>12/31/04</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 2,644,317	\$ 1,836,982	\$ 807,335
Auto and Gas	647,774	568,589	79,185
Enrichment Center	1,349,086	844,545	504,541
Job and Family Services	206,883	82,580	124,303
Department of Aging	268,029	178,977	89,052
Other Nonmajor Governmental Funds	<u>3,982,924</u>	<u>4,223,384</u>	<u>(240,460)</u>
 Total	 <u>\$ 9,099,013</u>	 <u>\$ 7,735,057</u>	 <u>\$ 1,363,956</u>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
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**General Fund**

The General fund, the County's largest major fund, had cash receipts and other financing sources of \$12,298,688 in 2005. The cash disbursements and other financing uses of the General fund, totaled \$11,491,353 in 2005. The General fund's cash balance increased \$807,335 from 2004 to 2005.

The table that follows assists in illustrating the cash receipts of the General fund.

	<u>2005 Amount</u>	<u>2004 Amount</u>	<u>Percentage Change</u>
<b><u>Cash Receipts:</u></b>			
Property and Sales Tax	\$ 6,359,456	\$ 6,133,790	3.68 %
Charges for Services	3,764,370	3,555,440	5.88 %
Licenses and Permits	9,070	7,695	17.87 %
Fines and Forfeitures	176,461	164,956	6.97 %
Intergovernmental	1,284,942	1,682,077	(23.61) %
Special Assessments	45,431	67,405	(32.60) %
Investment Income	415,414	177,150	134.50 %
Rental Income	95,045	71,906	32.18 %
Other	<u>142,743</u>	<u>133,155</u>	7.20 %
Total	<u>\$ 12,292,932</u>	<u>\$ 11,993,574</u>	2.50 %

Intergovernmental cash receipts decreased primarily due to a decrease in funding for the airport improvement project. Investment income cash receipts increased due to higher interest earning investments. All other revenue remained comparable to 2004.

The table that follows assists in illustrating the expenditures of the General fund.

	<u>2005 Amount</u>	<u>2004 Amount</u>	<u>Percentage Change</u>
<b><u>Cash Disbursements</u></b>			
General Government			
Legislative and Executive	\$ 2,158,300	\$ 2,084,894	3.52 %
Judicial	1,066,549	1,041,819	2.37 %
Public Safety	3,331,433	3,441,673	(3.20) %
Public Works	188,263	234,363	(19.67) %
Health	28,873	58,433	(50.59) %
Human Services	361,031	367,461	(1.75) %
Conservation and Recreation	138,339	129,200	7.07 %
Economic Development and Assistance	85,240		100.00 %
Hospitalization	2,892,646	3,281,601	(11.85) %
Other	496,193	825,268	(39.87) %
Debt Service	<u>20,662</u>	<u>20,901</u>	(1.14) %
Total	<u>\$ 10,767,529</u>	<u>\$ 11,485,613</u>	(6.25) %

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

Hospitalization cash disbursements decreased as the County switched from being self-insured to fully-insured in March of 2004. As a result of this switch, additional cash disbursements were recorded in 2004 for run-off claims from the former self-insurance program coupled with thirteen months worth of claims premiums being paid in 2004 due to the timing of the payments under the fully-insured plan. Other cash disbursements decreased as a result of disbursements made related to the airport improvement project and due to the reclassification of WEDCO expenses into Economic Development and Assistance. Health cash disbursements decreased due to the reduction of BCMH claims. Public works cash disbursements decreased due to the reduction of expenses for contract projects for ditch repairs. All other cash disbursements remained comparable to 2004.

***Auto and Gas Fund***

The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,465,054 in 2005. The Auto and Gas fund had cash disbursements of \$4,385,869 in 2005. The Auto and Gas fund cash balance increased \$79,185 from 2004 to 2005.

***Enrichment Center***

The Enrichment Center, a County major fund, had cash receipts and other financing sources of \$3,015,106 in 2005. The Enrichment Center had cash disbursements of \$2,510,565 in 2005. The Enrichment Center's fund cash balance increased \$504,541 from 2004 to 2005.

***Job and Family Services Fund***

The Job and Family Services fund, a County major fund, had cash receipts and other financing sources of \$2,645,155 in 2005. The Job and Family Services fund had cash disbursements of \$2,520,852 in 2005. The Job and Family Services fund cash balance increased \$124,303 from 2004 to 2005.

***Department of Aging Fund***

The Department of Aging, a County major fund, had cash receipts and other financing sources of \$1,268,635 in 2005. The Department of Aging had cash disbursements of \$1,179,583 in 2005. The Department of Aging fund cash balance increased \$89,052 from 2004 to 2005.

***Hillside Country Living Nursing Home Fund***

The Hillside Country Living Nursing Home is the County's only major Enterprise fund. This program had cash receipts of \$5,521,102, cash disbursements of \$5,330,255 and transfers in of \$36,977 for fiscal year 2005. The net cash assets of the programs increased \$227,824 from 2004. During 2005, the Hillside Country Living Nursing Home fund received proceeds of \$274,000 from a note.

***Budgeting Highlights - General Fund***

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.



**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

For the General fund, final budget basis receipts and other financing sources were \$965,805 above original budget estimates of \$11,154,915. Actual cash receipts of \$12,298,688 exceeded final budget estimates by \$177,968. This was primarily attributed to receipts in Homeland Security grants and increases in sales tax and interest income. The final budgetary basis disbursements and other financing uses of \$12,028,646 were \$688,230 above original budget estimates. This was primarily attributed to expenditures related to the courthouse renovations and increases in health insurance premiums. The actual budgetary basis disbursements and other financing uses of \$11,594,781 were \$433,865 less than the final budget estimates. Advances are not budgeted.

**Capital Assets and Debt Administration**

***Capital Assets***

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$1,978,922 during fiscal year 2005.

***Debt Administration***

The County had the following short-term and long-term obligations outstanding at December 31, 2005 and 2004:

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

	Governmental Activities 2005	Governmental Activities 2004
	<u>2005</u>	<u>2004</u>
<b>Short-Term</b>		
Bond Anticipation Notes	\$ 1,124,000	\$ 897,000
<b>Long-Term</b>		
USDA Revenue Bonds	275,268	278,887
Special Assessment Bonds	800,213	810,732
Court of Appeals Loan	254,624	264,870
OWDA Loans	5,270,096	5,266,940
Capital Lease Obligations	<u>400,206</u>	<u>121,319</u>
Total Outstanding Obligations	<u>\$ 8,124,407</u>	<u>\$ 7,639,748</u>
	Business-Type Activities 2005	Business-Type Activities 2004
	<u>2005</u>	<u>2004</u>
<b>Short-Term</b>		
Bond Anticipation Notes	\$ 274,000	\$ 379,000
<b>Long-Term</b>		
USDA Revenue Bonds	<u>5,351,000</u>	<u>5,466,000</u>
Total Outstanding Obligations	<u>\$ 5,625,000</u>	<u>\$ 5,845,000</u>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors were taken into consideration in preparing the budget for fiscal year 2006:

The County's unemployment rate as of December 2005 is 5.9%, compared to the 5.6% state average and the 4.6% national average.

State funding is uncertain due to budgetary shortfalls at the State level. These funds represented 7% of the county's general fund revenue in 2005. Sales and property tax revenues are expected to remain consistent as well as expenditures.

These economic factors were considered in preparing the County's budget for fiscal year 2006. Budgeted revenues and other financing sources in the general fund for fiscal year 2006 are \$12,120,720. The County has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Deborah Nester, Williams County Auditor, One Courthouse Square, Bryan, Ohio 43506-1791.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2005

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 9,099,013	\$ 1,456,132	\$ 10,555,145
<i>Total Assets</i>	9,099,013	1,456,132	10,555,145
<b>Net Assets</b>			
Restricted for:			
Debt Service	439,317		439,317
Capital Projects	369,985		369,985
Other Purposes	5,658,502		5,658,502
Unrestricted	2,631,209	1,456,132	4,087,341
<i>Total Net Assets</i>	\$ 9,099,013	\$ 1,456,132	\$ 10,555,145

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Program Cash Receipts</b>			
	<b>Cash Disbursements</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental Activities:</b>				
General Government:				
Legislative and Executive	\$ 2,987,478	\$ 1,968,702	\$ 12,111	
Judicial	1,452,194	584,154	401,685	
Public Safety	3,446,737	103,366	199,032	
Public Works	5,247,434	1,388,164	3,712,321	
Health	1,139,043	1,032,164	3,000	
Human Services	8,646,047	700,011	5,400,501	
Conservation and Recreation	138,339			
Economic Development and Assistance	1,139,991		636,356	
Hospitalization	2,892,646	1,963,803		
Other	497,859	169,001	13,164	
Capital Outlay	1,978,922	10,951		\$ 1,207,950
Debt Service:				
Principal Retirement	1,119,093	211,848		
Interest and Fiscal Charges	359,709	154,587		
<i>Total Governmental Activities</i>	<u>31,045,492</u>	<u>8,286,751</u>	<u>10,378,170</u>	<u>1,207,950</u>
<b>Business-Type Activities:</b>				
Hillside	5,330,255	5,200,169		
Sewer	390,455	361,522		
<i>Total Business-Type Activities</i>	<u>5,720,710</u>	<u>5,561,691</u>		
<b>Totals</b>	<u>\$ 36,766,202</u>	<u>\$ 13,848,442</u>	<u>\$ 10,378,170</u>	<u>\$ 1,207,950</u>

**General Cash Receipts and Transfers:**

Property Taxes Levied For:

    General Purposes

    Human Services - Enrichment Center

    Human Services - Department of Aging

Sales Taxes

Grants and Entitlements not

    Restricted to Specific Programs

Proceeds from Sale of Notes

Investment Receipts

Proceeds from Sale of Capital Assets

Miscellaneous

*Total General Cash Receipts*

Transfers

*Total General Cash Receipts and Transfers*

*Change in Net Cash Assets*

Net Cash Assets at Beginning of Year

*Net Cash Assets at End of Year*

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENT:

**Net (Cash Disbursements) Cash Receipts and  
Changes in Net Cash Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,006,665)		\$ (1,006,665)
(466,355)		(466,355)
(3,144,339)		(3,144,339)
(146,949)		(146,949)
(103,879)		(103,879)
(2,545,535)		(2,545,535)
(138,339)		(138,339)
(503,635)		(503,635)
(928,843)		(928,843)
(315,694)		(315,694)
(760,021)		(760,021)
(907,245)		(907,245)
(205,122)		(205,122)
<u>(11,172,621)</u>		<u>(11,172,621)</u>
	\$ (130,086)	(130,086)
	<u>(28,933)</u>	<u>(28,933)</u>
	<u>(159,019)</u>	<u>(159,019)</u>
<u>(11,172,621)</u>	<u>(159,019)</u>	<u>(11,331,640)</u>
1,727,609		1,727,609
1,520,363		1,520,363
678,368		678,368
4,631,847		4,631,847
1,452,524		1,452,524
1,124,000	274,000	1,398,000
423,489		423,489
21,662		21,662
<u>993,692</u>	<u>48,649</u>	<u>1,042,341</u>
12,573,554	322,649	12,896,203
<u>(36,977)</u>	<u>36,977</u>	<u>-</u>
<u>12,536,577</u>	<u>359,626</u>	<u>12,896,203</u>
1,363,956	200,607	1,564,563
<u>7,735,057</u>	<u>1,255,525</u>	<u>8,990,582</u>
<u>\$ 9,099,013</u>	<u>\$ 1,456,132</u>	<u>\$ 10,555,145</u>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	<b>General</b>	<b>Auto and Gas</b>	<b>Enrichment Center</b>
<b>Cash Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,644,317	\$ 647,774	\$ 1,349,086
<i>Total Assets</i>	<u>\$ 2,644,317</u>	<u>\$ 647,774</u>	<u>\$ 1,349,086</u>
 <b>Fund Cash Balances</b>			
Reserved for Encumbrances	\$ 202,938	\$ 78,036	\$ 285,313
Reserved for Unclaimed Monies	13,108		
Unreserved, Undesignated Reported In:			
General Fund	2,428,271		
Special Revenue Funds		569,738	1,063,773
Debt Service Funds			
Capital Projects Funds			
<i>Total Fund Cash Balances</i>	<u>\$ 2,644,317</u>	<u>\$ 647,774</u>	<u>\$ 1,349,086</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Job and Family Services</b>	<b>Department of Aging</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<u>\$ 206,883</u>	<u>\$ 268,029</u>	<u>\$ 3,982,924</u>	<u>\$ 9,099,013</u>
<u><u>\$ 206,883</u></u>	<u><u>\$ 268,029</u></u>	<u><u>\$ 3,982,924</u></u>	<u><u>\$ 9,099,013</u></u>
\$ 138,527	\$ 21,692	\$ 222,628	\$ 949,134 13,108
68,356	246,337	2,988,900	2,428,271 4,937,104
		439,317	439,317
		332,079	332,079
<u>\$ 206,883</u>	<u>\$ 268,029</u>	<u>\$ 3,982,924</u>	<u>\$ 9,099,013</u>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH BASIS RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Auto and Gas	Enrichment Center
<b>Cash Receipts</b>			
Property Taxes	\$ 1,727,609		\$ 1,520,363
Sales Taxes	4,631,847		
Charges for Services	3,764,370	\$ 710,179	11,451
Licenses and Permits	9,070		
Fines and Forfeitures	176,461	2,183	
Intergovernmental	1,284,942	3,712,321	1,483,001
Special Assessments	45,431	2,389	
Investment Income	415,414		
Rental Income	95,045		
Loan Repayments			
Other	142,743	14,423	57
<i>Total Cash Receipts</i>	<u>12,292,932</u>	<u>4,441,495</u>	<u>3,014,872</u>
<b>Cash Disbursements</b>			
Current:			
General Government:			
Legislative and Executive	2,158,300		
Judicial	1,066,549		
Public Safety	3,331,433		
Public Works	188,263	4,385,869	
Health	28,873		
Human Services	361,031		2,510,565
Conservation and Recreation	138,339		
Economic Development and Assistance	85,240		
Hospitalization	2,892,646		
Other	496,193		
Capital Outlay			
Debt Service:			
Principal Retirement	10,246		
Interest and Fiscal Charges	10,416		
<i>Total Cash Disbursements</i>	<u>10,767,529</u>	<u>4,385,869</u>	<u>2,510,565</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>1,525,403</u>	<u>55,626</u>	<u>504,307</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Notes			
Proceeds from Sales of Capital Assets	5,756	12,038	234
Advances In			
Advances Out	(99,510)		
Transfers In		11,521	
Transfers Out	(624,314)		
<i>Total Other Financing Sources (Uses)</i>	<u>(718,068)</u>	<u>23,559</u>	<u>234</u>
<i>Net Change in Fund Cash Balances</i>	807,335	79,185	504,541
Fund Balance at Beginning of Year	1,836,982	568,589	844,545
<i>Fund Balance at End of Year</i>	<u>\$ 2,644,317</u>	<u>\$ 647,774</u>	<u>\$ 1,349,086</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Job and Family Services</u>	<u>Department of Aging</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$ 678,368		\$ 3,926,340
			4,631,847
\$ 431,179		\$ 2,053,879	6,971,058
		3,015	12,085
		93,487	272,131
2,213,238	518,177	3,826,965	13,038,644
		855,730	903,550
		8,075	423,489
		32,882	127,927
		483,296	483,296
574	68,620	283,979	510,396
<u>2,644,991</u>	<u>1,265,165</u>	<u>7,641,308</u>	<u>31,300,763</u>
		829,178	2,987,478
		385,645	1,452,194
		115,304	3,446,737
		673,302	5,247,434
		1,110,170	1,139,043
2,520,852	1,179,583	2,074,016	8,646,047
			138,339
		1,054,751	1,139,991
			2,892,646
		1,666	497,859
		1,978,922	1,978,922
		1,108,847	1,119,093
		349,293	359,709
<u>2,520,852</u>	<u>1,179,583</u>	<u>9,681,094</u>	<u>31,045,492</u>
<u>124,139</u>	<u>85,582</u>	<u>(2,039,786)</u>	<u>255,271</u>
		1,124,000	1,124,000
164	3,470		21,662
		99,510	99,510
			(99,510)
		575,816	587,337
			(624,314)
<u>164</u>	<u>3,470</u>	<u>1,799,326</u>	<u>1,108,685</u>
124,303	89,052	(240,460)	1,363,956
82,580	178,977	4,223,384	7,735,057
<u>\$ 206,883</u>	<u>\$ 268,029</u>	<u>\$ 3,982,924</u>	<u>\$ 9,099,013</u>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Budgetary Basis Receipts</b>				
Property Taxes	\$ 1,663,500	\$ 1,721,500	\$ 1,727,609	\$ 6,109
Sales Taxes	4,350,000	4,540,000	4,631,847	91,847
Charges for Services	3,569,464	3,759,464	3,764,370	4,906
Licenses and Permits	8,000	8,000	9,070	1,070
Fines and Forfeitures	164,911	169,911	176,461	6,550
Intergovernmental	1,007,900	1,303,505	1,284,942	(18,563)
Special Assessments	21,000	41,500	45,431	3,931
Investment Income	153,400	333,400	415,414	82,014
Rental Income	86,126	86,126	95,045	8,919
Other	130,614	151,614	142,743	(8,871)
<i>Total Budgetary Basis Receipts</i>	<u>11,154,915</u>	<u>12,115,020</u>	<u>12,292,932</u>	<u>177,912</u>
<b>Budgetary Basis Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	2,336,228	2,395,352	2,267,126	128,226
Judicial	1,188,463	1,212,514	1,095,527	116,987
Public Safety	3,343,351	3,411,954	3,356,513	55,441
Public Works	262,934	293,457	292,275	1,182
Health	83,350	60,673	38,873	21,800
Human Services	419,573	385,736	370,271	15,465
Conservation and Recreation	137,799	139,299	138,339	960
Hospitalization	2,772,650	2,892,650	2,892,646	4
Other	607,645	561,838	498,235	63,603
Capital Outlay	159,000	3,668		3,668
Debt Service:				
Principal Retirement	10,246	10,246	10,246	
Interest and Fiscal Charges	19,177	10,417	10,416	1
<i>Total Budgetary Basis Disbursements</i>	<u>11,340,416</u>	<u>11,377,804</u>	<u>10,970,467</u>	<u>407,337</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(185,501)</u>	<u>737,216</u>	<u>1,322,465</u>	<u>585,249</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds From Sale of Capital Assets		5,700	5,756	56
Advances Out			(99,510)	(99,510)
Transfers In				
Transfers Out		(650,842)	(624,314)	26,528
<i>Total Other Financing Sources (Uses)</i>		<u>(645,142)</u>	<u>(718,068)</u>	<u>(72,926)</u>
<i>Net Change in Fund Cash Balance</i>	(185,501)	92,074	604,397	512,323
Fund Cash Balance at Beginning of Year	1,653,501	1,653,501	1,653,501	
Prior Year Encumbrances Appropriated	183,481	183,481	183,481	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 1,651,481</u>	<u>\$ 1,929,056</u>	<u>\$ 2,441,379</u>	<u>\$ 512,323</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)  
AUTO AND GAS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary Basis Receipts</b>				
Charges for Services	\$ 578,011	\$ 578,011	\$ 710,179	\$ 132,168
Fines and Forfeitures	2,935	2,935	2,183	(752)
Intergovernmental	3,407,000	3,557,000	3,712,321	155,321
Special Assessments	2,560	2,560	2,389	(171)
Other			14,423	14,423
<i>Total Budgetary Basis Receipts</i>	<u>3,990,506</u>	<u>4,140,506</u>	<u>4,441,495</u>	<u>300,989</u>
<b>Budgetary Basis Disbursements</b>				
Current:				
Public Works	4,274,628	4,537,313	4,463,905	73,408
<i>Total Budgetary Basis Disbursements</i>	<u>4,274,628</u>	<u>4,537,313</u>	<u>4,463,905</u>	<u>73,408</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(284,122)</u>	<u>(396,807)</u>	<u>(22,410)</u>	<u>374,397</u>
<b>Other Financing Sources</b>				
Proceeds From Sale of Capital Assets			12,038	12,038
Transfers In			11,521	11,521
<i>Total Other Financing Sources</i>			<u>23,559</u>	<u>23,559</u>
<i>Net Change in Fund Cash Balance</i>	(284,122)	(396,807)	1,149	397,956
Fund Cash Balance at Beginning of Year	432,033	432,033	432,033	
<i>Prior Year Encumbrances Appropriated</i>	136,556	136,556	136,556	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 284,467</u>	<u>\$ 171,782</u>	<u>\$ 569,738</u>	<u>\$ 397,956</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)  
ENRICHMENT CENTER  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary Basis Receipts</b>				
Property and Other Taxes	\$ 1,501,090	\$ 1,501,090	\$ 1,520,363	\$ 19,273
Charges for Services	31,350	31,350	11,451	(19,899)
Intergovernmental	940,182	940,182	1,483,001	542,819
Other			57	57
<i>Total Budgetary Basis Receipts</i>	<u>2,472,622</u>	<u>2,472,622</u>	<u>3,014,872</u>	<u>542,250</u>
<b>Budgetary Basis Disbursements</b>				
Current:				
Human Services	2,613,350	2,613,350	2,795,878	(182,528)
<i>Total Budgetary Basis Disbursements</i>	<u>2,613,350</u>	<u>2,613,350</u>	<u>2,795,878</u>	<u>(182,528)</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(140,728)</u>	<u>(140,728)</u>	<u>218,994</u>	<u>359,722</u>
<b>Other Financing Sources</b>				
Proceeds From Sale of Capital Assets			234	234
<i>Net Change in Fund Cash Balance</i>	<u>(140,728)</u>	<u>(140,728)</u>	<u>219,228</u>	<u>359,956</u>
Fund Cash Balance at Beginning of Year	831,594	831,594	831,594	
<i>Prior Year Encumbrances Appropriated</i>	<u>12,951</u>	<u>12,951</u>	<u>12,951</u>	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 703,817</u>	<u>\$ 703,817</u>	<u>\$ 1,063,773</u>	<u>\$ 359,956</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)  
JOB AND FAMILY SERVICES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary Basis Receipts</b>				
Charges for Services	\$ 384,379	\$ 384,379	\$ 431,179	\$ 46,800
Intergovernmental	2,655,816	2,655,816	2,213,238	(442,578)
Other	1,200	1,200	574	(626)
<i>Total Budgetary Basis Receipts</i>	<u>3,041,395</u>	<u>3,041,395</u>	<u>2,644,991</u>	<u>(396,404)</u>
<b>Budgetary Basis Disbursements</b>				
Current:				
Human Services	3,094,489	2,723,379	2,659,379	64,000
<i>Total Budgetary Basis Disbursements</i>	<u>3,094,489</u>	<u>2,723,379</u>	<u>2,659,379</u>	<u>64,000</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(53,094)</u>	<u>318,016</u>	<u>(14,388)</u>	<u>(332,404)</u>
<b>Other Financing Sources:</b>				
Proceeds From Sale of Capital Assets			164	164
<i>Net Change in Fund Cash Balance</i>	(53,094)	318,016	(14,224)	(332,240)
Fund Cash Balance at Beginning of Year	(84,055)	(84,055)	(84,055)	
<i>Prior Year Encumbrances Appropriated</i>	166,635	166,635	166,635	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 29,486</u>	<u>\$ 400,596</u>	<u>\$ 68,356</u>	<u>\$ (332,240)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)  
DEPARTMENT OF AGING  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary Basis Receipts</b>				
Property and Other Taxes	\$ 659,340	\$ 659,340	\$ 678,368	\$ 19,028
Intergovernmental	527,967	527,967	518,177	(9,790)
Other	47,850	47,850	68,620	20,770
<i>Total Budgetary Basis Receipts</i>	<u>1,235,157</u>	<u>1,235,157</u>	<u>1,265,165</u>	<u>30,008</u>
<b>Budgetary Basis Disbursements</b>				
Current:				
Human Services	1,247,322	1,247,322	1,201,275	46,047
<i>Total Budgetary Basis Disbursements</i>	<u>1,247,322</u>	<u>1,247,322</u>	<u>1,201,275</u>	<u>46,047</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(12,165)</u>	<u>(12,165)</u>	<u>63,890</u>	<u>76,055</u>
<b>Other Financing Sources:</b>				
Proceeds From Sale of Capital Assets			3,470	3,470
Net Change in Fund Cash Balance	(12,165)	(12,165)	67,360	79,525
<i>Fund Cash Balance at Beginning of Year</i>	163,090	163,090	163,090	
Prior Year Encumbrances Appropriated	15,887	15,887	15,887	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 166,812</u>	<u>\$ 166,812</u>	<u>\$ 246,337</u>	<u>\$ 79,525</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF FUND NET ASSETS  
MODIFIED CASH BASIS  
ENTERPRISE FUNDS  
DECEMBER 31,2005

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Hillside</b>	<b>Sewer</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,423,382	\$ 32,750	\$ 1,456,132
<i>Total Assets</i>	1,423,382	32,750	1,456,132
<b>Net Assets</b>			
Unrestricted	1,423,382	32,750	1,456,132
<i>Total Net Assets</i>	\$ 1,423,382	\$ 32,750	\$ 1,456,132

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH BASIS RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN NET ASSETS - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Hillside</b>	<b>Sewer</b>	<b>Total</b>
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 5,200,169	\$ 361,522	\$ 5,561,691
Other Operating Cash Receipts	9,320	51	9,371
<i>Total Operating Cash Receipts</i>	<u>5,209,489</u>	<u>361,573</u>	<u>5,571,062</u>
<b>Operating Cash Disbursements</b>			
Personal Services	3,391,398	194,666	3,586,064
Contractual Services	616,130	163,552	779,682
Materials and Supplies	398,724	19,724	418,448
Capital Outlay	59,839	12,398	72,237
Other	89,494	115	89,609
<i>Total Operating Cash Disbursements</i>	<u>4,555,585</u>	<u>390,455</u>	<u>4,946,040</u>
<i>Operating Income (Loss)</i>	<u>653,904</u>	<u>(28,882)</u>	<u>625,022</u>
<b>Nonoperating Cash Receipts (Disbursements)</b>			
Debt Service:			
Principal Retirement	(494,000)		(494,000)
Interest and Fiscal Charges	(280,670)		(280,670)
Proceeds of Notes	274,000		274,000
Other Nonoperating Revenue	37,613	1,665	39,278
<i>Total Nonoperating Cash Receipts (Disbursements)</i>	<u>(463,057)</u>	<u>1,665</u>	<u>(461,392)</u>
Gain (Loss) Before Transfers	190,847	(27,217)	163,630
Transfers In	36,977		36,977
<i>Changes in Net Assets</i>	227,824	(27,217)	200,607
Net Assets at Beginning of Year	<u>1,195,558</u>	<u>59,967</u>	<u>1,255,525</u>
<i>Net Assets at End of Year</i>	<u>\$ 1,423,382</u>	<u>\$ 32,750</u>	<u>\$ 1,456,132</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH BASIS ASSETS AND NET CASH ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2005

	<u>Agency</u>
<b>Cash Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 3,412,896
Equity in Cash and Cash Equivalents in Segregated Accounts	<u>216,412</u>
<i>Total Assets</i>	<u>\$ 3,629,308</u>
<b>Net Cash Assets</b>	
Unrestricted	<u>\$ 3,629,308</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

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.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the 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 organizations 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 to or can otherwise access the organization's resources; the County is legally obligated 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 that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes. 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 the case of the separate agencies, boards and commissioners listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following entities is presented as agency funds within the financial statements:

County General Health District  
Soil and Water Conservation District  
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 13 and 14 to the financial statements. These organizations are:

Regional Planning Commission  
Maumee Valley Planning Organization (MVPO)  
Correctional Center of Northwest Ohio  
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)

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION – (Continued)**

The County is involved with three group insurance pools which are presented in Note 15 to the financial statements:

County Risk Sharing Authority (CORSA)  
County Commissioners' Association Workers' Compensation Group Rating Plan  
County Employee Benefits Consortium of Ohio (CEBCO)

The County is involved with two related organizations which are presented in Note 16 to the financial statements. These organizations are:

Williams County Public Library  
Williams Metropolitan Housing Authority

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

**A. Basis of Accounting**

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the County chooses to prepare its financial statements and notes on the basis of modified cash receipts and disbursements. The modified cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than GAAP. 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, in accordance with the basis of accounting described in the preceding paragraph.

**B. Fund Accounting**

The County uses funds to maintain its financial records during the year. Fund accounting is a concept development to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The County classifies each fund as either governmental, proprietary, or fiduciary.

**Governmental Funds:**

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the County's major governmental funds:

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.

Auto and Gas Fund - This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

Enrichment Center Fund - This fund accounts for various federal and state grants used to provide assistance, care, and training to mentally retarded and developmentally disabled individuals of the County.

Job and Family Services Fund - This fund accounts for various federal and state grants as well as transfers from the General fund used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.

Department of Aging Fund - This fund accounts for various federal and state grants as well as transfers from the General fund used to provide public assistance to senior citizens, pay their providers of medical assistance, and for certain public social services.

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest, and related costs and; (c) for grants and other resources, the use of which is restricted to a particular purpose.

**Proprietary Funds:**

These funds are 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. The County classifies these as enterprise funds. The following are the County's Enterprise funds:

Hillside Country Living Nursing Home Fund – This fund accounts for the user charges and expenses of maintaining the County home.

Sewer Fund – This fund accounts for the user charges and expenses of maintaining the sewer lines and facilities of the County.

**Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds which account for monies held for other governments and undistributed assets.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**C. Basis of Presentation and Measurement Focus**

For fiscal year 2005, the County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement # 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide Financial Statement of Activities – This statement displays information about the County as a whole, except for Fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The government-wide statement of activities compares disbursements with program receipts for each segment of the business-type activities of the County and for each function or program of the County's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the County. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the County.

Fund Financial Statements – Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the County's proprietary funds are charges for sales and services and include personnel and other disbursements related to the operations of the enterprise activity. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**D. 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, are legally 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.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**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 2005.

**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.

**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.



**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the County is pooled. Monies for all 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 Equivalents" on the financial statements. During 2005, the County had no investments. Interest earnings are allocated as authorized by State statute.

Interest receipts credited to the General fund during 2005 were \$45,431, which includes \$31,234 assigned from other County funds.

**F. Capital Assets and Depreciation**

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 but are included in Note 18 as additional information.

Capital asset values initially were determined at December 31, 1991, assigning original costs when such information was available. In cases when original costs were not available, estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are estimated 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 included in the value of capital assets. Depreciation has not been reported for any capital assets.

Public domain (infrastructure) consists of sewer lines constructed from 2001 through the present.

**G. Compensated Absences**

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 (See Note 2.A.) but are included as additional information in Note 17.

The note reports the accrual of vacation benefits earned if the employees right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are reported in the note as an accrual using the termination method. The amount is based on an estimate of the amount of accumulated sick leave that will probably be paid as termination benefits. The amount includes both short term and long term compensated absences.

**H. Restricted Assets**

Cash and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments, or enabling legislation are the source of the restrictions.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**I. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

**J. Fund Balance Reserves**

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

**K. Net Assets**

Net assets are reported as restricted when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on its use.

The County first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Auto and Gas, Enrichment Center, Job and Family Services, and the Department of Aging funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$202,938 for the General fund, \$78,036 for the Auto and Gas fund, \$285,313 for the Enrichment Center, \$138,527 for the Job and Family Services fund, and \$21,692 for the Department of Aging fund.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the County are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the County Treasury. Active 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 Commissioners has identified as not required for use within the current five-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.

Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the County can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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 State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)**

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 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.

At year end, the County had \$159,695 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$11,000,379 of the County's bank balance of \$14,515,097 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**NOTE 5 – INTERFUND TRANSFERS**

Interfund cash transfers for the year ended December 31, 2005, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General		\$ 624,314
Auto and Gas	\$ 11,521	
Other Governmental Funds:		
EMS Medics	16	
Oak Meadows Debt Service (Collection)	93,994	
Juvenile Detention Center Debt Service	101,945	
Oak Meadows Debt Service (Lagoon)	54,220	
Courthouse Renovation Debt Service	6,807	
Courthouse Renovation Project	318,834	
Total Other Governmental Funds:	<u>575,816</u>	
Enterprise Fund:		
Hillside	36,977	
	<u>\$ 624,314</u>	<u>\$ 624,314</u>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 5 – INTERFUND TRANSFERS – (Continued)**

Transfers were used to move unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**NOTE 6 - 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 2005, 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 23 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 2005, 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, 2005, was \$8.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$ 558,443,200
Public Utility	29,288,710
Tangible Personal Property	<u>119,360,960</u>
Total Assessed Value	<u><u>\$ 707,092,870</u></u>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 7- 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.

In 2003, the County Commissioners, by resolution, imposed an additional .5 percent sales tax. Collection of the sales tax began on October 1, 2003.

Proceeds of the tax are credited entirely to the General Fund. Sales and Use tax revenue for 2005 amounted to \$4,631,847.

**NOTE 8 - 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 2005, 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:

<u>Property</u>		Replacement Cost
Building and Contents		
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

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 8 - RISK MANAGEMENT – (Continued)**

<u>Liability</u>	
Automobile Liability	\$1,000,000 Each Occurrence
Uninsured/Underinsured Motorists	\$250,000 Each Occurrence
General Liability	\$1,000,000 Each Occurrence
Stop Gap Liability	\$1,000,000 Each Occurrence
Law Enforcement Liability	\$1,000,000 Any One Claim
Errors and Omissions Liability	\$1,000,000 Annual Aggregate
<u>Crime</u>	
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 14). The County pays all elected officials' bonds by statute. Automobile Liability, General Liability, Law Enforcement Liability, and Errors and Omissions Liability coverage decreased from \$6,000,000 each occurrence in 2002 to \$1,000,000 each occurrence in 2003. 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):

	<u>2005</u>	<u>2004</u>
Cash and Investments	\$ 60,912,380	\$ 56,770,447
Actuarial liabilities	\$ 21,262,870	\$ 15,329,762

**B. Workers Compensation Group Rating Program**

For 2005, the County participated in the County Commissioners' Association Organization Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool (Note 14).

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.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 8 - RISK MANAGEMENT – (Continued)**

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. County Employee Benefits Consortium of Ohio**

The County participates in the County Employee Benefits Consortium of Ohio (CEBCO) which is a group purchasing consortium available to county governments in Ohio. The County pays annual premiums into the program for medical, dental, and prescription drug. CEBCO has an agreement with the County Risk Sharing Authority (CORSA) AAA and the County Commissioners Association of Ohio (CCAO) to provide administrative services for claims processing. In 2005, the County remitted \$2,623,992 to CEBCO.

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

All County full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement disability survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS 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 or by calling 614-222-6701 or 800-222-7377.



**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)**

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the County is required to contribute 13.55 percent; 9.55 percent was the portion used to fund pension obligations for 2005. 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 12.7 percent was the portion used to fund pension obligations. Contributions are authorized by state statute. The contribution rates are determined actuarially. The County's actual contributions for 2005, 2004, and 2003, which were used to fund pension obligations were \$1,144,246, \$1,116,739, and \$910,224. The County has paid all contributions required through December 31, 2005.

**B. State Teachers Retirement System**

The County contributes to 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. Benefits are increased annually by 3% of the original base amount for DB plan participants. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined plan.

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

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)**

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the lapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

For the fiscal year ended December 31, 2005, plan members are required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions.

The County's actual contributions for 2005, 2004, and 2003, which were used to fund pension obligations were \$16,421, \$16,337, and \$12,360. The County has paid all contributions required through December 31, 2005.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for postretirement health care coverage, sage-of-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be 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 OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2005 was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2005 was 16.70 percent; 4 percent was used to fund health care.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)**

Benefits are advance funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually, and an additional increase in total payroll of .50 percent to 6.3 percent based on additional pay increases. Health care premiums were assumed to increase 4 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, 2005, the total number of benefit recipients eligible for OPEB through the system was 376,109. As of December 31, 2004, the actuarial value of net assets available for future OPEB payments was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial liability at December 31, 2004, were \$29.5 billion and \$18.7 billion, respectively. The County's actual contributions for 2005 which were used to fund OPEB were \$467,437.

**B. State Teachers Retirement System**

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit Plan and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care costs in the form of monthly premium.

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently at 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2005, the board allocated employer contributions equal to 1% of covered payroll to Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.3 billion on June 30, 2005. For the County, it contributed \$1,263 during 2005.

For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000. There were 115,395 eligible benefit recipients.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 11 - LONG-TERM DEBT**

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

	Interest Rates	Balance at 12/31/04	Increase	Decrease	Balance at 12/31/05	Amounts Due in One Year
Governmental Activities:						
OWDA Loans	3.50-7.21%	\$ 5,266,940	\$ 200,865	\$ 197,709	\$ 5,270,096	\$ 209,268
USDA Special Assessment Bonds	5.13%	810,732		10,519	800,213	11,059
USDA Revenue Bonds	5.13%	278,887		3,619	275,268	3,804
Equipment Loans/Leases	4.91-5.73%	121,319	307,488	28,601	400,206	85,219
Court of Appeals Loan	4.36%	264,870		10,246	254,624	10,246
Total Governmental Activities		6,742,748	508,353	250,694	7,000,407	319,596
Business-Type Activities:						
USDA Revenue Bonds	5.00%	5,466,000		115,000	5,351,000	121,000
Total Long-Term Obligations		<u>\$ 12,208,748</u>	<u>\$ 508,353</u>	<u>\$ 365,694</u>	<u>\$ 12,351,407</u>	<u>\$ 440,596</u>

The Ohio Water Development Loans (OWDA) were obtained for wastewater improvement projects and are to be retired with general governmental revenues or special assessments. Repayment of debt is made from various debt service funds with the exception of the Melburn Subarea Wastewater Design and Williams Center Wastewater Design projects. Both projects have not been completed; therefore, no debt payments were made in 2005.

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. Repayment of debt for the Nettle Lake Sewer Project is made from a debt service fund.

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. Repayment of debt is made from a debt service fund.

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 enterprise 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 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. Repayment of debt is made from an enterprise fund.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 11 - LONG-TERM DEBT – (Continued)**

Equipment loans/leases were issued for the purchase of a Caterpillar wheeled excavator, an International 9200 Truck and for (2) International dump trucks for the Engineer's office. The wheeled excavator lease payments were made from the Auto and Gas fund which was designated as a major fund. No lease payments were made on the truck and dump trucks in 2005. Lease payments start in 2006.

The District Court of Appeals built a new courthouse and all local counties that utilize the court are obligated to pay a certain portion of the construction debt of \$9,441,223. For Williams County, its portion of the debt is \$411,637 which represents 4.36 percent of the construction debt. The construction debt consists of \$6,260,000 in principal and \$3,181,223 in interest. Debt payments are made from the General fund.

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

	OWDA	Special Assessment Bonds	Governmental Revenue Bonds	Business-Type Revenue Bonds	Equipment Loans/ Leases	Court of Appeals Loan	Total
2006	473,811	52,069	17,912	388,550	104,583	20,419	\$ 1,057,344
2007	473,913	52,069	17,912	388,500	104,583	20,381	1,057,358
2008	474,023	52,069	17,912	387,849	104,583	20,542	1,056,978
2009	474,140	52,069	17,912	387,550	71,295	20,460	1,023,426
2010	474,266	52,069	17,912	388,600	71,295	20,358	1,024,500
Thereafter	4,903,577	1,353,807	465,699	7,367,375		267,915	14,358,373
Totals	<u>\$ 7,273,730</u>	<u>\$ 1,614,152</u>	<u>\$ 555,259</u>	<u>\$ 9,308,424</u>	<u>\$ 456,339</u>	<u>\$ 370,075</u>	<u>\$ 19,577,979</u>

Under the basis of accounting utilized by the County (See Note 2.A.), debt obligations are not reported on the financial statements. Debt obligations are presented above for informational purposes only.

**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 \$545,000; however, \$577,510 has been received (which includes capitalized interest) as of December 31, 2005. 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 \$16,797,849. The bonds do not represent or constitute a debt or pledge of faith and credit of the taxing power of the County nor is the County obligated in any way to pay debt charges on these debt issues from its resources. The debt has been excluded entirely from the County's debt presentation.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 12 - SHORT-TERM DEBT**

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

	Balance at 12/31/04	Increase	Decrease	Balance at 12/31/05
Governmental Activities:				
Bond Anticipation Notes, Series 2004	\$897,000		\$897,000	
Bond Anticipation Notes, Series 2005		\$1,124,000		\$1,124,000
Total Governmental Activities	897,000	1,124,000	897,000	1,124,000
Business-Type Activities:				
Bond Anticipation Notes, Series 2004	379,000		379,000	
Bond Anticipation Notes, Series 2005		274,000		274,000
Total Business-Type Activities	379,000	274,000	379,000	274,000
Total Long-Term Obligations	<u>\$ 1,276,000</u>	<u>\$ 1,398,000</u>	<u>\$ 1,276,000</u>	<u>\$ 1,398,000</u>

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

**NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**

**A. 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.

**B. 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 Fulton County Auditor and Treasurer. In 2005, Williams County paid \$153,099 in dues and loan administration fees.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 14 - JOINT VENTURES**

**A. 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, 2005, and the County has no outstanding commitments for past construction. Complete financial statements can be obtained from Northwest Ohio Correctional Center, 03151 County Road 24.25, Stryker, Ohio 43557.

**B. 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 construction was finished and occupancy taken in January 2000.

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, 2005. Completed financial statements can be obtained from the District at 03389 CR 24.25, Stryker, Ohio 43557.

**C. 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.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 14 - JOINT VENTURES – (Continued)**

**D. 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, 2005, the County remitted \$927,398 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 43557.

**E. 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.



**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 15 - GROUP INSURANCE POOLS**

**A. 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.

**B. 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 § 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.

**C. County Employee Benefits Consortium of Ohio**

The County participates in the County Employee Benefits Consortium of Ohio (CEBCO) which is a group purchasing consortium available to county governments in Ohio. CEBCO was established in February 2004 pursuant to Articles of Incorporation file under Chapter 1702 of the Ohio Revised Code – Non-Profit Corporations. CEBCO was formed by the County Commissioners Association (CCAO) to provide cost effective employee benefit programs for counties in Ohio. CEBCO provides the following insurance programs:

- Medical Insurance – Anthem Blue Cross and Blue Shield
- Dental Insurance – Delta Dental
- Prescription Drug – Advance PCS

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 15 - GROUP INSURANCE POOLS – (Continued)**

CEBCO is governed by a board comprised of representatives of counties that participate in the program. The board will consist of not less than nine (9) or more than fifteen (15) directors. Two-thirds of the directors shall be county commissioners of member counties and the remaining one-third shall be employees of the member counties. Each member of the consortium signs a Participation Agreement and is committed to the consortium for at least three years in order to ensure stability of the program.

**NOTE 16 - RELATED ORGANIZATIONS**

**A. 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.

**B. Williams Metropolitan Housing Authority**

The Williams Metropolitan Housing Authority (the Housing Authority) was created under the authority of § 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 1044 Chelsea, Napoleon, Ohio 43545.

**NOTE 17 - CONTINGENCIES**

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.

**NOTE 18 – COMPENSATED ABSENCES**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County.

Accumulated, unused sick leave is paid, up to a maximum of 120 days, depending on length of service of the employee who retires. As of December 31, 2005, the liability for compensated absences was \$1,015,827 for the entire County.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**NOTE 19 – CAPITAL ASSETS**

A summary of the capital assets at December 31, 2005, is as follows:

	Enterprise Funds	Governmental Funds	Total All Funds
Land	\$ 353,607	\$ 705,041	\$ 1,058,648
Land Improvements	336,938	2,998,986	3,335,924
Building and Improvements	8,924,951	9,862,910	18,787,861
Machinery, Furniture, and Equipment	862,042	4,232,573	5,094,615
Vehicles	166,505	3,933,911	4,100,416
Infrastructure	11,997,579		11,997,579
<b>Total</b>	<b>\$ 22,641,622</b>	<b>\$ 21,733,421</b>	<b>\$ 44,375,043</b>

Under the basis of accounting utilized by the County (See Note 2.A.), capital asset balances are not reported on the financial statements. Capital asset balances are presented above for informational purposes only.

**NOTE 20 – CONTRACTUAL COMMITMENTS**

As of December 31, 2005, the County had the following outstanding contractual purchase commitments for the Menards' Project:

Vendor	Contract Amount	Amount Paid	
		As of 12/31/2005	Outstanding Balance
Gateway Tank	\$709,800	\$0	\$709,800
Lingvai Excavating	866,490	\$263,419	603,071
<b>Total</b>	<b>\$1,576,290</b>	<b>\$263,419</b>	<b>\$1,312,871</b>

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005

<b>FEDERAL GRANTOR</b>		Federal	
<i>Pass Through Grantor</i>	Pass Through	CFDA	
Program Title	Entity Number	Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Local Agricultural Stabilization and Conservation Service</i>			
Crop Deficiency Program		10.073	\$ 13,924
Total U.S. Department of Agriculture			<u>13,924</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through Montgomery County WIA Area 7</i>			
<u>Workforce Investment Act Cluster</u>			
Workforce Investment Act - Adult		17.258	84,196
Workforce Investment Act - Adult - Administrative			<u>7,850</u>
Total			92,046
Workforce Investment Act - Youth		17.259	109,832
Workforce Investment Act - Youth - Administrative			<u>10,240</u>
Total			120,072
Workforce Investment Act - Dislocated Worker		17.260	26,662
Workforce Investment Act - Dislocated Worker - Administrative			2,486
Workforce Investment Act - Rapid Response		17.260	<u>72,852</u>
Total			<u>102,000</u>
Total U.S. Department of Labor - Workforce Investment Act Cluster			<u>314,118</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through the Area Office of Aging of Northwestern Ohio, Inc.</i>			
<u>Aging Cluster</u>			
Special Programs for the Aging-			
Title III Part B - Grants for Supportive Services and Senior Centers		93.044	39,846
Title III Part B - Health and Wellness Assessment		93.044	<u>32,158</u>
Total			72,004
Title III Part C - Nutrition Services		93.045	<u>248,845</u>
Total Aging Cluster			320,849
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Chaffee	86-6018-05	93.674	1,045
Chaffee	86-6018-04	93.674	<u>1,156</u>
			2,201
Basic Child Abuse and Neglect	86-6020-05	93.669	833
Basic Child Abuse and Neglect	86-6020-06	93.669	<u>683</u>
Total			1,516
Child Welfare Subsidy (Title IV-B)	86-6010-05	93.645	18,276
Child Welfare Subsidy (Title IV-B)	86-6010-06	93.645	9,138
ESSA Family Preservation	86-6035-05	93.645	1,432
ESSA Family Preservation	86-6035-06	93.645	1,841
ESSA Family Reunification	86-6036-05	93.645	1,285
ESSA Family Reunification	86-6036-06	93.645	<u>75</u>
Total			32,047

(Continued)

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Disbursements
Social Services Block Grant (Title XX)		93.667	37,225
<b><i>Passed Through the Ohio Department of Mental Retardation and Development Disabilities</i></b>			
Medical Assistance Program (Medicaid: Title XIX )		93.778	709,062
Medical Assistance Program (CAFS)		93.778	52,645
Medical Assistance Program (TCM)		93.778	129,339
			<u>891,046</u>
State Children's Insurance Program (SCHIP)		93.767	3,043
Total U.S. Department of Health and Human Services			<u>1,287,927</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> <b><i>Passed Through the Ohio Department of Development</i></b>			
Home Investment Partnerships Program (Chip)	B-C-03-079-2	14.239	306,431
Community Development Block Grant (Formula)	B-F-03-079-1	14.228	139,832
Community Development Block Grant (Formula)	B-F-04-079-1	14.228	74,690
Community Development Block Grant (Chip)	B-C-03-079-1	14.228	98,520
Community Development Block Grant (Economic Development)	B-E-03-079-2	14.228	158,929
Total			<u>471,971</u>
Total U.S. Department of Housing and Urban Development			<u>778,402</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b> <b><i>Passed Through the Ohio Department of Emergency Management Disaster Assistance</i></b>			
State Domestic Preparedness Equipment Support Program	2004-GE-T4-0025	97.004	22,162
Emergency Management Performance Grant	2005-EM-T5-0001	97.042	15,157
State Homeland Security Program (SHSP)	2005-GE-T5-0001	97.073	65,286
Hazard Mitigation Grant Program	FEMA-DR-1484.04P-OH	97.039	21,000
Total U.S. Department of Homeland Security			<u>123,605</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b> <b><i>Direct Assistance</i></b>			
Airport Improvement Program - Tree Removal	3-39-0100-0203	20.106	244
Airport Improvement Program - Land Acquisition	3-39-0100-0304	20.106	1,028
Airport Improvement Program - Lighting	3-39-0100-0405	20.106	223,427
Total			<u>224,699</u>

(Continued)

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

<b>FEDERAL GRANTOR</b>			Federal	
<i>Pass Through Grantor</i>		Pass Through	CFDA	
Program Title		Entity Number	Number	Disbursements
<b><i>Passed Through the Ohio Department of Transportation</i></b>				
Highway Planning and Construction		04N010	20.205	10,756
Highway Planning and Construction		04N018	20.205	268,853
Highway Planning and Construction		N/A	20.205	12,532
				<u>292,141</u>
Total U.S. Department of Transportation				<u><b>516,840</b></u>
<b>ELECTION ASSISTANCE COMMISSION</b>				
<b><i>Passed Through the Ohio Secretary of State Office</i></b>				
Help America Vote Act of 2002		05-SOS-HAVA-86	39.011	12,111
Total Election Assistance Commission				<u><b>12,111</b></u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<b><i>Passed Through the Ohio Attorney General</i></b>				
Victims of Crimes Act Grant		04-VAG-ENE-129T	16.575	43,340
Victims of Crimes Act Grant		05-VAG-ENE-129T	16.575	8,067
Total U.S. Department of Justice				<u><b>51,407</b></u>
<b>Total</b>				<u><b>\$ 3,098,334</b></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2005

**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 1, 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, 2005, the gross amount of loans outstanding under this program was \$977,387.

**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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**Auditor of State  
Betty Montgomery**

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

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

To the Board of Commissioners:

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williams County, Ohio (the County) as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 2, 2006, wherein, we noted the County uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the County's management dated October 2, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the County's management dated October 2, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 2, 2006



**Auditor of State  
Betty Montgomery**

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

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, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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, Williams County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2005. In a separate letter to the County's management dated October 2, 2006, we reported other matters related to federal noncompliance not requiring inclusion in this report.

### Internal Control Over Compliance

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

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

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



**Betty Montgomery**  
Auditor of State

October 2, 2006

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant – CFDA 14.228 Home Investment Partnership Program - CFDA 14.239 Workforce Investment Act Cluster – CFDA 17.258, 17.259, 17.260
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2005-001**

**Noncompliance Citation**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code §117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code §117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County prepares its financial statements in accordance with the modified cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

We recommend the County take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles

**Officials’ Response**

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**FINANCIAL CONDITION  
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Ohio Administrative Code § 117-2-03 (B) – Not reporting on GAAP	No	Not corrected. Reissued as finding 2005-001. The County believes reporting on a basis of accounting other than GAAP is more cost efficient.







**Auditor of State  
Betty Montgomery**

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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  
OCTOBER 19, 2006**