



Dave Yost • Auditor of State

GUERNSEY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Public Assistance, Motor Vehicle and Gasoline Tax, and Board of Developmental Disabilities Funds thereof and for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the County's basis financial statements taken as a whole. The Federal Awards Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

September 19, 2011

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The discussion and analysis of Guernsey County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2010, within the limitations of the County's cash basis accounting. Readers should also review the cash basis financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- Net cash assets of governmental activities increased \$676,980.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$18,327,545, an increase of \$686,172 from the prior year.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to Guernsey County's Cash Financial Statements. Guernsey County's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

County-Wide Financial Statements

The county-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business.

The *Statement of Net Assets – Cash Basis* presents information on all of Guernsey County's cash assets, presented as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the cash and investments of Guernsey County are improving or deteriorating.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The *Statement of Activities – Cash Basis* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

Both of the government-wide financial statements identify functions of Guernsey County that are principally supported by taxes and intergovernmental receipts (governmental activities). The governmental activities of Guernsey County include general government, public safety, public works, health, human services, economic development and assistance, other, capital outlay, and debt service disbursements.

In the statement of net assets and the statement of activities, the County is divided into two kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, economic development, other, capital outlay, and debt service disbursements. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared receipts.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's water and sewer systems are reported here.

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 statements provide detailed information about the County's major funds. Based on the restriction of the use of monies, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund, and the Public Assistance, Motor Vehicle and Gasoline Tax and Board of Developmental Disabilities Funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund *Statement of Cash Basis Assets and Fund Balances* and *Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances* for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Proprietary Funds – The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses enterprise funds to account for the Water Fund operations and Sewer Fund operations. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Self-Insurance Fund accounts for the claims relating to the County's self-insurance hospitalization program.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2010 compared to 2009.

A portion of the County's governmental activities net assets, \$16,707,530, or 87 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, \$2,474,027, or 13 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 16,997,660	\$ 16,593,688	\$ 729,891	\$ 548,588	\$ 17,727,551	\$ 17,142,276
Cash and Cash Equivalents:						
In Segregated Accounts	95,094	0	0	0	95,094	0
With Fiscal Agents	2,088,803	1,910,889	0	0	2,088,803	1,910,889
<i>Total Assets</i>	<u>19,181,557</u>	<u>18,504,577</u>	<u>729,891</u>	<u>548,588</u>	<u>19,911,448</u>	<u>19,053,165</u>
Net Assets						
Restricted for:						
Capital Projects	854,629	775,950	0	0	854,629	775,950
Debt Service	192,315	149,821	0	0	192,315	149,821
Motor Vehicle Gas Tax	1,313,174	1,770,017	0	0	1,313,174	1,770,017
Public Assistance	293,057	474,856	0	0	293,057	474,856
Children Services	1,352,349	1,403,628	0	0	1,352,349	1,403,628
Developmental Disabilities	10,792,812	10,058,133	0	0	10,792,812	10,058,133
Other Purposes	1,909,194	1,978,628	0	0	1,909,194	1,978,628
Unrestricted	2,474,027	1,893,544	729,891	548,588	3,203,918	2,442,132
<i>Total Net Assets</i>	<u>\$ 19,181,557</u>	<u>\$ 18,504,577</u>	<u>\$ 729,891</u>	<u>\$ 548,588</u>	<u>\$ 19,911,448</u>	<u>\$ 19,053,165</u>

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Table 2 shows the changes in net assets for 2010 compared to 2009.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Receipts:						
<i>Program Receipts:</i>						
Charges for Services	\$ 4,636,437	\$ 4,123,637	\$ 2,284,664	\$ 2,281,385	\$ 6,921,101	\$ 6,405,022
Operating Grants & Contributions	20,102,529	20,625,437	0	13,859	20,102,529	20,639,296
Capital Grants & Contributions	2,688,495	1,854,289	305,167	0	2,993,662	1,854,289
Total Program Receipts	27,427,461	26,603,363	2,589,831	2,295,244	30,017,292	28,898,607
<i>General Receipts:</i>						
Property Taxes	5,035,722	4,841,827	0	0	5,035,722	4,841,827
Permissive Sales Tax	6,350,579	5,791,078	0	0	6,350,579	5,791,078
Grants and Entitlements	1,344,254	1,323,096	0	0	1,344,254	1,323,096
Investment Earnings	513,513	581,676	0	3,563	513,513	585,239
General Obligation Bonds Issued	0	0	0	0	0	0
Bond Anticipation Notes Issued	0	0	0	0	0	0
Proceeds of Loans	750,000	0	0	0	750,000	0
Proceeds of OPWC Loans	0	53,257	0	0	0	53,257
Proceeds of OWDA Loans	0	0	155,384	73,344	155,384	73,344
Miscellaneous	370,803	462,859	50,545	19,576	421,348	482,435
Total General Receipts	14,364,871	13,053,793	205,929	96,483	14,570,800	13,150,276
Total Receipts	41,792,332	39,657,156	2,795,760	2,391,727	44,588,092	42,048,883
Program Disbursements:						
<i>General Government</i>						
Legislative and Executive	4,489,648	4,221,730	0	0	4,489,648	4,221,730
Judicial	3,133,114	2,539,724	0	0	3,133,114	2,539,724
Public Safety	4,090,150	3,909,616	0	0	4,090,150	3,909,616
Public Works	7,486,651	5,593,044	0	0	7,486,651	5,593,044
Health	6,500,814	6,346,532	0	0	6,500,814	6,346,532
Human Services	12,609,325	13,651,152	0	0	12,609,325	13,651,152
Economic Development	418,994	586,357	0	0	418,994	586,357
Other	346,322	444,257	0	0	346,322	444,257
Capital Outlay	1,088,056	190,497	0	0	1,088,056	190,497
<i>Debt Service</i>						
Principal	660,001	626,442	0	0	660,001	626,442
Interest and Fiscal Charges	358,116	397,945	0	0	358,116	397,945
Issuance Costs	4,650	0	0	0	4,650	0
Sewer	0	0	336,024	260,424	336,024	260,424
Water	0	0	2,207,944	4,331,464	2,207,944	4,331,464
Total Disbursements	41,185,841	38,507,296	2,543,968	4,591,888	43,729,809	43,099,184
<i>Excess/(Deficiency) Before Transfers and Advances</i>						
	606,491	1,149,860	251,792	(2,200,161)	858,283	(1,050,301)
Transfers	70,489	120,113	(70,489)	(120,113)	0	0
Change in Net Assets	676,980	1,269,973	181,303	(2,320,274)	858,283	(1,050,301)
<i>Net Assets, Beginning of Year</i>	18,504,577	17,234,604	548,588	2,868,862	19,053,165	20,103,466
Net Assets, End of Year	\$ 19,181,557	\$ 18,504,577	\$ 729,891	\$ 548,588	\$ 19,911,448	\$ 19,053,165

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Governmental Activities - Operating grants were the largest program receipts, accounting for \$20,102,529 or 48 percent of total receipts for governmental activities.

Property tax receipts accounted for \$5,035,722 or 12 percent of total governmental receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for \$6,350,579 or 15 percent of total receipts.

The County's direct charges to users of governmental services made up \$4,636,437 or 11 percent of total governmental receipts. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Human services programs accounted for \$12,609,325 or 31 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include health, which accounted for \$6,500,814 or 16 percent of total disbursements, public works, which accounted for \$7,486,651 or 18 percent of total disbursements, and general government – legislative and executive, which accounted for \$4,489,648 or 11 percent of total disbursements.

Business-Type Activities – As of December 31, 2010, business-type funds of the County reported net assets of \$729,891. This is an increase of \$181,303 during 2010. This increase is a direct result of a decrease in expenditures in the Water fund during 2010.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2010 compared to 2009. The statement of activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts, unrestricted intergovernmental receipts, and unrestricted interest receipts.

Table 3
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
General Government:				
Legislative and Executive	\$ 4,489,648	\$ 4,221,730	\$ (2,520,836)	\$ (2,142,881)
Judicial	3,133,114	2,539,724	(1,934,057)	(1,465,277)
Public Safety	4,090,150	3,909,616	(2,354,382)	(2,468,375)
Public Works	7,486,651	5,593,044	(335,039)	44,318
Health	6,500,814	6,346,532	(2,380,825)	(2,273,331)
Human Services	12,609,325	13,651,152	(1,855,269)	(1,897,675)
Economic Development	418,994	586,357	(8,251)	(41,571)
Other	346,322	444,257	(346,322)	(444,257)
Capital Outlay	1,088,056	190,497	(1,000,632)	(190,497)
Debt Service				
Principal	660,001	626,442	(660,001)	(626,442)
Interest and Fiscal Charges	358,116	397,945	(358,116)	(397,945)
Issuance Costs	4,650	0	(4,650)	0
<i>Total Disbursements</i>	<u>\$ 41,185,841</u>	<u>\$ 38,507,296</u>	<u>\$ (13,758,380)</u>	<u>\$ (11,903,933)</u>

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Charges for services, operating grants and contributions, capital grants and contributions of \$27,427,461 or 67 percent of the total costs of services are received and used to fund the disbursements of the County. The remaining \$13,758,380 in disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, interest, miscellaneous receipts, and proceeds of debt.

The decrease in the human services disbursements is due to the State taking over the child care disbursements from the County. The increase in public works expense is due to the County spending more on road projects during the year due to an increase in State funding.

Financial Analysis of County Funds

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

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2010, the County's governmental funds reported a combined ending fund balance of \$18,327,545, an increase of \$686,172 in comparison with the prior year. \$17,984,396, or 98 percent of this total, constitutes unreserved, undesignated fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year of \$268,482, or reserved for unclaimed monies of \$74,667. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the state or federal government.

The General Fund is the primary operating fund of the County. At the end of 2010, unreserved fund balance was \$1,620,015, while total fund balance was \$1,694,682. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund disbursements. Unreserved fund balance represents 15.7 percent of total General Fund disbursements and other financing uses, while total fund balance represents 16.4 percent of that same amount.

The fund balance of the County's General Fund increased by \$602,484 during 2010. The primary reason for the increase was an increase in overall revenue in the general fund, particularly property and sales tax revenue.

At the end of 2010 the Public Assistance Fund had a fund balance of \$293,057 in comparison to a fund balance of \$474,856 at the end of 2009. This decrease is primarily due to a decrease in state and federal grant receipts.

At the end of 2010 the Motor Vehicle and Gasoline Tax Special Revenue Fund had a fund balance of \$1,313,174 in comparison to a fund balance of \$1,770,017 at the end of 2009. This decrease is primarily due to an increase in the cost of maintenance and repair of County roads.

At the end of 2010 the Board of Developmental Disabilities Special Revenue Fund had a fund balance of \$10,792,812, in comparison to a fund balance of \$10,058,133 at the end of 2009. This increase is due to receipts consistently exceeding disbursements.

Guernsey County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Budgetary Highlights

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 Board of County Commissioners adopts a permanent annual operating budget for the County on or about January 1.

For the General Fund, changes from the original budget to the final budget have been minimal. Actual sales tax receipts were \$978,293 over the final budget due to a conservative underestimation of receipts due to the current condition of the economy. Fluctuations in growth and diversity have typically not occurred in Guernsey County, allowing department managers the ability to consistently predict receipts and disbursements.

Economic Factors

The unemployment rate for Guernsey County averaged 12.2 percent in 2010. This rate is higher than the State of Ohio rate of 10.9 percent in December of 2010.

The County's \$587,624,000 overall assessed valuation has increased \$9,301,804 from the prior year. This increase is attributable to a reappraisal in current year 2010.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tony Brown, Guernsey County Auditor, 627 Wheeling Avenue, Cambridge, Ohio 43725.

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Guernsey County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 16,997,660	\$ 729,891	\$ 17,727,551
Cash and Cash Equivalents in Segregated Accounts	95,094	0	95,094
Cash and Cash Equivalents with Fiscal Agent	2,088,803	0	2,088,803
<i>Total Assets</i>	<u>\$ 19,181,557</u>	<u>\$ 729,891</u>	<u>\$ 19,911,448</u>
Net Assets			
Restricted for:			
Capital Outlay	\$ 854,629	\$ 0	\$ 854,629
Debt Service	192,315	0	192,315
Motor Vehicle and Gasoline Tax	1,313,174	0	1,313,174
Public Assistance	293,057	0	293,057
Children Services	1,352,349	0	1,352,349
Developmental Disabilities	10,792,812	0	10,792,812
Other Purposes	1,909,194	0	1,909,194
Unrestricted	2,474,027	729,891	3,203,918
<i>Total Net Assets</i>	<u>\$ 19,181,557</u>	<u>\$ 729,891</u>	<u>\$ 19,911,448</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Cash Disbursements	Charges for Services and Sales	Program Receipts	
			Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
General Government:				
Legislative and Executive	\$ 4,489,648	\$ 1,968,812	\$ 0	\$ 0
Judicial	3,133,114	969,729	229,328	0
Public Safety	4,090,150	510,978	1,224,790	0
Public Works	7,486,651	395,573	4,109,676	2,646,363
Health	6,500,814	585,702	3,534,287	0
Human Services	12,609,325	160,351	10,593,705	0
Economic Development and Assistance	418,994	0	410,743	0
Other	346,322	0	0	0
Capital Outlay	1,088,056	45,292	0	42,132
Debt Service:				
Principal Retirements	660,001	0	0	0
Interest and Fiscal Charges	358,116	0	0	0
Issuance Costs	4,650	0	0	0
<i>Total Governmental Activities</i>	<u>41,185,841</u>	<u>4,636,437</u>	<u>20,102,529</u>	<u>2,688,495</u>
Business-Type Activities:				
Sewer Fund	336,024	318,263	0	0
Water Fund	2,207,944	1,966,401	0	305,167
<i>Total Business-Type Activities</i>	<u>2,543,968</u>	<u>2,284,664</u>	<u>0</u>	<u>305,167</u>
<i>Total - Primary Government</i>	<u>\$ 43,729,809</u>	<u>\$ 6,921,101</u>	<u>\$ 20,102,529</u>	<u>\$ 2,993,662</u>

General Receipts

Property Taxes Levied for:

- General Purposes
- Health Levy
- County Home
- Children Services
- Development Disabilities
- Senior Citizens Levy

Sales Taxes Levied for:

- General Purposes
- Debt Service

Grants and Entitlements not Restricted to Specific Programs

- Investment Earnings
- Proceeds of Loans
- Proceeds of OWDA Loans
- Miscellaneous

Total General Receipts

Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (2,520,836)	\$ 0	\$ (2,520,836)
(1,934,057)	0	(1,934,057)
(2,354,382)	0	(2,354,382)
(335,039)	0	(335,039)
(2,380,825)	0	(2,380,825)
(1,855,269)	0	(1,855,269)
(8,251)	0	(8,251)
(346,322)	0	(346,322)
(1,000,632)	0	(1,000,632)
(660,001)	0	(660,001)
(358,116)	0	(358,116)
(4,650)	0	(4,650)
<u>(13,758,380)</u>	<u>0</u>	<u>(13,758,380)</u>
0	(17,761)	(17,761)
<u>0</u>	<u>63,624</u>	<u>63,624</u>
0	45,863	45,863
<u>(13,758,380)</u>	<u>45,863</u>	<u>(13,712,517)</u>
1,303,650	0	1,303,650
252,546	0	252,546
447,596	0	447,596
780,434	0	780,434
1,897,744	0	1,897,744
353,752	0	353,752
5,695,901	0	5,695,901
654,678	0	654,678
1,344,254	0	1,344,254
513,513	0	513,513
750,000	0	750,000
0	155,384	155,384
<u>370,803</u>	<u>50,545</u>	<u>421,348</u>
14,364,871	205,929	14,570,800
<u>70,489</u>	<u>(70,489)</u>	<u>0</u>
14,435,360	135,440	14,570,800
676,980	181,303	858,283
<u>18,504,577</u>	<u>548,588</u>	<u>19,053,165</u>
<u>\$ 19,181,557</u>	<u>\$ 729,891</u>	<u>\$ 19,911,448</u>

Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,682,671	\$ 293,057	\$ 1,313,174	\$ 8,704,009	\$ 4,150,737	\$ 16,143,648
Cash and Cash Equivalents in Segregated Accounts	12,011	0	0	0	83,083	95,094
Cash and Cash Equivalents with Fiscal Agent	0	0	0	2,088,803	0	2,088,803
<i>Total Assets</i>	<u>\$ 1,694,682</u>	<u>\$ 293,057</u>	<u>\$ 1,313,174</u>	<u>\$ 10,792,812</u>	<u>\$ 4,233,820</u>	<u>\$ 18,327,545</u>
Fund Balances						
Reserved for Encumbrances	0	141,133	49,487	0	77,862	268,482
Reserved for Unclaimed Monies	74,667	0	0	0	0	74,667
Unreserved, Undesignated, Reported in:						
General Fund	1,620,015	0	0	0	0	1,620,015
Special Revenue Funds	0	151,924	1,263,687	10,792,812	3,109,014	15,317,437
Debt Service Funds	0	0	0	0	192,315	192,315
Capital Projects Funds	0	0	0	0	854,629	854,629
<i>Total Fund Balances</i>	<u>\$ 1,694,682</u>	<u>\$ 293,057</u>	<u>\$ 1,313,174</u>	<u>\$ 10,792,812</u>	<u>\$ 4,233,820</u>	<u>\$ 18,327,545</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Assets - Cash Assets of Governmental Activities
December 31, 2010*

Total Governmental Fund Balances \$ 18,327,545

*Amounts reported for governmental activities in the statement
of net assets are different because*

An internal service fund is used by management to charge the costs
of insurance to individual funds. The assets of the internal
service fund are included in governmental activities in the
statement of net assets.

854,012

Net Assets of Governmental Activities

\$ 19,181,557

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Board of Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$ 1,303,650	\$ 0	\$ 0	\$ 1,897,744	\$ 1,834,328	\$ 5,035,722
Sales Tax	5,695,901	0	0	0	654,678	6,350,579
Special Assessments	0	0	0	0	75,284	75,284
Charges for Services	1,649,292	0	243,957	72,017	1,875,533	3,840,799
Licenses and Permits	6,744	0	0	0	100,482	107,226
Fines and Forfeitures	89,036	0	147,159	0	152,042	388,237
Intergovernmental	1,344,254	6,831,782	4,092,761	3,192,913	8,568,571	24,030,281
Interest	513,513	0	915	0	6,822	521,250
Rent	170,625	0	0	0	129,549	300,174
Contributions and Donations	0	0	0	0	21,976	21,976
Other	72,582	1,747	126,000	28,039	142,436	370,804
<i>Total Receipts</i>	<u>10,845,597</u>	<u>6,833,529</u>	<u>4,610,792</u>	<u>5,190,713</u>	<u>13,561,701</u>	<u>41,042,332</u>
Disbursements						
Current:						
General Government:						
Legislative and Executive	3,601,570	0	0	0	885,511	4,487,081
Judicial	2,480,024	0	0	0	652,983	3,133,007
Public Safety	2,638,429	0	0	0	1,450,290	4,088,719
Public Works	106,619	0	4,752,926	0	2,625,148	7,484,693
Health	62,453	0	0	4,456,034	1,981,709	6,500,196
Human Services	275,332	7,177,856	0	0	5,153,626	12,606,814
Economic Development and Assistance	0	0	0	0	418,994	418,994
Other	346,322	0	0	0	0	346,322
Capital Outlay	28,730	13,623	271,061	0	774,642	1,088,056
Debt Service:						
Principal Retirements	0	0	2,663	0	657,338	660,001
Interest and Fiscal Charges	0	0	0	0	358,116	358,116
Issuance Costs	0	0	0	0	4,650	4,650
<i>Total Disbursements</i>	<u>9,539,479</u>	<u>7,191,479</u>	<u>5,026,650</u>	<u>4,456,034</u>	<u>14,963,007</u>	<u>41,176,649</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,306,118</u>	<u>(357,950)</u>	<u>(415,858)</u>	<u>734,679</u>	<u>(1,401,306)</u>	<u>(134,317)</u>
Other Financing Sources and (Uses)						
Transfers In	52,535	176,151	24,515	0	699,132	952,333
Transfers Out	(756,169)	0	(65,500)	0	(60,175)	(881,844)
Proceeds of Loans	0	0	0	0	750,000	750,000
<i>Total Other Financing Sources and (Uses)</i>	<u>(703,634)</u>	<u>176,151</u>	<u>(40,985)</u>	<u>0</u>	<u>1,388,957</u>	<u>820,489</u>
<i>Net Change in Fund Balance</i>	602,484	(181,799)	(456,843)	734,679	(12,349)	686,172
<i>Fund Balance, Beginning of Year</i>	<u>1,092,198</u>	<u>474,856</u>	<u>1,770,017</u>	<u>10,058,133</u>	<u>4,246,169</u>	<u>17,641,373</u>
<i>Fund Balance, End of Year</i>	<u>\$ 1,694,682</u>	<u>\$ 293,057</u>	<u>\$ 1,313,174</u>	<u>\$ 10,792,812</u>	<u>\$ 4,233,820</u>	<u>\$ 18,327,545</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
of Governmental Funds to the Statement of Activities - Cash Basis
For The Year Ended December 31, 2010*

Net Change in Fund Balances - Total Governmental Funds	\$	686,172
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*Amounts reported for governmental activities in the statement
of activities are different because*

The internal service funds used by management to charge the cost of insurance to individual funds in not reported in the entity-wide statements of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.

(9,192)

Change in Net Assets of Governmental Activities

\$ 676,980

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property Taxes	\$ 1,229,334	\$ 1,229,334	\$ 1,305,264	\$ 75,930
Sales Taxes	4,717,608	4,717,608	5,695,901	978,293
Charges for Services	1,475,009	1,475,009	1,649,292	174,283
Licenses and Permits	7,073	7,073	6,744	(329)
Fines and Forfeitures	98,078	98,078	89,036	(9,042)
Intergovernmental	1,313,388	1,313,388	1,344,254	30,866
Interest	525,000	525,000	513,513	(11,487)
Rent	162,500	162,500	170,625	8,125
Other	51,791	51,791	72,582	20,791
<i>Total Receipts</i>	<u>9,579,781</u>	<u>9,579,781</u>	<u>10,847,211</u>	<u>1,267,430</u>
Disbursements				
Current:				
General Government:				
Legislative and Executive	3,686,570	3,608,602	3,601,570	7,032
Judicial	2,422,915	2,482,730	2,480,024	2,706
Public Safety	2,483,548	2,638,429	2,638,429	0
Public Works	103,642	106,763	106,619	144
Health	62,510	62,453	62,453	0
Human Services	287,060	277,573	275,332	2,241
Other	337,270	347,276	346,322	954
Capital Outlay	23,699	29,422	28,730	692
<i>Total Disbursements</i>	<u>9,407,214</u>	<u>9,553,248</u>	<u>9,539,479</u>	<u>13,769</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>172,567</u>	<u>26,533</u>	<u>1,307,732</u>	<u>1,281,199</u>
Other Financing Sources and (Uses)				
Transfers In	35,230	87,765	52,535	(35,230)
Transfers Out	(719,281)	(761,389)	(756,169)	5,220
Advances Out	(54,000)	(298,393)	0	298,393
<i>Total Other Financing Sources and (Uses)</i>	<u>(738,051)</u>	<u>(972,017)</u>	<u>(703,634)</u>	<u>268,383</u>
<i>Net Change in Fund Balance</i>	(565,484)	(945,484)	604,098	1,549,582
<i>Fund Balance, Beginning of Year</i>	<u>1,037,010</u>	<u>1,037,010</u>	<u>1,037,010</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 471,526</u>	<u>\$ 91,526</u>	<u>\$ 1,641,108</u>	<u>\$ 1,549,582</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Fund
For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts				
Intergovernmental	\$ 9,541,930	\$ 6,726,149	\$ 6,831,782	\$ 105,633
Other	<u>0</u>	<u>0</u>	<u>1,747</u>	<u>1,747</u>
<i>Total Receipts</i>	<u>9,541,930</u>	<u>6,726,149</u>	<u>6,833,529</u>	<u>107,380</u>
Disbursements				
Current:				
Human Services	10,183,356	7,361,952	7,318,989	42,963
Capital Outlay	<u>8,000</u>	<u>13,623</u>	<u>13,623</u>	<u>0</u>
<i>Total Disbursements</i>	<u>10,191,356</u>	<u>7,375,575</u>	<u>7,332,612</u>	<u>42,963</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(649,426)</u>	<u>(649,426)</u>	<u>(499,083)</u>	<u>150,343</u>
Other Financing Sources				
Transfers In	<u>174,570</u>	<u>174,570</u>	<u>176,151</u>	<u>1,581</u>
<i>Net Change in Fund Balance</i>	(474,856)	(474,856)	(322,932)	151,924
<i>Fund Balance, Beginning of Year</i>	<u>474,856</u>	<u>474,856</u>	<u>474,856</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 151,924</u>	<u>\$ 151,924</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Charges for Services	\$ 0	\$ 0	\$ 243,957	\$ 243,957
Fines and Forfeitures	180,000	147,159	147,159	0
Intergovernmental	3,931,892	3,931,892	4,092,761	160,869
Interest	1,500	1,500	915	(585)
Other	74,181	125,781	126,000	219
<i>Total Receipts</i>	<u>4,187,573</u>	<u>4,206,332</u>	<u>4,610,792</u>	<u>404,460</u>
Disbursements				
Current:				
Public Works	4,679,478	5,120,137	4,802,413	317,724
Capital Outlay	222,000	273,600	271,061	2,539
Debt Service:				
Principal Retirements	2,663	2,663	2,663	0
<i>Total Disbursements</i>	<u>4,904,141</u>	<u>5,396,400</u>	<u>5,076,137</u>	<u>320,263</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(716,568)</u>	<u>(1,190,068)</u>	<u>(465,345)</u>	<u>724,723</u>
Other Financing Sources and (Uses)				
Transfers Out	(65,500)	(65,500)	(65,500)	0
Transfers In	24,622	24,622	24,515	(107)
<i>Total Other Financing Sources and (Uses)</i>	<u>(40,878)</u>	<u>(40,878)</u>	<u>(40,985)</u>	<u>(107)</u>
<i>Net Change in Fund Balance</i>	(757,446)	(1,230,946)	(506,330)	724,616
<i>Fund Balance, Beginning of Year</i>	1,713,042	1,713,042	1,713,042	0
<i>Prior Year Encumbrances Appropriated</i>	56,975	56,975	56,975	0
<i>Fund Balance, End of Year</i>	<u>\$ 1,012,571</u>	<u>\$ 539,071</u>	<u>\$ 1,263,687</u>	<u>\$ 724,616</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts				
Property Taxes	\$ 1,787,222	\$ 1,787,222	\$ 1,901,468	\$ 114,246
Charges for Services	65,000	65,000	72,017	7,017
Intergovernmental	1,563,188	1,637,481	2,921,465	1,283,984
Other	21,500	21,500	28,039	6,539
<i>Total Receipts</i>	<u>3,436,910</u>	<u>3,511,203</u>	<u>4,922,989</u>	<u>1,411,786</u>
Disbursements				
Current:				
Health	<u>7,360,550</u>	<u>7,585,843</u>	<u>4,362,500</u>	<u>3,223,343</u>
<i>Total Disbursements</i>	<u>7,360,550</u>	<u>7,585,843</u>	<u>4,362,500</u>	<u>3,223,343</u>
<i>Net Change in Fund Balance</i>	(3,923,640)	(4,074,640)	560,489	4,635,129
<i>Fund Balance, Beginning of Year</i>	<u>9,930,777</u>	<u>9,930,777</u>	<u>9,930,777</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 6,007,137</u>	<u>\$ 5,856,137</u>	<u>\$ 10,491,266</u>	<u>\$ 4,635,129</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2010

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Water	Nonmajor	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 513,867</u>	<u>\$ 216,024</u>	<u>\$ 729,891</u>	<u>\$ 854,012</u>
 Net Assets				
Unrestricted	<u>\$ 513,867</u>	<u>\$ 216,024</u>	<u>\$ 729,891</u>	<u>\$ 854,012</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Water	Nonmajor	Total	
Operating Receipts				
Charges for Services	\$ 1,942,271	\$ 317,513	\$ 2,259,784	\$ 3,672,238
Tap-In Fees	24,130	750	24,880	0
Other	50,472	73	50,545	0
<i>Total Operating Receipts</i>	<u>2,016,873</u>	<u>318,336</u>	<u>2,335,209</u>	<u>3,672,238</u>
Operating Disbursements				
Personal Services	565,781	114,974	680,755	0
Contractual Services	991,994	119,897	1,111,891	463,523
Materials and Supplies	199,617	18,406	218,023	0
Claims	0	0	0	3,217,907
Capital Outlay	132,681	35,601	168,282	0
Other	59,922	3,023	62,945	0
<i>Total Operating Disbursements</i>	<u>1,949,995</u>	<u>291,901</u>	<u>2,241,896</u>	<u>3,681,430</u>
<i>Operating Income (Loss)</i>	<u>66,878</u>	<u>26,435</u>	<u>93,313</u>	<u>(9,192)</u>
Non-Operating Receipts (Disbursements)				
Proceeds of OWDA Loans	135,436	19,948	155,384	0
Intergovernmental	305,167	0	305,167	0
Principal Retirement	(104,280)	(24,140)	(128,420)	0
Interest and Fiscal Charges	(153,669)	(19,983)	(173,652)	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>182,654</u>	<u>(24,175)</u>	<u>158,479</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>249,532</u>	<u>2,260</u>	<u>251,792</u>	<u>(9,192)</u>
Transfers In	31,609	62,174	93,783	0
Transfers Out	(164,272)	0	(164,272)	0
<i>Total Transfers</i>	<u>(132,663)</u>	<u>62,174</u>	<u>(70,489)</u>	<u>0</u>
<i>Change in Net Assets</i>	<u>116,869</u>	<u>64,434</u>	<u>181,303</u>	<u>(9,192)</u>
<i>Net Assets, Beginning of Year</i>	<u>396,998</u>	<u>151,590</u>	<u>548,588</u>	<u>863,204</u>
<i>Net Assets, End of Year</i>	<u>\$ 513,867</u>	<u>\$ 216,024</u>	<u>\$ 729,891</u>	<u>\$ 854,012</u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2010

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 1,710,490
Cash and Cash Equivalents in Segregated Accounts	96,969	382,921
<i>Total Assets</i>	\$ 96,969	\$ 2,093,411
Net Assets		
Held in Trust for Children Services	\$ 96,969	\$ 0
Unrestricted	0	2,093,411
<i>Total Net Assets</i>	\$ 96,969	\$ 2,093,411

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2010

	<u>Private Purpose Trust</u>
Additions	
Gifts and Contributions	<u>\$ 19,890</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>10,060</u>
<i>Change in Net Assets</i>	9,830
<i>Net Assets, Beginning of Year</i>	<u>87,139</u>
<i>Net Assets, End of year</i>	<u><u>\$ 96,969</u></u>

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 1: REPORTING ENTITY

Guernsey County (the “County”) is a body politic and corporate established in 1810 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is comprised of nineteen townships, one city, and ten villages. 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 who manage various segments of the County’s operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Municipal Court Judge, Common Pleas Judge (also serves as the Domestic Relations Judge) and Probate Court Judge (also serves as the 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 entire County.

The County utilizes the standards of Government Accounting Standards Board Statement 14 for determining the reporting entity. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Guernsey County, this includes the Department of Developmental Disabilities, Children Services Board, Soldiers’ Relief Commission, Local Emergency Planning Committee (LEPC), Water and Sanitary Sewer Districts, Board of Mental Health and all departments and activities that are directly operated by the elected officials.

B. Component Units

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 organization’s 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. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County.

The following potential component units have been excluded from the County’s financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

- Guernsey County District Public Library
- Ohio Valley Educational Service Center
- Guernsey Health Systems (Guernsey Health Foundation)
- Pritchard-Laughlin Convention Center

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 1: REPORTING ENTITY (Continued)

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activities of the following districts and agencies are presented as agency funds within the County's financial statements:

Guernsey County General Health District is governed by the Board of Health. The Board adopts its own budget, hires and fires its own staff, and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District. The County cannot significantly influence the Health District's operations, nor is it obligated for the Health District's debt.

Guernsey County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, that that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The County participates in several jointly governed organizations, related organizations and public entity risk pools. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements. These organizations are:

- Southeastern Ohio Joint Solid Waste Management District
- Guernsey-Monroe-Noble Community Action Corporation (GMN)
- Southeast Ohio Juvenile Rehabilitation District (SEOJRD)
- Guernsey County Family Service Council
- Mental Health and Recovery Services Board
- South Eastern Narcotics Team (SENT)
- Mid-East Ohio Regional Council of Governments (MEORC)
- Ohio Mid-Eastern Governments Association (OMEGA)
- Cambridge-Guernsey County Visitors and Convention Bureau
- Area Office on Aging
- Eastern Ohio Correctional Center (EOCC)
- Southeast Area Transit (SAT)
- Guernsey County Convention Facilities Authority
- Cambridge Metropolitan Housing Authority
- Guernsey County Park District
- Guernsey County Airport Authority
- County Risk Sharing Authority (CORSA)
- County Commissioners Association of Ohio Service Corporation (CCAOSC)

The County's management believes these financial statements present all activities for which the County is financially accountable.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display 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 in nature and those that are consider business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and cash disbursements.

The statement of net assets presents the cash balance of the governmental and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the County.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. 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. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions and nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the County are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

General – The General Fund accounts for all financial resources, 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.

Public Assistance – The Public Assistance 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 and to pay their providers of medical assistance and certain public social services.

Motor Vehicle and Gasoline Tax (MVGT) – The Motor Vehicle and Gasoline Tax Fund accounts for receipts derived from motor vehicle licenses, gasoline taxes, grants and interest. Disbursements in this fund are restricted by state law to County road and bridge repair/improvements programs.

Board of Developmental Disabilities – The Board of Developmental Disabilities Fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled residents of the County. Receipt sources are federal and state grant monies and a county-wide property tax levy.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds

The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds – Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the County’s major enterprise fund:

Water Fund – The Water fund accounts for water services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

The nonmajor sewer fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are provided primarily through user charges.

Internal Service Fund – The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County’s internal service fund accounts for monies received for the activities of the self-insurance program for employee health benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County’s own programs. The County’s only trust fund is a private-purpose trust fund that accounts for monies received in trust for children’s services. Agency funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

The County’s financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the County are described in the appropriate section in this note.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. 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 tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, program, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

E. Cash and Investments

To improve cash management, cash received by the County, except cash held by a fiscal agent, is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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

The County utilized a jointly governed organization (MEORC) to service developmentally disabled residents within the County. The balance in this account is presented as "Cash and Cash Equivalents with Fiscal Agent."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with 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.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During 2010, the County invested in STAROhio, federal agency securities, County bonds, negotiable certificates of deposit and a money market account. Investments are reported at cost, except for STAROhio. STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2010.

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 2010 were \$513,513, which includes \$475,500 assigned from other County funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

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. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

K. Employer Contributions to Cost-Sharing 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 postretirement health care benefits.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general receipts. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

M. Long-Term Obligations

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay are reported at inception. Lease payments are reported when paid.

N. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the senior citizens services, court programs, various health services, 911 system and economic development. 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. The government-wide statement of net assets reports \$16,707,530 of restricted net assets, of which none is restricted by enabling legislation.

O. Fund Balance Reserves

The County reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and unclaimed monies. Reserve for unclaimed monies is established by law and are not available for appropriation until they have remained unclaimed for five years.

NOTE 3: COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 4: 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 Cash Receipts, Disbursements and Change in Cash Basis Fund Balance – (Budget Basis) for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).
2. Unrecorded cash, which consists of MEORC activity is not reported by the County on the operating statements (budgetary basis), but is reported on the cash basis operating statements.
3. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (cash basis) in the appropriate County fund.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Public Assistance	Motor Vehicle & Gasoline Tax	Board of Developmental Disabilities
Cash Basis	\$ 602,484	\$ (181,799)	\$ (456,843)	\$ 734,679
Beginning of Year:				
Agency Fund Cash Allocation	55,188	0	0	127,356
End of Year:				
Agency Fund Cash Allocation	(53,574)	0	0	(123,632)
Unrecorded Cash	0	0	0	(177,914)
Encumbrances	0	(141,133)	(49,487)	0
Budget Basis	\$ 604,098	\$ (322,932)	\$ (506,330)	\$ 560,489

NOTE 5: DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories, active and inactive. Active monies are public deposits 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.

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Deposits held by the County which are not considered active, are classified as inactive. Beginning June 15, 2004, inactive monies may be deposited or invested 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, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal governmental agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and bankers' acceptances; and
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

Deposits

Custodial Credit Risk Custodial Credit Risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$4,459,702 of the County's bank balance of \$5,644,581 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had not been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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.

At December 31, 2010, the County's MRDD special revenue fund had a cash balance of \$2,088,803 with MEORC, a jointly governed organization (See Note 15). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain information, write to Mid East Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Investments

At December 31, 2010, the County had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity	Percent of Total Investment	Rating	Rating Agency
Guernsey County General					
Obligation Bonds	\$ 214,346	12/1/2020 - 11/1/2027	1.4%	N/A	Moody's
STAROhio	62,775	Immediately	0.4%	AAAm	S&P
First American Government					
Obligation Money Market Fund	69,675	Immediately	0.4%	AAAm	S&P
Negotiable CD's	54,952	9/26/2011 - 10/9/12	0.4%	N/A	N/A
Federal Home Loan Mortgage Notes	1,989,293	9/24/13 - 12/21/15	13.0%	AAA	Moody's
Municipal Bonds	25,927	10/10/2015	0.2%	AA+	Moody's
Federal Home Loan Bank Bonds	3,453,020	12/16/13 - 12/22/15	22.5%	AAA	Moody's
Federal Farm Credit Bank Bonds	3,706,198	9/30/13 - 6/15/15	24.2%	AAA	Moody's
Federal National Mortgage Association Notes	<u>5,741,008</u>	2/13/13 - 10/28/15	<u>37.5%</u>	AAA	Moody's
Total Investments	<u>\$ 15,317,194</u>		<u>100%</u>		

Interest Rate Risk The County has no investment policy that addresses interest rate risk beyond the requirements of State statute. 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. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The County has no investment policy that addresses credit risk beyond the requirements of State statute. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of the purchase by at least one nationally recognized standard rating service.

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 County has no investment policy dealing with investment custodial credit 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 places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 6: PERMISSIVE SALES AND USE TAX

On February 27, 1989, the County Commissioners adopted a resolution which imposed a one quarter of one percent Permissive Sales Tax (Piggy Back Tax). The sales tax came into effect on April 1, 1992, and expired on April 1, 1993. This sales tax was renewed for two consecutive one-year terms and expired on April 1, 1995. On August 1, 1993, the County Commissioners adopted a resolution which imposed an additional one-quarter of one percent Permissive Sales Tax bringing the total Permissive Sales Tax to one-half of one percent. On February 22, 1995, the County Commissioners adopted a resolution to combine the two one-quarter of one percent Permissive Sales Taxes to a one-half of one percent tax. On January 19, 2005, the County Commissioners passed a resolution making the sales tax permanent. The revenues generated from the sales tax are used for the purpose of providing additional revenue for the County's General Fund and Bond Retirement Debt Service Fund.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies, to the State Auditor, the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

NOTE 7: PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2010, and are collected in 2010 with real property taxes.

2010 tangible personal property taxes are levied after October 1, 2009, on the value as of December 31, 2009. Collections are made in 2010. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory is zero for 2010. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 7: PROPERTY TAXES (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by taxing districts due to the phasing out of the tax. In calendar years 2006-2010, taxing districts were fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all County operations for the year ended December 31, 2010, was \$13.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real property	\$ 539,149,520
Tangible personal property	1,805,720
Public utility personal property	<u>46,668,760</u>
Total assessed property value	<u><u>\$ 587,624,000</u></u>

NOTE 8: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, property, and crime insurance, the County has addressed these various types of risk.

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to sixty members.

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$1,000,000 of total liability coverage for each loss. Each of these areas contains a \$2,500 member deductible amount. Property damage is covered for \$70,136,405, equipment breakdown coverage is covered for \$100,000,000 and crime insurance is covered for \$1,000,000 for each occurrence.

In addition, the County maintains replacement cost insurance through CORSA on other property including the following: \$1,000,000 for valuable papers and extra expenses, \$250,000 for unintentional omissions, \$100,000,000 for flood and earthquake damage, and \$1,000,000 debris removal.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 8: RISK MANAGEMENT (Continued)

Contractor's equipment, miscellaneous inland marine, and auto physical damage are insured for their actual cash value under CORSA.

The amounts of settlements have not exceeded commercial coverage in any of the past four years. Also, the limits have not been lowered significantly in the past year.

With the exception of workers' compensation, health, dental, vision, and life insurances, all other insurance is held with CORSA. The County pays all elected officials bonds by statute. The County contracts with HealthSCOPE (formerly Central Benefits) to provide employees with medical, dental, and prescription insurance through a self-insurance program. The County maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss on this program.

For 2010, the County participated in the County Commissioners Association of Ohio Service Corporation Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 17) The Plan is intended to achieve lower workers' compensation rates while establishing safer 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings that accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. For the County, an additional cost of \$6,599 was charged for 2010. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 9: DEFINED BENEFIT PENSION PLANS

A. Ohio 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% 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 the retirement system 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 division exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling 614-222-6705 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classification contributed 10 percent of covered payroll, public safety members and law enforcement members contributed 10.5 percent and 11.1 percent, respectively.

The County's contribution rate for 2010 was 14 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.87 percent of covered payroll. 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 contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$1,029,306, \$988,576 and \$932,875, respectively. The full amount has been contributed for 2010, 2009 and 2008. Contributions to the member-directed plan for 2010 were \$9,334 made by the County and \$13,333 made by plan members.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

Plan Description – Certified teachers, employed by the school for Department of Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling 888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS Ohio funds, times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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.

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations 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 contribution for pension obligations for the STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$15,773, \$15,243 and \$14,833, respectively. The full amount has been contributed for fiscal year 2010, 2009 and 2008. For fiscal year 2010, the County did not have any employees participating in either the DC or Combined Plans.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 10: POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care 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 post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14 percent of covered payroll (17.87 percent 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 post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0 percent of covered payroll from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The Retirement Board is also authorized to establish rules for the payment of a portion of the health care 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 post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$1,020,306, \$979,011 and \$918,540, respectively; the full amounts have been contributed for 2010, 2009 and 2008.

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

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 10: POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

Plan Description – The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (“STRS Ohio”). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. STRS Ohio is on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio.

STRS Ohio issues a financial report that includes financial information for the health care plan. Interested parties can view the most recent report at www.strsoh.org or obtain a copy by calling (888) 227-7877.

Funding Policy – All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio.

All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. The County’s contributions for fiscal years ended June 30, 2010, 2009 and 2008 were \$1,213, \$1,173 and \$1,141, respectively.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 11: DEBT

The County's debt activity for the year ended December 31, 2010 was as follows:

	Restated Outstanding 12/31/2009	Additions	Reductions	Outstanding 12/31/2010	Amounts Due Within One Year
Governmental Activities:					
<i>Special Assessment Bonds:</i>					
Stop Nine Sanitary Sewer-1993, \$559,200, 5%	\$ 47,900	\$ 0	\$ (1,100)	\$ 46,800	\$ 1,100
Sundew and Zane Waterline-1996, \$84,000, 4.95%	43,220	0	(4,793)	38,427	5,030
Cedar Hills Sewer-1996, \$171,785, 4.95%	71,984	0	(10,619)	61,365	11,144
Eastmoor Sanitary Sewer-1998, \$186,000, 4.5%	104,200	0	(9,700)	94,500	10,100
Wolf's Den Road Waterline-2000, \$63,880, 6%	35,134	0	(3,194)	31,940	3,194
State Route 313 Sewer-2006, \$200,000, 4.20-5.25%	185,000	0	(5,000)	180,000	5,000
<i>Total Special Assessment Bonds</i>	<u>487,438</u>	<u>0</u>	<u>(34,406)</u>	<u>453,032</u>	<u>35,568</u>
<i>General Obligation Bonds:</i>					
Various Purpose Refunding and Improvement					
Serial Bonds-2003, 2.00-5.00%, \$7,260,000	3,180,000	0	(550,000)	2,630,000	575,000
Various Purpose Refunding and Improvement					
Term Bonds-2003, 2.00-5.00%, \$3,825,000	3,825,000	0	0	3,825,000	0
Public Improvement-1996, \$124,959, 4.95%	64,795	0	(4,589)	60,206	3,826
Ohio State University Extension Building					
Series 2007, \$200,000, 5.75%	188,606	0	(6,200)	182,406	6,562
Engineer's Garage Bond-2008, \$205,000, 3.89%	164,000	0	(62,143)	101,857	41,000
Energy Conservation Bonds-2010, \$750,000, 3.06%	0	750,000	0	750,000	150,000
<i>Total General Obligation Bonds</i>	<u>7,422,401</u>	<u>750,000</u>	<u>(622,932)</u>	<u>7,549,469</u>	<u>776,388</u>
<i>OPWC Loans:</i>					
OPWC Loan-2007, \$53,257, 0%	49,264	0	(2,663)	46,601	2,663
<i>Total Governmental Activities</i>	<u>\$ 7,959,103</u>	<u>\$ 750,000</u>	<u>\$(660,001)</u>	<u>\$ 8,049,102</u>	<u>\$814,619</u>

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 11: DEBT (Continued)

	Outstanding 12/31/2009	Additions	Reductions	Outstanding 12/31/2010	Amounts Due Within One Year
Business-Type Activities:					
<i>General Obligation Bonds:</i>					
Kimbolton Waterline - 1992, \$142,000, 5.75%	\$ 93,800	\$ 0	\$ (2,500)	\$ 91,300	\$ 2,700
North Salem Waterline - 1994, \$450,000, 5%	333,300	0	(8,800)	324,500	9,200
Route 40 East Waterline - 2008, \$2,839,000, 4.42%	2,733,439	0	(61,592)	2,671,847	64,345
<i>Total General Obligation Bonds</i>	<u>3,160,539</u>	<u>0</u>	<u>(72,892)</u>	<u>3,087,647</u>	<u>76,245</u>
<i>OWDA Loans:</i>					
Water Fund OWDA - 2006, \$288,657, 2%	214,509	5,109	0	219,618	0
Water Fund OWDA - 2009, \$69,134, 2%	52,263	17,035	(11,890)	57,408	2,511
Water Fund OWDA - 2010, \$112,010, 3.27%	0	113,292	(19,498)	93,794	3,387
Sewer Fund OWDA - 2007, \$565,176, 4.67%	485,902	19,948	(24,140)	481,710	24,140
<i>Total OWDA Loans</i>	<u>752,674</u>	<u>155,384</u>	<u>(55,528)</u>	<u>852,530</u>	<u>30,038</u>
<i>Total Business-Type Activities</i>	<u>\$ 3,913,213</u>	<u>\$ 155,384</u>	<u>\$ (128,420)</u>	<u>\$ 3,940,177</u>	<u>\$ 106,283</u>

Governmental Activities

Special Assessment Bonds – As of December 31, 2010, the County has \$453,032 in special assessment bonded debt outstanding. The debt is being repaid from the Special Assessment Bond Retirement Debt Service Fund with proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt service payment. During 2006, the County entered into special assessment bonds in the amount of \$200,000 for the State Route 313 sewer project. The State Route 313 sewer project bonds were issued with a discount of \$4,200. Principal and interest requirements to retire the special assessment bonds outstanding at December 31, 2010 are as follows:

Year ending December 31	Principal	Interest	Total
2011	\$ 35,568	\$ 22,167	\$ 57,735
2012	41,869	20,438	62,307
2013	43,209	18,428	61,637
2014	44,791	16,341	61,132
2015	45,964	14,174	60,138
2016-2020	124,031	45,627	169,658
2021-2025	80,200	22,662	102,862
2026-2030	27,900	5,153	33,053
2031-2033	9,500	965	10,465
Totals	<u>\$ 453,032</u>	<u>\$ 165,955</u>	<u>\$ 618,987</u>

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 11: DEBT (Continued)

General Obligation Bonds – As of December 31, 2010, the County has \$7,549,469 in general obligation bonded debt outstanding that is being retired by the Bond Retirement Debt Service Fund. During fiscal year 2008, the County entered into new general obligation bonds for the construction and furnishing a building to house road machinery, supplies and personnel (Engineer’s Garage). The bonds were issued for a 5 year period with final maturity at February 1, 2013. The bonds were issued at an interest rate of 3.89 percent. The bond was entered into with an issuance cost of \$4,525.

On November 20, 1996, the County entered into \$124,959 of general obligation bonds. The bonds were issued for a 20 year period with final maturity at December 1, 2016.

On April 15, 2003, the County entered into \$11,085,000 of various purpose refunding and improvement general obligation bonds that consisted of \$7,260,000 in serial bonds and \$3,825,000 in term bonds with varying interest rates from 2.00% to 5.00%. \$4,960,000 was used to refund the 1992 Public Improvement Bonds in the amount of \$4,690,000. \$1,545,000 was used to retire the outstanding amount of bond anticipation notes, and the remainder of the bond issue was used to make additional improvements to the County administrative and courthouse buildings and to make permanent improvements to the County’s water system. The general obligation bonds were sold at a premium of \$54,817.

The bonds are being retired from property and sales tax revenues. The bonds are subject to mandatory and optional redemption as follows:

Mandatory Redemption:

The bonds maturing on December 1, 2023 (the 2023 Term Bonds) and 2028 (the 2028 Term Bonds, and together with the 2023 Term Bonds, collectively, the Term Bonds) are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation. That mandatory redemption is to occur on December 1, in each of the years illustrated below at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedules:

2023 Term Bonds		2028 Term Bonds	
Year	Amount	Year	Amount
2018	\$ 395,000	2024	\$ 210,000
2019	415,000	2025	215,000
2020	435,000	2025	225,000
2021	460,000	2027	235,000
2022	480,000		
Total	\$ 2,185,000	Total	\$ 885,000

The balance of the principal amounts of the Term Bonds will be paid at stated maturity in the following amounts: 2023 Term Bonds - \$505,000 on December 1, 2023; and 2028 Term Bonds - \$250,000 on December 1, 2028.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 11: DEBT (Continued)

Optional Redemption:

The Bonds maturing after December 1, 2012 are subject to prior redemption on or after December 1, 2012 by and at the sole option of the County, either in whole on any date or in part (as selected by the County) on any date and in integral multiples of \$5,000, at par, plus accrued interest to the redemption date.

On October 29, 2007, the County issued bonds in the amount of \$200,000. The bonds were issued for the purpose of constructing an office building for the Ohio State University Extension Services. The bonds were issued for a 20 year period at a 5.75% interest rate.

On September 22, 2010, the County issued bonds in the amount of \$750,000. The bonds were issued for the purpose of paying the costs of installations, modifications and remodeling of County buildings to conserve energy. The bonds were issued for a five year period at a 3.06% interest rate.

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2010 are as follows:

Year Ending December 31	Principal	Interest
2011	\$ 776,388	\$ 334,334
2012	520,969	303,554
2013	509,391	284,849
2014	504,081	265,473
2015	513,609	244,794
2016-2020	2,048,436	953,302
2021-2025	1,934,985	412,475
2026-2028	741,610	67,329
Totals	\$ 7,549,469	\$ 2,866,110

OPWC Loans – As of December 31, 2010, the County has \$46,601 in Ohio Public Works Commission loans outstanding. This loan was entered into for various road paving projects within the County and will be repaid from the Bond Retirement Debt Service Fund. This loan is interest free. Principal requirements to retire the OPWC loans outstanding at December 31, 2010 are as follows:

Year Ending December 31	Principal
2011	\$ 2,663
2012	2,663
2013	2,663
2014	2,663
2015	2,663
2016-2020	13,316
2021-2025	13,315
2026-2028	6,655
Totals	\$ 46,601

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 11: DEBT (Continued)

At the end of 2009, the County reported an ending balance on the OPWC Loan from 2000 of \$3,010. It was determined during the current year, the County paid off this note during 2009, therefore, the ending balance at December 31, 2009 should have been zero. The beginning balance has been restated to reflect this.

Business-Type Activities:

General Obligation Bonds – As of December 31, 2010, the County has \$3,087,647 in general obligation bonded debt outstanding. The bonds were issued to construct lines and a building associated with the County water system. These bonds will be repaid from revenues derived by the County from the operation of the water system.

Principal requirements to retire the general obligation bonds outstanding at December 31, 2010 are as follows:

Year Ending December 31	Principal	Interest
2011	\$ 76,245	\$ 144,129
2012	79,721	140,638
2013	83,325	136,988
2014	87,264	133,172
2015	91,143	129,174
2016-2020	522,562	579,243
2021-2025	653,630	447,945
2026-2030	814,041	284,994
2031-2034	679,716	81,233
Totals	\$ 3,087,647	\$ 2,077,516

Ohio Water Development Authority (OWDA) Loans – Water Enterprise Fund

The County has pledged future customer revenues, net of specified operating expenses, to repay \$370,820 in OWDA loans issued from 2006 to 2010. Proceeds from these loans provided financing for various water projects. The loans are payable solely from customer net revenues and are payable through 2030. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 50.83 percent. The total principal and interest remaining to be paid on the loans is \$461,474. Principal and interest paid for the current year and total net revenues were \$257,949 and \$507,481, respectively.

In 2006, the County entered into an OWDA loan for the purpose of updating the Guernsey County eastern water system.

The County entered into an OWDA loan in 2010 for the purpose of waterline construction.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 11: DEBT (Continued)

Principal and interest requirements to retire the Water Enterprise Fund OWDA loans outstanding at December 31, 2010 are as follows:

Year Ending December 31	Principal	Interest
2011	\$ 5,898	\$ 9,033
2012	11,906	10,819
2013	19,600	8,055
2014	20,039	7,615
2015	20,490	7,165
2016-2020	109,602	28,673
2021-2025	122,589	15,687
2026-2030	60,696	3,607
Totals	\$ 370,820	\$ 90,654

Ohio Water Development Authority (OWDA) Loans – Sewer Enterprise Fund

The County has pledged future customer revenues, net of specified operating expenses, to repay a \$565,176 OWDA loan issued in 2008. Proceeds from this loan provided financing for various sewer projects. The loan is payable solely from customer net revenues and is payable through 2013. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 95.28 percent. The total principal remaining to be paid on the loan is \$481,710. Principal and interest paid for the current year and total net revenues were \$44,123 and \$46,310, respectively.

At the end of 2009, the County reported an ending balance on an OWDA loan of \$111,000. It was determined during the current year, that this was a grant instead of a loan, therefore, it should not been listed on the debt schedule. The beginning balance has been restated to reflect this.

Principal and interest requirements to retire the Sewer Enterprise Fund OWDA loans outstanding at December 31, 2010 are as follows:

Year Ending December 31	Principal	Interest
2011	\$ 24,140	\$ 2,214
2012	457,570	100,029
Totals	\$ 481,710	\$ 102,243

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 11: DEBT (Continued)

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Ohio Revised Code further provides that total voted and un-voted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

NOTE 12: CONTRACTUAL COMMITMENTS

At December 31, 2010, the County had contractual commitments for the following projects:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance at 12/31/10</u>
Ables Electric - Fire Alarm Update	\$ 72,583	\$ 0	\$ 72,583
Johnson Controls - Heating & Cooling Upgrade at Courthouse & Law Enforcement Center	846,310	546,940	299,370
	<u>\$ 918,893</u>	<u>\$ 546,940</u>	<u>\$ 371,953</u>

NOTE 13: INTERFUND TRANSFERS

During 2010 the following transfers were made:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 52,535	\$ 756,169
Public Assistance	176,151	0
Motor Vehicle & Gas Tax	24,515	65,500
Water Enterprise	31,609	164,272
Nonmajor Funds:		
Child Support Enforcement Agency	256,000	0
Bond Retirement Fund	259,678	0
Special Assessment Bond Retirement	138	0
Court Fund	0	60,175
County Facilities Construction And Improve:	18,125	0
Corrections Fund	13,843	0
VOCA Grant	7,640	0
Law Library	31,596	0
County Home	84,000	0
Emergency Management	28,112	0
Sewer Enterprise	62,174	0
Total	<u>\$ 1,046,116</u>	<u>\$ 1,046,116</u>

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 13: INTERFUND TRANSFERS (Continued)

Transfers were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; to move monies to the General Fund as pursuant to Ohio Revised Code 325.33; to move monies to the General Fund as approved by the common pleas court, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The Water Fund and Motor Vehicle and Gas Tax Fund transferred \$164,272 and \$65,500, respectively, to the Bond Retirement Fund for debt payments. The Court Fund transferred \$7,640 to the VOCA Grant Fund to match funds for 2010-2011 grant year. The Court Fund transferred \$52,535 to the General Fund to cover probation department per court order dated August 11, 2010. All other transfers were made from the General Fund to various other funds to provide additional resources for current operations.

NOTE 14: FEDERAL FOOD STAMP PROGRAM

The County's Department of Job and Family Services distributes federal food stamps to entitled recipients within Guernsey County. The receipt and issuance of food stamps have the characteristics of federal "grants"; however, the Department of Job and Family Services merely acts in an intermediary capacity. The inventory value of these stamps is not reflected in the accompanying financial statements, as the only economic interest related to the stamps rests with the ultimate recipient.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS

A. Southeastern Ohio Joint Solid Waste Management District

The County is a member of the Southeastern Ohio Joint Solid Waste Management District (District) which consists of Monroe, Guernsey, Morgan, Muskingum, Noble, and Washington Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2010. No future contributions by the County are anticipated. A thirty-one member policy committee comprised of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Guernsey-Monroe-Noble Community Action Corporation (GMN)

The Guernsey-Monroe-Noble Community Action Corporation (GMN) is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe, and Noble Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency receives federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. During 2010, the County made no contributions to the Guernsey-Monroe-Noble Community Action Corporation.

C. Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

The Southeast Ohio Juvenile Rehabilitation District (SEOJRD) is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble counties. SEOJRD was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by SEOJRD. The participating entities created a Judicial Rehabilitation Board; the members of which are made up of the juvenile judges of each participating county who determine the policy.

A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont County has three appointees, and Jefferson, Guernsey, Harrison, Monroe, and Noble Counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Guernsey County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board. During 2010, the County made no contributions to SEOJRD.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Guernsey County Family Service Council

The Guernsey County Family Service Council (Council) is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Director of the Guernsey County Community Mental Health Services Board, Health Commissioner of the Guernsey County Health Department, Health Commissioner of the City of Cambridge Health Department, Director of the Guernsey County Human Services, Director of the Children Services Department, Superintendent of the Guernsey County Department of Development Disabilities, the Guernsey County Juvenile Court Judge, Superintendent of Cambridge City Schools, Mayor of the City of Cambridge, one representative from the City of Cambridge, Chair of the Guernsey County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004", and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In 2010, the County made a \$6,000 in-kind contribution to the Council. Continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

E. Mental Health and Recovery Services Board

The Mental Health and Recovery Services Board (Board) is a jointly governed organization. Participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble Counties. The Board has responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The Board is managed by an eighteen member board of trustees; two appointed by the Guernsey County Commissioners, eight appointed by the commissioners of the other participating counties, four by the director of the State Director of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The Board exercises total control, including budgeting, appropriating, contracting, and designating management.

During 2010, Guernsey County did not contribute any revenue through a levy. The revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on County's continued participation. The County has no equity interest in, or financial responsibility for the Board. The Board has no outstanding debt.

F. South Eastern Narcotics Team (SENT)

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match twenty-five percent. SENT is comprised by thirty-two members. Each member's control over the operation of SENT is limited to its representation of the Board. During 2010, Guernsey County made no contributions to SENT.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

G. Mid-East Ohio Regional Council of Governments (MEORC)

The Mid-East Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Department of Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2010, Guernsey County made no contribution to MEORC.

H. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The continued existence of OMEGA is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the OMEGA. OMEGA has no outstanding debt. During 2010, the County made no contribution to OMEGA.

I. Cambridge-Guernsey County Visitors and Convention Bureau (Bureau)

The Bureau is organized under State Statute by agreement between the Guernsey County Commissioners, the Cambridge Area Chamber of Commerce, and the Cambridge-Guernsey Community Improvement Corporation who acts as the fiscal agent for the Bureau. The Bureau operates the Guernsey County Tourist Information Center. The Bureau is governed by a seven member Board of Directors. The Board is comprised of one member of the Guernsey County Board of Commissioners, one member appointed by the Guernsey County Board of Commissioners, the president of the Guernsey Innkeeper's Association, one member appointed by the Guernsey County Innkeeper's Association, the president of the Chamber of Commerce, one member appointed by the Chamber of Commerce, and the executive vice president of the Chamber of Commerce. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The County collects and distributes a three percent hotel/motel lodging tax to the Bureau. The County has no equity interest in, or financial responsibility for the Bureau. The Bureau has no outstanding debt. During 2010, the County made a contribution of \$5,368 to the Cambridge Guernsey County Visitors and Convention Bureau.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

J. Area Office on Aging

The Area Office on Aging (Council) is a regional council of governments that assists nine counties, including Guernsey County in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors comprised of one representative appointed by each participating county. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt. During 2010, the County made no contributions to the Area Office on Aging.

K. Eastern Ohio Correctional Center (EOCC)

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 2010, the EOCC received no monies from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC. The EOCC has no outstanding debt.

L. Southeast Area Transit (SAT)

The Southeast Area Transit (SAT) was created pursuant to state statute in 1979. SAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SAT include determining routes and fares, formulate operating procedures, promote and maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SAT is limited to a ten member board comprised of six individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, and one person appointed by the Guernsey County Commissioners. In 2010, Guernsey County made no contribution to SAT. The continued existence of the Authority is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Authority. SAT has no outstanding debt.

NOTE 16: RELATED ORGANIZATIONS

A. Guernsey County Convention Facilities Authority

The Guernsey County Convention Facilities Authority (Authority) was created pursuant to State Statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of an eleven member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of the City of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The board contracted with a private group for the construction and operation of the Pritchard-Laughlin Civic Center; this center is controlled by a private board of directors which are self-appointing and have total control over the operation of the center including budgeting, appropriating, contracting, and designation of management. The Authority levied a three percent hotel/motel tax that is collected and distributed directly to the Center by the Guernsey County Commissioners. The County is prohibited from contributing to the operations of the Authority by state law. During 2010, the County made no contributions to the Guernsey County Convention Facilities Authority.

B. Cambridge Metropolitan Housing Authority

The Cambridge Metropolitan Housing Authority (Authority) is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority. During 2010, the County made no contributions to the Cambridge Metropolitan Housing Authority.

C. Guernsey County Park District

The Guernsey County Park District (District) is governed by a three member Park District Board of Commissioners appointed by the probate judge of the County. State statute provides that the County Auditor and Treasurer are Ex-officio members of the Park District Board of Commissioners and designates the county auditor as fiscal officer of the commission. The county commissioners do not have the ability to significantly influence operations, designate management, approve budgets, nor is the County responsible for funding deficits. The County maintains an agency fund for the District's operation since the County serves as fiscal agent for the District. During 2010, the County made a contribution of \$17,986 to the Park District.

D. Guernsey County Airport Authority

The Guernsey Airport Authority (Authority) is governed by a five-member Board. The original Board was appointed by the Guernsey County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hangar rental, state and federal grants received directly by the Authority, and interest. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority. During 2010, the County contributed \$13,000 to the Airport Authority.

NOTE 17: PUBLIC ENTITY RISK POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 62 counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation 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 coverage provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA 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 of Trustees. No county may have more than one representative on the Board of Trustees 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.

B. County Commissioners Association of Ohio Service Corporation (CCAOSC)

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance 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 participants.

The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of 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.

NOTE 18: CONTINGENT LIABILITIES

Amounts grantor agencies pay to the County are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 19: SUBSEQUENT EVENTS

On March 2, 2011, the County issued \$750,000 of County Courthouse Improvement Bonds for the purpose of paying the costs of installations, modifications and remodeling of county buildings to conserve energy. The bonds will mature in 2016 and have an interest rate of 2.94%.

Guernsey County, Ohio
Notes to the Cash Financial Statements
For the Year Ended December 31, 2010

NOTE 19: SUBSEQUENT EVENTS (Continued)

On August 17, 2011, the Commissioners approved to award Kokosing Construction Company, Inc. the bid for the Buffalo/Derwent Sanitary Sewer System Project in the amount of \$7,369,567. The County has applied for and/or been awarded various grant funds and loans to finance this project.

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GUERNSEY COUNTY

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program			
Cash Assistance	N/A	10.555	\$ 3,300
Non-Cash Assistance (Food Distribution)			873
Total National School Lunch Program			<u>4,173</u>
Total Child Nutrition Cluster			4,173
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
Supplemental Nutrition Assistance Program Cluster:			
State Administrative Matching Grants	G-1011-11-5044	10.561	452,163
ARRA - State Administrative Matching Grants	G-1011-11-5044		23,854
Total Supplemental Nutrition Assistance Program Cluster			<u>476,017</u>
Total U.S. Department of Agriculture			480,190
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grants - Entitlement Grant	B-Z-08-1BL-1	14.218	32,532
Community Development Block Grants-State's Program	B-C-09-1BB-1	14.228	37,199
	B-F-08-1BB-1		12,976
	B-F-09-1BB-1		141,958
Total Community Development Block Grant-State's Program			<u>192,133</u>
Home Investment Partnership Program	B-C-09-1BB-2	14.239	<u>144,056</u>
Total U.S. Department of Housing and Urban Development			368,721
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Office of Criminal Justice Services</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant	2007-DJ-BX-1147	16.803	10,021
	2009-RA-C01-2075		31,130
Total ARRA - Edward Byrne Memorial Justice Assistance Grant			<u>41,151</u>
Total U.S. Department of Justice			41,151
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Workforce Investment Act Area 7</i>			
Unemployment Insurance	N/A	17.225	<u>9,609</u>
Total Unemployment Insurance			9,609
Workforce Investment Act (WIA) Cluster:			
WIA Adult Programs	N/A	17.258	206,455
WIA Adult Programs - Admin	N/A		19,750
ARRA - WIA Adult Programs	N/A		29,185
Total WIA Adult Programs			<u>255,390</u>
WIA Youth Activities	N/A	17.259	213,431
WIA Youth Activities - Admin	N/A		7,601
ARRA - WIA Youth Activities	N/A		9,989
Total WIA Youth Activities			<u>231,021</u>
WIA Dislocated Workers	N/A	17.260	149,552
WIA Dislocated Workers - Admin	N/A		17,100
ARRA - WIA Dislocated Workers	N/A		207,321
Total WIA Dislocated Workers			<u>373,973</u>
WIA Dislocated Worker Formula Grant	N/A	17.278	70,298
WIA Dislocated Worker Formula Grant - Admin			2,056
Total WIA Dislocated Work Formula Grant			<u>72,354</u>
Total Workforce Investment Act Cluster			<u>932,738</u>
Total U.S. Department of Labor			942,347

GUERNSEY COUNTY

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID 81913	20.205	\$ 292,671
	PID 82214		216,038
	PID 84940		646
	PID 87063		7,754
	PID 87270		17,524
	PID 87430		19,093
	PID 87906		674,173
	PID 88183		<u>653,261</u>
Total Highway Planning and Construction			<u>1,881,160</u>
Total U.S. Department of Transportation			1,881,160
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through Environmental Protection Agency Region 5</i>			
Congressionally Mandated Projects	XP-00E75801-0	66.202	<u>145,113</u>
Total U.S. Environmental Protection Agency			145,113
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Special Education Cluster:			
Special Education - Grants to States	2011	84.027	14,351
Early Intervention Services (IDEA) Cluster			
Special Education - Grants for Infants and Families	2011	84.181	73,536
ARRA - Special Education - Grants for Infants and Families	2011	84.393	<u>56,714</u>
Total Special Education - Grants for Infants and Families			130,250
Total Early Intervention Service (IDEA) Cluster			<u>130,250</u>
Total U.S. Department of Education			144,601
U.S. ELECTION ASSISTANCE COMMISSION			
<i>Passed Through Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	N/A	90.401	<u>582</u>
Total U.S. Election Assistance Commission			582
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities - Grants to States	06-SOS-HHHS-30	93.617	1,180
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	2011	93.667	29,768
Medical Assistance Program			
ARRA - Medical Assistance Program	MAC/CAFS	93.778	103,644
Total Medical Assistance Program	EFMAP		<u>150,134</u>
			253,778
<i>Passed through Ohio Department of Jobs and Family Services</i>			
Promoting Safe and Stable Families	G-1011-11-5045	93.556	168,459
TANF Cluster:			
Temporary Assistance for Needy Families	G-1011-11-5044	93.558	2,460,130
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families	G-1011-11-5044	93.714	<u>179,475</u>
Total TANF Cluster			2,639,605
Child Support Enforcement			
ARRA - Child Support Enforcement	G-1011-11-5044	93.563	798,140
Total Child Support Enforcement Grants	G-1011-11-5044		<u>374,797</u>
			1,172,937
CCDF Cluster:			
Child Care and Development Block Grant	G-1011-11-5044	93.575	6,206
Child Care Mandatory and Matching Funds	G-1011-11-5044	93.596	<u>100,580</u>
Total CCDF Cluster			106,786

GUERNSEY COUNTY

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<i>Passed through Ohio Department of Jobs and Family Services (Continued)</i>			
Child Welfare Services-State Grants	G-1011-11-5044	93.645	\$ 117,314
Foster Care - Title IV-E	G-1011-11-5045	93.658	1,087,643
ARRA - Foster Care - Title IV-E	G-1011-06-0061/G-1011-06-0056		<u>65,587</u>
Total Foster Care - Title IV-E			1,153,230
Adoption Assistance	G-1011-11-5045	93.659	498,925
Social Services Block Grant	G-1011-11-5044	93.667	240,463
Child Abuse and Neglect State Grants	G-1011-11-5045	93.669	1,838
Chafee Foster Care Independence Program	G-1011-11-5045	93.674	17,018
Children's Health Insurance Program	G-1011-11-5044	93.767	4,668
Medical Assistance Program	G-1011-11-5044	93.778	<u>530,000</u>
Total U.S. Department of Health and Human Services			6,935,969
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency</i>			
Hazard Mitigation Grant	FEMA-DR-1580-08R-OH	97.039	171,780
Emergency Management Performance Grants	2009-EP-E9-0061	97.042	18,646
	2010-EP-00-0003		<u>21,700</u>
Total Emergency Management Performance Grants			40,346
Homeland Security Grant Program	2008-GE-T8-0025	97.067	24,473
	2009-SS-T9-0089		<u>3,073</u>
Total Homeland Security Grant Program			<u>27,546</u>
Total U.S. Department of Homeland Security			<u>239,672</u>
Total Federal Awards Expenditures			<u>\$ 11,179,506</u>

The Notes to the Federal Awards Expenditures Schedule are an integral part of the Schedule.

GUERNSEY COUNTY

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports Guernsey County's (the County's) 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 U.S. Department of Health and Human Services and U.S. Department of Transportation 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.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring 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 - CHILD NUTRITION CLUSTER

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

NOTE D - FOOD DONATION PROGRAM

The County reports commodities consumed on the Schedule at the entitlement value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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 expenditure of non-Federal matching funds is not included on the Schedule.

NOTE F - OHIO DEPARTMENT OF JOB AND FAMILY SERVICES ADJUSTMENTS

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to the County Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in July 2010, ODJFS adjusted some of the County's child care expenditures to align them with available funding sources. ODJFS' adjustments were retroactive to the beginning of the grant period (October 1, 2009). Therefore, these July 2010 adjustments affect 2009 calendar-year program expenditures previously reported as follows:

GUERNSEY COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

NOTE F - OHIO DEPARTMENT OF JOB AND FAMILY SERVICES ADJUSTMENTS (Continued)

Child Care Cluster	CFDA #	2009 Federal Expenditures Reported	July 2010 Adjustment	Adjusted 2009 Federal Expenditures Reported
Child Care and Development Block Grant	93.575	\$395,991		\$395,991
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	\$534,001	(\$250,329)	\$283,672
Total		\$929,992	(\$250,329)	\$679,663

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Dave Yost • Auditor of State

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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 19, 2011, wherein we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2010-01 and 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 19, 2011.

The County's response 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.

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

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

Dave Yost
Auditor of State

September 19, 2011



Dave Yost • Auditor of State

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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

Compliance

We have audited the compliance of Guernsey County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of its major federal programs for the year ended December 31, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings lists this instance as Finding 2010-03.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying Schedule of Findings as item 2010-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program 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.

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 19, 2011.

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

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



Dave Yost
Auditor of State

September 19, 2011

GUERNSEY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2010

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Workforce Investment Act Cluster, CFDA Nos. 17.258, 17.259, 17.260, and 17.278 TANF Cluster, CFDA Nos. 93.558 and 93.714 Child Support Enforcement, CFDA No. 93.563 Medical Assistance Program, CFDA No. 93.778 Early Intervention Services (IDEA) Cluster, CFDA Nos. 84.181 and 84.393 Adoption Assistance (Title IV-E), CFDA No. 93.659
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$335,385 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

GUERNSEY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2010
(Continued)

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

FINDING NUMBER 2010-01

Noncompliance Citation

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

Ohio Admin. Code Section 117-2-03(B) requires the County to file its annual financial report pursuant to generally accepted accounting principles. However, the County prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

We recommend the County take the necessary steps to ensure that the annual financial report is prepared and filed on a generally accepted accounting principles basis.

Officials' Response: Guernsey County has not filed GAAP financial statements because we feel that the costs related to the GAAP filing requirements far outweigh the benefits that Guernsey County would realize.

FINDING NUMBER 2010-02

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer (County Auditor) can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

GUERNSEY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2010
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2010-02 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Amounts of less than \$100 may be paid by the County Auditor without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. Blanket Certificates - Fiscal officers may prepare so-called “blanket” certificates not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. Super Blanket Certificate - The County may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Although the obligations paid by the County had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 8.5 percent of the expenditures we tested in 2010, and there was no evidence that the County followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County’s funds exceeding budgetary spending limitations, we recommend that the County Auditor certify that the funds are or will be available prior to an obligation being incurred by the County. When prior certification is not possible, “then and now” certification should be used.

We recommend the County obtain the Auditor’s certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The County Auditor should sign the certification at the time the County incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

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

GUERNSEY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2010
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2010-03
CFDA Title and Number	Community Development Block Grant, CFDA No. 14.228
Federal Award Number / Year	B-F-09-1BB-1 / B-C-09-1BB-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation/Significant Deficiency – Cash Management

24 C.F.R. Section 85.21(c) and Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership’s Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt. Lump sum draw downs are not permitted.

The State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(l), states that the grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

In 2010, draw downs were made, but the disbursements made within 15 days of receipt did not bring the balance on hand to \$5,000 for 75 percent of draw downs. Cash on hand from these draw downs was held for 6 to 85 days past the 15 allowable days, and the highest cash balance from these draw downs over the 15 allowable days ranged from \$9,902 to \$71,500.

Based on our testing utilizing the one percent average 2010 U.S. Treasury Current Value of Funds Rate, we estimate the imputed interest could have been \$318 for the year ended December 31, 2010.

We recommend the County monitor the cash balances in these funds to determine when and how much cash to request. This will help ensure that the monies drawn down are expended within the required time frame.

Officials’ Response and Corrective Action Plan: The County Commissioner’s office will monitor drawdown procedures and forecasting of expenses with responsible personnel to eliminate excess cash balances with an anticipated completion date of December 31, 2011.

GUERNSEY COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-01	A citation was issued under Ohio Admin. Code Section 117-2-03(B) and Ohio Rev. Code Section 117.38 for not preparing and filing the annual report in accordance with Generally Accepted Accounting Principles.	No	Not Corrected. Reissued in the current audit as Finding Number 2010-01.
2009-02	A citation was issued under Ohio Rev. Code Section 5705.41(D)(1) for not properly certifying funds.	No	Not Corrected. Reissued in the current audit as Finding Number 2010-02.
2009-03	A citation was issued under Ohio Dept. of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f) for not complying with the Fifteen-Day rule.	No	Not Corrected. Reissued in the current audit as Finding Number 2010-03.

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Dave Yost • Auditor of State

GUERNSEY COUNTY FINANCIAL CONDITION

GUERNSEY 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 29, 2011