



**Auditor of State
Betty Montgomery**

WILLIAMS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williams County (the County), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williams County, Ohio, as of December 31, 2004, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Auto and Gas, Enrichment Center, Job and Family Services, and Department of Aging funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2004, the County revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2005, 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.



Betty Montgomery
Auditor of State

August 11, 2005

WILLIAMS COUNTY

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

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, 2004, 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 and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- The total net cash assets of the County increased \$625,722. Net cash assets of governmental activities increased \$275,707, which represents a 3.70 percent increase over fiscal year 2003. Net cash assets of business-type activities increased \$350,015 or 38.65 percent from fiscal year 2003.
- General cash receipts accounted for \$11,139,735 or 35.06 percent of total governmental activities cash receipts. Program specific cash receipts accounted for \$20,636,668 or 64.94 percent of total governmental activities cash receipts.
- The County had \$31,487,397 in cash disbursements related to governmental activities; \$20,636,668 of these cash disbursements were offset by program specific charges for services, grants, or contributions. General cash receipts (primarily taxes) of \$11,139,735 were adequate to provide for these programs.
- The County's major funds are the General fund, Auto and Gas fund, the Enrichment Center fund, Job and Family Services fund, Department of Aging fund, and Hillside Country Living Nursing Home fund. The General fund, the County's largest major fund, had cash receipts of \$11,993,574 in 2004. The cash disbursements and other financing uses of the General fund, totaled \$11,740,936 in 2004. The General fund's cash balance increased \$252,638 from 2003 to 2004.
- The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,201,220 in 2004. The Auto and Gas fund had cash disbursements of \$4,070,623 in 2004. The Auto and Gas fund cash balance increased \$130,597 from 2003 to 2004.
- The Enrichment Center fund, a County major fund, had cash receipts of \$2,462,013 in 2004. The Enrichment Center had cash disbursements and other financing uses of \$2,533,028 in 2004. The Enrichment Center's fund cash balance decreased \$71,015 from 2003 to 2004.
- The Job and Family Services fund, a County major fund, had cash receipts of \$2,414,217 in 2004. The Job and Family Services fund had cash disbursements of \$2,487,202 in 2004. The Job and Family Services fund cash balance decreased \$72,985 from 2003 to 2004.
- The Department of Aging fund, a County major fund, had cash receipts of \$1,257,727 in 2004. The Department of Aging had cash disbursements of \$1,247,597 in 2004. The Department of Aging fund cash balance increased \$10,130 from 2003 to 2004.
- Net cash assets for the Hillside Country Living Nursing Home Enterprise fund increased in 2004 by \$332,566 or 38.54 percent. The net cash assets for the Sewer enterprise fund increased in 2004 by \$17,449 or 41.04 percent.

WILLIAMS COUNTY

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

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 2004?" 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

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 (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 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 governmental fund 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.

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(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 2004 compared to the prior year.

	Net Cash Assets					
	Governmental Activities 2004	Governmental Activities 2003	Business-type Activities 2004	Business-type Activities 2003	Total 2004	Total 2003
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 7,735,057	\$ 7,459,350	\$ 1,255,525	\$ 905,510	\$ 8,990,582	\$ 8,364,860
Total Assets	\$ 7,735,057	\$ 7,459,350	\$ 1,255,525	\$ 905,510	\$ 8,990,582	\$ 8,364,860
<u>Net Assets</u>						
Restricted	\$ 5,911,932	\$ 5,955,209	\$ -	\$ -	\$ 5,911,932	\$ 5,955,209
Unrestricted	1,823,125	1,504,141	1,255,525	905,510	3,078,650	2,409,651
Total Net Assets	\$ 7,735,057	\$ 7,459,350	\$ 1,255,525	\$ 905,510	\$ 8,990,582	\$ 8,364,860

The total net cash assets of the County increased \$625,722. Net cash assets of governmental activities increased \$275,707 which represents a 3.70 percent increase over fiscal year 2003. Net cash assets of business-type activities increased \$350,015 or 38.65 percent from fiscal year 2003.

The \$5,911,932 portion of the County's net cash assets 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 \$3,078,650 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 2004. Since this is the first year the County has prepared modified cash basis financial statements following GASB 34, cash receipt and cash disbursement comparisons to fiscal year 2003 have not been compiled. In future years, when prior year information has been compiled, a comparative analysis of governmental data will be presented.

WILLIAMS COUNTY

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

	Change in Net Cash Assets		
	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	<u>Total</u>
Cash Receipts:			
Program Cash Receipts:			
Charges for Services and Sales	\$ 7,844,901	\$ 5,466,589	\$ 13,311,490
Operating Grants and Contributions	9,741,003	-	9,741,003
Capital Grants and Contributions	<u>3,050,764</u>	<u>-</u>	<u>3,050,764</u>
Total Program Cash Receipts	<u>20,636,668</u>	<u>5,466,589</u>	<u>26,103,257</u>
General Cash Receipts:			
Property Taxes	3,852,170	-	3,852,170
Sales Tax	4,438,006	-	4,438,006
Unrestricted Grants	1,338,123	-	1,338,123
Proceeds from Sale of Notes	897,000	379,000	1,276,000
Investment Earnings	181,127	-	181,127
Other	<u>433,309</u>	<u>69,605</u>	<u>502,914</u>
Total General Cash Receipts	<u>11,139,735</u>	<u>448,605</u>	<u>11,588,340</u>
Total Cash Receipts	<u>31,776,403</u>	<u>5,915,194</u>	<u>37,691,597</u>
Cash Disbursements:			
General Government	4,110,348	-	4,110,348
Public Safety	3,602,404	-	3,602,404
Public Works	4,363,894	-	4,363,894
Health	1,080,628	-	1,080,628
Human Services	8,180,334	-	8,180,334
Conservation and Recreation	129,200	-	129,200
Economic Development and Assistance	589,717	-	589,717
Hospitalization	3,281,601	-	3,281,601
Other	829,963	-	829,963
Capital Outlay	4,049,379	-	4,049,379
Debt Service:			
Principal Retirement	900,951	-	900,951
Interest and Fiscal Charges	368,978	-	368,978
Hillside	-	5,209,917	5,209,917
Sewer	<u>-</u>	<u>368,561</u>	<u>368,561</u>
Total Cash Disbursements	<u>31,487,397</u>	<u>5,578,478</u>	<u>37,065,875</u>
Transfers	<u>(13,299)</u>	<u>13,299</u>	<u>-</u>
Change in Net Cash Assets	275,707	350,015	625,722
Net Cash Assets at Beginning of Year (Restated)	<u>7,459,350</u>	<u>905,510</u>	<u>8,364,860</u>
Net Cash Assets at End of Year	<u>\$ 7,735,057</u>	<u>\$ 1,255,525</u>	<u>\$ 8,990,582</u>

WILLIAMS COUNTY

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

Governmental Activities

Governmental cash assets increased by \$275,707 in 2004 from 2003. This increase is primarily due to the ½ percent sales tax from October of 2003 and steady disbursements in 2004 compared to 2003.

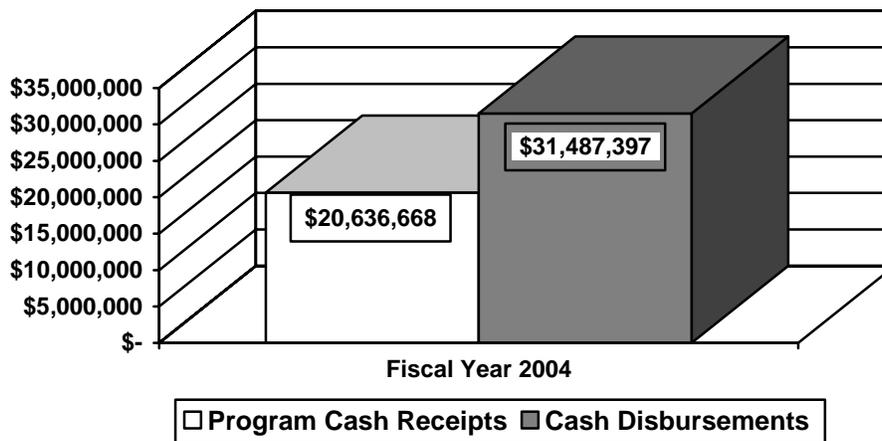
General government represents activities related to the governing body as well as activities that directly support County programs. In 2004, General government cash disbursements totaled \$4,110,348, or 13.05 percent of total governmental cash disbursements. General government programs were supported by \$2,818,608 in direct charges to users and operating grants and contributions.

The County program, Human Services, accounted for \$8,180,334 or 25.98 percent 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 and state and federal grants.

The County program, Public Works, accounted for \$4,363,894 or 13.86 percent of total governmental cash disbursements. Public Works programs primarily consist of the Auto and Gas fund expenditures. Public Works programs are primarily supported by cash receipts from State gasoline and motor vehicle license taxes.

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 2004. It identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements



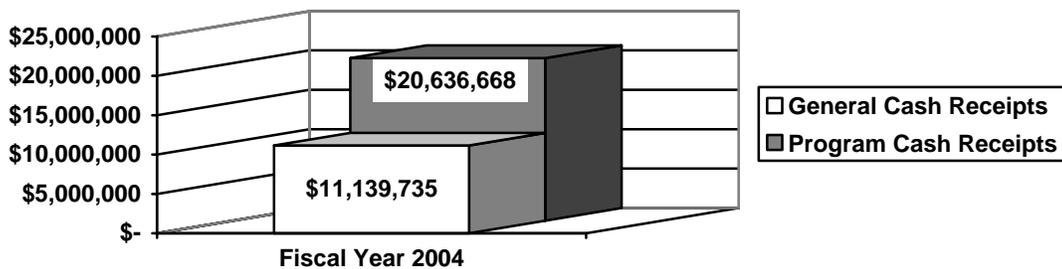
WILLIAMS COUNTY

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

	Governmental Activities	
	Total Cost of Services 2004	Net Cost of Services 2004
	<u>2004</u>	<u>2004</u>
Cash disbursements:		
General government	\$ 4,110,348	\$ 1,191,740
Public safety	3,602,404	3,103,911
Public works	4,363,894	(122,012)
Health	1,080,628	8,763
Human services	8,180,334	2,980,906
Conservation and recreation	129,200	129,200
Economic development and assistance	589,717	(170,246)
Hospitalization	3,281,601	1,472,455
Other	829,963	510,368
Capital outlay	4,049,379	844,505
Debt service:		
Principal retirement	900,951	700,685
Interest and fiscal charges	<u>368,978</u>	<u>200,454</u>
Total	<u>\$ 31,487,397</u>	<u>\$ 10,850,729</u>

The dependence upon General cash receipts for governmental activities is apparent; with 34.46 percent of cash disbursements supported through taxes and other general cash receipts during 2004.

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.

WILLIAMS COUNTY

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

At the end of the current fiscal year, Williams County's proprietary funds reported a combined ending fund cash balance of \$1,255,525, an increase of \$350,015 in comparison with the prior audit year. Approximately \$962,590 constitutes unreserved fund balance which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending since it has already been committed for debt service.

Ending fund cash balances primarily increased due to an increase in rates for charges at the County Living Hillside Nursing Home.

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 \$7,735,057, which is \$275,707 above last year's total of \$7,459,350 as restated. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2004 and December 31, 2003, for all major and nonmajor governmental funds.

	Fund Cash Balance at <u>12/31/04</u>	Fund Cash Balance at <u>12/31/03</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 1,836,982	\$ 1,584,344	\$ 252,638
Auto and Gas	568,589	437,992	130,597
Enrichment Center	844,545	915,560	(71,015)
Job and Family Services	82,580	155,565	(72,985)
Department of Aging	178,977	168,847	10,130
Other Nonmajor Governmental Funds	<u>4,223,384</u>	<u>4,197,042</u>	<u>26,342</u>
Total	<u>\$ 7,735,057</u>	<u>\$ 7,459,350</u>	<u>\$ 275,707</u>

General Fund

The General fund, the County's largest major fund, had cash receipts of \$11,993,574 in 2004. The cash disbursements and other financing uses of the General fund, totaled \$11,740,936 in 2004. The General fund's cash balance increased \$252,638 from 2003 to 2004.

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

WILLIAMS COUNTY

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

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 6,133,790	\$ 4,723,272	29.86 %
Charges for Services	3,555,440	3,499,872	1.59 %
Licenses and Permits	7,695	9,795	(21.44) %
Fines and Forfeitures	164,956	189,333	(12.88) %
Intergovernmental	1,682,077	1,334,677	26.03 %
Investment Income	177,150	104,087	70.19 %
Other	<u>272,466</u>	<u>294,238</u>	(7.40) %
Total	<u>\$ 11,993,574</u>	<u>\$ 10,155,274</u>	18.10 %

Sales tax cash receipts increased as a result of a ½ percent increase in the sales tax that became effective in October 2003. The increase in cash received due to the additional sales tax primarily occurred during 2004. Intergovernmental cash receipts primarily increased due to additional emergency management and airport grants received during 2004. Investment income cash receipts increased due to higher interest earning investments and due to the timing of the maturity of certain certificates of deposit. All other revenue remained comparable to 2003.

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

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General Government			
Legislative and Executive	\$ 2,084,894	\$ 1,984,341	5.07 %
Judicial	1,041,819	1,047,691	(0.56) %
Public Safety	3,441,673	3,249,321	5.92 %
Public Works	234,363	124,520	88.21 %
Health	58,433	25,448	129.62 %
Human Services	367,461	311,654	17.91 %
Conservation and Recreation	129,200	114,793	12.55 %
Hospitalization	3,281,601	2,605,410	25.95 %
Other	825,268	495,500	66.55 %
Debt Service	<u>20,901</u>	<u>35,389</u>	(40.94) %
Total	<u>\$ 11,485,613</u>	<u>\$ 9,994,067</u>	14.92 %

Hospitalization cash disbursements increased since the County switched from being self-insured to fully-insured in March of 2004. As a result of this switch, additional cash disbursements were recorded in 2004 for run-off claims from the former self-insurance program coupled with thirteen months of claims premiums being paid in 2004 due to the timing of the payments under the fully-insured plan. Other cash disbursements increased as a result of disbursements made related to the emergency management and airport grants mentioned above. These grants were reimbursable grants for which reimbursement is received by the County after the County disburses the appropriate monies for the projects. All other cash disbursements remained comparable to 2003.

WILLIAMS COUNTY

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

Auto and Gas Fund

The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,201,220 in 2004. The Auto and Gas fund had cash disbursements of \$4,070,623 in 2004. The Auto and Gas fund cash balance increased \$130,597 from 2003 to 2004.

Enrichment Center

The Enrichment Center, a County major fund, had cash receipts of \$2,462,013 in 2004. The Enrichment Center had cash disbursements and other financing uses of \$2,533,028 in 2004. The Enrichment Center's fund cash balance decreased \$71,015 from 2003 to 2004.

Job and Family Services Fund

The Job and Family Services fund, a County major fund, had cash receipts of \$2,414,217 in 2004. The Job and Family Services fund had cash disbursements of \$2,487,202 in 2004. The Job and Family Services fund cash balance decreased \$72,985 from 2003 to 2004.

Department of Aging Fund

The Department of Aging, a County major fund, had cash receipts of \$1,257,727 in 2004. The Department of Aging had cash disbursements of \$1,247,597 in 2004. The Department of Aging fund cash balance increased \$10,130 from 2003 to 2004.

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 \$5,542,483, cash disbursements of \$5,209,917 and transfers in of \$13,299 for fiscal year 2004. The net cash assets of the programs increased \$332,566 from 2003. During 2004, the Hillside Country Living Nursing Home fund received proceeds of \$379,000 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 \$751,935 above original budget estimates of \$11,076,570. This was primarily attributed to the County receiving federal for the airport expansion grant and the homeland security grants. Actual cash receipts of \$12,036,276 exceeded final budget estimates by \$207,711. The final budgetary basis disbursements and other financing uses of \$12,224,940 were \$892,933 above original budget estimates. This was primarily attributed to expenditures related to the airport expansion grant, the homeland security grants, and increases in health insurance premiums. The actual budgetary basis disbursements and other financing uses of \$11,924,417 were \$300,523 less than the final budget estimates.

WILLIAMS COUNTY

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

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 \$3,806,860 during fiscal year 2004.

Debt Administration

The County had the following long-term obligations outstanding at December 31, 2004 and 2003:

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
Bond Anticipation Notes	\$ 897,000	\$ 692,000
USDA Special Assessment Bonds	810,732	820,739
Court of Appeals Loan	264,870	272,936
OWDA Loans	5,266,940	5,235,254
Lease obligations	<u>121,319</u>	<u>148,840</u>
Total Long-Term Obligations	<u>\$ 7,360,861</u>	<u>\$ 7,169,769</u>
	Business-Type Activities <u>2004</u>	Business-Type Activities <u>2003</u>
USDA Revenue Bonds	\$ 5,744,887	\$ 5,857,329
Bond Anticipation Notes	<u>379,000</u>	<u>471,000</u>
Total Long-Term Obligations	<u>\$ 6,123,887</u>	<u>\$ 6,328,329</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 2005:

The County's unemployment rate is currently 5.8 percent, compared to the 5.9 percent state average and the 5.4 percent national average.

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds may be cut by 20 percent in the next biennial State budget. This fund represented 7 percent of the County's General fund revenue in 2004. The inventory portion of Personal Property Taxes will be phased out over the next twelve years which will also affect the County's General fund. Sales and property tax revenues are expected to remain consistent as well as expenditures.

WILLIAMS COUNTY

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

These economic factors were considered in preparing the County's budget for fiscal year 2005. Budgeted revenues and other financing sources in the General fund for fiscal year 2004 are \$11,828,505. 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.

WILLIAMS COUNTY

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$ 7,735,057</u>	<u>\$ 1,255,525</u>	<u>\$ 8,990,582</u>
<i>Total Assets</i>	<u><u>7,735,057</u></u>	<u><u>1,255,525</u></u>	<u><u>8,990,582</u></u>
Net Assets			
Restricted for:			
Public Safety Programs	62,186		62,186
Public Works Projects	928,111		928,111
Human Services Programs	1,781,403		1,781,403
Economic Development	526,412		526,412
Unclaimed Monies	13,857		13,857
Health Services	405,782		405,782
Debt Service	433,072		433,072
Capital Projects	313,307		313,307
Other Purposes	1,447,802		1,447,802
Unrestricted	<u>1,823,125</u>	<u>1,255,525</u>	<u>3,078,650</u>
<i>Total Net Assets</i>	<u><u>\$ 7,735,057</u></u>	<u><u>\$ 1,255,525</u></u>	<u><u>\$ 8,990,582</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Cash</u> <u>Disbursements</u>
Governmental Activities:	
General Government:	
Legislative and Executive	\$ 2,567,034
Judicial	1,543,314
Public Safety	3,602,404
Public Works	4,673,151
Health	1,080,628
Human Services	8,180,334
Conservation and Recreation	129,200
Economic Development and Assistance	589,717
Hospitalization	3,281,601
Other	829,963
Capital Outlay	3,740,122
Debt Service:	
Principal Retirement	900,951
Interest and Fiscal Charges	368,978
<i>Total Governmental Activities</i>	<u>31,487,397</u>
Business-Type Activities:	
Hillside	5,209,917
Sewer	368,561
<i>Total Business-Type Activities</i>	<u>5,578,478</u>
<i>Totals</i>	<u><u>\$ 37,065,875</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 1,902,177			\$ (664,857)		\$ (664,857)
584,357	\$ 432,074		(526,883)		(526,883)
115,826	382,667		(3,103,911)		(3,103,911)
870,570	3,615,336		(187,245)		(187,245)
1,046,998	24,867		(8,763)		(8,763)
688,431	4,510,997		(2,980,906)		(2,980,906)
			(129,200)		(129,200)
295,163	464,800		170,246		170,246
1,809,146			(1,472,455)		(1,472,455)
9,333	310,262		(510,368)		(510,368)
154,110		\$ 3,050,764	(535,248)		(535,248)
200,266			(700,685)		(700,685)
168,524			(200,454)		(200,454)
<u>7,844,901</u>	<u>9,741,003</u>	<u>3,050,764</u>	<u>(10,850,729)</u>		<u>(10,850,729)</u>
5,080,730				\$ (129,187)	(129,187)
385,859				17,298	17,298
<u>5,466,589</u>				<u>(111,889)</u>	<u>(111,889)</u>
<u>\$ 13,311,490</u>	<u>\$ 9,741,003</u>	<u>\$ 3,050,764</u>	<u>(10,850,729)</u>	<u>(111,889)</u>	<u>(10,962,618)</u>

General Cash Receipts and Transfers:

Property Taxes Levied For:

General Purposes	1,695,784		1,695,784
Human Services - Enrichment Center	1,490,600		1,490,600
Human Services - Department of Aging	665,786		665,786
Sales Taxes	4,438,006		4,438,006
Grants and Entitlements not Restricted to Specific Programs	1,338,123		1,338,123
Proceeds from Sale of Notes	897,000	379,000	1,276,000
Investment Receipts	181,127		181,127
Miscellaneous	433,309	69,605	502,914
<i>Total General Cash Receipts</i>	<u>11,139,735</u>	<u>448,605</u>	<u>11,588,340</u>
Transfers	<u>(13,299)</u>	<u>13,299</u>	
<i>Total General Cash Receipts and Transfers</i>	<u>11,126,436</u>	<u>461,904</u>	<u>11,588,340</u>
<i>Change in Net Cash Assets</i>	<u>275,707</u>	<u>350,015</u>	<u>625,722</u>
Net Cash Assets at Beginning of Year (See Note 3)	<u>7,459,350</u>	<u>905,510</u>	<u>8,364,860</u>
<i>Net Cash Assets at End of Year</i>	<u>\$ 7,735,057</u>	<u>\$ 1,255,525</u>	<u>\$ 8,990,582</u>

WILLIAMS COUNTY

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General</u>	<u>Auto and Gas</u>
Cash Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 1,836,982	\$ 568,589
<i>Total Assets</i>	<u>\$ 1,836,982</u>	<u>\$ 568,589</u>
Fund Cash Balances		
Reserved for Encumbrances	\$ 183,481	\$ 136,556
Reserved for Unclaimed Monies	13,857	
Unreserved, Undesignated (Deficit), Reported In:		
General Fund	1,639,644	
Special Revenue Funds		432,033
Debt Service Funds		
Capital Projects Funds		
<i>Total Fund Cash Balances</i>	<u>\$ 1,836,982</u>	<u>\$ 568,589</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Enrichment Center	Job and Family Services	Department of Aging	Other Governmental Funds	Total Governmental Funds
\$ 844,545	\$ 82,580	\$ 178,977	\$ 4,223,384	\$ 7,735,057
<u>\$ 844,545</u>	<u>\$ 82,580</u>	<u>\$ 178,977</u>	<u>\$ 4,223,384</u>	<u>\$ 7,735,057</u>
\$ 12,951	\$ 166,635	\$ 15,887	\$ 761,766	\$ 1,277,276
				13,857
831,594	(84,055)	163,090	2,895,186	1,639,644
			433,072	4,237,848
			133,360	433,072
				133,360
<u>\$ 844,545</u>	<u>\$ 82,580</u>	<u>\$ 178,977</u>	<u>\$ 4,223,384</u>	<u>\$ 7,735,057</u>

WILLIAMS COUNTY

STATEMENT OF MODIFIED CASH BASIS RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Auto and Gas</u>
Cash Receipts		
Property Taxes	\$ 1,695,784	
Sales Taxes	4,438,006	
Charges for Services	3,555,440	\$ 571,221
Licenses and Permits	7,695	
Fines and Forfeitures	164,956	3,066
Intergovernmental	1,682,077	3,615,336
Special Assessments	67,405	2,318
Investment Income	177,150	
Rental Income	71,906	
Loan Repayments		
Other	133,155	7,381
<i>Total Cash Receipts</i>	<u>11,993,574</u>	<u>4,199,322</u>
Cash Disbursements		
Current:		
General Government:		
Legislative and Executive	2,084,894	
Judicial	1,041,819	
Public Safety	3,441,673	
Public Works	234,363	4,070,623
Health	58,433	
Human Services	367,461	
Conservation and Recreation	129,200	
Economic Development and Assistance		
Hospitalization	3,281,601	
Other	825,268	
Capital Outlay		
Debt Service:		
Principal Retirement	8,066	
Interest and Fiscal Charges	12,835	
<i>Total Cash Disbursements</i>	<u>11,485,613</u>	<u>4,070,623</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>507,961</u>	<u>128,699</u>
Other Financing Sources (Uses)		
Proceeds from Sale of Notes		
Transfers In		1,898
Transfers Out	<u>(255,323)</u>	
<i>Total Other Financing Sources (Uses)</i>	<u>(255,323)</u>	<u>1,898</u>
<i>Net Change in Fund Cash Balances</i>	252,638	130,597
Fund Balance at Beginning of Year (See Note 3)	<u>1,584,344</u>	<u>437,992</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,836,982</u>	<u>\$ 568,589</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Enrichment Center	Job and Family Services	Department of Aging	Other Governmental Funds	Total Governmental Funds
\$ 1,490,600		\$ 665,786		\$ 3,852,170
30,773	\$ 301,547		\$ 2,212,333	4,438,006
			5,833	6,671,314
			75,014	13,528
939,854	2,111,475	533,329	5,247,819	243,036
			438,939	14,129,890
			43,766	508,662
			41,981	220,916
			255,982	113,887
786	1,195	58,612	230,883	255,982
2,462,013	2,414,217	1,257,727	8,552,550	432,012
			482,140	2,567,034
			501,495	1,543,314
			160,731	3,602,404
			368,165	4,673,151
			1,022,195	1,080,628
2,443,028	2,487,202	1,247,597	1,635,046	8,180,334
				129,200
			589,717	589,717
				3,281,601
			4,695	829,963
			3,740,122	3,740,122
			892,885	900,951
			356,143	368,978
2,443,028	2,487,202	1,247,597	9,753,334	31,487,397
18,985	(72,985)	10,130	(1,200,784)	(607,994)
			897,000	897,000
(90,000)			389,530	391,428
(90,000)			(59,404)	(404,727)
			1,227,126	883,701
(71,015)	(72,985)	10,130	26,342	275,707
915,560	155,565	168,847	4,197,042	7,459,350
\$ 844,545	\$ 82,580	\$ 178,977	\$ 4,223,384	\$ 7,735,057

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, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Budgetary Basis Receipts				
Property Taxes	\$ 1,613,500	\$ 1,701,200	\$ 1,695,784	\$ (5,416)
Sales Taxes	4,350,000	4,350,000	4,438,006	88,006
Charges for Services	3,392,900	3,505,400	3,555,440	50,040
Licenses and Permits	8,500	8,500	7,695	(805)
Fines and Forfeitures	166,000	166,000	164,956	(1,044)
Intergovernmental	1,251,495	1,741,846	1,682,077	(59,769)
Special Assessments	50,000	59,800	67,405	7,605
Investment Income	76,700	110,967	177,150	66,183
Rental Income	67,934	67,934	71,906	3,972
Other	99,541	116,858	133,155	16,297
<i>Total Budgetary Basis Receipts</i>	<u>11,076,570</u>	<u>11,828,505</u>	<u>11,993,574</u>	<u>165,069</u>
Budgetary Basis Disbursements				
Current:				
General Government:				
Legislative and Executive	2,189,906	2,254,287	2,268,375	(14,088)
Judicial	1,123,821	1,126,684	1,041,819	84,865
Public Safety	3,324,260	3,608,217	3,441,673	166,544
Public Works	215,278	240,592	234,363	6,229
Health	79,912	79,710	58,433	21,277
Human Services	415,436	381,772	367,461	14,311
Conservation and Recreation	129,200	129,200	129,200	
Hospitalization	3,000,000	3,281,601	3,281,601	
Other	618,293	838,509	825,268	13,241
Capital Outlay	160,000	6,491		6,491
Debt Service:				
Principal Retirement	33,066	8,066	8,066	
Interest and Fiscal Charges	42,835	14,488	12,835	1,653
<i>Total Budgetary Basis Disbursements</i>	<u>11,332,007</u>	<u>11,969,617</u>	<u>11,669,094</u>	<u>300,523</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(255,437)</u>	<u>(141,112)</u>	<u>324,480</u>	<u>465,592</u>
Other Financing (Uses):				
Transfers Out		(255,323)	(255,323)	
<i>Total Other Financing Uses</i>		<u>(255,323)</u>	<u>(255,323)</u>	
<i>Net Change in Fund Cash Balance</i>	(255,437)	(396,435)	69,157	465,592
Fund Cash Balance at Beginning of Year	1,522,572	1,522,572	1,522,572	
Prior Year Encumbrances Appropriated	61,772	61,772	61,772	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 1,328,907</u>	<u>\$ 1,187,909</u>	<u>\$ 1,653,501</u>	<u>\$ 465,592</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Budgetary Basis Receipts				
Charges for Services	\$ 436,533	\$ 436,533	\$ 571,221	\$ 134,688
Fines and Forfeitures	4,240	4,240	3,066	(1,174)
Intergovernmental	3,793,444	3,793,444	3,615,336	(178,108)
Special Assessments	2,318	2,318	2,318	
Other	7,381	7,381	7,381	
<i>Total Budgetary Basis Receipts</i>	<u>4,243,916</u>	<u>4,243,916</u>	<u>4,199,322</u>	<u>(44,594)</u>
Budgetary Basis Disbursements				
Current:				
Public Works	4,206,381	4,496,507	4,207,179	289,328
<i>Total Budgetary Basis Disbursements</i>	<u>4,206,381</u>	<u>4,496,507</u>	<u>4,207,179</u>	<u>289,328</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>37,535</u>	<u>(252,591)</u>	<u>(7,857)</u>	<u>244,734</u>
Other Financing Sources				
Transfers In			1,898	1,898
<i>Total Other Financing Sources</i>			<u>1,898</u>	<u>1,898</u>
<i>Net Change in Fund Cash Balance</i>	37,535	(252,591)	(5,959)	246,632
Fund Cash Balance at Beginning of Year	379,829	379,829	379,829	
<i>Prior Year Encumbrances Appropriated</i>	<u>58,163</u>	<u>58,163</u>	<u>58,163</u>	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 475,527</u>	<u>\$ 185,401</u>	<u>\$ 432,033</u>	<u>\$ 246,632</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Basis Receipts				
Property and Other Taxes	\$ 1,468,000	\$ 1,468,000	\$ 1,490,600	\$ 22,600
Charges for Services	31,450	31,450	30,773	(677)
Intergovernmental	851,262	851,262	939,854	88,592
Other			786	786
<i>Total Budgetary Basis Receipts</i>	<u>2,350,712</u>	<u>2,350,712</u>	<u>2,462,013</u>	<u>111,301</u>
Budgetary Basis Disbursements				
Current:				
Human Services	<u>2,726,453</u>	<u>2,711,453</u>	<u>2,455,980</u>	<u>255,473</u>
<i>Total Budgetary Basis Disbursements</i>	<u>2,726,453</u>	<u>2,711,453</u>	<u>2,455,980</u>	<u>255,473</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(375,741)</u>	<u>(360,741)</u>	<u>6,033</u>	<u>366,774</u>
Other Financing (Uses)				
Transfers Out		<u>(90,000)</u>	<u>(90,000)</u>	
<i>Total Other Financing (Uses)</i>		<u>(90,000)</u>	<u>(90,000)</u>	
<i>Net Change in Fund Cash Balance</i>	<u>(375,741)</u>	<u>(450,741)</u>	<u>(83,967)</u>	<u>366,774</u>
Fund Cash Balance at Beginning of Year	907,342	907,342	907,342	
<i>Prior Year Encumbrances Appropriated</i>	<u>8,218</u>	<u>8,218</u>	<u>8,218</u>	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 539,819</u>	<u>\$ 464,819</u>	<u>\$ 831,593</u>	<u>\$ 366,774</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2004

	<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	\$ 302,196	\$ 302,196	\$ 301,547	\$ (649)
Intergovernmental	2,640,405	2,640,405	2,111,475	(528,930)
Other			1,195	1,195
<i>Total Budgetary Basis Receipts</i>	<u>2,942,601</u>	<u>2,942,601</u>	<u>2,414,217</u>	<u>(528,384)</u>
Budgetary Basis Disbursements				
Current:				
Human Services	3,049,291	2,672,460	2,653,837	18,623
<i>Total Budgetary Basis Disbursements</i>	<u>3,049,291</u>	<u>2,672,460</u>	<u>2,653,837</u>	<u>18,623</u>
<i>Net Change in Fund Cash Balance</i>	(106,690)	270,141	(239,620)	(509,761)
Fund Cash Balance at Beginning of Year	73,959	73,959	73,959	
Prior Year Encumbrances Appropriated	81,606	81,606	81,606	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 48,875</u>	<u>\$ 425,706</u>	<u>\$ (84,055)</u>	<u>\$ (509,761)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Basis Receipts				
Property and Other Taxes	\$ 669,200	\$ 669,200	\$ 665,786	\$ (3,414)
Intergovernmental	534,900	534,900	533,329	(1,571)
Other	58,700	58,700	58,612	(88)
<i>Total Budgetary Basis Receipts</i>	<u>1,262,800</u>	<u>1,262,800</u>	<u>1,257,727</u>	<u>(5,073)</u>
Budgetary Basis Disbursements				
Current:				
Human Services	1,386,657	1,386,657	1,263,484	123,173
<i>Total Budgetary Basis Disbursements</i>	<u>1,386,657</u>	<u>1,386,657</u>	<u>1,263,484</u>	<u>123,173</u>
Net Change in Fund Cash Balance	(123,857)	(123,857)	(5,757)	118,100
<i>Fund Cash Balance at Beginning of Year</i>	146,166	146,166	146,166	
Prior Year Encumbrances Appropriated	22,681	22,681	22,681	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 44,990</u>	<u>\$ 44,990</u>	<u>\$ 163,090</u>	<u>\$ 118,100</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

STATEMENT OF FUND NET ASSETS
MODIFIED CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31,2004

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Hillside</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,195,558</u>	<u>\$ 59,967</u>	<u>\$ 1,255,525</u>
<i>Total Assets</i>	<u>1,195,558</u>	<u>59,967</u>	<u>1,255,525</u>
Net Assets			
Unrestricted	<u>1,195,558</u>	<u>59,967</u>	<u>1,255,525</u>
<i>Total Net Assets</i>	<u>\$ 1,195,558</u>	<u>\$ 59,967</u>	<u>\$ 1,255,525</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

STATEMENT OF MODIFIED CASH BASIS RECEIPTS, DISBURSEMENTS, AND
CHANGES IN NET ASSETS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Hillside</u>	<u>Sewer</u>	<u>Total</u>
Operating Cash Receipts			
Charges for Services	\$ 5,080,730	\$ 385,859	\$ 5,466,589
Other Operating Cash Receipts	18,311	151	18,462
<i>Total Operating Cash Receipts</i>	<u>5,099,041</u>	<u>386,010</u>	<u>5,485,051</u>
Operating Cash Disbursements			
Personal Services	3,255,488	194,079	3,449,567
Contractual Services	555,829	143,005	698,834
Materials and Supplies	382,461	21,818	404,279
Capital Outlay	58,287	8,451	66,738
Other	89,969	1,208	91,177
Total Operating Cash Disbursements	<u>4,342,034</u>	<u>368,561</u>	<u>4,710,595</u>
<i>Operating Cash Receipts Over Operating Cash Disbursements</i>	<u>757,007</u>	<u>17,449</u>	<u>774,456</u>
Nonoperating Cash Receipts (Disbursements)			
Debt Service:			
Principal Retirement	(580,000)		(580,000)
Interest and Fiscal Charges	(287,883)		(287,883)
Proceeds of Notes	379,000		379,000
Transfers In	13,299		13,299
Other Nonoperating Revenue	51,143		51,143
<i>Total Nonoperating Cash Receipts (Disbursements)</i>	<u>(424,441)</u>		<u>(424,441)</u>
<i>Changes in Net Assets</i>	332,566	17,449	350,015
Net Assets at Beginning of Year (See Note 3)	<u>862,992</u>	<u>42,518</u>	<u>905,510</u>
<i>Net Assets at End of Year</i>	<u><u>\$ 1,195,558</u></u>	<u><u>\$ 59,967</u></u>	<u><u>\$ 1,255,525</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

STATEMENT OF MODIFIED CASH BASIS ASSETS AND NET CASH ASSETS
FIDUCIARY FUND
DECEMBER 31, 2004

	<u>Agency</u>
Cash Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,060,209
Equity in Cash and Cash Equivalents in Segregated Accounts	<u>165,236</u>
<i>Total Assets</i>	<u>\$ 4,225,445</u>
Net Cash Assets	
Unrestricted	<u>\$ 4,225,445</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004

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 basic financial statements. These organizations are:

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

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

The County is involved with two group insurance pools which are presented in Note 15 to the basic financial statements.

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

The County is involved with two related organizations which are presented in Note 16 to the basic 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.

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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

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.

C. Basis of Presentation and Measurement Focus

For fiscal year 2004, the County has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. 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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

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

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

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

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

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

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

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

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 2004.

Appropriations

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

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

Budgeted Level of Expenditures

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for the purpose other than those designated in the appropriation resolution of the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to fund, department, and object level (i.e. General Fund - Commissioner - salaries, supplies, equipment, contract repairs, travel expense, maintenance, other expenses etc.)

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

Lapsing of Appropriations

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

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 2004, the County had no investments. Interest earnings are allocated as authorized by State statute.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

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 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.

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 monies.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)

K. Net Assets

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

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

L. Interfund Activity

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

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

NOTE 3 - RESTATEMENT OF FUND BALANCES

In 2004, the County elected to continue presenting its annual financial report on a modified cash basis; however, the County presented the cash basis financial statements in a GASB 34-like format. As a result, there were some reclassifications of certain Expendable Trust funds and there were some adjustments made for tax monies in an Agency fund that had not been transferred to respective governmental funds as of December 31, 2004.

The transition from governmental and proprietary fund balances to GASB 34-like fund balances is presented below.

	General	Auto and Gas Fund	Enrichment Center Fund	Job and Family Services Fund	Department of Aging Fund	Nonmajor Governmental Funds	Total Governmental Activities
Fund Balance December 31, 2003	\$ 1,504,141	\$ 437,992	\$ 861,304	\$ 155,565	\$ 141,719	\$ 4,144,863	\$ 7,245,584
Reclassification of Expendable Trust Funds	25,947					52,179	78,126
Tax Cash Adjustments	54,256		54,256		27,128		135,640
Adjusted Fund Balance	\$ 1,584,344	\$ 437,992	\$ 915,560	\$ 155,565	\$ 168,847	\$ 4,197,042	\$ 7,459,350

GASB 34 Adjustments:

	Business-Type Activity
The restatement of the business activity:	
Fund Balance December 31, 2003	\$ 901,107
Reclassification of Expendable Trust Funds	4,403
Business Activities Adjusted Net Assets at December 31, 2003	\$ 905,510

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the County treasury, in commercial accounts payable, or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

The County had \$98,251 in undeposited cash on hand which is included on the financial statements as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At year-end, the carrying amount of the County's deposits was \$13,117,776 and the bank balance was \$13,457,450. Of the bank balance, \$616,118 was covered by federal depository insurance, \$12,841,332 was collateralized by securities specifically pledged or pooled by the financial institutions.

NOTE 5 - INTERFUND TRANSFERS

Interfund cash transfers for the year ended December 31, 2004 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General		\$ 255,323
Special Revenue	\$ 100,121	149,404
Debt Service	291,307	
Business-Type Activities:		
Enterprise	13,299	
	<u>\$ 404,727</u>	<u>\$ 404,727</u>

NOTE 6 - PROPERTY TAXES

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

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

June 20. Under certain circumstances, State statute permits later payment dates to be established. In 2004, the first payment was due February 15 with the remainder payable by July 20.

Taxes collected on tangible personal property in the current year are levied after October 1 of the prior year on the values as of December 31 of the prior year. Depreciable assets used in business (except for public utilities), including machinery and equipment, furniture, fixtures, and office equipment as listed on Schedules (2) and (4) of Form 920 *County Return of Taxable Business Property* are assessed for ad valorem taxation purposes at 25 percent of their true value. Inventories used in business, as listed on Schedules (3) and (3A) of Form 920 *County Return of Taxable Business Property*, are assessed for ad valorem taxation purposes at 23 percent of their true value. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. In 2004, the annual payment was due April 30, if paid semiannually, the first payment was due April 30, with the remainder payable October 10.

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

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

The full tax rate for all County operations for the year ended December 31, 2004, was \$8.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$ 550,028,890
Public Utility	27,574,580
Tangible Personal Property	<u>111,336,930</u>
Total Assessed Value	<u><u>\$ 688,940,400</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 of tangible personal property in the County, 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 2004 amounted to \$4,438,006.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004
(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 2004, the County contracted with County Risk Sharing Authority (CORSA) for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible. CORSA provided coverage 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	\$100,000,000	Aggregate Pool Limit
Auto Physical Damage		Actual Cash Value
Automatic Acquisition		\$3,000,000
Boiler and Machinery	\$100,000,000	Each Accident
<u>Liability</u>		
Automobile Liability	\$1,000,000	Each Occurrence
Uninsured/Underinsured Motorists	\$250,000	Each Occurrence
General Liability	\$1,000,000	Each Occurrence
Stop Gap Liability	\$1,000,000	Each Occurrence
Law Enforcement Liability	\$1,000,000	Any One Claim
Errors and Omissions Liability	\$1,000,000	Annual Aggregate
<u>Crime</u>		
Employee Dishonesty/Faithful Performance	\$1,000,000	Each Loss
Money and Securities (inside)	\$1,000,000	Each Loss
Money and Securities (outside)	\$1,000,000	Each Loss
Money Orders and Counterfeit Currency	\$1,000,000	Each Loss

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

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):

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)

	<u>2004</u>	<u>2003</u>
Cash and Investments	\$ 56,770,447	\$ 45,021,398
Actuarial liabilities	\$ 15,329,762	\$ 13,115,199

B. Workers Compensation Group Rating Program

For 2004, 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) and the County Commissioners Association of Ohio (CCAO) to provide administrative services for claims processing. In 2004, the County remitted \$2,503,613 to CEBCO.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

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

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

(Continued)

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

OPERS provide retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the County is required to contribute 13.55 percent; 9.55 percent was the portion used to fund pension obligations for 2004. For law enforcement employees, the employee contribution is 10.1 percent of their annual covered salary for sheriffs and deputy sheriffs and 9 percent for all other members of the law enforcement program. (In January 2001, HB416 split the law enforcement program into two divisions; (1) sheriffs, deputy sheriffs, and township police, and (2) the public safety division made up of all other members of the law enforcement program.) The employer contribution is 16.70 percent of which 12.7 percent was the portion used to fund pension obligations. Contributions are authorized by state statute. The contribution rates are determined actuarially. The County's actual contributions for 2004 which were used to fund pension obligations were \$1,116,739. The County has paid all contributions required through December 31, 2004.

B. State Teachers Retirement System

The County contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

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.

For the fiscal year ended December 31, 2004, 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 2003, the portion used to fund pension obligations was 13.0 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 2004 which were used to fund pension obligations were \$16,337. The County has paid all contributions required through December 31, 2004.

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 the 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-of-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio Service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OBEB) as described in GASB Statement No. 12, "Disclosure of Information on Post Employment Benefits Other Than Pension Benefits by State and Local Governmental Employees." A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate for 2004 was 13.55 percent of covered payroll for employees not engaged in law enforcement and 4

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2004 was 16.70 percent and 4 percent was used to fund health care.

Benefits are advance funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually, and an additional increase in total payroll of .50 percent to 6.3 percent based on additional pay increases. Health care premiums were assumed to increase 4 percent annually.

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

As of December 31, 2004, the total number of benefit recipients eligible for OPEB through the system was 369,885. As of December 31, 2004, the actuarial value of net assets available for future OPEB payments was \$10.5 billion. The actuarially accrued liability and the unfunded actuarial liability were \$26.9 billion and \$16.4 billion, respectively. The County's actual contributions for 2004 which were used to fund OPEB were \$456,573.

B. State Teachers Retirement System

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

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently at 14 percent 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, 2003, the board allocated employer contributions equal to 1 percent of covered payroll to Health Care Stabilization Fund. Effective July 1, 2004, 1 percent of covered payroll will be allocated to the fund. The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004. For the County, it contributed \$1,257 during 2004.

For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

NOTE 11 - LONG-TERM DEBT

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

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)

	Balance at 12/31/03	Increase	Decrease	Balance at 12/31/04	Amounts Due in One Year
Governmental Activities:					
OWDA Loans	\$ 5,233,163	\$ 220,594	\$ 186,817	\$ 5,266,940	\$ 197,709
USDA Special Assessment Bonds	820,739		10,007	810,732	10,519
USDA Revenue Bonds	282,329		3,442	278,887	3,619
Equipment Loans/Leases	148,840		27,521	121,319	28,601
Court of Appeals Loan	272,936		8,066	264,870	10,246
Total Governmental Activities	<u>6,758,007</u>	220,594	235,853	6,742,748	250,694
Business-Type Activities:					
USDA Revenue Bonds	5,575,000		109,000	5,466,000	115,000
Total Long-Term Obligations	<u>\$ 12,333,007</u>	<u>\$ 220,594</u>	<u>\$ 344,853</u>	<u>\$ 12,208,748</u>	<u>\$ 365,694</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.

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

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

The remaining USDA revenue bonds were issued for the construction of a nursing home facility and renovating the old nursing home facility to an independent living facility. The County has issued bonds which pledge the revenues from the Hillside County Living 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 to services to customers be sufficient to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties.

Equipment loans/leases were issued for the purchase of a Caterpillar wheeled excavator for the Engineer's office.

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.

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

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)

	OWDA	Special Assessment Bonds	Revenue Bonds	Equipment Loans/ Leases	Court of Appeals Loan	Total
2005	\$ 473,716	\$ 52,069	\$ 406,212	\$ 33,287	\$ 20,662	\$ 985,945
2006	473,811	52,069	406,462	33,288	20,419	986,048
2007	473,913	52,069	406,412	33,288	20,381	986,062
2008	474,023	52,069	405,761	33,289	20,542	985,683
2009	474,140	52,069	405,462		20,460	952,131
Thereafter	5,377,843	1,405,876	8,239,587		288,272	15,311,578
Totals	<u>\$ 7,747,446</u>	<u>\$ 1,666,221</u>	<u>\$ 10,269,894</u>	<u>\$ 133,152</u>	<u>\$ 390,735</u>	<u>\$ 20,207,448</u>

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

Authorized but Unissued Loans

The County has entered into loan agreements with OWDA for several wastewater improvement projects. The loans have been approved for a total of \$545,000; however, only \$376,645 has been received as of December 31, 2004. Upon completion of the projects, future annual debt service requirements will be determined. The above table does not include these ongoing projects.

Conduit Debt

There are several series of Industrial Development, Economic Development, and Hospital Facility Revenue Bonds for facilities used by private corporations and other entities with the aggregate original issue amount of \$22,550,000. The bonds do not represent or constitute a debt or pledge of faith and credit of the taxing power of the County 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.

NOTE 12 - SHORT-TERM DEBT

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

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)

	Balance at 12/31/03	Increase	Decrease	Balance at 12/31/04
Governmental Activities:				
Bond Anticipation Notes, Series 2003	\$692,000		\$692,000	
Bond Anticipation Notes, Series 2004		\$897,000		\$897,000
Total Governmental Activities	692,000	897,000	692,000	897,000
Business-Type Activities:				
Bond Anticipation Notes, Series 2003	471,000		471,000	
Bond Anticipation Notes, Series 2004		379,000		379,000
Total Business-Type Activities	471,000	379,000	471,000	379,000
Total Short-Term Debt Obligations	\$ 1,163,000	\$ 1,276,000	\$ 1,163,000	\$ 1,276,000

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

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

A. Regional Planning Commission

The County participates in the Williams County Regional Planning Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed among thirty-four members comprised of the Board of County Commissioners, County Auditor, County Engineer, member of the Health Department, a member of Soil and Water, three members appointed by the City of Bryan, representatives from eight villages, and representatives from eight townships within the County. Each member's control over the operation of the Commission is limited to its representation on the Board. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County.

B. Maumee Valley Planning Organization (MVPO)

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

The members consist of one commissioner per County, township trustees, and representatives from the cities and villages in the five counties. The main source of revenues is the CDBG grants and a per capita amount from each county. The financial records are maintained by the Fulton County Auditor and Treasurer. In 2004, Williams County paid \$39,527 in dues and loan administration fees.

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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

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, 2004, and the County has no outstanding commitments for past construction. Complete financial statements can be obtained from Tonya Justus, Fiscal Manager, 03151 County Road 2425, 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, 2004. 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 landfills. 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.

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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

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

For the year ended December 31, 2004, the County remitted \$1,043,522 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.

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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board. No county may have more than one representative on the Board at any time.

Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. Financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

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

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

A group executive committee is responsible for calculating annual rate contributions and rebates; approving the selection of a third party administrator; reviewing and approving proposed third party fees, fees for risk management services, and general management fees; determining ongoing eligibility of each participant; and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of the CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year.

No participant can have more than one member on the group executive committee in any year and each elected member shall be a County Commissioner.

C. County Employee Benefits Consortium of Ohio

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

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

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 Agreements and is committed to the consortium for at least three years in order to ensure stability of the program.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 (Continued)

NOTE 16 - RELATED ORGANIZATIONS

A. Williams County Public Library

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

B. Williams Metropolitan Housing Authority

The Williams Metropolitan Housing Authority (the Housing Authority) was created under the authority of § 3735.27 of the Ohio Revised Code. The Housing Authority is governed by a five member board, one of which is (each) appointed by the Williams County Commissioners, the Probate Judge, and by the Common Pleas Judge respectively. Williams County is not financially accountable for the activities of the Housing Authority. Financial information can be obtained from the Williams Metropolitan Housing Authority, Mary Jo Sands, Executive Director, at 1044 Chelsea, Napoleon, Ohio 43545.

NOTE 17 - CONTINGENCIES

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

NOTE 18 - COMPENSATED ABSENCES

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

Accumulated, unused sick leave is paid, up to a maximum of 120 days, depending on length of service of the employee who retires. As of December 31, 2004, the liability for compensated absences was \$971,318 for the entire County.

NOTE 19 - CAPITAL ASSETS

A summary of the capital assets at December 31, 2004 is as follows:

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

	Enterprise Funds	Governmental Funds	Total All Funds
Land	\$ 353,607	\$ 889,041	\$ 1,242,648
Land Improvements	335,238	2,992,241	3,327,479
Building and Improvements	8,915,743	8,815,471	17,745,084
Machinery, Furniture, and Equipment	870,760	3,620,999	4,477,894
Vehicles	146,007	3,539,583	3,685,590
Infrastructure	11,997,579	-	11,997,579
Total	<u>\$ 22,618,934</u>	<u>\$ 19,857,335</u>	<u>\$ 42,476,274</u>

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.

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WILLIAMS COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Pass Through	Federal	Disbursements
<u>Program Title</u>	<u>Entity Number</u>	<u>CFDA Number</u>	<u></u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Local Agricultural Stabilization and Conservation Service</i>			
Crop Deficiency Program	-	10.XXX	\$ 12,840
Total U.S. Department of Agriculture			<u>12,840</u>
U.S. DEPARTMENT OF LABOR			
<i>Passed Through the Ohio Department of Job and Family Services</i>			
<u>Workforce Investment Act Cluster</u>			
Workforce Investment Act - Adult	-	17.258	11,484
Workforce Investment Act - Youth	-	17.259	88,855
Workforce Investment Act - Dislocated Worker	-	17.260	12,646
Workforce Investment Act - Rapid Response	-	17.260	67,302
Total			<u>79,948</u>
Total U.S. Department of Labor - Workforce Investment Act Cluster			<u>180,287</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	39,846
Title III Part B - Health and Wellness Assessment		93.044	32,158
Total			<u>72,004</u>
Title III Part C - Nutrition Services	-	93.045	264,350
Total Aging Cluster			<u>336,354</u>

(Continued)

WILLIAMS COUNTY

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

FEDERAL GRANTOR			
<i>Pass Through Grantor</i>			
Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Chaffee	86-6018-05	93.674	158
Basic Child Abuse and Neglect	86-6020-05	93.669	1,410
Basic Child Abuse and Neglect	86-6020-04	93.669	590
Total			<u>2,000</u>
Child Welfare Subsidy (Title IV-B)	86-6010-05	93.645	17,336
Child Welfare Subsidy (Title IV-B)	86-6010-04	93.645	24,588
ESSA Family Preservation	86-6035-05	93.645	3,990
ESSA Family Preservation	86-6035-04	93.645	1,217
ESSA Family Reunification	86-6035-05	93.645	1,882
ESSA Family Reunification	86-6036-04	93.645	4,302
Total			<u>53,315</u>
<i>Passed Through the Ohio Department of Health</i>			
Social Services Block Grant (Title XX)	-	93.667	54,372
<i>Passed Through the Ohio Department of Mental Retardation and Development Disabilities</i>			
Medical Assistance Program (Medicaid: Title XIX)	-	93.778	205,451
Medical Assistance Program (CAFS)	-	93.778	153,977
Medical Assistance Program (TCM)	-	93.778	66,889
Total			<u>426,317</u>
Total U.S. Department of Health and Human Services			<u>872,516</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Home Investment Partnerships Program (Chip)	B-C-03-079-2	14.239	41,455
<i>Passed Through the Ohio Department of Development</i>			
Community Development Block Grant (Chip)	B-C-03-079-1	14.228	33,450
Community Development Block Grant (Formula)	B-F-03-079-1	14.228	34,168
Community Development Block Grant (Formula)	B-F-02-079-1	14.228	139,144
Community Development Block Grant (Economic Development)	B-E-03-079-1	14.228	240,000
Total			<u>446,762</u>
Total U.S. Department of Housing and Urban Development			<u>488,217</u>

(Continued)

WILLIAMS COUNTY

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

FEDERAL GRANTOR			
<i>Pass Through Grantor</i>		Pass Through	Federal
Program Title	Entity Number	Entity Number	CFDA
		Number	Number
			Disbursements
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through the Ohio Department of Emergency Management Disaster Assistance</i>			
State Home Security Grant - Administration Part 2	2003-MU-T3-0015	97.004	20,266
State Home Security Grant - Equipment Part 2	2003-MU-T3-0015	97.004	90,198
State Home Security Grant - Equipment	2004-GE-T4-0025	97.004	144,674
Total			<u>255,138</u>
Performance Grant	EMC-2004-GR-7007	97.042	7,498
Performance Grant	2005-EM-T5-0001	97.042	197
Total			<u>7,695</u>
Supplemental Planning Grant	EMC-2003-GR-7026	97.051	1,976
Total U.S. Department of Homeland Security			<u>264,809</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program - Tree Removal	3-39-0100-0203	20.106	31,516
Airport Improvement Program - Land Acquisition	3-39-0100-0304	20.106	288,728
Total			<u>320,244</u>
<i>Passed Through the Ohio Engineers Association</i>			
Highway Planning and Construction	03N154	20.205	432,526
Highway Planning and Construction	03N155	20.205	621,099
Highway Planning and Construction	04N010	20.205	652,557
Highway Planning and Construction	04N018	20.205	1,039,344
			<u>2,745,526</u>
Total U.S. Department of Transportation			<u>3,065,770</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through the Ohio Attorney General</i>			
Victims of Crimes Act Grant - Equipment	02-VAG-ENE-728	16.575	840
Victims of Crimes Act Grant	03-VAG-ENE-129T	16.575	42,939
Victims of Crimes Act Grant	04-VAG-ENE-129T	16.575	8,139
Total U.S. Department of Justice			<u>51,918</u>
Total			<u>\$ 4,936,357</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

WILLIAMS COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES DECEMBER 31, 2004

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, 2004, the gross amount of loans outstanding under this program was \$1,223,972.

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.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Commissioners:

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williams County, Ohio (the County) as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 11, 2005, 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' *County Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the County's management dated August 11, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 2004-001. In a separate letter to the County's management dated August 11, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

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

Betty Montgomery
Auditor of State

August 11, 2005



**Auditor of State
Betty Montgomery**

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

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

To the Board of Commissioners:

Compliance

We have audited the compliance of Williams County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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, 2004. In a separate letter to the County's management dated August 11, 2005, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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

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



Betty Montgomery
Auditor of State

August 11, 2005

WILLIAMS COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Medical Assistance Program (Medicaid: Title XIX; CAFS; TCM) CFDA 93.778 State Home Security Grant CFDA 97.004 Airport Improvement Program CFDA 20.106 Highway Planning and Construction CFDA 20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2004-001

Noncompliance Citation

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

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County prepares its financial statements in accordance with the modified cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There may 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.

3. FINDINGS FOR FEDERAL AWARDS

None.

WILLIAMS COUNTY

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Administrative Code § 117-2-03(B) – Not reporting on GAAP	No	Not corrected. Reissued as finding 2004-001. The County believes reporting on a basis of accounting other than GAAP is more cost efficient.
2003-002	Ohio Revised Code § 5705.41(D) – Improper encumbering	No	Partially corrected. Reported in the management letter.



**Auditor of State
Betty Montgomery**

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FINANCIAL CONDITION

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 6, 2005**