



Dave Yost • Auditor of State

WILLIAMS COUNTY
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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Williams County
One Courthouse Square, Second Floor
Bryan, Ohio 43506-1791

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williams County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the 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 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, 2011, and the respective changes in cash financial position, thereof 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 cash basis of accounting Note 2 describes.

As described in Note 22, during 2011, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2012, 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.

We conducted our audit to opine on the County's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, governmental activities, and long-term debt. The federal awards expenditures schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 23, 2012

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED)

The management's discussion and analysis of Williams County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2011, within the limitations of the County's 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 cash-basis basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- The total net cash assets of the County increased \$132,642. Net cash assets of governmental activities increased \$39,886 which represents a .35% increase from fiscal year 2010. Net cash assets of business-type activities increased \$92,756 or 4.49% over fiscal year 2010.
- General cash receipts accounted for \$13,515,749 or 41.79% of total governmental activities cash receipts. Program specific cash receipts accounted for \$18,823,504 or 58.21% of total governmental activities cash receipts.
- The County had \$32,299,367 in cash disbursements related to governmental activities; \$18,823,504 of these cash disbursements were offset by program specific charges for services; operating grants and contributions; or capital grants and contributions. General cash receipts (primarily real estate and sales taxes) of \$13,515,749 were adequate to provide for these programs.
- The County's major governmental funds are the General, Auto and Gas, Enrichment Center, Job and Family Services, and Department of Aging. The General fund, the County's largest major fund, had cash receipts and other financing sources of \$10,064,290 in 2011. The cash disbursements and other financing uses of the General fund, totaled \$10,072,874 in 2011. The General fund's cash balance decreased \$8,584 from 2010 to 2011.
- The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,507,851 in 2011. The Auto and Gas fund had cash disbursements of \$4,392,092 in 2011. The Auto and Gas fund cash balance increased \$115,759 from 2010 to 2011.
- The Enrichment Center, a County major fund, had cash receipts of \$3,585,599 in 2011. The Enrichment Center had cash disbursements of \$3,441,983 in 2011. The Enrichment Center's fund cash balance increased \$143,616 from 2010 to 2011.
- The Job and Family Services fund, a County major fund, had cash receipts and other financing sources of \$2,117,902 in 2011. The Job and Family Services fund had cash disbursements of \$2,062,558 in 2011. The Job and Family Services fund cash balance increased \$55,344 from 2010 to 2011.
- The Department of Aging, a County major fund, had cash receipts and other financing sources of \$1,538,789 in 2011. The Department of Aging had cash disbursements of \$1,638,198 in 2011. The Department of Aging fund cash balance decreased \$99,409 from 2010 to 2011.
- Net cash assets for the Hillside Country Living Nursing Home Enterprise fund increased in 2011 by \$85,222 or 4.23%. The net cash assets for the Sewer Enterprise fund increased in 2011 by \$7,534 or 14.71%.

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED) (Continued)

- The County's only major business-type fund is the Hillside Country Living Nursing Home Enterprise fund. Hillside had operating / non-operating cash receipts of \$6,092,626 in 2011. The Hillside fund had operating / non-operating cash disbursements of \$6,007,404 in 2011. The Hillside fund cash balance increased \$85,222 from 2010 to 2011.

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 cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole County, presenting both an aggregate view of the County's 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 – Cash Basis and the Statement of Activities – Cash Basis answer the question, "How did we do financially during 2011?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles 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 cash basis. This change in net cash assets is important because it tells the reader that, for the County as a whole, the 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 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 cash basis of accounting.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – 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, 2011 (UNAUDITED) (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. The County's only major business-type fund is the Hillside Country Living Nursing Home.

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 cash basis of accounting which is a basis of accounting other than accounting principles 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 cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the 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 – Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities – Cash Basis.

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

Proprietary Funds

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

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.

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

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 2011 compared to the prior year.

| | Net Cash Assets | | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|---------------|
| | Governmental | Governmental | Business-type | Business-type | Total | Total |
| | Activities | Activities | Activities | Activities | | |
| 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | |
| <u>Assets</u> | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 11,336,373 | \$ 11,296,487 | \$ 2,156,365 | \$ 2,063,609 | \$ 13,492,738 | \$ 13,360,096 |
| <u>Net Assets</u> | | | | | | |
| Restricted | 6,474,046 | 6,303,125 | | | 6,474,046 | 6,303,125 |
| Unrestricted | 4,862,327 | 4,993,362 | 2,156,365 | 2,063,609 | 7,018,692 | 7,056,971 |
| Total Net Assets | \$ 11,336,373 | \$ 11,296,487 | \$ 2,156,365 | \$ 2,063,609 | \$ 13,492,738 | \$ 13,360,096 |

The total net cash assets of the County increased \$132,642. Net cash assets of governmental activities increased \$39,886 which represents a 0.35% increase from fiscal year 2010. Net cash assets of business-type activities increased \$92,756 or 4.49% from fiscal year 2010.

A portion of the County's governmental net cash assets, \$6,474,046, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental unrestricted net cash assets of \$4,862,327 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 2011 and 2010.

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

Change in Net Cash Assets

| | Governmental Activities 2011 | Governmental Activities 2010 | Business-Type Activities 2011 | Business-type Activities 2010 | Total 2011 | Total 2010 |
|---|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|----------------------|----------------------|
| Cash Receipts | | | | | | |
| Program Cash Receipts: | | | | | | |
| Charges for Services and Sales | \$ 6,385,207 | \$ 6,134,878 | \$ 6,370,432 | \$ 6,182,449 | \$ 12,755,639 | \$ 12,317,327 |
| Operating Grants and Contributions | 10,591,073 | 10,480,274 | 12,654 | 22,207 | 10,603,727 | 10,502,481 |
| Capital Grants and Contributions | 1,847,224 | 2,794,975 | | | 1,847,224 | 2,794,975 |
| Total Program Cash Receipts | 18,823,504 | 19,410,127 | 6,383,086 | 6,204,656 | 25,206,590 | 25,614,783 |
| General Cash Receipts: | | | | | | |
| Property Taxes | 4,527,883 | 3,728,782 | | | 4,527,883 | 3,728,782 |
| Sales Tax | 4,746,135 | 4,596,745 | | | 4,746,135 | 4,596,745 |
| Unrestricted Grants | 1,154,760 | 1,292,510 | | | 1,154,760 | 1,292,510 |
| Proceeds from Sale of Notes | | 1,340,000 | | | - | 1,340,000 |
| Proceed from Sale of Bonds | 652,000 | | | | 652,000 | |
| Miscellaneous Fees on Sale of Notes | - | 13,322 | | | - | 13,322 |
| Loan Proceeds | 898,614 | | | | 898,614 | |
| Investment Earnings | 139,248 | 216,274 | 3,586 | 3,147 | 142,834 | 219,421 |
| Sale of Capital Assets | 37,523 | 51,473 | | | 37,523 | 51,473 |
| Miscellaneous | 1,359,586 | 954,985 | 84,265 | 57,715 | 1,443,851 | 1,012,700 |
| Total General Cash Receipts | 13,515,749 | 12,194,091 | 87,851 | 60,862 | 13,603,600 | 12,254,953 |
| Total Cash Receipts | 32,339,253 | 31,604,218 | 6,470,937 | 6,265,518 | 38,810,190 | 37,869,736 |
| Cash Disbursements | | | | | | |
| General Government | 4,420,504 | 4,380,381 | | | 4,420,504 | 4,380,381 |
| Public Safety | 3,601,620 | 3,631,814 | | | 3,601,620 | 3,631,814 |
| Public Works | 4,638,034 | 4,992,012 | | | 4,638,034 | 4,992,012 |
| Health | 1,318,799 | 1,309,482 | | | 1,318,799 | 1,309,482 |
| Human Services | 10,158,734 | 9,605,903 | | | 10,158,734 | 9,605,903 |
| Conservation and Recreation | 114,889 | 118,889 | | | 114,889 | 118,889 |
| Economic Development and Assistance | 1,011,554 | 812,173 | | | 1,011,554 | 812,173 |
| Hospitalization | 945,387 | 931,939 | | | 945,387 | 931,939 |
| Miscellaneous | 359,298 | 323,308 | | | 359,298 | 323,308 |
| Capital Outlay | 3,211,145 | 2,541,418 | | | 3,211,145 | 2,541,418 |
| Debt Service: | | | | | | |
| Principal Retirement | 2,203,704 | 4,091,908 | | | 2,203,704 | 4,091,908 |
| Interest and Fiscal Charges | 315,699 | 381,520 | | | 315,699 | 381,520 |
| Hillside | | | 6,007,404 | 5,702,766 | 6,007,404 | 5,702,766 |
| Sewer | | | 370,777 | 315,458 | 370,777 | 315,458 |
| Total Cash Disbursements | 32,299,367 | 33,120,747 | 6,378,181 | 6,018,224 | 38,677,548 | 39,138,971 |
| Change in Net Cash Assets | 39,886 | (1,516,529) | 92,756 | 247,294 | 132,642 | (1,269,235) |
| Net Cash Assets at Beginning of Year | 11,296,487 | 12,813,016 | 2,063,609 | 1,816,315 | 13,360,096 | 14,629,331 |
| Net Cash Assets at End of Year | \$ 11,336,373 | \$ 11,296,487 | \$ 2,156,365 | \$ 2,063,609 | \$ 13,492,738 | \$ 13,360,096 |

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)

Governmental Activities

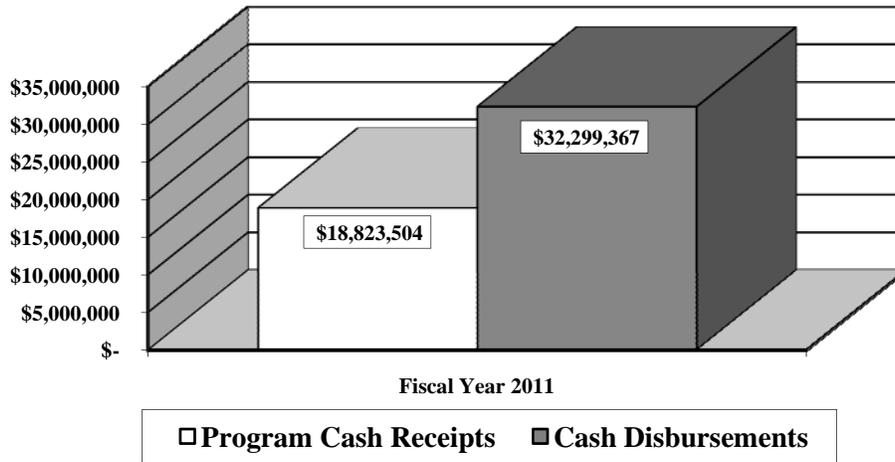
Governmental cash assets increased by \$39,886 in 2011 from 2010. This slight increase is primarily attributed to the conservative budgeting practices of the County.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2011, general government cash disbursements totaled \$4,420,504, or 13.69% of total governmental cash disbursements. General government programs were supported by \$2,832,020 in direct charges to users and operating grants and contributions.

The County program, Public Works, accounted for \$4,638,034 or 14.36% of total cash disbursement. Public Works programs primarily include the Auto and Gas fund. Public Works programs are primarily supported by state and federal intergovernmental receipts.

The County program, Human Services, accounted for \$10,158,734 or 31.45% 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.

Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements



The Statement of Activities shows the cost of program services and the charges for services and operating / capital grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2011. It identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

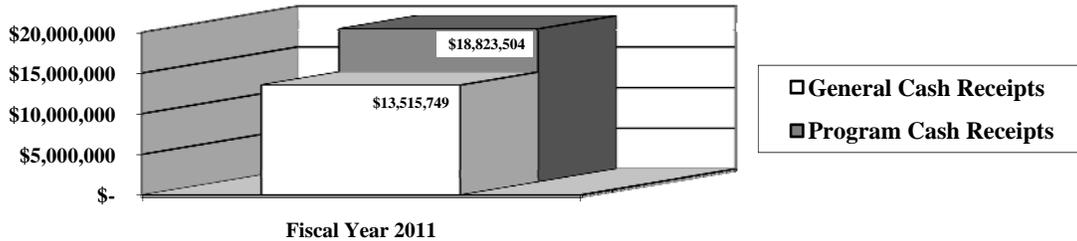
WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

| | Total Cost of Services 2011 | Total Cost of Services 2010 | Net Cost of Services 2011 | Net Cost of Services 2010 |
|-------------------------------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| Cash Disbursements | | | | |
| General Government | \$ 4,420,504 | \$ 4,380,381 | \$ 1,588,484 | \$ 1,538,863 |
| Public Safety | 3,601,620 | 3,631,814 | 3,191,324 | 3,237,616 |
| Public Works | 4,638,034 | 4,992,012 | (453,585) | (153,452) |
| Health | 1,318,799 | 1,309,482 | 54,718 | 215,333 |
| Human Services | 10,158,734 | 9,605,903 | 3,962,848 | 3,320,989 |
| Conservation and Recreation | 114,889 | 118,889 | 114,889 | 118,889 |
| Economic Development and Assistance | 1,011,554 | 812,173 | 423,284 | 507,704 |
| Hospitalization | 945,387 | 931,939 | 937,622 | 918,087 |
| Other | 359,298 | 323,308 | 194,927 | 150,040 |
| Capital Outlay | 3,211,145 | 2,541,418 | 1,335,312 | (263,889) |
| Debt Service: | | | | |
| Principal Retirement | 2,203,704 | 4,091,908 | 1,892,762 | 3,819,786 |
| Interest and Fiscal Charges | 315,699 | 381,520 | 233,278 | 300,654 |
| Total | \$ 32,299,367 | \$ 33,120,747 | \$ 13,475,863 | \$ 13,710,620 |

The dependence upon general cash receipts for governmental activities is apparent; with 41.72% of cash disbursements supported through taxes and other general cash receipts during 2011.

Governmental Activities - General and Program Cash Receipts



Proprietary Funds

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

At the end of the current fiscal year, Williams County's proprietary funds, Hillside Country Living Nursing Home and Sanitary Sewer, reported a combined ending fund cash balance of \$2,156,365, an increase of \$92,756 in comparison with the prior audit year. The increase in ending fund balance was primarily attributed to the Hillside Country Living Nursing Home funds where overall revenues were greater than overall expenditures, despite the fact that overall revenues increased 2.87% from 2010 and expenditures increased 5.34% from 2010.

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The County's governmental funds reported a combined fund cash balance of \$11,336,373, which is \$39,886 more than last year's total of \$11,296,487. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2011 and December 31, 2010, for all major and nonmajor governmental funds.

| | Fund Cash Balance December 31, 2011 | Fund Cash Balance December 31, 2010 | Increase (Decrease) |
|-----------------------------------|--|--|------------------------|
| Major Funds: | | | |
| General | \$ 5,240,025 | \$ 5,248,609 | \$ (8,584) |
| Auto and Gas | 408,027 | 292,268 | 115,759 |
| Enrichment Center | 530,440 | 386,824 | 143,616 |
| Job and Family Services | 296,036 | 240,692 | 55,344 |
| Department of Aging | 440,115 | 539,524 | (99,409) |
| Other Nonmajor Governmental Funds | 4,421,730 | 4,588,570 | (166,840) |
| Total | <u>\$ 11,336,373</u> | <u>\$ 11,296,487</u> | <u>\$ 39,886</u> |

General Fund

The General fund, the County's largest major fund, had cash receipts and other financing sources of \$10,064,290 in 2011. The cash disbursements and other financing uses of the General fund, totaled \$10,072,874 in 2011. The General fund's cash balance decreased \$8,584 from 2010 to 2011.

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

| | 2011 | 2010 | Percentage Change |
|------------------------|----------------------|----------------------|----------------------|
| Cash Receipts: | | | |
| Property and Sales Tax | \$ 6,435,387 | \$ 6,293,170 | 2.26 % |
| Charges for Services | 1,626,452 | 1,731,558 | (6.07) % |
| Licenses and Permits | 4,320 | 4,845 | (10.84) % |
| Fines and Forfeitures | 121,948 | 119,102 | 2.39 % |
| Intergovernmental | 1,351,797 | 1,426,701 | (5.25) % |
| Special Assessments | 114,310 | 116,928 | (2.24) % |
| Investment Income | 138,676 | 214,298 | (35.29) % |
| Rental Income | 107,036 | 107,525 | (0.45) % |
| Other | 153,070 | 112,417 | 36.16 % |
| Total | <u>\$ 10,052,996</u> | <u>\$ 10,126,544</u> | (0.73) % |

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

Charges for services decreased due to decreases in revenue for conveyance fees, reimbursement of election expenses, juvenile court child support fees, and recorder fees. Licenses and permits decreased due to a decrease in sales of vendors licenses. Intergovernmental revenue decreased due to the accelerated phase-out of the personal property tax loss and public utility reimbursements. Investment income decreased due to lower interest rates. Other revenue was higher due to reimbursements for expenses paid in prior years for sewer projects. All other revenue remained comparable to 2010.

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

| | 2011 | 2010 | Percentage Change |
|-----------------------------|---------------------|---------------------|----------------------|
| Cash Disbursements: | | | |
| General Government | | | |
| Legislative and Executive | \$ 2,145,569 | \$ 2,095,206 | 2.40 % |
| Judicial | 1,131,825 | 1,093,899 | 3.47 % |
| Public Safety | 3,415,279 | 3,464,155 | (1.41) % |
| Public Works | 247,235 | 253,513 | (2.48) % |
| Health | 77,100 | 69,374 | 11.14 % |
| Human Services | 671,975 | 519,878 | 29.26 % |
| Conservation and Recreation | 114,889 | 118,889 | (3.36) % |
| Economic Development | 61,275 | 53,520 | 14.49 % |
| Hospitalization | 945,387 | 931,939 | 1.44 % |
| Other | 357,978 | 323,308 | 10.72 % |
| Capital Outlay | 1,886 | 301 | 526.58 % |
| Debt Service | 75,653 | 77,796 | (2.75) % |
| Total | \$ 9,246,051 | \$ 9,001,778 | 2.71 % |

Health increased due to an increase in Bureau for Children With Medical Handicaps (BCMh) treatment expenditures. Human services increased due to an increase in the allocation to Job and Family Services for child support and children's services expenses, as well as an increase in veterans' services expenses. Economic Development increased due to expenses of the economic adjustment strategy planning study grant. Other cash disbursements increased due to an increase in funding provided to the Ohio State University (OSU) Extension office. Capital Outlay increased due to increased expenses for the Norlick Place sewer replacement project. All other cash disbursements remained comparable to 2010.

Auto and Gas Fund

The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,507,851 in 2011. The Auto and Gas fund had cash disbursements of \$4,392,092 in 2011. The Auto and Gas fund cash balance increased \$115,759 from 2010 to 2011. The increase in cash fund balance was primarily attributed to an overall decrease in expenditures (salaries and fringes, contract services and materials) while total receipts remained comparable to 2010.

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED) (Continued)

Enrichment Center

The Enrichment Center, a County major fund, had cash receipts of \$3,585,599 in 2011. The Enrichment Center had cash disbursements of \$3,441,983 in 2011. The Enrichment Center's fund cash balance increased \$143,616 from 2010 to 2011. The increase in fund cash balance was primarily attributed to an increase in property tax revenue due to a levy being replaced with an increase (from 2.50 mills to 3.50 mills) for tax year 2010, collected in 2011. The additional revenue covered the overall increase in expenditures (contract services).

Job and Family Services Fund

The Job and Family Services fund, a County major fund, had cash receipts and other financing sources of \$2,117,902 in 2011. The Job and Family Services fund had cash disbursements of \$2,062,558 in 2011. The Job and Family Services fund cash balance increased \$55,344 from 2010 to 2011. The increase in fund cash balance was primarily attributed to an overall decrease in expenditures (salaries and fringes, contract services, day care services) being greater than the decrease in revenue (primarily intergovernmental revenue).

Department of Aging Fund

The Department of Aging, a County major fund, had cash receipts and other financing sources of \$1,538,789 in 2011. The Department of Aging had cash disbursements of \$1,638,198 in 2011. The Department of Aging fund cash balance decreased \$99,409 from 2010 to 2011. The decrease in cash balance was primarily attributed to a decrease in overall revenue (intergovernmental revenue), as well as increases in overall expenditures (salaries and fringes, food supplies, fuel).

Proprietary Funds

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 \$6,092,626 and cash disbursements of \$6,007,404 for fiscal year 2011. The net cash assets of the programs increased \$85,222 from 2010. The increase in net assets is primarily attributed to the overall increase in receipts (primarily charges for services) being adequate to cover the overall increase in expenditures.

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 and other financing sources were \$2,089,598 below original budget estimates of \$11,819,410 due to the reclassification of reimbursements. There are some costs the General fund pays for in advance and other County funds are invoiced to refund the monies back to the General fund. Actual cash receipts and other financing sources of \$9,752,591, excluding advances, exceeded final budget estimates by \$22,779. This was primarily attributed to receipts for conveyance fees, local government revenue, and sales tax being greater than anticipated. The final budgetary basis disbursements and other financing uses of \$10,680,188 were \$1,251,708 below original budget estimates. This was primarily attributed to the reclassification of payments made on behalf of other funds that were then reimbursed. The actual budgetary basis disbursements and other financing uses of \$9,952,556, excluding advances, were \$727,632 less than the final budget estimates. Advances are not budgeted.

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(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 \$3,211,145 during fiscal year 2011.

For further information regarding the District's capital assets, see the notes to the basic financial statements.

Debt Administration

The County had the following short-term and long-term obligations outstanding at December 31, 2011 and 2010:

| | Governmental Activities 2011 | Governmental Activities 2010 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| | <u>2011</u> | <u>2010</u> |
| Short-Term | | |
| Bond Anticipation Notes | | \$ 1,340,000 |
| Long-Term | | |
| OPWC Loans | \$ 299,651 | 428,072 |
| OWDA Loans | 4,095,073 | 3,515,765 |
| USDA Special Assessment Bonds | 724,757 | 738,955 |
| USDA Revenue Bonds | 901,312 | 254,196 |
| Court of Appeals Loan | 188,788 | 200,560 |
| County Facilities Improvement Bonds | 100,000 | 150,000 |
| Total Long Term Debt | <u>6,309,581</u> | <u>5,287,548</u> |
| Total Outstanding Obligations | <u>\$ 6,309,581</u> | <u>\$ 6,627,548</u> |
| | Business-Type Activities 2011 | Business-Type Activities 2010 |
| | <u>2011</u> | <u>2010</u> |
| Long-Term | | |
| USDA Revenue Bonds | <u>\$ 4,531,000</u> | <u>\$ 4,685,000</u> |
| | Governmental Activities 2011 | Governmental Activities 2010 |
| | <u>2011</u> | <u>2010</u> |
| Equipment Loans and Leases | <u>\$ 81,360</u> | <u>\$ 427,440</u> |

For further information regarding the District's debt, see the notes to the basic financial statements.

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(Continued)**

Economic Factors and Next Year's Budgets and Rates

The following economic factors were taken into consideration in preparing the budget for fiscal year 2012:

The County's unemployment rate as of December 2011 is 8.8%, compared to the 7.6% state average and the 8.3% national average.

State funding is uncertain due to budgetary shortfalls at the State level. These funds represented 7% of the county's general fund revenue in 2011. Sales and property tax revenues are expected to remain consistent as well as expenditures.

These economic factors were considered in preparing the County's budget for fiscal year 2011. Budgeted revenues and other financing sources in the general fund for fiscal year 2011 are \$9,729,812. 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, Second Floor, Bryan, Ohio 43506-1791.

WILLIAMS COUNTY

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2011**

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|---------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$11,336,373</u> | <u>\$2,156,365</u> | <u>\$13,492,738</u> |
| Net Assets | | | |
| Restricted for: | | | |
| Debt Service | 399,396 | | 399,396 |
| Capital Projects | 295,249 | | 295,249 |
| Other Purposes | 5,779,401 | | 5,779,401 |
| Unrestricted | <u>4,862,327</u> | <u>2,156,365</u> | <u>7,018,692</u> |
| <i>Total Net Assets</i> | <u>\$11,336,373</u> | <u>\$2,156,365</u> | <u>\$13,492,738</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <u>Program Cash Receipts</u> | | | |
|---------------------------------------|------------------------------|-----------------------------|---|---------------------------|
| | <u>Cash Disbursements</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | |
| Governmental Activities | | | | |
| General Government: | | | | |
| Legislative and Executive | \$2,685,145 | \$1,639,929 | \$1,458 | |
| Judicial | 1,735,359 | 643,076 | 547,557 | |
| Public Safety | 3,601,620 | 131,157 | 279,139 | |
| Public Works | 4,638,034 | 1,068,299 | 4,023,320 | |
| Health | 1,318,799 | 1,246,442 | 17,639 | |
| Human Services | 10,158,734 | 1,032,143 | 5,163,743 | |
| Conservation and Recreation | 114,889 | | | |
| Economic Development and Assistance | 1,011,554 | 26,025 | 558,217 | \$4,028 |
| Hospitalization | 945,387 | 7,765 | | |
| Other | 359,298 | 164,371 | | |
| Capital Outlay | 3,211,145 | 32,637 | | 1,843,196 |
| Debt Service: | | | | |
| Principal Retirement | 2,203,704 | 310,942 | | |
| Interest and Fiscal Charges | 315,699 | 82,421 | | |
| <i>Total Governmental Activities</i> | <u>32,299,367</u> | <u>6,385,207</u> | <u>10,591,073</u> | <u>1,847,224</u> |
| Business-Type Activities | | | | |
| Hillside | 6,007,404 | 5,992,957 | 12,654 | |
| Sanitary Sewer | 370,777 | 377,475 | | |
| <i>Total Business-Type Activities</i> | <u>6,378,181</u> | <u>6,370,432</u> | <u>12,654</u> | |
| Totals | <u><u>\$38,677,548</u></u> | <u><u>\$12,755,639</u></u> | <u><u>\$10,603,727</u></u> | <u><u>\$1,847,224</u></u> |

General Cash Receipts

Property Taxes Levied For:
 General Purposes
 Human Services - Enrichment Center
 Human Services - Department of Aging
Sales Taxes
Grants and Entitlements not
Restricted to Specific Programs
Proceeds from Sale of Bonds
Loan Proceeds
Investment Income
Proceeds from Sale of Capital Assets
Miscellaneous
Total General Cash Receipts
Change in Net Cash Assets
Net Cash Assets at Beginning of Year
Net Cash Assets at End of Year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|----------------------------|
| (\$1,043,758) | | (\$1,043,758) |
| (544,726) | | (544,726) |
| (3,191,324) | | (3,191,324) |
| 453,585 | | 453,585 |
| (54,718) | | (54,718) |
| (3,962,848) | | (3,962,848) |
| (114,889) | | (114,889) |
| (423,284) | | (423,284) |
| (937,622) | | (937,622) |
| (194,927) | | (194,927) |
| (1,335,312) | | (1,335,312) |
| (1,892,762) | | (1,892,762) |
| (233,278) | | (233,278) |
| <u>(13,475,863)</u> | | <u>(13,475,863)</u> |
| | (1,793) | (1,793) |
| | <u>6,698</u> | <u>6,698</u> |
| | 4,905 | 4,905 |
| <u>(13,475,863)</u> | <u>4,905</u> | <u>(13,470,958)</u> |
| 1,689,252 | | 1,689,252 |
| 2,125,275 | | 2,125,275 |
| 713,356 | | 713,356 |
| 4,746,135 | | 4,746,135 |
| 1,154,760 | | 1,154,760 |
| 652,000 | | 652,000 |
| 898,614 | | 898,614 |
| 139,248 | 3,586 | 142,834 |
| 37,523 | | 37,523 |
| <u>1,359,586</u> | <u>84,265</u> | <u>1,443,851</u> |
| <u>13,515,749</u> | <u>87,851</u> | <u>13,603,600</u> |
| 39,886 | 92,756 | 132,642 |
| <u>11,296,487</u> | <u>2,063,609</u> | <u>13,360,096</u> |
| <u><u>\$11,336,373</u></u> | <u><u>\$2,156,365</u></u> | <u><u>\$13,492,738</u></u> |

WILLIAMS COUNTY

**STATEMENT OF CASH BASIS ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

| | <u>General</u> | <u>Auto and Gas</u> | <u>Enrichment Center</u> | <u>Job and Family Services</u> | <u>Department of Aging</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|--------------------|-------------------------|------------------------------|------------------------------------|--------------------------------|---|---|
| Cash Assets | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$5,240,025</u> | <u>\$408,027</u> | <u>\$530,440</u> | <u>\$296,036</u> | <u>\$440,115</u> | <u>\$4,421,730</u> | <u>\$11,336,373</u> |
| Fund Cash Balances | | | | | | | |
| Nonspendable | 25,865 | | | | | | 25,865 |
| Restricted | | 408,027 | 530,440 | 296,036 | 440,115 | 3,519,764 | 5,194,382 |
| Committed | | | | | | 616,246 | 616,246 |
| Assigned | 129,210 | | | | | 285,720 | 414,930 |
| Unassigned | <u>5,084,950</u> | | | | | | <u>5,084,950</u> |
| <i>Total Fund Cash Balances</i> | <u>\$5,240,025</u> | <u>\$408,027</u> | <u>\$530,440</u> | <u>\$296,036</u> | <u>\$440,115</u> | <u>\$4,421,730</u> | <u>\$11,336,373</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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WILLIAMS COUNTY

**STATEMENT OF CASH BASIS RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

| | <u>General</u> | <u>Auto and Gas</u> | <u>Enrichment Center</u> | <u>Job and Family Services</u> | <u>Department of Aging</u> |
|---|--------------------|-------------------------|------------------------------|------------------------------------|--------------------------------|
| Cash Receipts | | | | | |
| Property Taxes | \$1,689,252 | | \$2,125,275 | | \$713,356 |
| Sales Taxes | 4,746,135 | | | | |
| Charges for Services | 1,626,452 | \$427,704 | 256,930 | \$385,615 | |
| Licenses and Permits | 4,320 | 3,850 | | | |
| Fines and Forfeitures | 121,948 | 517 | | | |
| Intergovernmental | 1,351,797 | 4,023,320 | 1,101,916 | 1,643,522 | 525,674 |
| Special Assessments | 114,310 | 192 | | | |
| Investment Income | 138,676 | 245 | | | |
| Rental Income | 107,036 | | | | |
| Loan Repayments | | | | | |
| Other | 153,070 | 33,547 | 101,478 | 86,604 | 292,867 |
| <i>Total Cash Receipts</i> | <u>10,052,996</u> | <u>4,489,375</u> | <u>3,585,599</u> | <u>2,115,741</u> | <u>1,531,897</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| General Government: | | | | | |
| Legislative and Executive | 2,145,569 | | | | |
| Judicial | 1,131,825 | | | | |
| Public Safety | 3,415,279 | | | | |
| Public Works | 247,235 | 3,955,647 | | | |
| Health | 77,100 | | | | |
| Human Services | 671,975 | | 3,441,983 | 2,062,558 | 1,638,198 |
| Conservation and Recreation | 114,889 | | | | |
| Economic Development and Assistance | 61,275 | | | | |
| Hospitalization | 945,387 | | | | |
| Other | 357,978 | | | | |
| Capital Outlay | 1,886 | | | | |
| Debt Service: | | | | | |
| Principal Retirement | 61,772 | 423,787 | | | |
| Interest and Fiscal Charges | 13,881 | 12,658 | | | |
| <i>Total Cash Disbursements</i> | <u>9,246,051</u> | <u>4,392,092</u> | <u>3,441,983</u> | <u>2,062,558</u> | <u>1,638,198</u> |
| <i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i> | <u>806,945</u> | <u>97,283</u> | <u>143,616</u> | <u>53,183</u> | <u>(106,301)</u> |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from Sale of Bonds | | | | | |
| Loan Proceeds | | | | | |
| Proceeds from Sales of Capital Assets | 9,994 | 18,476 | | 2,161 | 6,892 |
| Advances In | 1,300 | | | | |
| Advances Out | (55,283) | | | | |
| Transfers In | | | | | |
| Transfers Out | (771,540) | | | | |
| <i>Total Other Financing Sources (Uses)</i> | <u>(815,529)</u> | <u>18,476</u> | | <u>2,161</u> | <u>6,892</u> |
| <i>Net Change in Fund Cash Balances</i> | (8,584) | 115,759 | 143,616 | 55,344 | (99,409) |
| Fund Balance at Beginning of Year | 5,248,609 | 292,268 | 386,824 | 240,692 | 539,524 |
| <i>Fund Balance at End of Year</i> | <u>\$5,240,025</u> | <u>\$408,027</u> | <u>\$530,440</u> | <u>\$296,036</u> | <u>\$440,115</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| | \$4,527,883 |
| | 4,746,135 |
| \$2,352,481 | 5,049,182 |
| 86,094 | 94,264 |
| 171,698 | 294,163 |
| 4,946,828 | 13,593,057 |
| 716,115 | 830,617 |
| 327 | 139,248 |
| 9,945 | 116,981 |
| 202,979 | 202,979 |
| 489,041 | 1,156,607 |
| <u>8,975,508</u> | <u>30,751,116</u> |
| | |
| 539,576 | 2,685,145 |
| 603,534 | 1,735,359 |
| 186,341 | 3,601,620 |
| 435,152 | 4,638,034 |
| 1,241,699 | 1,318,799 |
| 2,344,020 | 10,158,734 |
| | 114,889 |
| 950,279 | 1,011,554 |
| | 945,387 |
| 1,320 | 359,298 |
| 3,209,259 | 3,211,145 |
| | |
| 1,718,145 | 2,203,704 |
| 289,160 | 315,699 |
| <u>11,518,485</u> | <u>32,299,367</u> |
| | |
| <u>(2,542,977)</u> | <u>(1,548,251)</u> |
| | |
| 652,000 | 652,000 |
| 898,614 | 898,614 |
| | 37,523 |
| 55,283 | 56,583 |
| (1,300) | (56,583) |
| 771,540 | 771,540 |
| | (771,540) |
| <u>2,376,137</u> | <u>1,588,137</u> |
| | |
| (166,840) | 39,886 |
| 4,588,570 | 11,296,487 |
| <u>\$4,421,730</u> | <u>\$11,336,373</u> |

WILLIAMS COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS),
GENERAL FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|--------------------|--------------------|--------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Budgetary Basis Receipts | | | | |
| Property Taxes | \$1,676,800 | \$1,689,200 | \$1,689,252 | \$52 |
| Sales Taxes | 4,600,000 | 4,740,000 | 4,746,135 | 6,135 |
| Charges for Services | 3,697,998 | 1,338,448 | 1,344,508 | 6,060 |
| Licenses and Permits | 4,020 | 4,520 | 4,320 | (200) |
| Fines and Forfeitures | 113,987 | 122,487 | 121,948 | (539) |
| Intergovernmental | 1,227,833 | 1,348,438 | 1,351,797 | 3,359 |
| Special Assessments | 133,000 | 115,000 | 114,310 | (690) |
| Investment Income | 201,100 | 139,100 | 138,676 | (424) |
| Rental Income | 87,572 | 81,469 | 81,266 | (203) |
| Other | 72,100 | 141,150 | 150,385 | 9,235 |
| <i>Total Budgetary Basis Receipts</i> | <u>11,814,410</u> | <u>9,719,812</u> | <u>9,742,597</u> | <u>22,785</u> |
| Budgetary Basis Disbursements | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | 2,281,875 | 2,256,079 | 2,043,934 | 212,145 |
| Judicial | 1,193,633 | 1,217,966 | 1,156,012 | 61,954 |
| Public Safety | 3,543,767 | 3,604,914 | 3,417,856 | 187,058 |
| Public Works | 218,387 | 337,065 | 279,571 | 57,494 |
| Health | 66,500 | 96,813 | 83,025 | 13,788 |
| Human Services | 666,735 | 720,027 | 698,762 | 21,265 |
| Conservation and Recreation | 128,963 | 128,963 | 114,889 | 14,074 |
| Economic Development and Assistance | 56,714 | 131,638 | 61,275 | 70,363 |
| Hospitalization | 3,260,000 | 969,500 | 945,387 | 24,113 |
| Other | 429,300 | 391,693 | 358,078 | 33,615 |
| Capital Outlay | 50,000 | 33,649 | 1,886 | 31,763 |
| Debt Service: | | | | |
| Principal Retirement | 11,772 | 11,772 | 11,772 | |
| Interest and Fiscal Charges | 24,250 | 8,569 | 8,569 | |
| <i>Total Budgetary Basis Disbursements</i> | <u>11,931,896</u> | <u>9,908,648</u> | <u>9,181,016</u> | <u>727,632</u> |
| <i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i> | <u>(117,486)</u> | <u>(188,836)</u> | <u>561,581</u> | <u>750,417</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds From Sale of Capital Assets | 5,000 | 10,000 | 9,994 | (6) |
| Advances In | | | 1,300 | 1,300 |
| Advances Out | | | (55,283) | (55,283) |
| Transfers Out | | (771,540) | (771,540) | |
| <i>Total Other Financing Sources (Uses)</i> | <u>5,000</u> | <u>(761,540)</u> | <u>(815,529)</u> | <u>(53,989)</u> |
| <i>Net Change in Fund Cash Balance</i> | <u>(112,486)</u> | <u>(950,376)</u> | <u>(253,948)</u> | <u>696,428</u> |
| Fund Cash Balance at Beginning of Year | 4,868,865 | 4,868,865 | 4,868,865 | |
| Prior Year Encumbrances Appropriated | 144,065 | 144,065 | 140,065 | |
| <i>Fund Cash Balance at End of Year</i> | <u>\$4,900,444</u> | <u>\$4,062,554</u> | <u>\$4,754,982</u> | <u>\$696,428</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)
AUTO AND GAS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Basis Receipts | | | | |
| Charges for Services | \$300,000 | \$367,600 | \$427,704 | \$60,104 |
| Licenses and Permits | 3,000 | 3,400 | 3,850 | 450 |
| Fines and Forfeitures | 500 | 500 | 517 | 17 |
| Intergovernmental | 4,060,000 | 4,081,000 | 4,023,320 | (57,680) |
| Special Assessments | 300 | 300 | 192 | (108) |
| Investment Income | | | 245 | 245 |
| Other | | 26,100 | 33,547 | 7,447 |
| <i>Total Budgetary Basis Receipts</i> | <u>4,363,800</u> | <u>4,478,900</u> | <u>4,489,375</u> | <u>10,475</u> |
| Budgetary Basis Disbursements | | | | |
| Current: | | | | |
| Public Works | 4,263,530 | 4,326,649 | 4,031,847 | 294,802 |
| Debt Service: | | | | |
| Principal Retirement | 380,406 | 423,787 | 423,787 | |
| Interest and Fiscal Charges | 12,658 | 12,658 | 12,658 | |
| <i>Total Budgetary Basis Disbursements</i> | <u>4,656,594</u> | <u>4,763,094</u> | <u>4,468,292</u> | <u>294,802</u> |
| <i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i> | <u>(292,794)</u> | <u>(284,194)</u> | <u>21,083</u> | <u>305,277</u> |
| Other Financing Sources | | | | |
| Proceeds From Sale of Capital Assets | <u>5,000</u> | <u>5,000</u> | <u>18,476</u> | <u>13,476</u> |
| <i>Net Change in Fund Cash Balance</i> | <u>(287,794)</u> | <u>(279,194)</u> | <u>39,559</u> | <u>318,753</u> |
| Fund Cash Balance at Beginning of Year | 106,120 | 106,120 | 106,120 | |
| Prior Year Encumbrances Appropriated | 186,148 | 186,148 | 186,148 | |
| <i>Fund Cash Balance at End of Year</i> | <u>\$4,474</u> | <u>\$13,074</u> | <u>\$331,827</u> | <u>\$318,753</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)
ENRICHMENT CENTER
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------------|-------------------------|---|
| | Original | Final | | |
| Budgetary Basis Receipts | | | | |
| Property and Other Taxes | \$1,957,900 | \$1,966,100 | \$2,125,275 | \$159,175 |
| Charges for Services | 150,841 | 288,476 | 256,930 | (31,546) |
| Intergovernmental | 1,331,814 | 1,094,179 | 1,101,916 | 7,737 |
| Other | | 100,000 | 101,478 | 1,478 |
| <i>Total Budgetary Basis Receipts</i> | <u>3,440,555</u> | <u>3,448,755</u> | <u>3,585,599</u> | <u>136,844</u> |
| Budgetary Basis Disbursements | | | | |
| Current: | | | | |
| Human Services | 3,434,037 | 3,534,037 | 3,442,983 | 91,054 |
| <i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i> | <u>6,518</u> | <u>(85,282)</u> | <u>142,616</u> | <u>227,898</u> |
| Fund Cash Balance at Beginning of Year | 250,379 | 250,379 | 250,379 | |
| <i>Prior Year Encumbrances Appropriated</i> | <u>136,445</u> | <u>136,445</u> | <u>136,445</u> | |
| <i>Fund Cash Balance at End of Year</i> | <u><u>\$393,342</u></u> | <u><u>\$301,542</u></u> | <u><u>\$529,440</u></u> | <u><u>\$227,898</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS)
JOB AND FAMILY SERVICES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Budgetary Basis Receipts | | | | |
| Charges for Services | \$308,500 | \$308,500 | \$385,615 | \$77,115 |
| Intergovernmental | 2,160,000 | 2,160,000 | 1,643,522 | (516,478) |
| Other | 68,200 | 68,200 | 86,604 | 18,404 |
| <i>Total Budgetary Basis Receipts</i> | <u>2,536,700</u> | <u>2,536,700</u> | <u>2,115,741</u> | <u>(420,959)</u> |
| Budgetary Basis Disbursements | | | | |
| Current: | | | | |
| Human Services | <u>2,353,740</u> | <u>2,345,105</u> | <u>2,108,638</u> | <u>236,467</u> |
| <i>Excess of Budgetary Basis Receipts Over Budgetary Basis Disbursements</i> | 182,960 | 191,595 | 7,103 | (184,492) |
| Other Financing Sources: | | | | |
| Proceeds From Sale of Capital Assets | | | <u>2,161</u> | <u>2,161</u> |
| <i>Net Change in Fund Cash Balance</i> | 182,960 | 191,595 | 9,264 | (182,331) |
| Fund Cash Balance at Beginning of Year | 205,916 | 205,916 | 205,916 | |
| <i>Prior Year Encumbrances Appropriated</i> | <u>34,776</u> | <u>34,776</u> | <u>34,776</u> | |
| <i>Fund Cash Balance at End of Year</i> | <u><u>\$423,652</u></u> | <u><u>\$432,287</u></u> | <u><u>\$249,956</u></u> | <u><u>(\$182,331)</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (BUDGETARY BASIS),
DEPARTMENT OF AGING
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Budgetary Basis Receipts | | | | |
| Property and Other Taxes | \$709,000 | \$706,100 | \$713,356 | \$7,256 |
| Intergovernmental | 608,612 | 608,612 | 525,674 | (82,938) |
| Other | 297,000 | 297,000 | 292,867 | (4,133) |
| <i>Total Budgetary Basis Receipts</i> | <u>1,614,612</u> | <u>1,611,712</u> | <u>1,531,897</u> | <u>(79,815)</u> |
| Budgetary Basis Disbursements | | | | |
| Current: | | | | |
| Human Services | 1,658,078 | 1,682,375 | 1,676,893 | 5,482 |
| <i>Deficiency of Budgetary Basis Receipts Under Budgetary Basis Disbursements</i> | (43,466) | (70,663) | (144,996) | (74,333) |
| Other Financing Sources | | | | |
| Proceeds From Sale of Capital Assets | 3,000 | 3,000 | 6,892 | 3,892 |
| <i>Net Change in Fund Cash Balance</i> | (40,466) | (67,663) | (138,104) | (70,441) |
| Fund Cash Balance at Beginning of Year | 498,288 | 498,288 | 498,288 | |
| <i>Prior Year Encumbrances Appropriated</i> | 41,236 | 41,236 | 41,236 | |
| <i>Fund Cash Balance at End of Year</i> | <u>\$499,058</u> | <u>\$471,861</u> | <u>\$401,420</u> | <u>(\$70,441)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY
STATEMENT OF FUND NET ASSETS
CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31,2011

| | Business-Type Activities - Enterprise Funds | | |
|--|--|---------------------------|--------------------|
| | Hillside | Sanitary Sewer | Total |
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$2,097,611</u> | <u>\$58,754</u> | <u>\$2,156,365</u> |
| Net Assets | | | |
| Unrestricted | <u>\$2,097,611</u> | <u>\$58,754</u> | <u>\$2,156,365</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF CASH BASIS RECEIPTS, DISBURSEMENTS, AND
CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

| | Business-Type Activities - Enterprise Funds | | |
|---|--|---------------------------|---------------------------|
| | Hillside | Sanitary Sewer | Total |
| Operating Cash Receipts | | | |
| Charges for Services | \$5,992,957 | \$377,475 | \$6,370,432 |
| Other Operating Cash Receipts | 42,296 | | 42,296 |
| <i>Total Operating Cash Receipts</i> | <u>6,035,253</u> | <u>377,475</u> | <u>6,412,728</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 3,958,903 | 136,205 | 4,095,108 |
| Contractual Services | 939,299 | 190,960 | 1,130,259 |
| Materials and Supplies | 471,347 | 21,480 | 492,827 |
| Capital Outlay | 70,542 | 4,535 | 75,077 |
| Other | 179,063 | 939 | 180,002 |
| Total Operating Cash Disbursements | <u>5,619,154</u> | <u>354,119</u> | <u>5,973,273</u> |
| <i>Operating Income</i> | <u>416,099</u> | <u>23,356</u> | <u>439,455</u> |
| Nonoperating Cash Receipts (Disbursements) | | | |
| Debt Service: | | | |
| Principal Retirement | (154,000) | (10,957) | (164,957) |
| Interest and Fiscal Charges | (234,250) | (5,701) | (239,951) |
| Investment Income | 3,586 | | 3,586 |
| Intergovernmental Revenue | 12,654 | | 12,654 |
| Other Nonoperating Revenue | 41,133 | 836 | 41,969 |
| <i>Total Nonoperating Cash Receipts (Disbursements)</i> | <u>(330,877)</u> | <u>(15,822)</u> | <u>(346,699)</u> |
| <i>Changes in Net Assets</i> | 85,222 | 7,534 | 92,756 |
| Net Assets at Beginning of Year | <u>2,012,389</u> | <u>51,220</u> | <u>2,063,609</u> |
| <i>Net Assets at End of Year</i> | <u><u>\$2,097,611</u></u> | <u><u>\$58,754</u></u> | <u><u>\$2,156,365</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY
STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
FIDUCIARY FUND
DECEMBER 31, 2011

| | <u>Agency</u> |
|--|---------------------------|
| Cash Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$3,717,858 |
| Equity in Cash and Cash Equivalents in Segregated Accounts | <u>289,159</u> |
| <i>Total Assets</i> | <u><u>4,007,017</u></u> |
| | |
| Net Cash Assets | |
| Unrestricted | <u><u>\$4,007,017</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2011

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
- Family and Children First Council
- Park District

The County is associated with certain organizations which are defined as Jointly Governed Organizations or Joint Ventures Without Equity Interest. These organizations are presented in Notes 14 and 15 to the financial statements. These organizations are:

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

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

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

The County is involved with three group insurance pools which are presented in Note 16 to the financial statements:

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

The County is involved with four related organizations which are presented in Note 17 to the financial statements. These organizations are:

Williams County Public Library
Williams Metropolitan Housing Authority
Williams County Regional Airport Authority
Williams County Port Authority

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which cash GASB prevails. The County does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the County's accounting policies.

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 developed 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 (i.e. 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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)

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

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 challenged and developmentally disabled individuals of the County.

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

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

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

Proprietary Funds:

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

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

Sanitary 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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)

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

C. Basis of Presentation and Measurement Focus

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. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

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

D. Budgetary Process

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

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

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

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

Estimated Resources

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected resources of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs 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 2011.

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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

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

Lapsing of Appropriations

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

E. Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Cash and cash equivalents that are held separately within departments of the County are recorded as "Cash and Cash Equivalents in Segregated Accounts".

Investments of the cash management pool and investments within an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments within an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2011, the County invested in nonnegotiable certificates of deposit and repurchase agreements. Investments are reported a cost.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General fund during 2011 were \$138,676 which includes \$88,837 assigned from other County funds.

F. 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.

G. Inventory and Prepaid Items

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. 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 20 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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

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

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.

I. Interfund Receivables / Payables

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the County (See Note 2.A.) but are included as additional information in Note 19.

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.

K. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

L. 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally handicapped, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. There are no net assets restricted by enabling agencies.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)

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

O. 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. Non-exchange 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 non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balances (Budgetary Basis) presented for the General, Auto and Gas, Enrichment Center, Job and Family Services, and Department of Aging funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than reservations of fund balances (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$129,210 for the General fund; \$76,200 for the Auto and Gas fund; \$1,000 for the Enrichment Center fund; \$46,080 for the Job and Family Services fund; and \$38,695 for the Department of Aging fund. The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

| Fund Cash Balance | |
|-----------------------------|--------------|
| | General Fund |
| Cash Basis | \$5,240,025 |
| Funds Budgeted Elsewhere | (355,833) |
| Adjustment for Encumbrances | (129,210) |
| Budget Basis | \$4,754,982 |

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds (Recorders Equipment and Certificate of Title funds) are considered part of the General fund on the cash basis.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.
 - b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency of instrumentality, and/or highly rated commercial paper; and,
12. Up to one percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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

Investments may only be made through specified dealers and institutions. 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.

At year end, the County had \$108,098 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

At year end, the carrying amount of the County's deposits was \$14,165,576 and the bank balance was \$14,561,658. Of the bank balance, \$2,155,383 was covered by federal depository insurance, \$2,250,000 was collateralized but uninsured, and \$3,479,131 was exposed to custodial credit risk because those deposits were uninsured and collateralized held by the pledging financial institution's trust department or agent, but not in the County's name. Deposits exceeded security provided by \$6,677,144. Ohio Revised Code § 135.18 states the County must require a depository to provide as security an amount equal to the funds on deposit at all times.

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

Investments

As of December 31, 2011, the County had the following investment.

| | Balance at Fair Value | 30 Days or Less |
|---|----------------------------------|----------------------------|
| Repurchase Agreement Secured by Federal National Mortgage Association | \$3,226,081 | \$3,226,081 |

Interest Rate Risk - The County's investment policy addresses interest rate risk by establishing the maximum stated final maturity of a security at no more than five years from the date of purchase. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

Credit Risk – The security underlying the repurchase agreement carries the highest ratings by Moody's (Aaa) and Standard and Poors (AA+).

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty's trust department or agent but not in the County's name. The County's investment policy does not address investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The County's investment policy places no limit on the amount it may invest in any one issuer; however, state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The County's investments are limited to the repurchase agreement.

NOTE 5 – INTERFUND TRANSFERS

Interfund cash transfers for the year ended December 31, 2011 were as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|-------------------------|--------------------------|
| Governmental Activities: | | |
| General | | \$ 771,540 |
| Other Governmental Funds: | | |
| Capital Projects Construction | \$200,000 | |
| Capital Projects - East Annex | 569,540 | |
| Capital Projects - Williams Center Sewer | 2,000 | |
| | <u>\$ 771,540</u> | <u>\$ 771,540</u> |

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2006. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. In 2011, the first payment was due February 15, with the remainder payable by July 20.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)

NOTE 6 - PROPERTY TAXES – (Continued)

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 6.25 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 6.25 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 2011, 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, 2011, was \$10.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

| | |
|----------------------|-----------------------|
| Real Property | \$ 691,358,170 |
| Public Utility | <u>20,695,010</u> |
| Total Assessed Value | <u>\$ 712,053,180</u> |

NOTE 7- PERMISSIVE SALES AND USE TAX

In 1988, the County Commissioners, by resolution, imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, or on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

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

Proceeds of the tax are credited entirely to the General fund. Sales and Use tax revenue for 2011 amounted to \$4,746,135.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(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 2011, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

| | |
|--|---------------------------|
| <u>Property</u> | |
| Building and Contents | Replacement Cost |
| Valuable Papers and Accounts Receivable | \$1,000,000 |
| Extra Expense / Business Income | \$1,000,000 |
| Electronic Data Processing | Replacement Cost |
| Contractors Equipment | Replacement Cost |
| Fine Arts | Replacement Cost |
| Property In Transit | \$100,000 |
| Flood and Earthquake | \$100,000,000 |
| Auto Physical Damage | Actual Cash Value |
| Automatic Acquisition | \$5,000,000 |
| Unintentional Omissions | \$250,000 |
| <u>Liability</u> | |
| Automobile Liability | \$1,000,000 Per Loss |
| Uninsured/Underinsured Motorists | \$250,000 Each Occurrence |
| General Liability | \$1,000,000 Per Loss |
| Law Enforcement Liability | \$1,000,000 Per Loss |
| Errors and Omissions Liability | \$1,000,000 Per Loss |
| <u>Crime</u> | |
| Employee Dishonesty/Faithful Performance | \$1,000,000 Per Loss |
| Money and Securities (inside) | \$1,000,000 Per Loss |
| Money and Securities (outside) | \$1,000,000 Per Loss |
| Depositor's Forgery | \$1,000,000 Per Loss |
| Money Orders and Counterfeit Currency | \$1,000,000 Per Loss |
| Fund Transfer Fraud | \$500,000 Per Loss |
| Computer Fraud | \$500,000 Per Loss |

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 16). 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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 8 - RISK MANAGEMENT – (Continued)

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

| | <u>2011</u> | <u>2010</u> |
|-----------------------|---------------|---------------|
| Cash and Investments | \$ 82,368,876 | \$ 70,660,222 |
| Actuarial liabilities | \$ 22,080,000 | \$ 24,551,358 |

B. Workers Compensation Group Rating Program

For 2011, the County participated in the County Commissioners' Association Organization Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool (Note 16).

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. In 2011, the County remitted \$4,435 to CCAO Service Corporation for this administration.

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

C. County Employee Benefits Consortium of Ohio

The County participates in the County Employee Benefits Consortium of Ohio (CEBCO) which is a group purchasing consortium available to county governments in Ohio. The County pays annual premiums into the program for medical, dental, and prescription drug. CEBCO has an agreement with the County Risk Sharing Authority (CORSA) AAA and the County Commissioners Association of Ohio (CCAO) to provide administrative services for claims processing. In 2011, the County remitted \$3,156,764 to CEBCO.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2011, members in state and local classifications contributed 10.00% of covered payroll; public safety members contributed 11.00 percent, and law enforcement members contributed 11.60 percent.

The County's contribution rate for 2011 was 14.00 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10 percent of payroll. The portion of employer contributions allocated to healthcare for members in the traditional plan was 4.00 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the combined plan was 6.05 percent during calendar year 2011. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$1,254,716 \$1,212,509, and \$1,032,969 respectively. The full amount has been contributed for 2011, 2010, and 2009.

B. State Teachers Retirement System

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2011 (the latest information available), 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 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$15,567, \$15,443, and \$15,724 respectively. The full amount has been contributed for 2011, 2010, and 2009.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including the postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00 percent of covered payroll (18.10 percent of for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare for members in the traditional plan was 4.00 percent during calendar year 2011. The amount of the employer contributions allocated to healthcare for members in the combined plan was 6.05 percent during calendar year 2011. The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The County's required contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2011, 2010, and 2009 were \$488,593, \$673,660, and \$734,743 respectively. The full amount has been contributed for 2011, 2010, and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with final rate increase on January 1, 2011. These rates increases allowed additional funds to be allocated to the health care plan.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

B. State Teachers Retirement System

Plan Description – The County contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the fiscal years ended December 31, 2011, 2010, and 2009 were \$1,197, \$1,188, and \$1,210 respectively. The full amount has been contributed for 2011, 2010, and 2009.

NOTE 11 - LONG-TERM DEBT

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

| | Interest Rates | Balance at 12/31/10 | Increase | Decrease | Balance at 12/31/11 | Amounts Due in One Year |
|-------------------------------------|-------------------|------------------------|--------------|------------|------------------------|----------------------------|
| Governmental Activities: | | | | | | |
| OWDA Loans | 0%-7.21% | \$ 3,515,765 | 898,614 | \$ 319,306 | \$ 4,095,073 | \$ 298,104 |
| USDA Special Assessment Bonds | 5.13% | 738,955 | | 14,198 | 724,757 | 14,926 |
| USDA Revenue Bonds | 5.13% | 254,196 | 652,000 | 4,884 | 901,312 | 5,134 |
| Court of Appeals Loan | 4.16% | 200,560 | | 11,772 | 188,788 | 12,208 |
| OPWC Loans | 0% | 428,072 | | 128,421 | 299,651 | 42,807 |
| County Facilities Improvement Bonds | 4.25% | 150,000 | | 50,000 | 100,000 | 50,000 |
| Total Governmental Activities | | 5,287,548 | 1,550,614 | 528,581 | 6,309,581 | 423,179 |
| Business-Type Activities: | | | | | | |
| USDA Revenue Bonds | 5.00% | 4,685,000 | | 154,000 | 4,531,000 | 161,000 |
| Total Business-Type Activities | | 4,685,000 | | 154,000 | 4,531,000 | 161,000 |
| Total Long-Term Obligations | | \$ 9,972,548 | \$ 1,550,614 | \$ 682,581 | \$ 10,840,581 | \$ 584,179 |

The Ohio Public Works Commission (OPWC) loans were obtained for road resurfacing projects. Repayment of debt will be made from the Auto and Gas fund which is designated as a major fund.

The Ohio Water Development (OWDA) loans were obtained for wastewater improvement projects and are to be retired with general governmental revenues or special assessments. Repayment of debt is made from various debt service funds.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 11 - LONG-TERM DEBT – (Continued)

The United States Department Agriculture (USDA) special assessment bonds are backed by the full faith and credit of the County. In the event that an assessed property owner fails to make payments, the County will be required to pay the related debt. Repayment of debt for the Nettle Lake Sewer Project is made from a debt service fund.

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

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

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

The County Facilities Improvement bonds were obtained to retire the 2006 bond anticipation note for the Title Office annex building. Payments will be made from the special revenue Clerk of Courts Title Administration fund.

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

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 11 - LONG-TERM DEBT – (Continued)

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter | Total |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|----------------------|----------------------|
| Governmental Activities: | | | | | | | |
| OWDA Loans | \$488,486 | \$450,329 | \$450,329 | \$450,329 | \$450,328 | \$3,113,400 | \$5,403,201 |
| USDA Special Assessment Bonds | 52,069 | 52,069 | 52,069 | 52,069 | 52,070 | 1,041,389 | 1,301,735 |
| USDA Revenue Bonds | 45,381 | 54,067 | 54,789 | 54,465 | 54,142 | 1,633,229 | 1,896,073 |
| Court of Appeals Loan | 20,306 | 20,472 | 20,393 | 20,515 | 20,393 | 145,495 | 247,574 |
| OPWC Loans | 42,807 | 85,615 | 85,615 | 85,614 | | | 299,651 |
| County Facilities Improvement Bonds | 53,188 | 51,062 | | | | | 104,250 |
| Total Governmental Activities | 702,237 | 713,614 | 663,195 | 662,992 | 576,933 | 5,933,513 | 9,252,484 |
| Business-Type Activities: | | | | | | | |
| USDA Revenue Bonds | 388,171 | 387,500 | 388,050 | 388,150 | 387,325 | 5,039,929 | 6,979,125 |
| Totals | \$ 1,090,408 | \$ 1,101,114 | \$ 1,051,245 | \$ 1,051,142 | \$ 964,258 | \$ 10,973,442 | \$ 16,231,609 |

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 \$59,147,849. The bonds do not represent or constitutes 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 had two short-term debt obligations outstanding at December 31, 2010. Bond anticipation notes in the amount of \$500,000 had been issued for the renovation of county facilities. Sanitary sewer improvement notes in the amount of \$840,000 had been issued for the Williams Center and Melbern sanitary sewer projects. Both note issues were retired in 2011.

NOTE 13 - LEASES

The County leased equipment for the Engineer’s office. The equipment consisted of (6) International dump trucks and (10) pieces of miscellaneous equipment. The payments were made from the Auto and Gas fund (Public Works account) which was designated as a major fund. The County also leased equipment for the Engineer’s Permanent Maintenance department. The equipment consisted of a Caterpillar dozer and a Caterpillar excavator. There were no new equipment leases in 2011. Lease payments, including principal and interest, in the amount of \$356,239 were made in 2011. The payments were made from the Permanent Maintenance special revenue fund and the Auto and Gas fund (Debt Service- Principal Retirement account). The principal amounts due on outstanding leases were \$81,360.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)

NOTE 13 - LEASES – (Continued)

Future lease payments, including interest, are as follows:

| <u>Year</u> | <u>Amount.</u> |
|-------------|------------------|
| 2012 | \$57,216 |
| 2013 | 28,608 |
| Total | <u>\$ 85,824</u> |

NOTE 14 - 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

The County is a member of the Maumee Valley Planning Organization (MVPO), a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams counties. MVPO is an organization established to improve the social and economic conditions of the region through development and conservation. MVPO is governed by a fifteen member executive council composed of the three county commissioners, the mayor of the largest municipality, three mayors selected by the committee of mayors that represent the incorporated cities and villages, the township trustee association president, the regional planning commission chairman, and two members at large to represent business, industry, labor, agricultural, low income, minority groups, education, and consumer protection activities.

The County provides resources to the executive council based on a membership fee and services provided to the County. MVPO exercises total control over the operation of MVPO including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for MVPO. In 2011, the County contributed \$156,340 in dues and loan administrative fees. Financial records can be obtained from Brett Kolb, Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567-3310.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 15 - JOINT VENTURES WITHOUT EQUITY INTEREST

A. Corrections Commission of Northwest Ohio

The Corrections Commission of Northwest Ohio (CCNO) is a joint venture between Defiance, Fulton, Henry, Lucas, and Williams counties and the City of Toledo.

CCNO provides additional jail space for convicted criminals in the five counties and the City of Toledo and is a correctional center for the inmates. CCNO was created in 1986 and construction was finished and occupancy taken December 31, 1991. CCNO is governed by a Commission Team of eighteen members; one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity.

The Commission Team exercises total control over the operation of CCNO including budgeting, contracting, and designating management. The continued existence of the CCNO is dependent upon the continued participation of Williams County. The County has no ongoing interest or responsibility for CCNO. In 2011, the County contributed \$1,423,607 for CCNO's operations. Complete financial statements can be obtained from the Corrections Commission of Northwest Ohio, 03151 County Road 24.25, Stryker, Ohio 43557.

B. Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center

The Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center (the Center) is a joint venture between Defiance, Fulton, Henry, and Williams counties. The Center provides a detention facility for juveniles in the four counties. The Center 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, three from each County and one at-large. The Board of Trustees exercises total control over the operation of the Center including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the Center. Continued existence of Northwest Ohio Juvenile Detention Training and Rehabilitation Center is dependent upon the continued participation of Williams County. In 2011, the County contributed \$229,260 for the Center's operations. Completed financial statements can be obtained from Brett Kolb, Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567-3310.

C. Four County Solid Waste District

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

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

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 15 - JOINT VENTURES WITHOUT EQUITY INTEREST – (Continued)

D. Quadco Rehabilitation Center

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

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

The County contracted with the Northwest Ohio Waiver Administration Council (NOWAC) to provide services including administration of payments to Quadco. For the year ended December 31, 2011, the County remitted \$1,498,048 through NOWAC, as well as \$48,608 directly to Quadco to supplement its operations.

Quadco operates autonomously from the County and the County has no financial responsibility of the operations of Quadco. Should Quadco dissolve, the property and equipment of the corporation would revert back to the four counties. This access to the net resources of Quadco has not been explicitly defined, nor is it currently measurable. Complete financial statements for Quadco can be obtained from Terry Fruth, CFO, Quadco Rehabilitation Center, 427 North Defiance Street, Stryker, Ohio 43557.

E. Four County Board of Alcohol, Drug Addiction, and Mental Health Services

The Four County Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMHS Board) 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 governing board of the 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 governing board exercises total control over the operation of the ADAMHS Board including budgeting, contracting, and designating management.

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. In 2011, the County contributed \$901,160 in property taxes to the ADAMHS Board's operations. Complete financial statements can be obtained from Marlene J. Goodwin, Defiance County Auditor, 221 Clinton Street, Defiance, Ohio 43512.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 15 - JOINT VENTURES WITHOUT EQUITY INTEREST – (Continued)

F. Multi-Area Task Force

The Multi-Area Task Force (Task Force) is a joint venture among Defiance, Williams, Fulton, and Putnam counties and Defiance and Bryan City. The Task Force is jointly controlled by the chief law enforcement officer of each respective entity. The main source of revenue for the Task Force is from federal grants and local matching funds from the entities. The County has no ongoing financial interest or responsibility for the Task Force. In 2011, the County contributed \$0 to the Task Force's operations. Information can be obtained from the Defiance County Sheriff's Office, 113 Beide Street, Defiance, Ohio 43512.

NOTE 16 - GROUP INSURANCE POOLS

A. County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. is an Ohio nonprofit corporation established by forty-six counties for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, and public officials' errors and omissions liability insurance.

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

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

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

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

A group executive committee is responsible for calculating annual rate contributions and rebates; approving the selection of a third party administrator; reviewing and approving proposed third party fees, fees for risk management services, and general management fees; determining ongoing eligibility of each participant; and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of the CCAOSC and the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member on the group executive committee in any year and each elected member shall be a County Commissioner.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 16 - GROUP INSURANCE POOLS - (Continued)

C. County Employee Benefits Consortium of Ohio

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

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

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

NOTE 17 - RELATED ORGANIZATIONS

A. 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.

B. 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, Cathy Kimpel, Clerk-Treasurer, at 107 East High Street, Bryan, Ohio 43506-1702.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 17 - RELATED ORGANIZATIONS - (Continued)

C. Williams County Regional Airport Authority

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

Although the County has no obligation to provide financial resources to the Airport Authority, the County Commissioners have, in prior years, allocated certain funds to the Airport Authority. In 2011, the County contributed \$50,000 to the Airport Authority for operating expenses.

D. Williams County Port Authority

The Williams County Port Authority (the Port Authority) was created by resolution of the County Commissioners under the authority of Chapter 4582 of the Ohio Revised Code. The Port Authority was created to support the creation of jobs and employment opportunities and to improve economic welfare of Williams County residents.

The Port Authority is governed by a Board of Directors comprised of seven members, each of whom serves a term of four years. All members of the Board of Directors are appointed by this Board except for the two members recommended by the Mayor of the City of Bryan. The Board of Directors has the authority to exercise all the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage, and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. The Port Authority serves as custodian of its own funds and maintains all records and accounts independent of Williams County. Williams County has no obligation to provide financial resources to the Port Authority. There were no contributions to the Port Authority in 2011.

NOTE 18 - CONTINGENCIES

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

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

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)

NOTE 19 – 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, 2011, the liability for compensated absences was \$1,117,819 for the entire County.

NOTE 20 – CAPITAL ASSETS

A summary of the capital assets at December 31, 2011 is as follows:

| | Governmental Funds | Enterprise Funds | Total All Funds |
|-------------------------------------|-----------------------|----------------------|----------------------|
| Land | \$ 894,653 | \$ 353,607 | \$ 1,248,260 |
| Land Improvements | 3,830,050 | 385,493 | 4,215,543 |
| Building and Improvements | 10,520,061 | 9,151,840 | 19,671,901 |
| Machinery, Furniture, and Equipment | 5,944,963 | 890,231 | 6,835,194 |
| Vehicles | 4,541,983 | 151,161 | 4,693,144 |
| Infrastructure | | 14,335,806 | 14,335,806 |
| Total | <u>\$ 25,731,710</u> | <u>\$ 25,268,138</u> | <u>\$ 50,999,848</u> |

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

NOTE 21 – INTERFUND RECEIVABLES / PAYABLES

Interfund balances at December 31, 2011 consisted of \$500 owed to the General fund from the Special Revenue Victims Assistance fund, \$16,658 owed to the General fund from the Norlick Sewer Debt Service fund, and \$38,125 owed to the General fund from the Melbern Sewer Capital Project fund.

The balance due to the General fund includes loans made to cover expenses of the Victims Assistance program that was charged to a reimbursement grant in 2011. This amount is expected to be repaid within one year. The balance due from the Norlick Sewer Debt Service fund includes loans made to cover the initial payment due for the Norlick Sewer replacement project and will be paid back when collections for monthly charges are sufficient to do so. The balance due from the Melbern Sewer Capital Project fund includes loans made to cover the County's contribution for the project and will be paid back from tap fees and collections for monthly charges.

In 2011, the Victims Assistance fund repaid \$1,300 owed to the General fund at December 31, 2010.

NOTE 22 – RESTATEMENT OF FUND BALANCE

For 2011, the County modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. The statement also, requires certain funds to be included with the General fund.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 22 – RESTATEMENT OF FUND BALANCE – (Continued)

The restatement due to the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds of the County as they were previously reported.

| | General Fund | Other Governmental Funds |
|--|---------------------|---------------------------------|
| Fund Balance, December 31, 2010 | \$5,012,930 | \$4,824,249 |
| Change in Fund Structure: | | |
| Recorders Equipment Fund | 59,291 | (59,291) |
| Certificate of Title Fund | 176,388 | (176,388) |
| Restated Fund Balance, December 31, 2010 | <u>\$5,248,609</u> | <u>\$4,588,570</u> |

NOTE 23 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balance | General | Auto and Gas | Enrichment Center | Job and Family Services | Department of Aging | Other Governmental | Total Governmental Funds |
|-----------------------------------|--------------------|---------------------|--------------------------|--------------------------------|----------------------------|---------------------------|---------------------------------|
| Nonspendable For: | | | | | | | |
| Unclaimed Funds | \$25,865 | | | | | | \$25,865 |
| Restricted For: | | | | | | | |
| Legislative & Executive Programs | | | | | | \$1,080,983 | 1,080,983 |
| Judicial Programs | | | | | | 546,930 | 546,930 |
| Public Safety Programs | | | | | | 99,447 | 99,447 |
| Public Works Projects | | \$408,027 | | | | 332,033 | 740,060 |
| Human Service Programs | | | \$530,440 | \$296,036 | \$440,115 | 405,997 | 1,672,588 |
| Economic Development | | | | | | 622,934 | 622,934 |
| Health Programs | | | | | | 28,157 | 28,157 |
| Debt Service | | | | | | 399,396 | 399,396 |
| Capital Projects | | | | | | 3,887 | 3,887 |
| Total Restricted | | 408,027 | 530,440 | 296,036 | 440,115 | 3,519,764 | 5,194,382 |
| Committed For: | | | | | | | |
| Capital Improvements | | | | | | 5,642 | 5,642 |
| Health Programs | | | | | | 610,604 | 610,604 |
| Total Committed | | | | | | 616,246 | 616,246 |
| Assigned for: | | | | | | | |
| Unpaid Obligations (encumbrances) | 129,210 | | | | | | 129,210 |
| Capital Projects | | | | | | 285,720 | 285,720 |
| Total Assigned | 129,210 | | | | | 285,720 | 414,930 |
| Unassigned | 5,084,950 | | | | | | 5,084,950 |
| Total Fund Balance | <u>\$5,240,025</u> | <u>\$408,027</u> | <u>\$530,440</u> | <u>\$296,036</u> | <u>\$440,115</u> | <u>\$4,421,730</u> | <u>\$11,336,373</u> |

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 24 – CONTRACTUAL COMMITMENTS

As of December 31, 2011, the County had the following outstanding contractual purchase commitments for road improvements, services for the Melbern sanitary sewer improvement project, various bridge replacement projects, an economic adjustment strategy study, and programming and conceptual design services for the East Annex.

| <u>Vendor</u> | <u>Contract Amount</u> | <u>Amount Paid as of 12/31/2011</u> | <u>Outstanding Balance</u> |
|--------------------------------|----------------------------|---|--------------------------------|
| Bowling Green State University | \$87,500 | \$13,125 | \$74,375 |
| The Collaborative, Inc | 53,859 | 48,473 | 5,386 |
| Feller, Finch & Associates | 198,600 | 188,994 | 9,606 |
| JD Construction of Camden, LLC | 182,876 | 178,417 | 4,459 |
| Kohli & Kaliher Associates | 64,400 | 39,100 | 25,300 |
| Miller Contracting | 570,033 | 548,467 | 21,566 |
| Poggemeyer Design Group | 23,655 | 19,390 | 4,265 |
| Vernon Nagel, Inc. | 1,431,357 | 1,241,427 | 189,930 |
| Total | \$2,612,280 | \$2,277,393 | \$334,887 |

WILLIAMS COUNTY
**FEDERAL AWARDS EXPENDITURES SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR

| <i>Pass Through Grantor</i> <u>Program Title</u> | Pass Through Entity Number | Program Number | Federal CFDA Number | Disbursements |
|--|---------------------------------|----------------|---------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| <i>Direct Assistance</i> | | | | |
| Water and Waste Disposal Systems for Rural Communities - Loan | | | 10.760 | \$652,000 |
| Water and Waste Disposal Systems for Rural Communities - Grant | | | 10.760 | 623,515 |
| Total Water and Waste Disposal Systems for Rural Communities | | | | <u>1,275,515</u> |
| <i>Passed Through the Local Agricultural Stabilization and Conservation Service</i> | | | | |
| Crop Disaster Program | | | 10.073 | <u>12,654</u> |
| Total U.S. Department of Agriculture | | | | <u>1,288,169</u> |
| U.S. DEPARTMENT OF LABOR | | | | |
| <i>Passed Through Montgomery County WIA Area 7</i> | | | | |
| <u>Workforce Investment Act (WIA) Cluster</u> | | | | |
| WIA - Adult Program | 2010-7186-1 / 2011-7186-1 | | 17.258 | 123,083 |
| WIA - Adult Program Administrative | | | 17.258 | 1,070 |
| Total Adult Program | | | | <u>124,153</u> |
| WIA - Youth Program | 2010-7186-1 / 2011-7186-1 | | 17.259 | 186,691 |
| WIA - Dislocated Worker Program | 2010-7186-1 / 2011-7186-1 | | 17.260 | 10,048 |
| WIA - Dislocated Worker Program Administrative | | | 17.260 | 86 |
| Total Dislocated Worker Program | | | | <u>10,134</u> |
| WIA - Dislocated Worker Program | 2010-7186-1 / 2011-7186-1 | | 17.278 | 150,309 |
| WIA - Dislocated Worker Program - ARRA | | | 17.278 | 85,430 |
| WIA - Dislocated Worker Program Administrative | | | 17.278 | 1,474 |
| Total Dislocated Worker Program | | | | <u>237,213</u> |
| Total WIA Cluster | | | | <u>558,191</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 | 64,903 |
| Nutrition Services Incentive Program (NSIP) | | | 93.053 | 57,729 |
| Title III Part C - Nutrition Services | | | 93.045 | 49,874 |
| Total Aging Cluster | | | | <u>172,506</u> |
| <i>Passed Through the Ohio Department of Job and Family Services</i> | | | | |
| <u>Supplemental Nutrition Assistance Cluster:</u> | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | G-1011-11-5134 / G-1213-11-0134 | | 10.561 | 147,879 |
| Promoting Safe and Stable Families | G-1011-11-5134 / G-1213-11-0134 | | 93.556 | 18,273 |
| Temporary Assistance for Needy Families | G-1011-11-5134 / G-1213-11-0134 | | 93.558 | 648,205 |
| Child Support Enforcement | G-1011-11-5134 / G-1213-11-0134 | | 93.563 | 447,310 |

(Continued)

WILLIAMS COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

FEDERAL GRANTOR

| <i>Pass Through Grantor</i> <i>Program Title</i> | Pass Through Entity Number | Program Number | Federal CFDA Number | Disbursements |
|--|---------------------------------|----------------|---------------------------|-------------------------|
| Child Care Cluster | | | | |
| Child Care and Development Block Grant | G-1011-11-5134 / G-1213-11-0134 | | 93.575 | 7,240 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | G-1011-11-5134 / G-1213-11-0134 | | 93.596 | <u>29,410</u> |
| Total Child Care Cluster | | | | 36,650 |
| Child Abuse and Neglect Prevention Month | G-1011-11-5134 / G-1213-11-0134 | | 93.590 | 1,956 |
| Child Welfare Services_State Grants | G-1011-11-5134 / G-1213-11-0134 | | 93.645 | 9,508 |
| Foster Care_Title IV-E | G-1011-11-5134 / G-1213-11-0134 | | 93.658 | 390,580 |
| Foster Care_Title IV-E - ARRA | | | 93.658 | <u>11,399</u> |
| Total Foster Care_Title IV-E | | | | 401,979 |
| Adoption Assistance | G-1011-11-5134 / G-1213-11-0134 | | 93.659 | 28,879 |
| Social Services Block Grant | G-1011-11-5134 / G-1213-11-0134 | | 93.667 | 241,722 |
| Chafee Foster Care Independence Program | G-1011-11-5134 / G-1213-11-0134 | | 93.674 | 1,255 |
| Medical Assistance Program | G-1011-11-5134 / G-1213-11-0134 | | 93.778 | 163,574 |
| Total Passed Through Ohio Job and Family Services | | | | <u>2,147,190</u> |
| Passed Through Ohio Department of Developmental Disabilities | | | | |
| Social Services Block Grant (Title XX) | | | 93.667 | <u>26,757</u> |
| Medical Assistance Program (TCM) - ARRA | | | 93.778 | <u>28,244</u> |
| Total Passed Through Ohio Department of Developmental Disabilities | | | | 55,001 |
| Total All Social Services Block Grants - CFDA #93.667 | | | | 268,479 |
| Total All Medicaid Assistance Programs - CFDA #93.778 | | | | 191,818 |
| Total U.S. Department of Health and Human Services | | | | <u>2,374,697</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Passed Through Ohio Department of Development | | | | |
| HOME Investment Partnerships Program (Chip) | | B-C-09-1DA-2 | 14.239 | 345,753 |
| Community Development Block Grant (Formula) | | B-F-08-1DA-1 | 14.228 | 43,900 |
| Community Development Block Grant (Formula) | | B-F-10-1DA-1 | 14.228 | 164,000 |
| Community Development Block Grant (Chip) | | B-C-09-1DA-1 | 14.228 | 53,427 |
| Community Development Block Grant (Water and Sanitary Sewer) | | B-W-08-1DA-1 | 14.228 | 104,949 |
| Community Development Block Grant Revolving Loans | | | 14.228 | <u>218,720</u> |
| Total Community Development Block Grant | | | | 584,996 |
| Community Development Block Grant (Water and Sanitary Sewer) - ARRA | | B-R-09-1DA-1 | 14.255 | 555,000 |
| Total U.S. Department of Housing and Urban Development | | | | <u>1,485,749</u> |

(Continued)

WILLIAMS COUNTY
**FEDERAL AWARDS EXPENDITURES SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (Continued)**

FEDERAL GRANTOR

| <i>Pass Through Grantor Program Title</i> | Pass Through Entity Number | Program Number | Federal CFDA Number | Disbursements |
|--|-------------------------------|-----------------|---------------------------|---------------------------|
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| <i>Passed Through the Ohio Department of Public Safety Emergency Management Agency</i> | | | | |
| Emergency Management Performance Grant | | 2010-EP-00-0003 | 97.042 | 48,434 |
| Homeland Security Grant Program | | 2008-GE-T8-0025 | 97.067 | <u>60,563</u> |
| Total U.S. Department of Homeland Security | | | | <u>108,997</u> |
| ELECTION ASSISTANCE COMMISSION | | | | |
| <i>Passed Through the Ohio Secretary of State Office</i> | | | | |
| Voting Access for Individuals With Disabilities - Grants to States | | 06-SOS-HHHS-86 | 93.617 | 930 |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| <i>Passed Through The Ohio Attorney General</i> | | | | |
| Crime Victim Assistance | | 10-VAG-ENE-129T | 16.575 | 42,239 |
| Crime Victim Assistance | | 11-VAG-ENE-129T | 16.575 | <u>10,385</u> |
| Total | | | | <u>52,624</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| <i>Passed Through the Ohio Department of Transportation</i> | | | | |
| Highway Planning and Construction | | 88870 / 90189 | 20.205 | <u>19,390</u> |
| U.S. DEPARTMENT OF COMMERCE | | | | |
| <i>Direct Assistance</i> | | | | |
| Economic Adjustment Strategy Assistance - ARRA | | 06-69-05530 | 11.307 | <u>9,844</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| <i>Passed Through the Ohio Department of Health</i> | | | | |
| Special Education - Grants for Infants and Families (Help Me Grow) | | 08610021HG0209 | 84.181 | 18,420 |
| Special Education - Grants for Infants and Families (Help Me Grow) | | 08610021HG0312 | 84.181 | <u>4,880</u> |
| Total | | | | 23,300 |
| Special Education - Grants for Infants and Families (Help Me Grow) - ARRA | | | 84.393 | <u>20,660</u> |
| Total | | | | <u>43,960</u> |
| Total | | | | <u>\$5,942,551</u> |

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WILLIAMS COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash. Workforce Investment Act (WIA) disbursements for the Youth Program (CFDA #17.259) in the amount of \$186,691 were paid to subrecipients who provided services to the County.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons 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 Schedule reports loans made and administrative costs as disbursements. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property or Uniform Commercial Filings (UCC) that collateralize machinery and equipment.

Activity in the CDBG revolving loan fund during 2011 is as follows:

| | |
|---|-------------------------|
| Loans Receivable Balance, January 1, 2011 | \$903,980 |
| Loans Issued in 2011 | 165,000 |
| Loan Principal Repaid on Loans Issued Prior To 2011 | (159,971) |
| Loans Principal Repaid on 2011 Loans Issued | (11,543) |
| Ending Loans Receivable Balance as of December 31, 2011 | <u>\$897,466</u> |
| | |
| Cash Balance on Hand in the Revolving Loan Fund as of December 31, 2011 | \$549,851 |
| | |
| Program Expenditures: | |
| Revolving Loans Issued in 2011 | \$165,000 |
| Revolving Loan Administrative Costs for 2011 | 53,720 |
| Other Grants Administered Through the CDBG 14.228 Program | 366,276 |
| Total CDBG 14.228 Program | <u>\$584,996</u> |

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2011, the County estimates \$112,124 to be uncollected.

NOTE D - MATCHING REQUIREMENTS

Certain federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE E – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2011, the County made allowable transfers of \$143,955 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$648,205 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2011 and the amount transferred to the Social Services Block Grant program.

| | |
|--|-------------------------|
| Temporary Assistance for Needy Families | \$792,160 |
| Transfer to Social Services Block Grant (SSBG) | <u>(143,955)</u> |
| Total | <u><u>\$648,205</u></u> |



Dave Yost • Auditor of State

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

Williams County
One Courthouse Square, Second Floor
Bryan, Ohio 43506-1791

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williams County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 23, 2012, wherein, we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles and the County implemented Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected.

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

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 instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 23, 2012.

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

We intend this report solely for the information and use of management, the audit committee, Board of Commissioners, federal awarding agencies and pass-through entities, and others within the County. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

August 23, 2012



Dave Yost • Auditor of State

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

Williams County
One Courthouse Square, Second Floor
Bryan, Ohio 43506-1791

To the Board of Commissioners:

Compliance

We have audited the compliance of Williams County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2011. 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.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, Williams County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted matters involving federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated August 23, 2012.

We intend this report solely for the information and use of the audit committee, management, Board of Commissioners, others within the entity, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 23, 2012

WILLIAMS COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control 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 weaknesses reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control 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(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Water and Waste Disposal Systems for Rural Communities – CFDA #10.760 Community Development Block Grant – CFDA #14.228, #14.255 HOME Investment Partnerships Program – CFDA #14.239 Aging Cluster - CFDA #93.044, #93.053, #93.045 |
| (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 2011-001

Noncompliance Finding

Ohio Revised Code, § 117.38, provides in part that each public office, other than a state agency, 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(B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For 2011, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the County's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

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

Officials' Response:

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

FINDING NUMBER 2011-002

Noncompliance Finding

Ohio Revised Code, §135.18, provides in part that the Treasurer of a political subdivision must require the depository to provide, as security for public moneys deposited, an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

The balance of the County's deposits at the Farmers and Merchants State Bank exceeded the amount of Federal Depository Insurance Corporation (FDIC) insurance amount and additional collateral pledged by \$6,677,144. The bank balance at December 31, 2011 was \$6,950,110 and FDIC and collateral coverage was \$272,966.

The difference noted above was considered to be uninsured and uncollateralized. This could result in loss of public funds.

We recommend the County obtain a list of pledged collateral from the Farmers and Merchants State Bank, at least quarterly, and compare the fair value of the collateral plus the FDIC insurance with the balance of the deposits the bank holds to ensure the deposits are adequately collateralized. As of April 2012, the County was properly collateralized.

Officials' Response:

We did not receive a response from Officials to this finding.

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
|--|

None

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WILLIAMS COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2011**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2010-001 | Ohio Administrative Code § 117-2-03 (B) – Not reporting on GAAP basis | No | Not Corrected. Reissued as finding 2011-001 in this report. |
| 2010-002 | Finding For Recovery – Hillside Guest Room Rentals not paid in the County Treasury. | Yes | |
| 2010-003 | Finding For Recovery – Hillside Resident Trust Fund amounts withdrawn but unaccounted for. | Yes | |

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Dave Yost • Auditor of State

WILLIAMS COUNTY 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 11, 2012