



Dave Yost • Auditor of State

WILLIAMS COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Commissioners:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General, Auto and Gas, Enrichment Center, Job and Family Services, and Department of Aging funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the County's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Award Expenditures Schedule also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

August 28, 2014

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WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (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, 2013, 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 2013 are as follows:

- The total net cash position of the County increased \$2,821,573. Net cash position of governmental activities increased \$1,887,309 which represents a 14.74% increase from fiscal year 2012. Net cash position of business-type activities increased \$934,264 or 41.37% over fiscal year 2012.
- General cash receipts accounted for \$15,386,076 or 45.50% of total governmental activities cash receipts. Program specific cash receipts accounted for \$18,429,219 or 54.50% of total governmental activities cash receipts.
- The County had \$31,927,986 in cash disbursements related to governmental activities; \$18,429,219 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 \$15,386,076 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, Department of Aging, and East Annex Capital Project. The General fund, the County's largest major fund, had cash receipts and other financing sources of \$10,468,202 in 2013. The cash disbursements and other financing uses of the General fund, totaled \$10,249,814 in 2013. The General fund's cash balance increased \$218,388 from 2012 to 2013.
- The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,531,421 in 2013. The Auto and Gas fund had cash disbursements of \$2,914,916 in 2013. The Auto and Gas fund cash balance increased \$1,616,505 from 2012 to 2013.
- The Enrichment Center fund, a County major fund, had cash receipts and other financing sources of \$3,764,811 in 2013. The Enrichment Center had cash disbursements of \$3,891,874 in 2013. The Enrichment Center's fund cash balance decreased \$127,063 from 2012 to 2013.
- The Job and Family Services fund, a County major fund, had cash receipts of \$1,928,979 in 2013. The Job and Family Services fund had cash disbursements of \$1,967,763 in 2013. The Job and Family Services fund cash balance decreased \$38,784 from 2012 to 2013.
- The Department of Aging fund, a County major fund, had cash receipts of \$1,518,067 in 2013. The Department of Aging had cash disbursements of \$1,609,642 in 2013. The Department of Aging fund cash balance decreased \$91,575 from 2012 to 2013.

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED) (Continued)

- The East Annex Capital Project fund, a County major fund, had other financing sources of \$4,348,073 in 2013. The East Annex Capital Project fund had cash disbursements of \$4,674,740 in 2013. The East Annex Capital Project fund cash balance decreased \$326,667 from 2012 to 2013.
- Net cash position for the Hillside Country Living Nursing Home Enterprise fund increased in 2013 by \$838,862 or 41.00%. The net cash position for the Sewer Enterprise fund increased in 2013 by \$95,402 or 44.99%.
- 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 \$6,865,950 in 2013. The Hillside fund had operating / non-operating cash disbursements of \$6,027,088 in 2013. The Hillside fund cash balance increased \$838,862 from 2012 to 2013.

Using the 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 Position – 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 non-major 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 Position and the Statement of Activities

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis answer the question, "How did we do financially during 2013?" These statements include *only net position* 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 position and changes in those positions on a cash basis. This change in net cash position 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 Position – 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

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED) (Continued)

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

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, Auto and Gas, Enrichment Center, Job and Family Services, Department of Aging, and East Annex Capital Project funds. 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 Position and fund cash balances or changes in Net Position 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

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

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.

Government-Wide Financial Analysis

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

The table below provides a summary of the County's net position for 2013 compared to the prior year.

	Net Cash Position					
	Governmental		Business-type		Total	Total
	Activities	Activities	Activities	Activities		
2013	2012	2013	2012	2013	2012	
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 14,691,501	\$ 12,804,192	\$ 3,192,396	\$ 2,258,132	\$ 17,883,897	\$ 15,062,324
Net Position						
Restricted	10,121,376	8,370,160			10,121,376	8,370,160
Unrestricted	4,570,125	4,434,032	3,192,396	2,258,132	7,762,521	6,692,164
Total Net Position	\$ 14,691,501	\$ 12,804,192	\$ 3,192,396	\$ 2,258,132	\$ 17,883,897	\$ 15,062,324

The total net position of the County increased \$2,821,573. Net position of governmental activities increased \$1,887,309 which represents a 14.74% increase from fiscal year 2012. Net position of business-type activities increased \$934,264 or 41.37% from fiscal year 2012.

A portion of the County's governmental net position, \$10,121,376, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental unrestricted net position of \$4,570,125 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for fiscal years 2013 and 2012.

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

	Change in Net Position					
	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
Cash Receipts						
Program Cash Receipts:						
Charges for Services and Sales	\$ 6,313,007	\$ 6,995,079	\$ 6,858,219	\$ 6,541,209	\$ 13,171,226	\$ 13,536,288
Operating Grants and Contributions	10,596,815	9,936,384	15,014	15,014	10,611,829	9,951,398
Capital Grants and Contributions	1,519,397	2,026,608			1,519,397	2,026,608
Total Program Cash Receipts	18,429,219	18,958,071	6,873,233	6,556,223	25,302,452	25,514,294
General Cash Receipts:						
Property Taxes	4,473,373	4,694,132			4,473,373	4,694,132
Sales Tax	5,114,155	5,100,869			5,114,155	5,100,869
Unrestricted Grants	1,058,630	915,849			1,058,630	915,849
Proceeds from Sale of Notes	3,500,000				3,500,000	
Miscellaneous Fees on Sale of Notes	26,110				26,110	
Investment Earnings	97,509	112,224	1,743	2,928	99,252	115,152
Sale of Capital Assets	62,870	30,070			62,870	30,070
Miscellaneous	1,053,429	1,041,980	558,401	95,682	1,611,830	1,137,662
Total General Cash Receipts	15,386,076	11,895,124	560,144	98,610	15,946,220	11,993,734
Total Cash Receipts	33,815,295	30,853,195	7,433,377	6,654,833	41,248,672	37,508,028
Cash Disbursements						
General Government	4,394,678	4,450,776			4,394,678	4,450,776
Public Safety	3,374,109	3,347,242			3,374,109	3,347,242
Public Works	3,518,117	4,833,967			3,518,117	4,833,967
Health	1,416,645	1,454,480			1,416,645	1,454,480
Human Services	10,369,368	9,935,473			10,369,368	9,935,473
Conservation and Recreation	-	61,800			-	61,800
Economic Development and Assistance	993,073	1,124,125			993,073	1,124,125
Hospitalization	965,534	939,489			965,534	939,489
Miscellaneous	118,647	400,853			118,647	400,853
Capital Outlay	6,167,939	2,130,911			6,167,939	2,130,911
Debt Service:						
Principal Retirement	455,678	496,906			455,678	496,906
Interest and Fiscal Charges	154,198	209,354			154,198	209,354
Hillside			6,027,088	6,100,542	6,027,088	6,100,542
Sewer			472,025	452,524	472,025	452,524
Total Cash Disbursements	31,927,986	29,385,376	6,499,113	6,553,066	38,427,099	35,938,442
Change in Net Position	1,887,309	1,467,819	934,264	101,767	2,821,573	1,569,586
Net Position at Beginning of Year	12,804,192	11,336,373	2,258,132	2,156,365	15,062,324	13,492,738
Net Position at End of Year	\$ 14,691,501	\$ 12,804,192	\$ 3,192,396	\$ 2,258,132	\$ 17,883,897	\$ 15,062,324

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

Governmental Activities

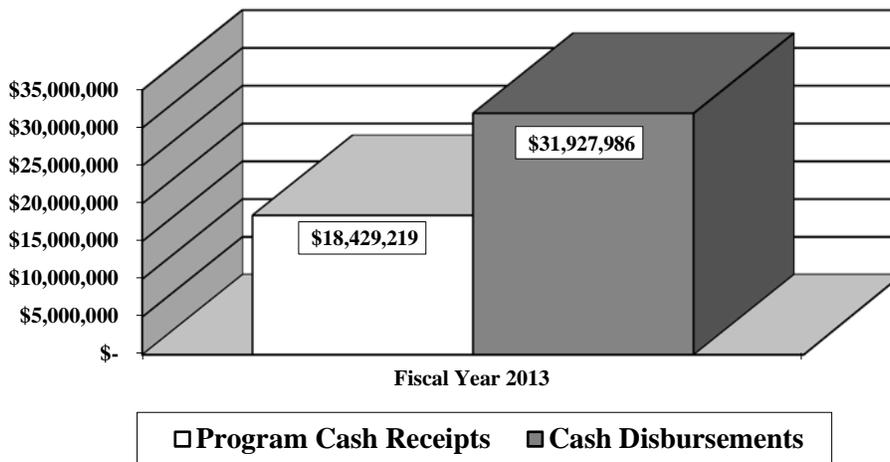
Governmental cash assets increased by \$1,887,309 in 2013 from 2012. This increase is primarily attributed to the conservative budgeting practices of the County.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2013, general government cash disbursements totaled \$4,394,678, or 13.76% of total governmental cash disbursements. General government programs were supported by \$2,879,267 in direct charges to users and operating grants and contributions.

The County program, Public Works, accounted for \$3,518,117 or 11.02% of total cash disbursements. 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 \$10,369,368 or 32.48% 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 2013. It identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

WILLIAMS COUNTY

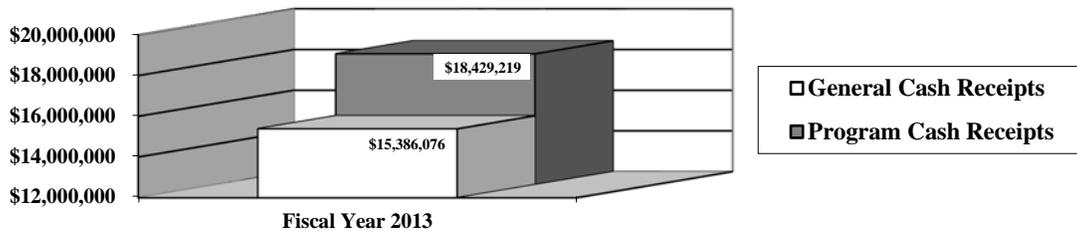
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

Governmental Activities

	Total Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2013	Net Cost of Services 2012
Cash Disbursements				
General Government	\$ 4,394,678	\$ 4,450,776	\$ 1,515,411	\$ 1,594,603
Public Safety	3,374,109	3,347,242	2,918,785	2,908,461
Public Works	3,518,117	4,833,967	(1,458,593)	(118,328)
Health	1,416,645	1,454,480	(41,859)	62,409
Human Services	10,369,368	9,935,473	4,423,066	3,885,932
Conservation and Recreation		61,800		61,800
Economic Development and Assistance	993,073	1,124,125	295,543	483,590
Hospitalization	965,534	939,489	933,175	916,960
Other	118,647	400,853	26,487	144,302
Capital Outlay	6,167,939	2,130,911	4,678,414	228,365
Debt Service:				
Principal Retirement	455,678	496,906	180,710	202,976
Interest and Fiscal Charges	154,198	209,354	27,628	56,235
Total	\$ 31,927,986	\$ 29,385,376	\$ 13,498,767	\$ 10,427,305

The dependence upon general cash receipts for governmental activities is apparent; with 42.28% of cash disbursements supported through taxes and other general cash receipts during 2013.

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 \$3,192,396, an increase of \$934,264 in comparison with the prior audit year. The increase in ending fund balance was primarily attributed to the Hillside Country Living Nursing Home fund receiving increased charges for services, as well as a large donation, and overall disbursements decreased.

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(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 \$14,691,501, which is \$1,887,309 more than last year's total of \$12,804,192. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2013 and December 31, 2012, for all major and nonmajor governmental funds.

	Fund Cash Balance December 31, 2013		Fund Cash Balance December 31, 2012		Increase (Decrease)
Major Funds:					
General	\$ 5,123,143	\$	4,904,755	\$	218,388
Auto and Gas	2,208,253		591,748		1,616,505
Enrichment Center	866,764		993,827		(127,063)
Job and Family Services	226,796		265,580		(38,784)
Department of Aging	302,900		394,475		(91,575)
East Annex Capital Project	836,697		1,163,364		(326,667)
Other Nonmajor Governmental Funds	5,126,948		4,490,443		636,505
Total	\$ 14,691,501	\$	12,804,192	\$	1,887,309

General Fund

The General fund, the County's largest major fund, had cash receipts and other financing sources of \$10,468,202 in 2013. The cash disbursements and other financing uses of the General fund, totaled \$10,249,814 in 2013. The General fund's cash balance increased \$218,388 from 2012 to 2013.

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

	2013		2012		Percentage Change
Cash Receipts:					
Property and Sales Tax	\$ 6,778,006	\$	6,856,907		(1.15) %
Charges for Services	1,605,884		1,829,838		(12.24) %
Licenses and Permits	4,420		5,620		(21.35) %
Fines and Forfeitures	136,369		157,221		(13.26) %
Intergovernmental	1,260,782		1,109,905		13.59 %
Special Assessments	77,205		81,609		(5.40) %
Investment Income	96,334		110,394		(12.74) %
Rental Income	105,703		103,318		2.31 %
Other	143,181		168,584		(15.07) %
Total	\$ 10,207,884	\$	10,423,396		(2.07) %

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

Taxes remained comparable to 2012. Charges for services decreased due to decreases in revenue for conveyance fees, reimbursement of election expenses, and the elimination of medicare reimbursements from other funds. Licenses and permits decreased due to a decrease in sales of building permits and vendors licenses. Fines and forfeitures decreased due to decreased collections for fines from the Clerk of Courts and the Municipal Court. Intergovernmental revenue increased primarily due to casino revenue. Special assessments decreased due to fewer collections for ditch and tile repairs. Investment income decreased due to lower interest rates. Rental income remained comparable to 2012. Other revenue was lower due to decreased amounts deposited into unclaimed funds.

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

	2013	2012	Percentage Change	
Cash Disbursements:				
General Government				
Legislative and Executive	\$ 2,171,823	\$ 2,175,230	(0.16) %	
Judicial	1,103,366	1,042,485	5.84 %	
Public Safety	3,177,948	3,124,641	1.71 %	
Public Works	259,595	277,480	(6.45) %	
Health	82,843	84,072	(1.46) %	
Human Services	774,402	836,160	(7.39) %	
Conservation and Recreation		61,800	(100.00)	
Economic Development	59,999	111,925	(46.39) %	
Hospitalization	965,534	939,489	2.77 %	
Other	117,291	399,782	(70.66) %	
Debt Service	71,300	73,494	(2.99) %	
Total	<u>\$ 8,784,101</u>	<u>\$ 9,126,558</u>	(3.75) %	

Judicial increased due to an increase in salary expenses and appointed counsel fees. Public works decreased due to lower expenses for contract projects and contract services. Human services decreased due to lower mandated share costs and a decrease in veterans' services expenses. Conservation and recreation decreased due to the elimination of the allocation for soil and water conservation. Economic Development decreased due to the economic adjustment strategy planning study grant that was expended in 2012. Other cash disbursements decreased due to additional funding provided to the Regional Airport Authority for 2012 only, the elimination of funding for the OSU Extension in 2013, and the elimination of Medicare match expenses reimbursed by other departments. All other cash disbursements remained comparable to 2012.

Auto and Gas Fund

The Auto and Gas fund, a County major fund, had cash receipts and other financing sources of \$4,531,421 in 2013. The Auto and Gas fund had cash disbursements of \$2,914,916 in 2013. The Auto and Gas fund cash balance increased \$1,616,505 from 2012 to 2013. The increase in cash fund balance was primarily attributed to a decrease in expenditures (contract projects and materials) in addition to an increase in revenues (material reimbursements, OPWC receipts, and workers compensation refunds).

Enrichment Center Fund

The Enrichment Center, a County major fund, had cash receipts and other financing sources of \$3,764,811 in 2013. The Enrichment Center had cash disbursements of \$3,891,874 in 2013. The Enrichment Center's fund cash balance decreased \$127,063 from 2012 to 2013. The decrease in fund

WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)

cash balance was primarily attributed to increased expenditures (outside services-Quadco) in addition to a decrease in real estate tax revenue.

Job and Family Services Fund

The Job and Family Services fund, a County major fund, had cash receipts of \$1,928,979 in 2013. The Job and Family Services fund had cash disbursements of \$1,967,763 in 2013. The Job and Family Services fund cash balance decreased \$38,784 from 2012 to 2013. The decrease in fund cash balance was primarily attributed to increased expenditures (personnel expenses and contract services) being greater than the increase in revenue (WIA/ODJFS reimbursements).

Department of Aging Fund

The Department of Aging, a County major fund, had cash receipts of \$1,518,067 in 2013. The Department of Aging had cash disbursements of \$1,609,642 in 2013. The Department of Aging fund cash balance decreased \$91,575 from 2012 to 2013. The decrease in cash balance was primarily attributed to a decrease in revenue (personal property tax loss reimbursement and project income) being greater than the decrease in overall expenditures (contract services, vehicle purchase, salaries).

East Annex Capital Project Fund

The East Annex Capital Project, a County major fund, had other financing sources of \$4,348,073 in 2013. The East Annex Capital Project had cash disbursements of \$4,674,740 in 2013. The East Annex Capital Project fund cash balance decreased \$326,667 from 2012 to 2013. The decrease in cash balance was primarily attributed to expenditures for the renovation of the facility to hold new offices for County departments.

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 \$6,865,950 and cash disbursements of \$6,027,088 for fiscal year 2013. The net position of the programs increased \$838,862 from 2012. The increase in net position is primarily attributed to increased revenue (charges for services, donations) and overall decrease in disbursements (personal services and capital outlay).

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 \$1,771,388 below original budget estimates of \$11,683,556 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 \$9,917,303, excluding advances, exceeded final budget estimates by \$5,135. This was primarily attributed to receipts for sales tax being greater than anticipated. The final budgetary basis disbursements and other financing uses of \$10,517,566 were \$849,298 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 \$10,215,678 were \$301,888 less than the final budget estimates. Advances are not budgeted.

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(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 \$6,253,982 during fiscal year 2013.

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

Debt Administration

The County had the following debt obligations outstanding at December 31, 2013 and 2012:

	Governmental Activities 2013	Governmental Activities 2012
Short-Term		
Bond Anticipation Notes	\$ 3,500,000	
Long-Term		
OPWC Loans	\$ 128,422	\$ 214,036
OWDA Loans	3,522,272	3,797,289
USDA Special Assessment Bonds	694,141	709,831
USDA Revenue Bonds	884,780	896,178
Court of Appeals Loan	163,718	176,580
County Facilities Improvement Bonds		50,000
Total Long Term Debt	<u>5,393,333</u>	<u>5,843,914</u>
Total Outstanding Obligations	<u>\$ 8,893,333</u>	<u>\$ 5,843,914</u>
	Business-Type Activities 2013	Business-Type Activities 2012
Long-Term		
USDA Revenue Bonds	<u>\$ 4,201,000</u>	<u>\$ 4,370,000</u>
	Governmental Activities 2013	Governmental Activities 2012
Equipment Loans and Leases		<u>\$ 27,851</u>

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

Economic Factors and Next Year's Budgets and Rates

The following economic factors were taken into consideration in preparing the budget for fiscal year 2014:

WILLIAMS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

The County's unemployment rate as of December 2013 is 6.4%, compared to the 6.6% state average and the 6.7% national average.

State funding is uncertain due to budgetary shortfalls at the State level. These funds represented 4% of the County's General fund revenue in 2013. 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 2013. Budgeted revenues and other financing sources in the general fund for fiscal year 2013 are \$9,912,168. 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 POSITION - CASH BASIS
DECEMBER 31, 2013**

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 14,691,501	\$ 3,192,396	\$ 17,883,897
Net Position			
Restricted for:			
Debt Service	\$ 1,061,508		\$ 1,061,508
Capital Projects	1,147,190		1,147,190
Other Purposes	7,912,678		7,912,678
Unrestricted	4,570,125	\$ 3,192,396	7,762,521
<i>Total Net Position</i>	<u>\$ 14,691,501</u>	<u>\$ 3,192,396</u>	<u>\$ 17,883,897</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursement</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
General Government:				
Legislative and Executive	\$ 2,549,199	\$ 1,487,002	\$ 75,206	
Judicial	1,845,479	724,245	592,814	
Public Safety	3,374,109	182,478	272,846	
Public Works	3,518,117	874,891	4,101,819	
Health	1,416,645	1,433,731	24,773	
Human Services	10,369,368	1,092,244	4,844,058	\$ 10,000
Economic Development and Assistance	993,073	12,231	685,299	
Hospitalization	965,534	32,359		
Other	118,647	92,160		
Capital Outlay	6,167,939	10,283		1,479,242
Debt Service:				
Principal Retirement	455,678	274,968		
Interest and Fiscal Charges	154,198	96,415		30,155
<i>Total Governmental Activities</i>	<u>31,927,986</u>	<u>6,313,007</u>	<u>10,596,815</u>	<u>1,519,397</u>
Business-Type Activities				
Hillside	6,027,088	6,293,160	15,014	
Sanitary Sewer	472,025	565,059		
<i>Total Business-Type Activities</i>	<u>6,499,113</u>	<u>6,858,219</u>	<u>15,014</u>	
Totals	<u>\$ 38,427,099</u>	<u>\$ 13,171,226</u>	<u>\$ 10,611,829</u>	<u>\$ 1,519,397</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 Notes

Miscellaneous Fees Received on Sale of Notes

Investment Income

Proceeds from Sale of Capital Assets

Miscellaneous

Total General Cash Receipts

Change in Net Cash Position

Net Cash Position at Beginning of Year

Net Cash Position at End of Year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<u>Governmenta Activities</u>	<u>Business- Activities</u>	<u>Total</u>
\$ (986,991)		\$ (986,991)
(528,420)		(528,420)
(2,918,785)		(2,918,785)
1,458,593		1,458,593
41,859		41,859
(4,423,066)		(4,423,066)
(295,543)		(295,543)
(933,175)		(933,175)
(26,487)		(26,487)
(4,678,414)		(4,678,414)
(180,710)		(180,710)
(27,628)		(27,628)
<u>(13,498,767)</u>		<u>(13,498,767)</u>
	\$ 281,086	281,086
	93,034	93,034
	<u>374,120</u>	<u>374,120</u>
<u>(13,498,767)</u>	<u>374,120</u>	<u>(13,124,647)</u>
1,663,851		1,663,851
2,078,886		2,078,886
730,636		730,636
5,114,155		5,114,155
1,058,630		1,058,630
3,500,000		3,500,000
26,110		26,110
97,509	1,743	99,252
62,870		62,870
<u>1,053,429</u>	<u>558,401</u>	<u>1,611,830</u>
<u>15,386,076</u>	<u>560,144</u>	<u>15,946,220</u>
1,887,309	934,264	2,821,573
<u>12,804,192</u>	<u>2,258,132</u>	<u>15,062,324</u>
<u>\$ 14,691,501</u>	<u>\$ 3,192,396</u>	<u>\$ 17,883,897</u>

WILLIAMS COUNTY

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS**

DECEMBER 31, 2013

	<u>General</u>	<u>Auto and Gas</u>	<u>Enrichment Center</u>	<u>Job and Services</u>	<u>Department of Aging</u>	<u>East Annex Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash Assets								
Equity in Pooled Cash and Cash	<u>\$5,123,143</u>	<u>\$ 2,208,253</u>	<u>\$ 866,764</u>	<u>\$ 226,796</u>	<u>\$ 302,900</u>	<u>\$ 836,697</u>	<u>\$ 5,126,948</u>	<u>\$ 14,691,501</u>
Fund Cash Balances								
Nonspendable	\$ 66,270							\$ 66,270
Restricted		\$ 2,208,253	\$ 866,764	\$ 226,796	\$ 302,900		\$ 4,055,462	7,660,175
Committed						\$ 836,697	769,755	1,606,452
Assigned	172,432						301,731	474,163
Unassigned	<u>4,884,441</u>							<u>4,884,441</u>
<i>Total Fund Cash Balances</i>	<u>\$5,123,143</u>	<u>\$ 2,208,253</u>	<u>\$ 866,764</u>	<u>\$ 226,796</u>	<u>\$ 302,900</u>	<u>\$ 836,697</u>	<u>\$ 5,126,948</u>	<u>\$ 14,691,501</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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WILLIAMS COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Auto and Gas</u>	<u>Enrichment Center</u>	<u>Job and Family Services</u>
Cash Receipts				
Property Taxes	\$ 1,663,851		\$2,078,886	
Sales Taxes	5,114,155			
Charges for Services	1,605,884	\$ 379,328	387,228	\$ 484,286
Licenses and Permits	4,420	3,490		
Fines and Forfeitures	136,369	504		
Intergovernmental	1,260,782	4,101,819	1,242,353	1,371,804
Special Assessments	77,205	50		
Investment Income	96,334	845		
Rental Income	105,703			
Loan Repayments				
Other	143,181	28,942	10,235	72,889
<i>Total Cash Receipts</i>	<u>10,207,884</u>	<u>4,514,978</u>	<u>3,718,702</u>	<u>1,928,979</u>
Cash Disbursements				
Current:				
General Government:				
Legislative and Executive	2,171,823			
Judicial	1,103,366			
Public Safety	3,177,948			
Public Works	259,595	2,829,302		
Health	82,843			
Human Services	774,402		3,891,874	1,967,763
Economic Development and Assistance	59,999			
Hospitalization	965,534			
Other	117,291			
Capital Outlay				
Debt Service:				
Principal Retirement	62,862	85,614		
Interest and Fiscal Charges	8,438			
<i>Total Cash Disbursements</i>	<u>8,784,101</u>	<u>2,914,916</u>	<u>3,891,874</u>	<u>1,967,763</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>1,423,783</u>	<u>1,600,062</u>	<u>(173,172)</u>	<u>(38,784)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Notes				
Miscellaneous Fees Received on Sale of Notes				
Proceeds from Sales of Capital Assets	318	16,443	46,109	
Advances In	260,000			
Advances Out				
Transfers In				
Transfers Out	(1,465,713)			
<i>Total Other Financing Sources (Uses)</i>	<u>(1,205,395)</u>	<u>16,443</u>	<u>46,109</u>	
<i>Net Change in Fund Cash Balances</i>	218,388	1,616,505	(127,063)	(38,784)
Fund Balances at Beginning of Year	4,904,755	591,748	993,827	265,580
<i>Fund Balances at End of Year</i>	<u>\$ 5,123,143</u>	<u>\$ 2,208,253</u>	<u>\$ 866,764</u>	<u>\$ 226,796</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Department of Aging</u>	<u>East Annex Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 730,636			\$ 4,473,373
			5,114,155
		\$ 2,135,516	4,992,242
		133,342	141,252
		207,378	344,251
476,958		4,721,126	13,174,842
		643,321	720,576
		330	97,509
		8,983	114,686
		329,273	329,273
310,473		158,436	724,156
<u>1,518,067</u>		<u>8,337,705</u>	<u>30,226,315</u>
		377,376	2,549,199
		742,113	1,845,479
		196,161	3,374,109
		429,220	3,518,117
		1,333,802	1,416,645
1,609,642		2,125,687	10,369,368
		933,074	993,073
			965,534
		1,356	118,647
	\$ 4,674,740	1,493,199	6,167,939
		307,202	455,678
		145,760	154,198
<u>1,609,642</u>	<u>4,674,740</u>	<u>8,084,950</u>	<u>31,927,986</u>
<u>(91,575)</u>	<u>(4,674,740)</u>	<u>252,755</u>	<u>(1,701,671)</u>
	3,500,000		3,500,000
	21,000	5,110	26,110
			62,870
			260,000
		(260,000)	(260,000)
	827,073	638,640	1,465,713
			(1,465,713)
	<u>4,348,073</u>	<u>383,750</u>	<u>3,588,980</u>
(91,575)	(326,667)	636,505	1,887,309
394,475	1,163,364	4,490,443	12,804,192
<u>\$ 302,900</u>	<u>\$ 836,697</u>	<u>\$ 5,126,948</u>	<u>\$ 14,691,501</u>

WILLIAMS COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Budgetary Basis Receipts				
Property Taxes	\$ 1,606,500	\$ 1,663,200	\$ 1,663,851	\$ 651
Sales Taxes	4,900,000	5,100,000	5,114,155	14,155
Charges for Services	3,709,971	1,337,904	1,343,679	5,775
Licenses and Permits	4,420	4,420	4,420	
Fines and Forfeitures	142,050	137,050	136,369	(681)
Intergovernmental	999,145	1,276,214	1,260,782	(15,432)
Special Assessments	70,000	76,500	77,205	705
Investment Income	75,500	95,500	96,334	834
Rental Income	77,674	82,654	79,631	(3,023)
Other	93,296	138,226	140,559	2,333
<i>Total Budgetary Basis Receipts</i>	<u>11,678,556</u>	<u>9,911,668</u>	<u>9,916,985</u>	<u>5,317</u>
Budgetary Basis Disbursements				
Current:				
General Government:				
Legislative and Executive	2,204,676	2,196,703	2,050,142	146,561
Judicial	1,117,102	1,166,403	1,129,262	37,141
Public Safety	3,229,259	3,243,704	3,178,438	65,266
Public Works	276,308	350,370	348,735	1,635
Health	84,176	88,387	86,797	1,590
Human Services	827,151	815,010	793,284	21,726
Conservation and Recreation	4,000	4,000		4,000
Economic Development and Assistance	60,020	62,251	59,999	2,252
Hospitalization	3,150,000	970,200	965,534	4,666
Other	393,700	134,353	117,302	17,051
Debt Service:				
Principal Retirement	12,862	12,862	12,862	
Interest and Fiscal Charges	7,610	7,610	7,610	
<i>Total Budgetary Basis Disbursements</i>	<u>11,366,864</u>	<u>9,051,853</u>	<u>8,749,965</u>	<u>301,888</u>
<i>Budgetary Basis Receipts Over Budgetary Basis Disbursements</i>	<u>311,692</u>	<u>859,815</u>	<u>1,167,020</u>	<u>307,205</u>
Other Financing Sources (Uses)				
Proceeds From Sale of Capital Assets	5,000	500	318	(182)
Advances In Transfers Out		(1,465,713)	(1,465,713)	260,000
<i>Total Other Financing Sources (Uses)</i>	<u>5,000</u>	<u>(1,465,213)</u>	<u>(1,205,395)</u>	<u>259,818</u>
<i>Net Change in Fund Cash Balance</i>	<u>316,692</u>	<u>(605,398)</u>	<u>(38,375)</u>	<u>567,023</u>
Fund Cash Balance at Beginning of Year	4,410,849	4,410,849	4,410,849	
Prior Year Encumbrances Appropriated	91,489	91,489	91,489	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 4,819,030</u>	<u>\$ 3,896,940</u>	<u>\$ 4,463,963</u>	<u>\$ 567,023</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS)
AUTO AND GAS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 309,343	\$ 309,343	\$ 379,328	\$ 69,985
Licenses and Permits	3,310	3,310	3,490	180
Fines and Forfeitures	211	211	504	293
Intergovernmental	4,079,903	4,079,903	4,101,819	21,916
Special Assessments	7	7	50	43
Investment Income			845	845
Other	13,262	13,262	28,942	15,680
<i>Total Budgetary Basis Receipts</i>	<u>4,406,036</u>	<u>4,406,036</u>	<u>4,514,978</u>	<u>108,942</u>
Budgetary Basis Disbursements				
Current:				
Public Works	4,526,340	4,519,703	2,916,385	1,603,318
Debt Service:				
Principal Retirement	58,000	85,614	85,614	
<i>Total Budgetary Basis Disbursements</i>	<u>4,584,340</u>	<u>4,605,317</u>	<u>3,001,999</u>	<u>1,603,318</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>(178,304)</u>	<u>(199,281)</u>	<u>1,512,979</u>	<u>1,712,260</u>
Other Financing Sources				
Proceeds From Sale of Capital Assets	16,406	16,406	16,443	37
<i>Net Change in Fund Cash Balance</i>	<u>(161,898)</u>	<u>(182,875)</u>	<u>1,529,422</u>	<u>1,712,297</u>
Fund Cash Balance at Beginning of Year	399,967	399,967	399,967	
Prior Year Encumbrances Appropriated	191,781	191,781	191,781	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 429,850</u>	<u>\$ 408,873</u>	<u>\$ 2,121,170</u>	<u>\$ 1,712,297</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS)
ENRICHMENT CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Budgetary Basis Receipts				
Property and Other Taxes	\$ 2,185,665	\$ 2,172,165	\$ 2,078,886	\$ (93,279)
Charges for Services	355,500	355,500	387,228	31,728
Intergovernmental	999,867	999,867	1,242,353	242,486
Other	3,900	3,900	10,235	6,335
<i>Total Budgetary Basis Receipts</i>	<u>3,544,932</u>	<u>3,531,432</u>	<u>3,718,702</u>	<u>187,270</u>
Budgetary Basis Disbursements				
Current:				
Human Services	<u>3,543,786</u>	<u>4,189,286</u>	<u>3,930,591</u>	<u>258,695</u>
<i>Excess (Deficiency) of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</i>	<u>1,146</u>	<u>(657,854)</u>	<u>(211,889)</u>	<u>445,965</u>
Other Financing Sources				
Proceeds From Sale of Capital Assets			<u>46,109</u>	<u>46,109</u>
<i>Net Change in Fund Cash Balance</i>	<u>1,146</u>	<u>(657,854)</u>	<u>(165,780)</u>	<u>492,074</u>
Fund Cash Balance at Beginning of Year	<u>993,827</u>	<u>993,827</u>	<u>993,827</u>	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 994,973</u>	<u>\$ 335,973</u>	<u>\$ 828,047</u>	<u>\$ 492,074</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS)
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts				
Charges for Services	\$ 430,000	\$ 430,000	\$ 484,286	\$ 54,286
Intergovernmental	1,286,059	1,331,725	1,371,804	40,079
Other	61,800	77,100	72,889	(4,211)
<i>Total Budgetary Basis Receipts</i>	<u>1,777,859</u>	<u>1,838,825</u>	<u>1,928,979</u>	<u>90,154</u>
Budgetary Basis Disbursements				
Current:				
Human Services	<u>2,017,586</u>	<u>2,096,252</u>	<u>2,006,771</u>	<u>89,481</u>
<i>Budgetary Basis Disbursements Over Budgetary Basis Receipts</i>	(239,727)	(257,427)	(77,792)	179,635
Fund Cash Balance at Beginning of Year	205,853	205,853	205,853	
Prior Year Encumbrances Appropriated	59,727	59,727	59,727	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 25,853</u>	<u>\$ 8,153</u>	<u>\$ 187,788</u>	<u>\$ 179,635</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (BUDGETARY BASIS)
DEPARTMENT OF AGING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Budgetary Basis Receipts				
Property and Other Taxes	\$ 765,000	\$ 759,600	\$ 730,636	\$ (28,964)
Intergovernmental	510,700	520,700	476,958	(43,742)
Other	335,000	335,000	310,473	(24,527)
<i>Total Budgetary Basis Receipts</i>	<u>1,610,700</u>	<u>1,615,300</u>	<u>1,518,067</u>	<u>(97,233)</u>
Budgetary Basis Disbursements				
Current:				
Human Services	<u>1,657,495</u>	<u>1,712,158</u>	<u>1,642,839</u>	<u>69,319</u>
<i>Budgetary Basis Disbursements Over Budgetary Basis Receipts</i>	(46,795)	(96,858)	(124,772)	(27,914)
Other Financing Sources				
Proceeds From Sale of Capital Assets	<u>2,000</u>	<u>2,000</u>	<u> </u>	<u>(2,000)</u>
<i>Net Change in Fund Cash Balance</i>	(44,795)	(94,858)	(124,772)	(29,914)
Fund Cash Balance at Beginning of Year	348,796	348,796	348,796	
<i>Prior Year Encumbrances Appropriated</i>	<u>45,679</u>	<u>45,679</u>	<u>45,679</u>	
<i>Fund Cash Balance at End of Year</i>	<u>\$ 349,680</u>	<u>\$ 299,617</u>	<u>\$ 269,703</u>	<u>\$ (29,914)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY
STATEMENT OF NET POSITION
CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds		
	Hillside	Sanitary Sewer	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,884,936	\$ 307,460	\$ 3,192,396
 Net Position			
Unrestricted	\$ 2,884,936	\$ 307,460	\$ 3,192,396

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Hillside</u>	<u>Sanitary Sewer</u>	<u>Total</u>
Operating Cash Receipts			
Charges for Services	\$ 6,293,160	\$ 565,059	\$ 6,858,219
Other Operating Cash Receipts	61,206		61,206
<i>Total Operating Cash Receipts</i>	<u>6,354,366</u>	<u>565,059</u>	<u>6,919,425</u>
Operating Cash Disbursements			
Personal Services	3,942,276	111,191	4,053,467
Contractual Services	967,010	199,214	1,166,224
Materials and Supplies	500,857	20,917	521,774
Capital Outlay	86,043		86,043
Other	143,402	8,755	152,157
<i>Total Operating Cash Disbursements</i>	<u>5,639,588</u>	<u>340,077</u>	<u>5,979,665</u>
<i>Operating Income</i>	<u>714,778</u>	<u>224,982</u>	<u>939,760</u>
Nonoperating Cash Receipts (Disbursements)			
Debt Service:			
Principal Retirement	(169,000)	(22,754)	(191,754)
Interest and Fiscal Charges	(218,500)	(109,194)	(327,694)
Investment Income	1,743		1,743
Intergovernmental Revenue	15,014		15,014
Other Nonoperating Revenue	494,827	2,368	497,195
<i>Total Nonoperating Cash Receipts (Disbursements)</i>	<u>124,084</u>	<u>(129,580)</u>	<u>(5,496)</u>
<i>Changes in Net Position</i>	<u>838,862</u>	<u>95,402</u>	<u>934,264</u>
Net Position at Beginning of Year	<u>2,046,074</u>	<u>212,058</u>	<u>2,258,132</u>
<i>Net Position at End of Year</i>	<u>\$ 2,884,936</u>	<u>\$ 307,460</u>	<u>\$ 3,192,396</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY
STATEMENT OF NET POSITION - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2013

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,643,832
Equity in Cash and Cash Equivalents in Segregated Accounts	<u>459,394</u>
<i>Total Assets</i>	<u><u>\$ 4,103,226</u></u>
Net Position	
Unrestricted	<u><u>\$ 4,103,226</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 Narcotics Task Force

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(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.

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, 2013
(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.

East Annex Capital Project – This fund accounts for note proceeds and transfers from the General fund used to renovate the building known as the Williams County Community Building.

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 position and changes in net position. 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, 2013
(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 position 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.

Basis of Presentation

Although the Ohio Administrative Code § 117-2-03(B) requires the County's financial report to follow generally accepted accounting principles, the County chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This is a comprehensive basis of accounting other than generally accepted accounting principles.

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain 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.

D. Budgetary Process

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

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

Estimated Resources

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected resources of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs 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 2013.

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, 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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

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

Budgeted Level of Expenditures

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

Encumbrances

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

Lapsing of Appropriations

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

E. Cash and 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 2013, the County invested in nonnegotiable certificates of deposit, negotiable 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 2013 were \$96,334 which includes \$68,146 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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

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

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.

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. There are no amounts restricted by enabling legislation.

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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)

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

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.

M. Net Position

Net position is 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 position 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 amounts restricted by enabling legislation.

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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

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

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.

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 Balance (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 \$172,432 for the General fund; \$87,083 for the Auto and Gas fund; \$39,008 for the Job and Family Services fund; \$38,717 for the Enrichment Center fund; and \$33,197 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	\$5,123,143
Funds Budgeted Elsewhere	(486,748)
Adjustment for Encumbrances	(172,432)
Budget Basis	<u>\$4,463,963</u>

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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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.

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. 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 \$218,072 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

At fiscal year-end, the carrying amount of the County's deposits was \$16,059,680 and the bank balance was \$16,300,418. Of the bank balance, \$10,997,985 was covered by federal depository insurance, \$1,904,174 was collateralized but uninsured, and \$2,246,384 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 \$1,151,875. 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, 2013, the County had the following investments.

	Balance at	Maturity (years)	
	Cost	Less Than 1	1 - 5
Repurchase Agreement Secured by Federal National Mortgage Association	\$ 919,652	\$ 919,652	
Repurchase Agreement Secured by Federal Home Loan Mortgage Corp	4,116,796	4,116,796	
Negotiable Certificates of Deposit	497,609		\$ 467,609
Total	<u>\$ 5,534,057</u>	<u>\$ 5,036,448</u>	<u>\$ 467,609</u>

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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.

Credit Risk – The securities underlying the repurchase agreements carry 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 and negotiable certificates of deposit are exposed to custodial credit risk in that they are 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, 2013 were as follows:

	Transfers In	Transfers Out
Governmental Activities:		
General		\$ 1,465,713
Capital Projects - East Annex	\$ 827,073	
Other Governmental Funds:		
Debt Service - East Annex	538,640	
Capital Projects - Construction	100,000	
	\$ 1,465,713	\$ 1,465,713

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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility 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 2012. 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 2013, the first payment was due February 15, with the remainder payable by July 20.

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. Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of 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, 2013, was \$10.30 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real Property	\$ 654,701,220
Public Utility	<u>22,814,350</u>
Total Assessed Value	<u><u>\$ 677,515,570</u></u>

NOTE 7- PERMISSIVE SALES AND USE TAX

In 1988, the County Commissioners, by resolution, imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, or on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Office of Budget and Management (OBM) 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. OBM 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 2013 amounted to \$5,114,155.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(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 2013, 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 Media/Extra Expense	\$100,000/\$25,000
Contractors Equipment	Replacement Cost
Fine Arts	Per Renewal Schedule
Property In Transit	\$100,000
Pollutant Cleanup/Removal	\$10,000
Flood and Earthquake	\$100,000,000
Auto Physical Damage	Actual Cash Value
Automatic Acquisition	\$5,000,000
Unintentional Omissions	\$250,000
Collapse	Replacement Cost
Equipment Breakdown	\$100,000,000
<u>Liability</u>	
Automobile Liability	\$1,000,000 Per Loss
Uninsured/Underinsured Motorists	\$250,000 Each Occurrence
General Liability	\$1,000,000 Per Loss
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
Individual Public Official Bond Excess	\$250,000 Per Loss

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 15). The County pays all elected officials' bonds by statute. Settled claims have not exceeded this commercial coverage in the past three years.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(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>2013</u>	<u>2012</u>
Cash and Investments	\$ 91,414,917	\$ 90,352,448
Actuarial liabilities	\$ 20,500,000	\$ 22,450,000

B. Workers Compensation Group Rating Program

For 2013, the County participated in the County Commissioners' Association Organization Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool (Note 15).

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

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

The Program's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Program is limited to counties that can meet the Program's selection criteria. The firm of Comp. Management, Inc. provided administrative, cost control, and actuarial services to the Program. Each year, the County pays an enrollment fee to the Program to cover the costs of administering the Program. In 2013, the County remitted \$3,727 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 2013, the County remitted \$3,125,880 to CEBCO.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2013, members in state and local classifications contributed 10.00% of covered payroll; public safety members contributed 12.00 percent, and law enforcement members contributed 12.60 percent.

The County's contribution rate for 2013 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 1.00 percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the combined plan was 1.00 percent during calendar year 2013. 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, 2013, 2012, and 2011 were \$1,583,382, \$1,200,398, and \$1,254,716 respectively. The full amount has been contributed for 2013, 2012, and 2011.

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 website at www.strsoh.org.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(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.

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, 2013 (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 2012, 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, 2013, 2012, and 2011 were \$16,781, \$15,576, and \$15,567 respectively. The full amount has been contributed for 2013, 2012, and 2011.

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.

WILLIAMS COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)

NOTE 10 - POSTEMPLOYMENT BENEFITS – (continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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 2013, 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 1.00 percent during calendar year 2013. The amount of the employer contributions allocated to healthcare for members in the combined plan was 1.00 percent during calendar year 2013. 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, 2013, 2012, and 2011 were \$119,300, \$468,061, and \$488,593 respectively. The full amount has been contributed for 2013, 2012, and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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 partial 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. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, 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, 2013, 2012, and 2011 were \$1,291, \$1,198, and \$1,197 respectively. The full amount has been contributed for 2013, 2012, and 2011.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 11 - LONG-TERM DEBT

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

	Interest Rates	Balance at 12/31/12	Increase	Decrease	Balance at 12/31/13	Amounts Due in One Year
Governmental Activities:						
OWDA Loans	0%-6.13%	\$ 3,797,289		\$ 275,017	\$ 3,522,272	\$ 288,473
USDA Special Assessment Bonds	5.13%	709,831		15,690	694,141	16,495
USDA Revenue Bonds	4.63%-5.13%	896,178		11,398	884,780	12,674
Court of Appeals Loan	4.16%	176,580		12,862	163,718	13,298
OPWC Loans	0%	214,036		85,614	128,422	85,615
County Facilities Improvement Bonds	4.25%	50,000		50,000		
Total Governmental Activities		5,843,914		450,581	5,393,333	416,555
Business-Type Activities:						
USDA Revenue Bonds	5.00%	4,370,000		169,000	4,201,000	178,000
Total Business-Type Activities		4,370,000		169,000	4,201,000	178,000
 Total Long-Term Obligations		<u>\$ 10,213,914</u>		<u>\$ 619,581</u>	<u>\$ 9,594,333</u>	<u>\$ 594,555</u>

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 and the Sanitary Sewer enterprise fund.

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 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.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 11 - LONG-TERM DEBT – (continued)

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.

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

	2014	2015	2016	2017	2018	Thereafter	Total
Governmental Activities:							
OWDA Loans	\$ 450,168	\$ 450,168	\$450,168	\$450,169	\$450,168	\$2,214,028	\$ 4,464,869
USDA Special Assessment Bonds	52,069	52,069	52,069	52,070	52,070	937,249	1,197,596
USDA Revenue Bonds	54,789	54,465	54,142	54,818	54,448	1,533,213	1,805,875
Court of Appeals Loan	20,393	20,515	20,393	20,472	20,742	104,280	206,795
OPWC Loans	85,615	42,806					128,421
Total Governmental Activities	663,034	620,023	576,772	577,529	577,428	4,788,770	7,803,556
Business-Type Activities:							
USDA Revenue Bonds	388,050	388,150	387,326	387,050	387,800	4,265,078	6,203,454
Totals	\$1,051,084	\$1,008,173	\$964,098	\$964,579	\$965,228	\$9,053,848	\$14,007,010

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 \$50,800,774. The bonds do not represent or constitute debt or pledge of faith and credit of the taxing power of the County nor is the County obligated in any way to pay debt charges on these debt issues from its resources. The debt has been excluded entirely from the County's debt presentation.

NOTE 12 – SHORT-TERM DEBT

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

	Balance at 12/31/12	Increase	Decrease	Balance at 12/31/13
Governmental Activities:				
Building Improvement Notes, Series 2013		\$3,500,000		\$3,500,000

The Building Improvement Notes, Series 2013 were issued in anticipation of the issuance of bonds for the purpose of renovating county facilities.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 13 - LEASES

The County leased equipment for the Engineer's office. 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 2013. Lease payments in the amount of \$28,608 (\$27,851 principal and \$757 interest) were made in 2013. The payments were made from the Permanent Maintenance special revenue fund (Debt Service- Principal Retirement account). Leases were paid in full in 2013.

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 2013, the County contributed \$123,284 in dues and loan and grant 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, 2013
(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 2013, the County contributed \$1,351,554 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 2013, the County contributed \$212,413 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, 2013
(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, 2013, the County remitted \$1,439,024 through NOWAC, as well as \$24,916 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 2013, the County contributed \$870,093 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, 2013
(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 2013, 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, 2013
(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, 2013
(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 Williams County Auditor services as the fiscal officer for the Airport Authority and the County Commissioners are the administrators 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 2013, the County contributed \$45,000 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 2013.

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, 2013
(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 90 days, depending on length of service of the employee who retires. As of December 31, 2013, the liability for compensated absences was \$920,509 for the entire County.

NOTE 20 – CAPITAL ASSETS

A summary of the capital assets at December 31, 2013 is as follows:

	Governmental Funds	Enterprise Funds	Total All Funds
Land	\$ 965,743	\$ 336,017	\$ 1,301,760
Land Improvements	4,517,244	395,599	4,912,843
Building and Improvements	10,587,466	9,208,134	19,795,600
Machinery, Furniture, and Equipment	5,651,942	910,100	6,562,042
Vehicles	4,261,904	462,635	4,724,539
Infrastructure		16,537,328	16,537,328
Total	\$ 25,984,299	\$ 27,849,813	\$ 53,834,112

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, 2013 consisted of \$16,658 owed to the General fund from the Norlick Sewer Debt Service fund, \$28,125 owed to the General fund from the Melbern Sewer Capital Project fund, and \$50,000 owed to the General fund from the Moving Ohio Forward Demolition Special Revenue fund.

The balance due to the General fund includes loans made to the Norlick Sewer Debt Service fund 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. The balance due from the Moving Ohio Forward Demolition Special Revenue fund includes loans made for initial funding of this grant that will be reimbursed after expenses have been paid.

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 22 - 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	Capital Projects- East Annex	Other Governmental	Total Governmental Funds
Nonspendable For:								
Unclaimed Funds	\$66,270							\$66,270
Restricted For:								
Legislative & Executive Programs							\$808,418	808,418
Judicial Programs							695,036	695,036
Public Safety Programs							116,561	116,561
Public Works Projects		\$2,208,253					331,265	2,539,518
Human Service Programs			\$866,764	\$226,796	\$302,900		487,625	1,884,085
Economic Development							496,571	496,571
Health Programs							49,716	49,716
Debt Service							1,061,508	1,061,508
Capital Projects							8,762	8,762
Total Restricted		2,208,253	866,764	226,796	302,900		4,055,462	7,660,175
Committed For:								
Capital Projects						\$836,697		836,697
Health Programs							769,755	769,755
Total Committed						836,697	769,755	1,606,452
Assigned for:								
Unpaid Obligations (encumbrances)	172,432							172,432
Capital Projects							301,731	301,731
Total Assigned	172,432						301,731	474,163
Unassigned	4,884,441							4,884,441
Total Fund Balance	\$5,123,143	\$2,208,253	\$866,764	\$226,796	\$302,900	\$836,697	\$5,126,948	\$14,691,501

WILLIAMS COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 23 – CONTRACTUAL COMMITMENTS

As of December 31, 2013, the County had the following outstanding contractual purchase commitments for demolition projects for the Moving Ohio Forward Demolition grant, Hillside County Living water treatment plant, road and bridge improvements, courthouse repairs, phone system upgrade, ditch maintenance, Community Development Block Grant projects, design, documentation, bidding and construction for the East Annex, furnishings and infrastructure for the East Annex project, and various real estate appraisal related services.

Vendor	Contract Amount	Amount Paid as of 12/31/2013	Outstanding Balance
Armstrong Excavating	\$ 8,430		\$ 8,430
Artesian of Pioneer	89,359		89,359
Bowser-Morner	42,374	\$ 6,830	35,544
Church Furniture	41,099		41,099
Collaborative, Inc.	266,031	262,950	3,081
Frontier Communications	262,320		262,320
Habitec Security	45,040	9,800	35,240
Harmon Sign	6,142		6,142
JD Construction of Camden	57,444		57,444
Lexur Appraisal	516,561	509,858	6,703
Lingvai Excavating	101,292		101,292
Mosser Construction	4,597,090	4,005,195	591,895
Northwest Custom Mechanical	60,210	1,997	58,213
Oberlin Farms Demolition	12,765		12,765
P & R Communications	133,268		133,268
Pictometry	60,161	20,186	39,975
R.G. Zachrich Construction	298,025	288,743	9,282
Spillman Technologies	29,330		29,330
Vernon Nagel, Inc.	494,178	475,400	18,778
W.R. Meyers	27,175		27,175
Xybix	10,057		10,057
Total	\$ 7,158,351	\$ 5,580,959	\$ 1,577,392

NOTE 24 – SUBSEQUENT EVENTS

The building improvement notes stipulated in Note 12 above were renewed on July 30, 2014 for \$3,000,000. The new notes will mature on July 29, 2015.

WILLIAMS COUNTY

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR

<u>Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Program Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF AGRICULTURE				
<i>Direct Assistance</i>				
Water and Waste Disposal Systems for Rural Communities - Grant			10.760	\$94,654
Conservation Reserve Program		14921723	10.069	<u>15,014</u>
Total U.S. Department of Agriculture				<u>109,668</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	2012-7186-1 / 2013-7186-1		17.258	67,160
WIA - Adult Program Administrative			17.258	<u>3,995</u>
Total Adult Program				71,155
WIA - Youth Program	2012-7186-1 / 2013-7186-1		17.259	84,574
WIA - Dislocated Worker Program	2012-7186-1 / 2013-7186-1		17.278	49,499
WIA - Dislocated Worker Program Administrative			17.278	<u>2,357</u>
Total Dislocated Worker Program				<u>51,856</u>
Total U.S. Department of Labor				<u>207,585</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	61,661
Nutrition Services Incentive Program (NSIP)			93.053	57,729
Title III Part C - Nutrition Services			93.045	<u>47,366</u>
Total Aging Cluster				166,756
<i>Passed Through the Ohio Department of Job and Family Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1213-11-0134 / G-1415-11-5447		10.561	169,395
Promoting Safe and Stable Families	G-1213-11-0134 / G-1415-11-5447		93.556	31,365
Temporary Assistance for Needy Families	G-1213-11-0134 / G-1415-11-5447		93.558	477,574
Child Support Enforcement	G-1213-11-0134 / G-1415-11-5447		93.563	407,276
Child Care and Development Block Grant	G-1213-11-0134 / G-1415-11-5447		93.575	22,799
Child Abuse-Neglect Prevention	G-1213-11-0134 / G-1415-11-5447		93.590	1,640
Foster Care_Title IV-E	G-1213-11-0134 / G-1415-11-5447		93.658	315,726
Adoption Assistance	G-1213-11-0134 / G-1415-11-5447		93.659	57,178
Social Services Block Grant	G-1213-11-0134 / G-1415-11-5447		93.667	260,220
Chafee Foster Care Independence Program	G-1213-11-0134 / G-1415-11-5447		93.674	5,735
Medical Assistance Program	G-1213-11-0134 / G-1415-11-5447		93.778	<u>124,352</u>
Total Passed Through Ohio Job and Family Services				<u>1,873,260</u>
<i>Passed Through Ohio Mental Health and Addiction Services</i>				
Medical Assistance Program (TCM)			93.778	<u>37,916</u>
Total All Medicaid Assistance Programs - CFDA #93.778				162,268
Total U.S. Department of Health and Human Services				<u>2,077,932</u>

The accompanying notes are an integral part of this schedule.

(Continued)

WILLIAMS COUNTY

FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR

<i>Pass Through Grantor Program Title</i>	<i>Pass Through Entity Number</i>	<i>Program Number</i>	<i>Federal CFDA Number</i>	<i>Disbursements</i>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Services Agency</i>				
HOME Investment Partnerships Program (Chip)		B-C-11-1DA-2	14.239	136,748
HOME Investment Partnerships Program Revolving Loans			14.239	14,645
Total HOME Investment Partnerships Program				<u>151,393</u>
Community Development Block Grant (Formula)		B-F-11-1DA-1	14.228	14,227
Community Development Block Grant (Formula)		B-F-12-1DA-1	14.228	131,000
Community Development Block Grant (Formula)		B-C-11-1DA-1	14.228	183,995
Community Development Block Grant (Chip)		B-E-11-1DA-1	14.228	58,500
Community Development Block Grant (Water and Sanitary Sewer)		B-E-11-1DA-2	14.228	17,907
Community Development Block Grant Revolving Loans			14.228	132,417
Total Community Development Block Grant				<u>538,046</u>
Total U.S. Department of Housing and Urban Development				<u>689,439</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through the Ohio Department of Public Safety Emergency Management Agency</i>				
Emergency Management Performance Grant	EMW-2011-EP-00003-S01	FY11-SPROJ-OH-X01	97.042	60,548
Emergency Management Performance Grant	EMW-2012-EP-00004-S01	38543	97.042	36,791
Emergency Management Performance Grant	EMW-2013-EP-00060-S01	49072	97.042	7,026
Total Emergency Management Performance Grant				<u>104,365</u>
Homeland Security Grant Program	2010-SS-T0-0012	28010	97.067	46,719
Homeland Security Grant Program	EMW-2011-SS-00070	35097	97.067	13,733
Total Homeland Security Grant Program				<u>60,452</u>
Total U.S. Department of Homeland Security				<u>164,817</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	1,458
Total Election Assistance Commission				<u>1,458</u>
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through The Ohio Attorney General</i>				
Crime Victim Assistance		11-VAG-ENE-950	16.575	500
Crime Victim Assistance		12-VAG-ENE-899	16.575	2,800
Crime Victim Assistance		12-VAG-ENE-129T	16.575	52,468
Total U.S. Department of Justice				<u>55,768</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through the Ohio Department of Transportation</i>				
Highway Planning and Construction		81361	20.205	453,123
Highway Planning and Construction		92742	20.205	2,521
Highway Planning and Construction		93895	20.205	3,600
Highway Planning and Construction		93896	20.205	5,962
Total Highway Planning and Construction				<u>465,206</u>
<i>Passed Through the Ohio Department of Public Safety Emergency Management Agency</i>				
Hazardous Materials Emergency Preparedness Training and Planning	HM-HMP-0302-12-01-00	40-12-HMEP-2	20.703	1,060
Total U.S. Department of Transportation				<u>466,266</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)		08610021HG0413	84.181	34,727
Special Education - Grants for Infants and Families (Help Me Grow)		08610021HG0514	84.181	10,285
Total				<u>45,012</u>
Total				<u>\$3,817,945</u>

The accompanying notes are an integral part of this schedule.

WILLIAMS COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditure Schedule (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 \$84,574 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. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. 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 2013 is as follows:

Loans Receivable Balance, January 1, 2013	\$972,415
Loans Issued in 2013	15,000
Loan Principal Repaid on Loans Issued Prior To 2013	(295,075)
Loans Principal Repaid on 2013 Loans Issued	<u>(1,122)</u>
Ending Loans Receivable Balance as of December 31, 2013	<u><u>\$691,218</u></u>
Cash Balance on Hand in the Revolving Loan Fund as of December 31, 2013	\$438,371
Program Expenditures:	
Revolving Loans Issued in 2013	\$15,000
Revolving Loan Administrative Costs for 2013	32,491
Revolving Loan Other Costs for 2013	84,926
Other Grants Administered Through the CDBG 14.228 Program	<u>405,629</u>
Total CDBG 14.228 Program	<u><u>\$538,046</u></u>

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2013, the County estimates \$24,723 to be uncollectible.

NOTE D – HOME ASSISTANCE PROGRAMS

The County utilizes CHIP funds for homebuyer down payment assistance and home rehabilitation to low-to-moderate income households and eligible persons. All funds granted to low-to moderate income applicants are in the form of a loan with declining “pay back” amounts. Per policy, 85% of the loan amount is deferred over a 10 year period and 15% of the original loan amount is recaptured at the time of property sale, transfer of ownership, or owner vacates the property that has been rehabilitated. The initial loan of this money is recorded as a disbursement on the accompanying Federal Awards Expenditure Schedule (the Schedule). Loans repaid are treated as program income and are utilized to make additional loans subject to certain compliance requirements imposed by HUD, but are also included as disbursements on the Schedule.

These loans are collateralized by liens placed on the mortgages. At December 31, 2013, the amount of loans outstanding under this program is \$244,388.

NOTE E - 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 F – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2013, the County made allowable transfers of \$144,401 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 \$477,574 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 2013 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families (TANF)	\$621,976
Transfer to Social Services Block Grant (SSBG)	<u>(144,402)</u>
Total	<u>\$477,574</u>

NOTE G – OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES AND OHIO DEPARTMENT OF MENTAL HEALTH MERGER

On July 1, 2013, Ohio Department of Alcohol and Drug Addiction Services and Ohio Department of Mental Health merged to create Ohio Mental Health and Addiction Services (Ohio MHAS). The Schedule reflects the name of the new agency.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 28, 2014, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 and 2013-002.

Entity's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

August 28, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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:

Report on Compliance for Each Major Federal Program

We have audited Williams County, Ohio's (the County), compliance with the applicable 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 Williams County's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Williams County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

August 28, 2014

WILLIAMS COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(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	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program – CFDA #10.561 Community Development Block Grant – CFDA #14.228 Highway Planning and Construction – CFDA #20.205 Emergency Management Performance Grant – CFDA #97.042
(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 2013-001

Material Noncompliance

Ohio Rev. Code § 117.38 provides in part 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 Admin. 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 2013, the County prepared its financial statements on the cash basis of accounting in a format similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34. 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, 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 2013-002

Material Noncompliance

Ohio Rev. 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 First Federal Bank exceeded the amount of Federal Depository Insurance Corporation (FDIC) insurance amount and additional collateral pledged through the bank's pool by \$1,151,875. The bank balance at December 31, 2013 was \$10,730,573 and FDIC and additional collateral coverage was \$9,578,698.

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 pooled collateral from the First Federal Bank, at least quarterly, and compare the fair market 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 2014, the County was properly collateralized.

FINDING NUMBER 2013-002 (Continued)

Officials' Response:

First Federal Bank monitors the deposit balances and the pooled collateral for those deposits on a daily basis. There is a lag of one to three days depending on the timing of the deposits being made into the customer's account. The Pooled Collateral Report will have additional securities pledged or unpledged on a daily basis to reflect previous day's activities in the customer's accounts. In this case, Williams County had a deposit balance at First Federal at 12/31/13 of \$3,922,107 which was subsequently collateralized under their Depository Agreement of \$33 million. The letter dated January 24, 2014 was the Collateral report as of 12/31/13 that showed the pool was under collateralized as deposits made that day do not reflect the securities pledged on January 2, 2014 for those deposits.

3. FINDINGS FOR FEDERAL AWARDS

None.

WILLIAMS COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Admin. Code § 117-2-03 (B) – for not reporting in accordance with generally accepted accounting principles.	No	Not corrected. Reissued as finding 2013-001 in this report.
2012-002	Community Development Block Grant – Cash Management – County failed to sufficiently disburse grant funds drawn down within the required time.	Yes	



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 23, 2014