

Mary Taylor, CPA
Auditor of State

**FINANCIAL CONDITION
WILLIAMS COUNTY**

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Mary Taylor, CPA

Auditor of State

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, 2006, 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, 2006, 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 and the 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 August 2, 2007, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 2, 2007

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
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, 2006, 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 2006 are as follows:

- The total net cash assets of the County increased \$1,300,913. Net cash assets of governmental activities increased \$1,156,247, which represents a 12.71% increase over fiscal year 2005. Net cash assets of business-type activities increased \$144,666 or 9.93% from fiscal year 2005.
- General cash receipts accounted for \$13,551,224 or 38.91% of total governmental activities cash receipts. Program specific cash receipts accounted for \$21,276,967 or 61.09% of total governmental activities cash receipts.
- The County had \$33,617,348 in cash disbursements related to governmental activities; \$21,276,967 of these cash disbursements were offset by program specific charges for services; operating grants and contributions; or capital grants and contributions. General cash receipts (primarily real estate and sales taxes) of \$13,551,224 were adequate to provide for these programs.
- The County's major funds are the General, Auto and Gas, the Enrichment Center, Job and Family Services and the Department of Aging. The General fund, the County's largest major fund, had cash receipts and other financing sources of \$13,357,690 in 2006. The cash disbursements and other financing uses of the General fund, totaled \$13,240,817 in 2006. The General fund's cash balance increased \$116,873 from 2005 to 2006.
- The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,893,851 in 2006. The Auto and Gas fund had cash disbursements \$4,923,836 in 2006. The Auto and Gas fund cash balance decreased \$29,985 from 2005 to 2006.
- The Enrichment Center, a County major fund, had cash receipts of \$2,744,166 in 2006. The Enrichment Center had cash disbursements of \$2,579,729 in 2006. The Enrichment Center's fund cash balance increased \$164,437 from 2005 to 2006.
- The Job and Family Services fund, a County major fund, had cash receipts of \$2,618,835 in 2006. The Job and Family Services fund had cash disbursements of \$2,762,789 in 2006. The Job and Family Services fund cash balance decreased \$143,954 from 2005 to 2006.
- The Department of Aging, a County major fund, had cash receipts and other financing sources of \$1,414,760 in 2006. The Department of Aging had cash disbursements of \$1,224,453 in 2006. The Department of Aging fund cash balance increased \$190,307 from 2005 to 2006.
- Net cash assets for the Hillside Country Living Nursing Home Enterprise fund increased in 2006 by \$143,624 or 10.09%. The net cash assets for the Sewer enterprise fund increased in 2006 by \$1,042 or 3.18%.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 2006?" 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
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
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(Continued)**

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, 2006
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(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 2006 compared to the prior year.

	Net Cash Assets					
	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>	Business-type Activities <u>2006</u>	Business-type Activities <u>2005</u>	Total <u>2006</u>	Total <u>2005</u>
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 10,255,260	\$ 9,099,013	\$ 1,600,798	\$ 1,456,132	\$ 11,856,058	\$ 10,555,145
Total Assets	<u>10,255,260</u>	<u>9,099,013</u>	<u>1,600,798</u>	<u>1,456,132</u>	<u>11,856,058</u>	<u>10,555,145</u>
<u>Net Assets</u>						
Restricted	7,508,857	6,467,804			7,508,857	6,467,804
Unrestricted	<u>2,746,403</u>	<u>2,631,209</u>	<u>1,600,798</u>	<u>1,456,132</u>	<u>4,347,201</u>	<u>4,087,341</u>
Total Net Assets	<u>\$ 10,255,260</u>	<u>\$ 9,099,013</u>	<u>\$ 1,600,798</u>	<u>\$ 1,456,132</u>	<u>\$ 11,856,058</u>	<u>\$ 10,555,145</u>

The total net cash assets of the County increased \$1,300,913. Net cash assets of governmental activities increased \$1,156,247 which represents a 12.71% increase over fiscal year 2005. Net cash assets of business-type activities increased \$144,666 or 9.93% from fiscal year 2005.

A portion of the County's net cash assets, \$7,508,857, 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 \$2,746,403 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 2006 and 2005.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

Change in Net Cash Assets

	Governmental Activities 2006	Governmental Activities 2005	Business-Type Activities 2006	Business-type Activities 2005	Total 2006	Total 2005
Cash Receipts:						
Program Cash Receipts:						
Charges for Services and Sales	\$ 8,728,898	\$ 8,286,751	\$ 5,526,360	\$ 5,561,691	\$ 14,255,258	\$ 13,848,442
Operating Grants and Contributions	10,569,156	10,378,170	13,741		10,582,897	10,378,170
Capital Grants and Contributions	1,978,913	1,207,950			1,978,913	1,207,950
Total Program Cash Receipts	21,276,967	19,872,871	5,540,101	5,561,691	26,817,068	25,434,562
General Cash Receipts:						
Property Taxes	4,027,523	3,926,340			4,027,523	3,926,340
Sales Tax	4,724,412	4,631,847			4,724,412	4,631,847
Unrestricted Grants	1,163,500	1,452,524			1,163,500	1,452,524
Proceeds from Sale of Notes	1,490,000	1,124,000	169,000	274,000	1,659,000	1,398,000
Loan Proceeds	26,782				26,782	
Investment Earnings	698,562	423,489			698,562	423,489
Sale of Capital Assets	33,146	21,662			33,146	21,662
Miscellaneous	1,387,299	993,692	37,539	48,649	1,424,838	1,042,341
Total General Cash Receipts	13,551,224	12,573,554	206,539	322,649	13,757,763	12,896,203
Total Cash Receipts	34,828,191	32,446,425	5,746,640	5,884,340	40,574,831	38,330,765
Cash Disbursements:						
General Government	4,322,350	4,439,672			4,322,350	4,439,672
Public Safety	3,674,377	3,446,737			3,674,377	3,446,737
Public Works	5,999,764	5,247,434			5,999,764	5,247,434
Health	1,090,567	1,139,043			1,090,567	1,139,043
Human Services	9,063,207	8,646,047			9,063,207	8,646,047
Conservation and Recreation	148,584	138,339			148,584	138,339
Economic Development and Assistance	1,225,892	1,139,991			1,225,892	1,139,991
Hospitalization	2,935,123	2,892,646			2,935,123	2,892,646
Miscellaneous	478,415	497,859			478,415	497,859
Capital Outlay	2,344,532	1,978,922			2,344,532	1,978,922
Debt Service:						
Principal Retirement	1,903,377	1,119,093			1,903,377	1,119,093
Interest and Fiscal Charges	431,160	359,709			431,160	359,709
Hillside			5,280,377	5,330,255	5,280,377	5,330,255
Sewer			376,193	390,455	376,193	390,455
Total Cash Disbursements	33,617,348	31,045,492	5,656,570	5,720,710	39,273,918	36,766,202
Transfers	(54,596)	(36,977)	54,596	36,977		
Change in Net Cash Assets	1,156,247	1,363,956	144,666	200,607	1,300,913	1,564,563
Net Cash Assets at Beginning of Year	9,099,013	7,735,057	1,456,132	1,255,525	10,555,145	8,990,582
Net Cash Assets at End of Year	\$ 10,255,260	\$ 9,099,013	\$ 1,600,798	\$ 1,456,132	\$ 11,856,058	\$ 10,555,145

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

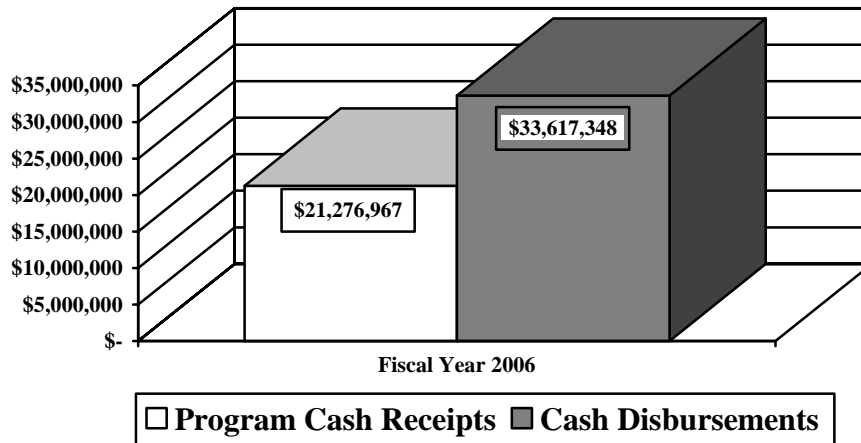
Governmental Activities

Governmental cash assets increased by \$1,156,247 in 2006 from 2005. This increase is primarily attributed to significant increases in charges for services; capital grants and contributions; note proceeds; investment earnings; and miscellaneous revenues. Although disbursements increased in 2006 from 2005, the increase was not greater than the increase in revenues.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2006, general government cash disbursements totaled \$4,322,350, or 12.84% of total governmental cash disbursements. General government programs were supported by \$3,035,909 in direct charges to users and operating grants and contributions.

The County program, Human Services, accounted for \$9,063,207 or 26.93% 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 2006. It identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

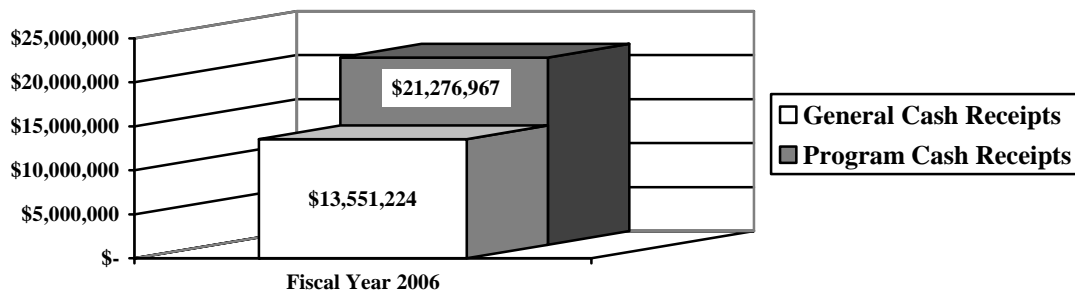
**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)**

	Total Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2006</u>	Net Cost of Services <u>2005</u>
Cash Disbursements:				
General Government	\$ 4,322,350	\$ 4,439,672	\$ 1,286,441	\$ 1,473,020
Public Safety	3,674,377	3,446,737	3,356,381	3,144,339
Public Works	5,999,764	5,247,434	230,769	146,949
Health	1,090,567	1,139,043	(18,463)	103,879
Human Services	9,063,207	8,646,047	2,901,515	2,545,535
Conservation and Recreation	148,584	138,339	148,584	138,339
Economic Development and Assistance	1,225,892	1,139,991	854,751	503,635
Hospitalization	2,935,123	2,892,646	934,141	928,843
Other	478,415	497,859	317,359	315,694
Capital Outlay	2,344,532	1,978,922	354,872	760,021
Debt Service:				
Principal Retirement	1,903,377	1,119,093	1,674,615	907,245
Interest and Fiscal Charges	431,160	359,709	299,416	205,122
Total	<u>\$ 33,617,348</u>	<u>\$ 31,045,492</u>	<u>\$ 12,340,381</u>	<u>\$ 11,172,621</u>

The dependence upon general cash receipts for governmental activities is apparent; with 36.71% of cash disbursements supported through taxes and other general cash receipts during 2006.

Governmental Activities - General and Program Cash Receipts



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 \$1,600,798 an increase of \$144,666 in comparison with the prior audit year.

**FINANCIAL CONDITION
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
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(Continued)**

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 \$10,255,260, which is \$1,156,247 above last year's total of \$9,099,013. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2006 and December 31, 2005, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2006</u>	<u>Fund Cash Balance</u> <u>December 31, 2005</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,761,190	\$ 2,644,317	\$ 116,873
Auto and Gas	617,789	647,774	(29,985)
Enrichment Center	1,513,523	1,349,086	164,437
Job and Family Services	62,929	206,883	(143,954)
Department of Aging	458,336	268,029	190,307
Other Nonmajor Governmental Funds	<u>4,841,493</u>	<u>3,982,924</u>	<u>858,569</u>
Total	<u>\$ 10,255,260</u>	<u>\$ 9,099,013</u>	<u>\$ 1,156,247</u>

General Fund

The General fund, the County's largest major fund, had cash receipts and other financing sources of \$13,357,690 in 2006. The cash disbursements and other financing uses of the General fund, totaled \$13,240,817 in 2006. The General fund's cash balance increased \$116,873 from 2005 to 2006.

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

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Property and Sales Tax	\$ 6,444,651	\$ 6,359,456	1.34 %
Charges for services	3,810,387	3,764,370	1.22 %
Licenses and Permits	10,195	9,070	12.40 %
Fines and Forfeitures	171,774	176,461	(2.66) %
Intergovernmental	1,246,219	1,284,942	(3.01) %
Special Assessments	93,884	45,431	106.65 %
Investment Income	687,402	415,414	65.47 %
Rental Income	106,970	95,045	12.55 %
Other	<u>172,487</u>	<u>142,743</u>	20.84 %
Total	<u>\$ 12,743,969</u>	<u>\$ 12,292,932</u>	3.67 %

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
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Special Assessments increased primarily due to an increase in the number of ditch maintenance project revenue that was received in 2006. Investment income cash receipts increased due to higher interest earning investments. All other revenue remained comparable to 2005.

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

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General Government			
Legislative and Executive	\$ 2,240,409	\$ 2,158,300	3.80 %
Judicial	1,103,180	1,066,549	3.43 %
Public Safety	3,540,546	3,331,433	6.28 %
Public Works	315,048	188,263	67.34 %
Health	36,742	28,873	27.25 %
Human Services	540,978	361,031	49.84 %
Conservation and Recreation	148,584	138,339	7.41 %
Economic Development	87,674	85,240	2.86 %
Hospitalization	2,935,123	2,892,646	1.47 %
Other	478,415	496,193	(3.58) %
Capital Outlay	192,835		100.00 %
Debt Service	20,419	20,662	(1.18) %
Total	<u>\$ 11,639,953</u>	<u>\$ 10,767,529</u>	8.10 %

Public works cash disbursements increased due to additional expenses for contract projects for ditch repairs. Health cash disbursements increased due to the increase of Bureau of Children With Medical Handicaps (BCMh) prescription claims. Human Services cash disbursements increased due to additional funding provided for children's services. Capital outlay cash disbursements increased due to expenditures related to the purchase of scanning/imaging equipment and voting machines. All other cash disbursements remained comparable to 2005.

Auto and Gas Fund

The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,893,851 in 2006. The Auto and Gas fund had cash disbursements of \$4,923,836 in 2006. The Auto and Gas fund cash balance decreased \$29,985 from 2005 to 2006.

Enrichment Center

The Enrichment Center, a County major fund, had cash receipts of \$2,744,166 in 2006. The Enrichment Center had cash disbursements of \$2,579,729 in 2006. The Enrichment Center's fund cash balance increased \$164,437 from 2005 to 2006.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

Job and Family Services Fund

The Job and Family Services fund, a County major fund, had cash receipts of \$2,618,835 in 2006. The Job and Family Services fund had cash disbursements of \$2,762,789 in 2006. The Job and Family Services fund cash balance decreased \$143,954 from 2005 to 2006.

Department of Aging Fund

The Department of Aging, a County major fund, had cash receipts and other financing sources of \$1,414,760 in 2006. The Department of Aging had cash disbursements of \$1,224,453 in 2006. The Department of Aging fund cash balance increased \$190,307 from 2005 to 2006.

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 \$5,369,405, cash disbursements of \$5,280,377 and transfers in of \$54,596 for fiscal year 2006. The net cash assets of the programs increased \$143,624 from 2005. During 2006, the Hillside Country Living Nursing Home fund received proceeds of \$169,000 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.

For the general fund, final budget basis receipts were \$879,067 above original budget estimates of \$11,668,081. Actual cash receipts of \$12,750,210 exceeded final budget estimates by \$203,062. This was primarily attributed to increases in receipts of sales tax, charges for services, special assessments, and interest income. The final budgetary basis disbursements and other financing uses of \$13,251,296 were \$1,446,918 above original budget estimates. This was primarily attributed to expenditures related to the courthouse renovation project, sewer project debt service payments and other capital projects. The actual budgetary basis disbursements and other financing uses of \$12,836,494 were \$414,802 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 \$2,344,532 during fiscal year 2006.

Debt Administration

The County had the following short-term and long-term obligations outstanding at December 31, 2006 and 2005:

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
Short-Term		
Bond anticipation notes	\$ 1,490,000	\$ 1,124,000
Long-Term		
USDA Revenue Bonds	271,465	275,268
Special Assessment Bonds	789,154	800,213
Court of Appeals Loan	244,378	254,624
OWDA Loans	4,483,319	5,270,096
Equipment Loans / Leases	<u>1,341,288</u>	<u>400,206</u>
Total Long Term	<u>7,129,604</u>	<u>7,000,407</u>
Total Outstanding Obligations	<u>\$ 8,619,604</u>	<u>\$ 8,124,407</u>
	Business-Type Activities <u>2006</u>	Business-Type Activities <u>2005</u>
Short-Term		
Bond Anticipation Notes	<u>\$169,000</u>	<u>\$274,000</u>
Long-Term		
Equipment Loans / Leases	12,766	
USDA Revenue Bonds	<u>5,230,000</u>	<u>5,351,000</u>
Total Long Term	<u>5,242,766</u>	<u>5,351,000</u>
Total Outstanding Obligations	<u>\$ 5,411,766</u>	<u>\$ 5,625,000</u>

Economic Factors and Next Year's Budgets and Rates

The following economic factors were taken into consideration in preparing the budget for fiscal year 2007:

The County's unemployment rate as of December 2006 is 6.4%, compared to the 5.4% state average and the 4.3% 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 2006. Sales and property tax revenues are expected to remain consistent as well as expenditures.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

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 \$12,547,148. 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, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 10,255,260	\$ 1,600,798	\$ 11,856,058
<i>Total Assets</i>	10,255,260	1,600,798	11,856,058
Net Assets			
Restricted for:			
Debt Service	617,792		617,792
Capital Projects	603,972		603,972
Other Purposes	6,287,093		6,287,093
Unrestricted	2,746,403	1,600,798	4,347,201
<i>Total Net Assets</i>	\$ 10,255,260	\$ 1,600,798	\$ 11,856,058

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION
WILLIAMS COUNTY**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government:				
Legislative and Executive	\$ 2,829,196	\$ 1,996,541	\$ 25,878	
Judicial	1,493,154	591,104	422,386	
Public Safety	3,674,377	105,103	212,893	
Public Works	5,999,764	1,588,638	4,180,357	
Health	1,090,567	1,106,530	2,500	
Human Services	9,063,207	790,608	5,371,084	
Conservation and Recreation	148,584			
Economic Development and Assistance	1,225,892	17,083	354,058	
Hospitalization	2,935,123	2,000,982		
Other	478,415	161,056		
Capital Outlay	2,344,532	10,747		\$ 1,978,913
Debt Service:				
Principal Retirement	1,903,377	228,762		
Interest and Fiscal Charges	431,160	131,744		
<i>Total Governmental Activities</i>	33,617,348	8,728,898	10,569,156	1,978,913
Business-Type Activities:				
Hillside	5,280,377	5,149,149	13,741	
Sewer	376,193	377,211		
<i>Total Business-Type Activities</i>	5,656,570	5,526,360	13,741	
Totals	\$ 39,273,918	\$ 14,255,258	\$ 10,582,897	\$ 1,978,913

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
Loan Proceeds
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 STATEMENTS

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

<u>Governmental Activities</u>	<u>Business- Activities</u>	<u>Total</u>
\$ (806,777)		\$ (806,777)
(479,664)		(479,664)
(3,356,381)		(3,356,381)
(230,769)		(230,769)
18,463		18,463
(2,901,515)		(2,901,515)
(148,584)		(148,584)
(854,751)		(854,751)
(934,141)		(934,141)
(317,359)		(317,359)
(354,872)		(354,872)
(1,674,615)		(1,674,615)
(299,416)		(299,416)
<u>(12,340,381)</u>		<u>(12,340,381)</u>
	\$ (117,487)	(117,487)
	1,018	1,018
	<u>(116,469)</u>	<u>(116,469)</u>
<u>(12,340,381)</u>	<u>(116,469)</u>	<u>(12,456,850)</u>
1,720,239		1,720,239
1,511,822		1,511,822
795,462		795,462
4,724,412		4,724,412
1,163,500		1,163,500
1,490,000	169,000	1,659,000
26,782		26,782
698,562		698,562
33,146		33,146
<u>1,387,299</u>	<u>37,539</u>	<u>1,424,838</u>
13,551,224	206,539	13,757,763
<u>(54,596)</u>	<u>54,596</u>	
<u>13,496,628</u>	<u>261,135</u>	<u>13,757,763</u>
1,156,247	144,666	1,300,913
<u>9,099,013</u>	<u>1,456,132</u>	<u>10,555,145</u>
<u>\$ 10,255,260</u>	<u>\$ 1,600,798</u>	<u>\$ 11,856,058</u>

**FINANCIAL CONDITION
WILLIAMS COUNTY**

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	General	Auto and Gas	Enrichment Center
Cash Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,761,190	\$ 617,789	\$ 1,513,523
<i>Total Assets</i>	<u>\$ 2,761,190</u>	<u>\$ 617,789</u>	<u>\$ 1,513,523</u>
 Fund Cash Balances			
Reserved for Encumbrances	\$ 103,647	\$ 9,926	\$ 280,683
Reserved for Unclaimed Monies	14,787		
Unreserved, Undesignated Reported In:			
General Fund	2,642,756		
Special Revenue Funds		607,863	1,232,840
Debt Service Funds			
Capital Projects Funds			
<i>Total Fund Cash Balances</i>	<u>\$ 2,761,190</u>	<u>\$ 617,789</u>	<u>\$ 1,513,523</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Job and Family Services	Department of Aging	Other Governmental Funds	Total Governmental Funds
\$ 62,929	\$ 458,336	\$ 4,841,493	\$ 10,255,260
<u>\$ 62,929</u>	<u>\$ 458,336</u>	<u>\$ 4,841,493</u>	<u>\$ 10,255,260</u>
\$ 146,331	\$ 30,674	\$ 178,850	\$ 750,111
			14,787
			2,642,756
(83,402)	427,662	3,468,304	5,653,267
		617,792	617,792
		576,547	576,547
<u>\$ 62,929</u>	<u>\$ 458,336</u>	<u>\$ 4,841,493</u>	<u>\$ 10,255,260</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, 2006

	<u>General</u>	<u>Auto and Gas</u>	<u>Enrichment Center</u>
Cash Receipts			
Property Taxes	\$ 1,720,239		\$ 1,511,822
Sales Taxes	4,724,412		
Charges for Services	3,810,387	\$ 616,639	151,773
Licenses and Permits	10,195		
Fines and Forfeitures	171,774	2,575	
Intergovernmental	1,246,219	4,180,357	1,079,637
Special Assessments	93,884	2,186	
Investment Income	687,402		
Rental Income	106,970		
Loan Repayments			
Other	172,487	49,407	934
<i>Total Cash Receipts</i>	<u>12,743,969</u>	<u>4,851,164</u>	<u>2,744,166</u>
Cash Disbursements			
Current:			
General Government:			
Legislative and Executive	2,240,409		
Judicial	1,103,180		
Public Safety	3,540,546		
Public Works	315,048	4,923,836	
Health	36,742		
Human Services	540,978		2,579,729
Conservation and Recreation	148,584		
Economic Development and Assistance	87,674		
Hospitalization	2,935,123		
Other	478,415		
Capital Outlay	192,835		
Debt Service:			
Principal Retirement	10,246		
Interest and Fiscal Charges	10,173		
<i>Total Cash Disbursements</i>	<u>11,639,953</u>	<u>4,923,836</u>	<u>2,579,729</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>1,104,016</u>	<u>(72,672)</u>	<u>164,437</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Notes			
Loan Proceeds			
Proceeds from Sales of Capital Assets	6,241	22,190	
Advances In	607,480		
Advances Out	(507,970)		
Transfers In		20,497	
Transfers Out	(1,092,894)		
<i>Total Other Financing Sources (Uses)</i>	<u>(987,143)</u>	<u>42,687</u>	
<i>Net Change in Fund Cash Balances</i>	116,873	(29,985)	164,437
Fund Balance at Beginning of Year	2,644,317	647,774	1,349,086
<i>Fund Balance at End of Year</i>	<u>\$ 2,761,190</u>	<u>\$ 617,789</u>	<u>\$ 1,513,523</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>
	\$ 795,462		\$ 4,027,523
\$ 250,079		\$ 2,331,951	4,724,412
		3,393	7,160,829
		77,417	13,588
2,302,413	569,005	4,333,938	251,766
		1,067,669	13,711,569
		11,160	1,163,739
		32,006	698,562
		304,373	138,976
66,343	49,778	743,977	304,373
2,618,835	1,414,245	8,905,884	1,082,926
		588,787	2,829,196
		389,974	1,493,154
		133,831	3,674,377
		760,880	5,999,764
2,762,789	1,224,453	1,053,825	1,090,567
		1,955,258	9,063,207
			148,584
		1,138,218	1,225,892
			2,935,123
			478,415
		2,151,697	2,344,532
		1,893,131	1,903,377
		420,987	431,160
2,762,789	1,224,453	10,486,588	33,617,348
(143,954)	189,792	(1,580,704)	(339,085)
		1,490,000	1,490,000
		26,782	26,782
	515	4,200	33,146
		507,970	1,115,450
		(607,480)	(1,115,450)
		1,017,801	1,038,298
			(1,092,894)
	515	2,439,273	1,495,332
(143,954)	190,307	858,569	1,156,247
206,883	268,029	3,982,924	9,099,013
\$ 62,929	\$ 458,336	\$ 4,841,493	\$ 10,255,260

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Basis Receipts				
Property Taxes	\$ 1,653,000	\$ 1,725,000	\$ 1,720,239	\$ (4,761)
Sales Taxes	4,400,000	4,650,000	4,724,412	74,412
Charges for Services	3,550,986	3,754,796	3,810,387	55,591
Licenses and Permits	8,000	9,400	10,195	795
Fines and Forfeitures	163,542	171,542	171,774	232
Intergovernmental	1,231,272	1,288,066	1,246,219	(41,847)
Special Assessments	70,975	70,975	93,884	22,909
Investment Income	401,900	602,700	687,402	84,702
Rental Income	81,742	103,742	106,970	3,228
Other	106,664	170,927	172,487	1,560
<i>Total Budgetary Basis Receipts</i>	<u>11,668,081</u>	<u>12,547,148</u>	<u>12,743,969</u>	<u>196,821</u>
Budgetary Basis Disbursements				
Current:				
General Government:				
Legislative and Executive	2,301,488	2,329,334	2,280,381	48,953
Judicial	1,192,452	1,211,341	1,127,452	83,889
Public Safety	3,438,740	3,617,650	3,544,962	72,688
Public Works	325,920	338,484	331,995	6,489
Health	80,195	81,195	46,742	34,453
Human Services	451,418	568,063	549,018	19,045
Conservation and Recreation	144,599	149,599	148,584	1,015
Economic Development and Assistance	100,535	103,630	87,674	15,956
Hospitalization	3,000,000	3,000,000	2,935,123	64,877
Other	575,912	507,991	478,415	29,576
Capital Outlay	172,700	194,799	192,835	1,964
Debt Service:				
Principal Retirement	10,246	10,246	10,246	
Interest and Fiscal Charges	10,173	10,174	10,173	1
<i>Total Budgetary Basis Disbursements</i>	<u>11,804,378</u>	<u>12,122,506</u>	<u>11,743,600</u>	<u>378,906</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(136,297)</u>	<u>424,642</u>	<u>1,000,369</u>	<u>575,727</u>
Other Financing Sources (Uses):				
Proceeds From Sale of Capital Assets			6,241	6,241
Advances In			607,480	607,480
Advances Out			(507,970)	(507,970)
Transfers Out		(1,128,790)	(1,092,894)	35,896
<i>Total Other Financing Sources (Uses)</i>		<u>(1,128,790)</u>	<u>(987,143)</u>	<u>141,647</u>
<i>Net Change in Fund Cash Balance</i>	(136,297)	(704,148)	13,226	717,374
Fund Cash Balance at Beginning of Year	2,441,379	2,441,379	2,441,379	
Prior Year Encumbrances Appropriated	202,938	202,938	202,938	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 2,508,020</u>	<u>\$ 1,940,169</u>	<u>\$ 2,657,543</u>	<u>\$ 717,374</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts				
Charges for Services	\$ 710,285	\$ 710,285	\$ 616,639	\$ (93,646)
Fines and Forfeitures	2,499	2,499	2,575	76
Intergovernmental	3,800,618	3,800,618	4,180,357	379,739
Special Assessments	2,300	2,300	2,186	(114)
Other	58,274	58,274	49,407	(8,867)
<i>Total Budgetary Basis Receipts</i>	<u>4,573,976</u>	<u>4,573,976</u>	<u>4,851,164</u>	<u>277,188</u>
Budgetary Basis Disbursements				
Current:				
Public Works	4,729,420	5,190,628	4,933,762	256,866
<i>Total Budgetary Basis Disbursements</i>	<u>4,729,420</u>	<u>5,190,628</u>	<u>4,933,762</u>	<u>256,866</u>
<i>Deficiency of Budgetary Basis Receipts Under Budgetary Basis Disbursements</i>	<u>(155,444)</u>	<u>(616,652)</u>	<u>(82,598)</u>	<u>534,054</u>
Other Financing Sources				
Proceeds From Sale of Capital Assets			22,190	22,190
Transfers In			20,497	20,497
<i>Total Other Financing Sources</i>			<u>42,687</u>	<u>42,687</u>
<i>Net Change in Fund Cash Balance</i>	(155,444)	(616,652)	(39,911)	576,741
Fund Cash Balance at Beginning of Year	569,738	569,738	569,738	
<i>Prior Year Encumbrances Appropriated</i>	78,036	78,036	78,036	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 492,330</u>	<u>\$ 31,122</u>	<u>\$ 607,863</u>	<u>\$ 576,741</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Basis Receipts				
Property and Other Taxes	\$ 1,478,600	\$ 1,478,600	\$ 1,511,822	\$ 33,222
Charges for Services	151,191	151,191	151,773	582
Intergovernmental	700,685	700,685	1,079,637	378,952
Other			934	934
<i>Total Budgetary Basis Receipts</i>	2,330,476	2,330,476	2,744,166	413,690
Budgetary Basis Disbursements				
Current:				
Human Services	3,071,379	3,130,379	2,860,412	269,967
<i>Total Budgetary Basis Disbursements</i>	3,071,379	3,130,379	2,860,412	269,967
<i>Net Change in Fund Cash Balance</i>	(740,903)	(799,903)	(116,246)	683,657
Fund Cash Balance at Beginning of Year	1,063,773	1,063,773	1,063,773	
<i>Prior Year Encumbrances Appropriated</i>	285,313	285,313	285,313	
<i>Fund Cash Balance at End of Year</i>	\$ 608,183	\$ 549,183	\$ 1,232,840	\$ 683,657

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts				
Charges for Services	\$ 288,314	\$ 288,314	\$ 250,079	\$ (38,235)
Intergovernmental	3,061,965	3,061,965	2,302,413	(759,552)
Other	117,019	117,019	66,343	(50,676)
<i>Total Budgetary Basis Receipts</i>	<u>3,467,298</u>	<u>3,467,298</u>	<u>2,618,835</u>	<u>(848,463)</u>
Budgetary Basis Disbursements				
Current:				
Human Services	3,322,773	2,937,782	2,909,120	28,662
<i>Total Budgetary Basis Disbursements</i>	<u>3,322,773</u>	<u>2,937,782</u>	<u>2,909,120</u>	<u>28,662</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>144,525</u>	<u>529,516</u>	<u>(290,285)</u>	<u>(819,801)</u>
<i>Net Change in Fund Cash Balance</i>	144,525	529,516	(290,285)	(819,801)
Fund Cash Balance at Beginning of Year	68,356	68,356	68,356	
<i>Prior Year Encumbrances Appropriated</i>	<u>138,527</u>	<u>138,527</u>	<u>138,527</u>	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 351,408</u>	<u>\$ 736,399</u>	<u>\$ (83,402)</u>	<u>\$ (819,801)</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Budgetary Basis Receipts				
Property and Other Taxes	\$ 750,446	\$ 750,446	\$ 795,462	\$ 45,016
Intergovernmental	547,004	547,004	569,005	22,001
Other	72,300	72,300	49,778	(22,522)
<i>Total Budgetary Basis Receipts</i>	<u>1,369,750</u>	<u>1,369,750</u>	<u>1,414,245</u>	<u>44,495</u>
Budgetary Basis Disbursements				
Current:				
Human Services	1,326,420	1,326,420	1,255,127	71,293
<i>Total Budgetary Basis Disbursements</i>	<u>1,326,420</u>	<u>1,326,420</u>	<u>1,255,127</u>	<u>71,293</u>
<i>Excess of Budgetary Basis Receipts Over Budgetary Basis Disbursements</i>	<u>43,330</u>	<u>43,330</u>	<u>159,118</u>	<u>115,788</u>
Other Financing Sources:				
Proceeds From Sale of Capital Assets			515	515
Net Change in Fund Cash Balance	43,330	43,330	159,633	116,303
<i>Fund Cash Balance at Beginning of Year</i>	246,337	246,337	246,337	
Prior Year Encumbrances Appropriated	21,692	21,692	21,692	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 311,359</u>	<u>\$ 311,359</u>	<u>\$ 427,662</u>	<u>\$ 116,303</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION
WILLIAMS COUNTY**

STATEMENT OF FUND NET ASSETS
MODIFIED CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31,2006

	Business-type Activities - Enterprise Funds		
	Hillside	Sewer	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,567,006	\$ 33,792	\$ 1,600,798
<i>Total Assets</i>	1,567,006	33,792	1,600,798
Net Assets			
Unrestricted	1,567,006	33,792	1,600,798
<i>Total Net Assets</i>	\$ 1,567,006	\$ 33,792	\$ 1,600,798

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, 2006

	Business-Type Activities - Enterprise Funds		
	Hillside	Sewer	Total
Operating Cash Receipts			
Charges for Services	\$ 5,149,149	\$ 377,211	\$ 5,526,360
Other Operating Cash Receipts	15,056	24	15,080
<i>Total Operating Cash Receipts</i>	<u>5,164,205</u>	<u>377,235</u>	<u>5,541,440</u>
Operating Cash Disbursements			
Personal Services	3,423,466	170,177	3,593,643
Contractual Services	595,142	170,418	765,560
Materials and Supplies	399,546	19,924	419,470
Capital Outlay	100,780	4,640	105,420
Other	88,648	4,013	92,661
Total Operating Cash Disbursements	<u>4,607,582</u>	<u>369,172</u>	<u>4,976,754</u>
<i>Operating Income</i>	<u>556,623</u>	<u>8,063</u>	<u>564,686</u>
Nonoperating Cash Receipts (Disbursements)			
Debt Service:			
Principal Retirement	(395,000)	(7,021)	(402,021)
Interest and Fiscal Charges	(277,795)		(277,795)
Proceeds of Notes	169,000		169,000
Intergovernmental Revenue	13,741		13,741
Other Nonoperating Revenue	22,459		22,459
<i>Total Nonoperating Cash Receipts (Disbursements)</i>	<u>(467,595)</u>	<u>(7,021)</u>	<u>(474,616)</u>
Gain Before Transfers	89,028	1,042	90,070
Transfers In	54,596		54,596
<i>Changes in Net Assets</i>	143,624	1,042	144,666
Net Assets at Beginning of Year	<u>1,423,382</u>	<u>32,750</u>	<u>1,456,132</u>
<i>Net Assets at End of Year</i>	<u>\$ 1,567,006</u>	<u>\$ 33,792</u>	<u>\$ 1,600,798</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, 2006

	<u>Agency</u>
Cash Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,634,919
Equity in Cash and Cash Equivalents in Segregated Accounts	<u>210,160</u>
<i>Total Assets</i>	<u>\$ 3,845,079</u>
Net Cash Assets	
Unrestricted	<u>\$ 3,845,079</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006**

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, and 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, 2006
(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, 2006
(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, 2006
(Continued)**

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

C. Basis of Presentation and Measurement Focus

For fiscal year 2006, 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.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

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

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

Estimated Resources

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected resources of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2006.

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.)

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

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

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.

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 2006, the County had no investments. Interest earnings are allocated as authorized by State statute.

Interest receipts credited to the General fund during 2006 were \$687,402, which includes \$489,588 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 19 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 18.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

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

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.

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.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

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 \$103,647 for the General fund, \$9,926 for the Auto and Gas fund, \$280,683 for the Enrichment Center, \$146,331 for the Job and Family Services fund, and \$30,674 for the Department of Aging fund.

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two 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.

Monies held by the County which are not considered active are classified as inactive. Beginning June 15, 2004, inactive monies could be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

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, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and bankers' acceptances; and

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the County had \$123,617 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, \$12,529,143 of the County's bank balance of \$16,130,799 was exposed to custodial credit risk because those deposits were 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.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 5 – INTERFUND TRANSFERS

Interfund cash transfers for the year ended December 31, 2006 were as follows:

	Transfers In	Transfers Out
Governmental Activities:		
General		\$ 1,092,894
Auto and Gas	\$ 20,497	
Other Governmental Funds:		
EMS Medics	25	
Oak Meadows Debt Service (Collection)	206,914	
Bona Vesta Debt Service	35,290	
Oak Meadows Debt Service (Lagoon)	109,123	
Courthouse Renovation Debt Service	411,449	
Capital Projects Construction	255,000	
Total Other Governmental Funds:	1,017,801	
Enterprise Fund:		
Hillside	54,596	
	\$ 1,092,894	\$ 1,092,894

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 2006. 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 2006, 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 18.75 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 18.75 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 2006, the annual payment was due April 30, if paid semiannually, the first payment was due April 30, with the remainder payable October 10.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 6 - PROPERTY TAXES – (Continued)

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, 2006, was \$8.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$ 568,928,850
Public Utility	25,861,820
Tangible Personal Property	<u>92,162,610</u>
 Total Assessed Value	 <u><u>\$ 686,953,280</u></u>

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 2006 amounted to \$4,724,412.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

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 2006, 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>	
Building and Contents	Replacement Cost
Valuable Papers	\$1,000,000
Extra Expense	\$1,000,000
Electronic Data Processing	Replacement Cost
Contractors Equipment	Actual Cash Value
Inland Marine	Actual Cash Value
Motortruck Cargo	\$100,000
Flood and Earthquake	Replacement Cost
Auto Physical Damage	Actual Cash Value
Automatic Acquisition	\$5,000,000
<u>Liability</u>	
Automobile Liability	\$1,000,000 Per Loss
Uninsured/Underinsured Motorists	\$250,000 Each Occurrence
General Liability	\$1,000,000 Per Loss
Stop Gap Liability	\$1,000,000 Each Occurrence
Law Enforcement Liability	\$1,000,000 Per Loss
Errors and Omissions Liability	\$1,000,000 Per Loss
<u>Crime</u>	
Employee Dishonesty/Faithful Performance	\$1,000,000 Per Loss
Money and Securities (inside)	\$1,000,000 Per Loss
Money and Securities (outside)	\$1,000,000 Per Loss
Depositor's Forgery	\$1,000,000 Per Loss
Money Orders and Counterfeit Currency	\$1,000,000 Per Loss

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 15). 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.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 8 - RISK MANAGEMENT – (Continued)

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>2006</u>	<u>2005</u>
Cash and Investments	\$ 55,634,376	\$ 60,912,380
Actuarial liabilities	\$ 29,168,757	\$ 21,262,870

B. Workers Compensation Group Rating Program

For 2006, the County participated in the County Commissioners' Association Organization Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool (Note 15).

The program is intended to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Program.

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

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

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

C. 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 2006, the County remitted \$2,919,037 to CEBCO.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

The County participates in the Ohio Public Employees Retirement System (OPERS). 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 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the 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 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. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, 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. The 2006 member contribution rates were 9% for members in state, local, and public safety classifications. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs, and township police, contributed at a rate of 10.1%. The 2006 employer contribution rate for state employers was 13.54% of covered payroll. For local government employer units, the rate was 13.70% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2006 was 16.93%.

Contributions are authorized by state statute. The contribution rates are determined actuarially. The County's actual contributions for 2006, 2005, and 2004 which were used to fund pension obligations were \$1,140,948, \$1,144,246, and \$1,116,739. The County has paid all contributions required through December 31, 2006.

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 toll free (888) 227-7877. It is also posted on STRS' website, www.strsoh.org.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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 June 30, 2006, 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 2006, 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 2006, 2005, and 2004, which were used to fund pension obligations were \$13,323, \$16,421, and \$16,337. The County has paid all contributions required through December 31, 2006.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

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, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Post Employment Benefit (OPEB) as described in GASB Statement 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. The Ohio Revised Code provides statutory authority for employer contributions. In 2006, state employers contributed at a rate of 13.54% of covered payroll, local government employer units, contributed at 13.70% of covered payroll, and public safety and law enforcement employer units contributed at 16.93%. The portion of employer contributions, for all employers, allocated to health care was 4.50%.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 6.5 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, 2006, the total number of benefit recipients eligible for OPEB through the system was 369,214. As of December 31, 2005, the actuarial value of net assets available for future OPEB payments was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial liability at December 31, 2005, were \$31.3 billion and \$20.2 billion, respectively. The County's actual contributions for 2006 which were used to fund OPEB were \$543,702.

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 or combined plans 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 the health care costs in the form of monthly premium.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

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 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, 2006, and June 30, 2005, the board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.5 billion on June 30, 2006. For the County, it contributed \$1,025 during 2006.

For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000. There were 119,184 eligible benefit recipients.

NOTE 11 - LONG-TERM DEBT

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

	Interest Rates	Balance at 12/31/05	Increase	Decrease	Balance at 12/31/06	Amounts Due in One Year
Governmental Activities:						
OWDA Loans	3.50-7.21%	\$ 5,270,096	\$ 26,782	\$ 813,559	\$ 4,483,319	\$ 221,537
USDA Special Assessment Bonds	5.13%	800,213		11,059	789,154	11,625
USDA Revenue Bonds	5.13%	275,268		3,803	271,465	3,999
Equipment Loans/Leases	4.91-5.73%	400,206	1,188,468	247,386	1,341,288	270,336
Court of Appeals Loan	4.36%	254,624		10,246	244,378	10,464
Total Governmental Activities		7,000,407	1,215,250	1,086,053	7,129,604	517,961
Business-Type Activities:						
USDA Revenue Bonds	5.00%	5,351,000		121,000	5,230,000	127,000
Equipment Loans/Leases		-	19,787	7,021	12,766	6,179
Total Business-Type Activities		5,351,000	19,787	128,021	5,242,766	133,179
Total Long-Term Obligations		<u>\$ 12,351,407</u>	<u>\$ 1,235,037</u>	<u>\$ 1,214,074</u>	<u>\$ 12,372,370</u>	<u>\$ 651,140</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.

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.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 11 - LONG-TERM DEBT – (Continued)

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.

A portion of the equipment loans/leases was issued for the purchase of an International 9200 Truck, (6) International dump trucks, a John Deere tractor and excavator, and (10) pieces of miscellaneous equipment for the Engineer's office. The truck, dump trucks, and tractor and excavator lease payments were made from the Auto and Gas fund (Public Works account) which was designated as a major fund. No lease payments were made on the miscellaneous equipment in 2006. Lease payments start in 2007.

The remaining equipment loan/lease was issued for the purchase of a 2006 Ford F350 truck for the Sanitary Engineer's office. This payment was made from the Sanitary Engineer fund which is designated as an enterprise fund.

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.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 11 - LONG-TERM DEBT – (Continued)

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

	OWDA	Special Assessment Bonds	Revenue Bonds	Equipment Loans/ Leases	Court of Appeals Loan	Total
Governmental Activities:						
2007	\$ 473,913	\$ 52,069	\$ 17,912	\$ 350,169	\$ 20,381	\$ 914,444
2008	474,023	52,069	17,912	350,169	20,542	914,715
2009	474,140	52,069	17,912	350,169	20,460	914,750
2010	474,266	52,069	17,912	328,192	20,358	892,797
2011	474,401	52,069	17,912	153,544	20,341	718,267
Thereafter	4,429,176	1,301,737	447,787		247,574	6,426,274
Total Governmental Activities	<u>\$ 6,799,919</u>	<u>\$ 1,562,082</u>	<u>\$ 537,347</u>	<u>\$ 1,532,243</u>	<u>\$ 349,656</u>	<u>\$ 10,781,247</u>
Business-Type Activities:						
2007			388,500	7,021		\$ 395,521
2008			387,849	7,022		394,871
2009			387,550			387,550
2010			388,600			388,600
2011			388,250			388,250
Thereafter			6,979,125			6,979,125
Total Business-Type Activities			<u>\$ 8,919,874</u>	<u>\$ 14,043</u>		<u>\$ 8,933,917</u>
Totals	<u>\$ 6,799,919</u>	<u>\$ 1,562,082</u>	<u>\$ 9,457,221</u>	<u>\$ 1,546,286</u>	<u>\$ 349,656</u>	<u>\$ 19,715,164</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.

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, 2006
(Continued)**

NOTE 12 - SHORT-TERM DEBT

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

	Balance at 12/31/05	Increase	Decrease	Balance at 12/31/06
Governmental Activities:				
Bond Anticipation Notes, Series 2005	\$1,124,000		\$1,124,000	
Bond Anticipation Notes, Series 2006		\$1,490,000		\$1,490,000
Total Governmental Activities	1,124,000	1,490,000	1,124,000	1,490,000
Business-Type Activities:				
Bond Anticipation Notes, Series 2005	274,000		274,000	
Bond Anticipation Notes, Series 2006		169,000		169,000
Total Business-Type Activities	274,000	169,000	274,000	169,000
Total Short-Term Obligations	\$ 1,398,000	\$ 1,659,000	\$ 1,398,000	\$ 1,659,000

The bond anticipation notes were issued for various County improvements, including the nursing home, the annex building, and the courthouse renovation project, and the Melbern and Williams Center sewer project planning, 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 2006, Williams County paid \$67,686 in dues and loan administration fees.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(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, 2006, 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, 2006. 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, 2006
(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.

The County contracted with the Northwest Ohio Waiver Administration Council (NOWAC) to provide services including administration of payments to Quadco. For the year ended December 31, 2006, the County remitted \$1,153,841 through NOWAC, as well as \$17,853 directly 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, 2006
(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 and 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 – Caremark

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(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.

The County is a defendant in some lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the County's financial condition.

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

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, 2006, the liability for compensated absences was \$1,111,887 for the entire County.

NOTE 19 – CAPITAL ASSETS

A summary of the capital assets at December 31, 2006 is as follows:

	Enterprise Funds	Governmental Funds	Total All Funds
Land	\$ 353,607	\$ 705,041	\$ 1,058,648
Land Improvements	349,614	3,509,378	3,858,992
Building and Improvements	8,962,809	9,916,501	18,879,310
Machinery, Furniture, and Equipment	885,228	5,097,251	5,982,479
Vehicles	140,731	4,334,561	4,475,292
Infrastructure	11,997,579		11,997,579
Total	\$ 22,689,568	\$ 23,562,732	\$ 46,252,300

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, 2006, the County had the following outstanding contractual purchase commitments for road improvements and the Menards' Project:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	
		<u>As of 12/31/2006</u>	<u>Outstanding Balance</u>
Anderzak-Pitzen Construction	\$1,145,725	\$460,847	\$684,878
Gateway Tank	710,550	650,228	60,322
Gerken Paving	776,298	475,435	300,863
Fort Defiance Construction	667,212		667,212
Lingvai Excavating	862,435	734,644	127,791
Total	\$4,162,220	\$2,321,154	\$1,841,066

**FINANCIAL CONDITION
WILLIAMS COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL GRANTOR

<i>Pass Through Grantor</i> <u>Program Title</u>	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Local Agricultural Stabilization and Conservation Service</i>			
Crop Disaster Program		10.073	13,846
Total U.S. Department of Agriculture			<u>13,846</u>
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Montgomery County WIA Area 7</i>			
Unemployment Insurance		17.225	1,972
<u>Workforce Investment Act (WIA) Cluster</u>			
WIA - Adult Program (SFY 06)		17.258	73,838
WIA - Adult Program - Administrative (SFY 06)			5,425
WIA - Adult Program (SFY 07)			40,560
WIA - Adult Program - Administrative (SFY 07)			4,501
Total			<u>124,324</u>
WIA -Youth Activities (SFY 06)		17.259	17,557
WIA -Youth Activities - Administrative (SFY 06)			1,290
WIA -Youth Activities (SFY 07)			53,632
WIA -Youth Activities - Administrative (SFY 07)			5,951
Total			<u>78,430</u>
WIA - Dislocated Worker (SFY 06)		17.260	47,535
WIA - Dislocated Worker - Administrative (SFY 06)			3,493
WIA - Dislocated Worker (SFY 07)			40,794
WIA - Dislocated Worker - Administrative (SFY 07)			4,527
Total			<u>96,349</u>
Total WIA Cluster			<u>299,103</u>
Veteran's Employment Programs (SPF 06)		17.802	100
Total U.S. Department of Labor - Workforce Investment Act Cluster			<u>301,175</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<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	21,146
Title III Part B - Health and Wellness Assessment		93.044	32,158
Total			<u>53,304</u>
Nutrition Services Incentive Program (NSIP)		93.053	51,252
Title III Part C - Nutrition Services		93.045	48,799
Total Aging Cluster			<u>153,355</u>
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Chaffee Foster Care Independence Program	86-6018-06	93.674	1,766
Child Abuse and Neglect State Grants	86-6020-06	93.669	1,926
Child Welfare Services State Grants Child Welfare Subsidy (Title IV-B)	86-6010-06	93.645	2,310
Child Welfare Services State Grants (ESSA Family Preservation)	86-6035-06	93.645	4,492
Child Welfare Services State Grants (ESSA Family Reunification)	86-6036-06	93.645	4,467
Total			<u>11,269</u>

**FINANCIAL CONDITION
WILLIAMS COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL GRANTOR

<i>Pass Through Grantor Program Title</i>	Pass Through Entity Number	Federal CFDA Number	Disbursements
<i>Passed Through the Ohio Department of Health</i>			
Social Services Block Grant (Title XX)		93.667	26,802
<i>Passed Through Ohio Department of Mental Retardation and Development Disabilities</i>			
Medical Assistance Program (Medicaid: Title XIX)		93.778	444,787
Medical Assistance Program (CAFS)		93.778	4,893
Medical Assistance Program (TCM)		93.778	100,366
			<u>550,046</u>
State Children's Insurance Program (SCHIP)		93.767	2,135
Total U.S. Department of Health and Human Services			<u>747,299</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
HOME Investment Partnerships Program (Chip)	B-C-05-079-2	14.239	10,700
Community Development Block Grant/State's Program (Formula)	B-F-04-079-1	14.228	98,310
Community Development Block Grant/State's Program (Formula)	B-F-05-079-1	14.228	100,360
Community Development Block Grant/State's Program (Chip)	B-C-05-079-1	14.228	42,783
Community Development Block Grant/State's Program (Economic Development)	B-E-03-079-2	14.228	309,500
Community Development Block Grant/State's Program (Economic Development)	B-E-05-079-1	14.228	140,000
Total			<u>690,953</u>
Total U.S. Department of Housing and Urban Development			<u>701,653</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through the Ohio Department of Public Safety Emergency Management Agency</i>			
Homeland Security Grant Program	2005-EM-T5-0001 / 2005-GE-T5-0001	97.067	35,629
Emergency Management Performance Grant	2006-EME60042	97.042	8,599
Hazard Mitigation Grant	FEMA-DR-1484.04P-OH	97.039	854
Total U.S. Department of Homeland Security			<u>45,082</u>
U.S DEPARTMENT OF TRANSPORTATION			
<i>Direct Assistance</i>			
Airport Improvement Program - Lighting	3-39-0100-0405	20.106	146,633
<i>Passed Through the Ohio Department of Public Safety</i>			
High Visibility Enforcement Overtime 2007 Grant	HVEO-2007-86-00-00-00510-00	20.600	2,421
Total U.S. Department of Transportation			<u>149,054</u>
ELECTION ASSISTANCE COMMISSION			
<i>Passed Through the Ohio Secretary of State Office</i>			
Help America Vote Act Requirements Program	E05-0030-86	90.401	368,395
Voting Access for Individuals With Disabilities - Grants to States	06-SOS-HHHS-86	93.617	15,854
Total Election Assistance Commission			<u>384,249</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through The Ohio Attorney General</i>			
Crime Victim Assistance	05-VAG-ENE-129T	16.575	44,937
Crime Victim Assistance	06-VAG-ENE-129T	16.575	8,245
Total U.S. Department of Justice			<u>53,182</u>
Total			<u><u>\$2,395,540</u></u>

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2006**

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, 2006, the gross amount of loans outstanding under this program was \$1,144,694.

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.

NOTE 5 - HOMELAND SECURITY CLUSTER

The County reported the following federal programs for the Homeland Security Cluster on the Schedule of Expenditures of Federal Awards. Several programs for federal fiscal year 2005 were incorporated into the State Domestic Preparedness Equipment Support Program (97.004) and Homeland Security Grant Program (97.067) in accordance with guidelines from the U.S. Department of Homeland Security.

<u>CFDA #</u>	<u>Program</u>	<u>Amount</u>
97.042	Emergency Management Performance Grants	\$ 13,629
97.073	State Homeland Security Program	<u>22,000</u>
97.067	Homeland Security Grant Program	<u>\$ 35,629</u>

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Mary Taylor, CPA

Auditor of State

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 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, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 2, 2007, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated August 2, 2007.

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 2006-001.

We also noted certain noncompliance not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 2, 2007.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Board of Commissioners, federal awarding agencies, and pass through entites. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 2, 2007



Mary Taylor, CPA

Auditor of State

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, 2006. 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, 2006. In a separate letter to the County's management dated August 2, 2007, we reported 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 the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.



Mary Taylor, CPA
Auditor of State

August 2, 2007

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Medical Assistance Program – CFDA # 93.778 Help America Vote Act – CFDA # 90.401
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2006-001

Noncompliance Finding and Material Weakness

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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**FINANCIAL CONDITION
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Administrative Code § 117-2-03 (B) – Not reporting on GAAP	No	Not Corrected. Reissued as finding 2006-001.



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 4, 2007**