PERRY COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2010

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS

Dave Yost • Auditor of State

Board of Commissioners
Perry County
105 North Main Street
PO Box 127
New Lexington, Ohio 43764

We have reviewed the *Independent Auditor's Report* of Perry County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Perry County is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

October 17, 2011

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J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS

Independent Auditor's Report

County Commissioners
Perry County, Ohio
P. O. Box 248
121 W. Brown Street
New Lexington, Ohio 43764

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Perry 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 did audit the financial statements of the Perry County Regional Airport Authority, a discretely presented component unit. We did not audit the financial statements of PERCO, Inc., a discretely presented component unit. The financial statements of PERCO, Inc. were audited by other auditors whose report thereon has been furnished to us and we base our opinion, insofar as it relates to the amounts included for PERCO, Inc., on the report of other auditors.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit and the report of other auditors provide a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2010, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General Fund, Job and Family Services Fund, Board of Developmental Disabilities Fund, Auto License and Gasoline Tax Fund and County Home Fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is 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 of federal awards expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

J.L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

August 29, 2011

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The discussion and analysis of Perry County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- Net assets of governmental activities increased $421,821. Net assets of the business-type activities decreased $299,738.

- At the end of the current year, the County's governmental funds reported a combined ending fund balance of $14,554,168, an increase of $541,087 from the prior year.

Using This Annual Financial Report

This discussion and analysis is intended to serve as an introduction to Perry County's Modified Cash Financial Statements. Perry 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.

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 a private-sector business.

The *Statement of Net Assets - Modified Cash Basis* presents information on Perry County's modified cash assets.

The *Statement of Activities – Modified 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 Perry County that are principally supported by taxes and intergovernmental receipts (governmental activities).

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, and conservation and development. 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 sewer and water systems are reported here.

Component Units - The County's financial statements include financial data of the Perry County Regional Airport Authority and Perco, Inc. These component units are described in the notes to the financial statements. Component units are separate legal entities which may buy, sell, lease, and mortgage property in their own name and sue or be sued in their own name.

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 two categories: governmental funds and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, 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 Job and Family Services, Board of Developmental Disabilities, Auto License and Gasoline Tax, and the County Home Special Revenue 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 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.

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 Sewer and Water 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 and liabilities relating to the County's self-insured health 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

Recall that the Statement of Net Assets looks at the County as a whole. Table 1 provides a summary of the County's net assets for 2010 compared to 2009.

Table 1
Perry County's Net Assets - Modified Cash Basis

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Equity in Pooled Cash and Cash Equivalents	$14,454,589	$14,077,808	$707,124	$1,006,862	$15,161,713	$15,084,670
Cash in Segregated Accounts	50,244	87,759	0	0	50,244	87,759
Cash With Fiscal Agents	1,227,278	1,144,723	0	0	1,227,278	1,144,723
Totals Assets	15,732,111	15,310,290	707,124	1,006,862	16,439,235	16,317,152
Net Assets						
Restricted for:						
Capital Projects	318,054	267,464	0	0	318,054	267,464
Health	3,692,998	3,331,575	0	0	3,692,998	3,331,575
Public Works	2,588,096	2,439,429	0	0	2,588,096	2,439,429
Human Service	3,119,207	172,618	0	0	3,119,207	172,618
Debt Service	4,856	11,224	0	0	4,856	11,224
Unclaimed Monies	13,140	40,198	0	0	13,140	40,198
Other Purposes	2,749,932	5,732,163	0	0	2,749,932	5,732,163
Unrestricted	3,245,828	3,315,619	707,124	1,006,862	3,952,952	4,322,481
Total Net Assets	$15,732,111	$15,310,290	$707,124	$1,006,862	$16,439,235	$16,317,152

A portion of the County's net assets, $12,486,283 or 76 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, $3,952,952, or 24 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for the fiscal year ended December 31, 2010, and comparisons to fiscal year 2009.

Table 2
Changes in Net Assets

Receipts	Governmental Activites 2010	Business-Type Activities 2010	Total 2010	Governmental Activites 2009	Business-Type Activities 2009	Total 2009
Program Receipts						
Charges for Services	$4,245,616	$1,011,935	$5,257,551	$4,506,937	$1,029,881	$5,536,818
Operating Grants, Contributions, and Interest	15,847,184	0	15,847,184	16,755,346	0	16,755,346
Capital Grants, Contributions, and Interest	0	219,037	219,037	1,950	281,668	283,618
Total Program Receipts	20,092,800	1,230,972	21,323,772	21,264,233	1,311,549	22,575,782
General Receipts and Transfers						
Property Taxes	5,122,711	0	5,122,711	5,042,442	0	5,042,442
Permissive Sales Taxes	2,534,803	0	2,534,803	1,649,500	0	1,649,500
Intergovernmental	968,146	0	968,146	1,032,344	0	1,032,344
Interest	115,634	0	115,634	195,771	0	195,771
Rent	134,694	0	134,694	151,657	0	151,657
Payment in Lieu of Taxes	77,383	0	77,383	43,989	0	43,989
Loan Proceeds	0	398,070	398,070	0	510,299	510,299
Miscellaneous	574,884	41,447	616,331	577,071	0	577,071
Total General Receipts	9,528,255	439,517	9,967,772	8,692,774	510,299	9,203,073
Transfers In	120,007	0	120,007	115,570	0	115,570
Repayment of Airport Authority Loan	33,113	0	33,113	104,600	0	104,600
Total Receipts	29,774,175	1,670,489	31,444,664	30,177,177	1,821,848	31,999,025
Program Disbursements						
General Government:						
Legislative and Executive	2,998,014	0	2,998,014	2,917,178	0	2,917,178
Judicial	1,503,449	0	1,503,449	1,433,116	0	1,433,116
Public Safety	4,481,512	0	4,481,512	4,096,295	0	4,096,295
Public Works	4,781,378	0	4,781,378	5,320,957	0	5,320,957
Public Works - Intergovernmental	0	0	0	12,500	0	12,500
Health	4,748,583	0	4,748,583	4,650,344	0	4,650,344
Human Services	9,290,130	0	9,290,130	10,257,166	0	10,257,166
Community and Economic Development	396,713	0	396,713	688,118	0	688,118
Conservation and Recreation	271,354	0	271,354	261,778	0	261,778
Capital Outlay	402,575	0	402,575	190,932	0	190,932
Loan to Airport Authority	0	0	0	137,713	0	137,713
Debt Service:						
Principal	289,356	0	289,356	276,294	0	276,294
Interest and Fiscal Charges	189,290	0	189,290	200,640	0	200,640
Transfers Out	0	120,007	120,007	0	115,570	115,570
Water	0	569,440	569,440	0	551,399	551,399
Sewer	0	1,280,780	1,280,780	0	1,200,098	1,200,098
Total Disbursements	29,352,354	1,970,227	31,322,581	30,443,031	1,867,067	32,310,098
Change in Net Assets	421,821	(299,738)	122,083	(265,854)	(45,219)	(311,073)
Net Assets Beginning of Year	15,310,290	1,006,862	16,317,152	15,576,144	1,052,081	16,628,225
Net Assets End of Year	$15,732,111	$707,124	$16,439,235	$15,310,290	$1,006,862	$16,317,152

Operating grants were the largest program receipts, accounting for $15,847,184 or 53 percent of total governmental activities receipts. The major recipients of intergovernmental program receipts were the Job and Family Services, Auto License and Gasoline Tax, Mental Health, Children Services, and Board of Developmental Disabilities governmental departments.

Property tax receipts account for $5,122,711 or 17 percent of total governmental activities receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for $2,543,803 or 9 percent of total receipts.

The County's direct charges to users of governmental services made up $4,245,616 or 14 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 $9,290,130, or 32 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include health programs, public safety programs and public works programs, which accounted for $4,748,583, $4,481,512, and $4,781,378, or 16 percent, 15 percent and 16 percent, respectively, of total disbursements.

Business-Type Activities

The net assets for business-type activities decreased $299,738 during 2010. Charges for services accounted for $1,011,935 or 61 percent of receipts. The remaining $658,554, or 39 percent, of revenue represented the loan proceeds from OWDA, capital grants and miscellaneous general receipts.

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

Table 3
Governmental Activities

	Total Cost of Services 2010	Net Cost (Gain) of Services 2010	Total Cost of Services 2009	Net Cost (Gain) of Services 2009
General Government:				
Legislative and Executive	$2,998,014	$1,369,381	$2,917,178	$1,374,303
Judicial	1,503,449	813,309	1,433,116	780,587
Public Safety	4,481,512	2,263,771	4,096,295	1,743,735
Public Works	4,781,378	(90,389)	5,320,957	25,707
Public Works - Intergovernmental	0	0	12,500	12,500
Health	4,748,583	1,848,722	4,650,344	2,078,361
Human Services	9,290,130	2,072,353	10,257,166	2,044,948
Community and Economic Development	396,713	(170,168)	688,118	51,300
Conservation and Recreation	271,354	271,354	261,778	261,778
Capital Outlay	402,575	402,575	190,932	190,932
Loan to Airport Authority	0	0	137,713	137,713
Principal Retirement	289,356	289,356	276,294	276,294
Interest and Fiscal Charges	189,290	189,290	200,640	200,640
Total Expenses	$29,352,354	$9,259,554	$30,443,031	$9,178,798

Charges for services, operating grants, and capital grants of $20,092,800, or 68 percent of the total costs of services, are received and used to fund the general government disbursements of the County. The remaining $9,259,554 in general government disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, rental payments, interest, and miscellaneous receipts.

The $2,072,353 and $2,263,771 in net cost of services for Human Services and Public Safety demonstrate the costs of services that are not supported from state and federal resources.

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 $14,554,168, an increase of $541,087 in comparison with the prior year. $12,991,446, or 89 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 ($1,549,582) or other restricted purposes ($13,140). 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 $1,930,217, while total fund balance was $2,081,025. 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 31 percent to total General Fund disbursements, while total fund balance represents 33 percent of that same amount.

The fund balance of the County's General Fund increased $22,417 during 2010. This increase was mainly due to the one-half percent increase in sales tax imposed by the County.

At the end of 2010, the Job and Family Services Special Revenue Fund had a fund balance of $208,233, in comparison to a fund balance of $172,618 at the end of 2009. This change is primarily due to a decrease in grant receipts and overall expenditures during 2010. In addition, the Job and Family Services Special Revenue Fund received a transfer in the amount of $182,897 from the General Fund.

At the end of 2010, the Board of Developmental Disabilities Special Revenue Fund had a fund balance of $3,511,838, in comparison to a fund balance of $3,331,575 at the end of 2009. This change is primarily due to an increase in grant receipts during 2010.

At the end of 2010, the Auto License and Gasoline Tax Special Revenue Fund had a fund balance of $2,588,096, in comparison to a fund balance of $2,439,429 at the end of 2009. This change is due to a decrease in expenditures associated with County projects as a direct result of a decrease in state and federal grants pertaining to capital projects in 2010.

At the end of 2010, the County Home Special Revenue Fund had a fund balance of $1,769,107, in comparison to a fund balance of $1,609,090 at the end of 2009. This increase is primarily due to an increase in the number of residents in 2010.

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for Sewer and Water 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 County uses an internal service fund to account for the self-insurance program. The Self-Insurance Fund accounts for the claims and relating to the County's self-insured health program.

As of December 31, 2010, unrestricted net assets for the County's enterprise funds were $707,124.

As of December 31, 2010, unrestricted net assets in the self-insurance program were $1,177,943.

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. Fluctuations in growth and diversity have typically not occurred in Perry County, allowing department managers the ability to consistently predict receipts and disbursements.

Capital Assets and Debt Administration

Capital Assets - The County does not track their capital assets and no information relating to capital assets is being presented.

Long-Term Obligations - As of December 31, 2010, the County had total general obligation bonded debt outstanding of $2,985,000 for the remodeling of the Jobs and Family Services building. The majority of the bonded debt is expected to be repaid through governmental activities, with a portion being paid by the water fund.

In addition to the bonded indebtedness, the County has a number of outstanding loans with government agencies in regards to water and sewer activities and capital lease/ purchase agreements with Johnson Controls. The total principal outstanding as of December 31, 2010, is $14,810,096 for water and sewer activities. The repayment of these loans will be made through user fees and charges. The total principal outstanding as of December 31, 2010, is $764,472 for the capital lease/ purchase agreements. See Note 11 for capital leases and Note 12 for additional information regarding the County's debt.

Economic Factors

The unemployment rate for the County is currently 12 percent, which is an increase from 10.3 percent in 2009. Perry County has long been considered a manufacturing and agricultural County. The increase in unemployment is directly related to the financial hardships of the region due to the trends of the economy.

Real property values within the County have risen over the past several years, and are now at an all time high. While overall employment in the County has been steady our industrial base within the County has been shrinking. Perry County's decade long investment in residential infrastructure is establishing it as a residential bedroom community of surrounding metropolitan counties. This has improved the tax base for schools, libraries, and local governments.

The various economic factors were considered in the preparation of the County's 2011 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

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: Teresa Stevenson, Perry County Auditor, 105 North Main Street, New Lexington, Ohio 43764.

Basic Financial Statements

Perry County, Ohio

Statement of Net Assets - Modified Cash Basis

December 31, 2010

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	PERCO, Inc.	Perry County Regional Airport Authority
Assets					
Equity in Pooled Cash and Cash Equivalents	$14,454,589	$707,124	$15,161,713	$0	$21,732
Cash in Segregated Accounts	50,244	0	50,244	700,342	0
Cash With Fiscal Agents	1,227,278	0	1,227,278	0	0
Total Assets	15,732,111	707,124	16,439,235	700,342	21,732
Net Assets					
Restricted for:					
Capital Projects	318,054	0	318,054	0	0
Health	3,692,998	0	3,692,998	0	0
Public Works	2,588,096	0	2,588,096	0	0
Human Services	3,119,207	0	3,119,207	0	0
Debt Service	4,856	0	4,856	0	0
Unclaimed Monies	13,140	0	13,140	0	0
Other Purposes	2,749,932	0	2,749,932	0	0
Unrestricted	3,245,828	707,124	3,952,952	700,342	21,732
Total Net Assets	$15,732,111	$707,124	$16,439,235	$700,342	$21,732

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2010

		Program Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	$2,998,014	$1,592,842	$35,791	$0
Judicial	1,503,449	646,802	43,338	0
Public Safety	4,481,512	168,341	2,049,400	0
Public Works	4,781,378	759,058	4,112,709	0
Health	4,748,583	463,763	2,436,098	0
Human Services	9,290,130	614,810	6,602,967	0
Community and Economic Development	396,713	0	566,881	0
Conservation and Recreation	271,354	0	0	0
Capital Outlay	402,575	0	0	0
Debt Service:				
Principal Retirement	289,356	0	0	0
Interest and Fiscal Charges	189,290	0	0	0
Total Governmental Activities	29,352,354	4,245,616	15,847,184	0
Business-Type Activities				
Sewer Fund	1,280,780	336,375	0	219,037
Water Fund	569,440	675,560	0	0
Total Business-Type Activities	1,850,220	1,011,935	0	219,037
Total Primary Government	$31,202,574	$5,257,551	$15,847,184	$219,037
Component Unit:				
PERCO, Inc.	$427,803	$459,910	$170,098	$0
Perry County Regional Airport Authority	106,074	0	81,850	0
Total Component Unit	$533,877	$459,910	$251,948	$0

General Receipts

Property Taxes Levied for:

General Purposes

Board of Developmental Disabilities

Community Mental Health

Children Services

County Home

Senior Center

Debt Service

Sales Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Interest

Rent

Payment in Lieu of Taxes

Miscellaneous

Loan Proceeds

Total General Receipts

Transfers

Repayment of Airport Authority Loan

Total General Receipts and Other Financing Sources(Uses)

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				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	PERCO, Inc.	Perry County Regional Airport Authority
($1,369,381)	$0	($1,369,381)	$0	$0
(813,309)	0	(813,309)	0	0
(2,263,771)	0	(2,263,771)	0	0
90,389	0	90,389	0	0
(1,848,722)	0	(1,848,722)	0	0
(2,072,353)	0	(2,072,353)	0	0
170,168	0	170,168	0	0
(271,354)	0	(271,354)	0	0
(402,575)	0	(402,575)	0	0
(289,356)	0	(289,356)	0	0
(189,290)	0	(189,290)	0	0
(9,259,554)	0	(9,259,554)	0	0
0	(725,368)	(725,368)	0	0
0	106,120	106,120	0	
0	(619,248)	(619,248)	0	0
(9,259,554)	(619,248)	(9,878,802)	0	0
0	0	0	202,205	0
0	0	0	0	(24,224)
0	0	0	202,205	(24,224)
1,787,993	0	1,787,993	0	0
1,431,471	0	1,431,471	0	0
217,260	0	217,260	0	0
465,802	0	465,802	0	0
979,237	0	979,237	0	0
144,706	0	144,706	0	0
96,242	0	96,242	0	0
2,534,803	0	2,534,803	0	0
968,146	0	968,146	0	0
115,634	0	115,634	9,730	0
134,694	0	134,694	0	0
77,383	0	77,383	0	0
574,884	41,447	616,331	0	0
0	398,070	398,070	0	0
9,528,255	439,517	9,967,772	9,730	0
120,007	(120,007)	0	0	0
33,113	0	33,113	0	(33,113)
153,120	(120,007)	33,113	0	(33,113)
421,821	(299,738)	122,083	211,935	(57,337)
15,310,290	1,006,862	16,317,152	488,407	79,069
$15,732,111	$707,124	$16,439,235	$700,342	$21,732

Perry County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2010

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	$2,067,885	$208,233	$2,284,560	$2,588,096	$1,769,107	$4,345,625	$13,263,506
Restricted Cash and Cash Equivalents	13,140	0	0	0	0	0	13,140
Cash in Segregated Accounts	0	0	0	0	0	50,244	50,244
Cash With Fiscal Agents	0	0	1,227,278	0	0	0	1,227,278
Total Assets	$2,081,025	$208,233	$3,511,838	$2,588,096	$1,769,107	$4,395,869	$14,554,168
Fund Balances							
Reserved for Encumbrances	$137,668	$96,303	$165,113	$703,372	$80,078	$367,048	$1,549,582
Reserved for Unclaimed Monies	13,140	0	0	0	0	0	13,140
Unreserved:							
Undesignated, Reported in:							
General Fund	1,930,217	0	0	0	0	0	1,930,217
Special Revenue Funds	0	111,930	3,346,725	1,884,724	1,689,029	3,733,127	10,765,535
Debt Service Funds	0	0	0	0	0	4,856	4,856
Capital Projects Funds	0	0	0	0	0	290,838	290,838
Total Fund Balances	$2,081,025	$208,233	$3,511,838	$2,588,096	$1,769,107	$4,395,869	$14,554,168

See accompanying notes to the basic financial statements

Perry County, Ohio

Reconciliation of Total Governmental Fund Balances to

Net Assets - Modified Cash Assets of Governmental Activities

December 31, 2010

Total Governmental Fund Balances	$14,554,168
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.	1,177,943
Net Assets of Governmental Activities	$15,732,111

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Modified Cash Receipts, Disbursements and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2010

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Other Governmental Funds	Total Governmental Funds
Receipts							
Property Taxes	$1,787,993	$0	$1,431,471	$0	$979,237	$924,010	$5,122,711
Sales Taxes	2,534,803	0	0	0	0	0	2,534,803
Payment in Lieu of Taxes	77,383	0	0	0	0	0	77,383
Charges for Services	809,264	381,792	351,270	0	145,843	1,607,443	3,295,612
Licenses and Permits	2,837	0	0	0	0	301,311	304,148
Fines and Forfeitures	299,591	0	0	7,879	0	191,529	498,999
Intergovernmental	868,216	4,250,810	2,373,837	4,149,745	219,343	5,100,195	16,962,146
Interest	79,235	0	0	41	0	0	79,276
Rent	0	0	0	0	0	134,694	134,694
Miscellaneous	33,630	93,084	300,287	0	133	147,750	574,884
Total Receipts	6,492,952	4,725,686	4,456,865	4,157,665	1,344,556	8,406,932	29,584,656
Disbursements							
Current:							
General Government:							
Legislative and Executive	2,204,255	0	0	0	0	819,969	3,024,224
Judicial	1,171,432	0	0	0	0	346,758	1,518,190
Public Safety	2,038,702	0	0	0	0	2,466,676	4,505,378
Public Works	0	0	0	4,008,998	0	780,983	4,789,981
Health	111,053	0	4,276,602	0	0	361,961	4,749,616
Human Services	309,232	4,872,968	0	0	1,184,539	2,943,273	9,310,012
Community and Economic Development	12,500	0	0	0	0	384,213	396,713
Conservation and Recreation	271,354	0	0	0	0	0	271,354
Capital Outlay	0	0	0	0	0	402,575	402,575
Debt Service:							
Principal Retirement	78,571	0	0	0	0	210,785	289,356
Interest and Fiscal Charges	27,814	0	0	0	0	161,476	189,290
Total Disbursements	6,224,913	4,872,968	4,276,602	4,008,998	1,184,539	8,878,669	29,446,689
Excess of Receipts Over (Under) Disbursements	268,039	(147,282)	180,263	148,667	160,017	(471,737)	137,967
Other Financing Sources (Uses)							
Advances In	510,219	0	0	0	0	419,965	930,184
Advances Out	(419,965)	0	0	0	0	(260,219)	(680,184)
Transfers In	115,000	182,897	0	0	0	421,099	718,996
Transfers Out	(483,989)	0	0	0	0	(115,000)	(598,989)
Repayment of Airport Authority Loan	33,113	0	0	0	0	0	33,113
Total Other Financing Sources (Uses)	(245,622)	182,897	0	0	0	465,845	403,120
Net Change in Fund Balances	22,417	35,615	180,263	148,667	160,017	(5,892)	541,087
Fund Balances Beginning of Year	2,058,608	172,618	3,331,575	2,439,429	1,609,090	4,401,761	14,013,081
Fund Balances End of Year	$2,081,025	$208,233	$3,511,838	$2,588,096	$1,769,107	$4,395,869	$14,554,168

See accompanying notes to the basic financial statements

Perry County, Ohio

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

Net Change in Fund Balances - Governmental Funds	$541,087
Amounts reported for governmental activities in the statement of activities are different because:	
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net disbursements of the internal service fund is allocated among the governmental activities.	(119,266)
Change in Net Assets of Governmental Activities	$421,821

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Receipts, Disbursements and Changes in
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property Taxes	$1,836,857	$1,836,857	$1,787,993	($48,864)
Sales Taxes	1,650,000	1,650,000	2,534,803	884,803
Payment in Lieu of Taxes	45,000	45,000	77,383	32,383
Charges for Services	772,505	772,505	809,264	36,759
Licenses and Permits	2,450	2,450	2,837	387
Fines and Forfeitures	347,911	347,911	318,592	(29,319)
Intergovernmental	845,760	845,760	881,793	36,033
Interest	250,000	250,000	68,268	(181,732)
Miscellaneous	1,000	1,000	33,630	32,630
Total Receipts	5,751,483	5,751,483	6,514,563	763,080
Disbursements				
Current:				
General Government:				
Legislative and Executive	2,375,220	2,935,292	2,271,516	663,776
Judicial	1,251,403	1,251,453	1,197,066	54,387
Public Safety	2,107,627	1,730,780	2,063,488	(332,708)
Public Works - Intergovernmental	0	0	12,500	(12,500)
Health	131,727	117,178	116,614	564
Human Services	329,317	338,403	323,658	14,745
Conservation and Recreation	263,453	261,954	271,354	(9,400)
Debt Service:				
Principal Retirement	98,795	95,815	78,571	17,244
Interest and Fiscal Charges	28,792	33,919	27,814	6,105
Total Disbursements	6,586,334	6,764,794	6,362,581	402,213
Excess of Receipts Over (Under) Disbursements	(834,851)	(1,013,311)	151,982	1,165,293
Other Financing Sources (Uses)				
Transfers In	0	0	115,000	115,000
Advances In	0	0	510,219	510,219
Advance Out	(70,226)	(82,589)	(419,965)	(337,376)
Transfers Out	(116,290)	(305,533)	(483,989)	(178,456)
Repayment of Airport Authority Loan	0	0	33,113	33,113
Total Other Financing Sources (Uses)	(186,516)	(388,122)	(245,622)	142,500
Net Change in Fund Balance	(1,021,367)	(1,401,433)	(93,640)	1,307,793
Fund Balance Beginning of Year	1,755,499	1,755,499	1,755,499	0
Prior Year Encumbrances Appropriated	152,888	152,888	152,888	0
Fund Balance End of Year	$887,020	$506,954	$1,814,747	$1,307,793

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Charges for Services	$360,000	$339,813	$381,792	$41,979
Intergovernmental	5,856,500	4,351,265	4,248,883	(102,382)
Miscellaneous	255,000	208,646	93,084	(115,562)
Total Receipts	6,471,500	4,899,724	4,723,759	(175,965)
Disbursements				
Current:				
Human Services	6,944,825	5,098,151	4,969,271	128,880
Excess of Receipts Under Disbursements	(473,325)	(198,427)	(245,512)	(304,845)
Other Financing Source				
Transfers In	350,000	182,897	182,897	0
Net Change in Fund Balance	(123,325)	(15,530)	(62,615)	(47,085)
Fund Balance Beginning of Year	6,765	6,765	6,765	0
Prior Year Encumbrances Appropriated	165,825	165,825	165,825	0
Fund Balance End of Year	$49,265	$157,060	$109,975	($47,085)

See accompanying notes to the basic financial statements

Perry County, Ohio

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property Taxes	$1,499,942	$1,434,844	$1,431,471	($3,373)
Charges for Services	384,495	384,495	377,923	(6,572)
Intergovernmental	1,673,982	1,627,193	2,510,064	882,871
Miscellaneous	98,954	210,841	300,287	89,446
Total Receipts	3,657,373	3,657,373	4,619,745	962,372
Disbursements				
Current:				
Health	4,427,934	4,507,934	4,441,715	66,219
Net Change in Fund Balance	(770,561)	(850,561)	178,030	1,028,591
Fund Balance Beginning of Year	2,866,786	2,866,786	2,866,786	0
Prior Year Encumbrances Appropriated	220,705	220,705	220,705	0
Fund Balance End of Year	$2,316,930	$2,236,930	$3,265,521	$1,028,591

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Auto License and Gasoline Tax Fund
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Fines and Forfeitures	$21,500	$21,500	$8,727	($12,773)
Intergovernmental	4,393,500	4,427,700	4,149,745	(277,955)
Interest	50,000	50,000	202	(49,798)
Total Receipts	4,465,000	4,499,200	4,158,674	(340,526)
Disbursements				
Current:				
Public Works	4,662,443	5,317,736	4,712,370	605,366
Net Change in Fund Balance	(197,443)	(818,536)	(553,696)	(945,892)
Fund Balance Beginning of Year	2,240,977	2,240,977	2,240,977	0
Prior Year Encumbrances Appropriated	197,443	197,443	197,443	0
Fund Balance End of Year	$2,240,977	$1,619,884	$1,884,724	($945,892)

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Receipts, Disbursements and Changes in
in Fund Balance - Budget and Actual (Budget Basis)
County Home Fund
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property Taxes	$978,973	$978,951	$979,237	$286
Charges for Services	178,200	178,200	145,843	(32,357)
Intergovernmental	263,471	263,493	227,728	(35,765)
Miscellaneous	175	175	133	(42)
Total Receipts	1,420,819	1,420,819	1,352,941	(67,878)
Disbursements				
Current:				
Human Services	1,299,736	1,329,736	1,264,617	65,119
Net Change in Fund Balance	121,083	91,083	88,324	(2,759)
Fund Balance Beginning of Year	1,482,749	1,482,749	1,482,749	0
Prior Year Encumbrances Appropriated	62,519	62,519	62,519	0
Fund Balance End of Year	$1,666,351	$1,636,351	$1,633,592	($2,759)

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Fund Net Assets

Proprietary Funds

December 31, 2010

	Business-Type Activities			Governmental Activity-
	Sewer Enterprise Fund	Water Enterprise Fund	Total	Internal Service Fund
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	$612,244	$94,880	$707,124	$1,177,943
Total Assets	612,244	94,880	707,124	1,177,943
Net Assets				
Unrestricted	612,244	94,880	707,124	1,177,943
Total Net Assets	$612,244	$94,880	$707,124	$1,177,943

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended December 31, 2010

	Business-Type Activities			Governmental Activity-
	Sewer Enterprise Fund	Water Enterprise Fund	Total	Internal Service Fund
Operating Receipts				
Charges for Services	$336,375	$675,560	$1,011,935	$0
Charges for Services - Health Benefits	0	0	0	3,388,256
Interest	0	0	0	36,399
Total Operating Receipts	336,375	675,560	1,011,935	3,424,655
Operating Disbursements				
Personal Services	119,075	37,325	156,400	0
Contractual Services	110,142	173,329	283,471	0
Contractual Services - Health Benefits	0	0	0	471,447
Materials and Supplies	36,044	5,008	41,052	0
Claims - Health Benefits	0	0	0	2,822,474
Capital Outlay	518,008	0	518,008	0
Other	10,829	8,266	19,095	0
Debt Service:				
Principal Retirement	243,648	270,668	514,316	0
Interest and Fiscal Charges	243,034	74,844	317,878	0
Total Operating Disbursements	1,280,780	569,440	1,850,220	3,293,921
Operating Gain (Loss)	(944,405)	106,120	(838,285)	130,734
Non-Operating Receipts				
Other Non-Operating Revenue	15	41,432	41,447	0
Capital Grants	219,037	0	219,037	0
Proceeds of Loans	398,070	0	398,070	0
Total Non-Operating Receipts	617,122	41,432	658,554	0
Income (Loss) Before Transfers and Advances	(327,283)	147,552	(179,731)	130,734
Advance Out	0	0	0	(250,000)
Transfers Out	0	(120,007)	(120,007)	0
Total Advances/Transfers	0	(120,007)	(120,007)	(250,000)
Change in Net Assets	(327,283)	27,545	(299,738)	(119,266)
Net Assets Beginning of Year	939,527	67,335	1,006,862	1,297,209
Net Assets End of Year	$612,244	$94,880	$707,124	$1,177,943

See accompanying notes to the basic financial statements

Perry County, Ohio

Statement of Fiduciary Net Assets - Modified Cash Basis

Agency Funds

December 31, 2010

Assets	
Equity in Pooled Cash and Cash Equivalents	$2,420,782
Cash and Cash Equivalents in Segregated Accounts	226,409
Total Assets	$2,647,191
Net Assets	
Restricted for:	
District Board of Health	$1,067,515
Undivided Tax	859,625
Payroll	247,554
Family and Children First Council	188,781
Sheriff	115,464
County Court	110,945
Housing Trust	55,248
Ohio Election Commission	1,610
Soil and Water Conservation	449
Total Net Assets	$2,647,191

See accompanying notes to the financial statements

Note 1 – Reporting Entity

Perry County, Ohio (The County), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three County Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that 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 Perry County, this includes the Perry County Board of Developmental Disabilities (BDD), Perry County Home, Children Services Board, and departments and activities that are directly operated by the elected County 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 organizations governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. 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.

Discretely Presented Component Units

The component unit column on the financial statements identifies the financial data of the County's component units, the Perry County Regional Airport Authority and PERCO Inc. These are reported separately to emphasize that they are legally separate from the County. Information about these component units is presented in Notes 17 and 18 to the basic financial statements.

The Perry County Regional Airport Authority (the Authority) was created by resolution of the County Commissioners under Ohio Revised Code Section 308.01. The purpose of the Authority is for the acquisition, construction, operation, and maintenance of the airport and its facilities in Perry County. The Authority operates under the direction of a six-member Board of Trustees, appointed by the County Commissioners. A Secretary-Treasurer is responsible for the fiscal accounting of the resources of the Authority. Services provided by the Authority include the means by which to aid the safe taking off and landing of aircraft, storage and maintenance of aircraft, and the safe and efficient operation of the airport. The Authority is considered to be a component unit of Perry County and is discretely presented. The Nature and significance of the relationship between the County and the Authority is such that exclusion would cause the County's financial statements to be misleading. The Authority operates on a fiscal year ending on December 31.

PERCO, Inc. (PERCO), is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. PERCO, under a contractual agreement with the Perry County Board of Developmental Disabilities (BDD), provides sheltered employment for developmentally disabled adults in Perry County. The Perry County Board of DD provides PERCO Inc. with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of PERCO Inc. Based on the significant services and resources provided by the County to PERCO Inc. and PERCO Inc.'s sole purpose of providing assistance to the developmentally disabled adults of Perry County, PERCO Inc. is considered to be a component unit of Perry County. The nature and significance of the relationship between the County and the workshop is such that exclusion would cause the County's financial statements to be misleading or incomplete. PERCO Inc. operates on a fiscal year ending December 31. Separately-audited statements for PERCO Inc. are available from Beth Pompey, Fiscal Officer, 499 N. State Street, New Lexington, Ohio 43701.

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Perry County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

Perry County Soil and Water Conservation District The 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.

Perry County Health Department The Department is governed by the Board of Health which oversees the operation of the Department and is elected by a regional advisory council comprising township trustees, mayors of participating municipalities, and one County Commissioner. The council adopts its own budget 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.

Perry County Family & Children First Council The Perry County Family, Adult, and Children First Council is created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Perry County Alcohol, Drug Addiction, and Mental Health Board; Health Commissioner of the Perry Department of Health; Director of the Perry County Human Services; Director of the Children Services Department; Superintendent of the Perry County Board of Development Disabilities; the Perry County Juvenile Court Judge; Superintendent of New Lexington City Schools; Superintendent of Perry County Board of Education; a representative of the City of New Lexington; Chair of the Perry County Commissioners; State Department of Youth Services regional representative; representative from the County Head Start Agencies; a representative of the County's early intervention collaboration established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986;" 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. The Council's revenues will consist of operating grants along with pooled funding from other government sources. In 2010, the County made no contributions 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.

C. Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the modified cash basis of accounting, the County does not report assets for equity interests in joint ventures. The Corrections Commission of Southeastern Ohio (the "Commission") is a joint venture of which Athens, Hocking, Morgan, and Perry counties are members. The Commission is a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission was established to use the authority common to the members to develop, construct, operate, and administer a multi-county correctional center to augment county jail programs and facilities.

The Commission was established by the Board of County Commissioners of Athens, Hocking, Morgan, and Perry counties. The Commission is directed by one commissioner from each participating county, along with the sheriff and the presiding judge of the court of common pleas of each participating county. Any of these may name other representatives to fulfill this duty. The presiding judge for Hocking County chose to neither participate nor name a representative so there were 11 directors of the Commission in 2010. Each member county is responsible for a portion of the capital and operating budget as follows:

Athens County	42.46%	Perry County	25.14%
Hocking County	18.99%	Morgan County	13.41%

Complete financial statements of the Commission may be obtained from its administrative office.

The County participates in several jointly governed organizations and a public entity risk pool. These organizations are presented in Notes 14 and 15 to the basic financial statements. These organizations are:

Buckeye Hills Resource Conservation and Development Project
Buckeye Hills-Hocking Valley Regional Development District
Coshocton-Fairfield-Licking-Perry Solid Waste District
Mental Health and Recovery Services Board of Muskingum County
Mid Eastern Ohio Regional Council of Governments (MEORC)
Perry County Family and Children First Council
Local Workforce Investment Board
Fairfield, Hocking, Licking, and Perry Multi-County Juvenile Detention System
County Risk Sharing Authority, Inc. (CORSA)

The financial statements exclude the following entities which perform activities within the County's boundaries for the benefit of its residents because the County is not financially accountable for these entities nor are they fiscally dependent on the County:

Perry County Educational Service Center
Hocking College (Perry County Branch)

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified 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 and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified 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. 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 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-modified cash basis and the statement of activities-modified cash basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and cash disbursements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets-modified cash basis presents the cash balance of the governmental and business-type activities of the County at year end. The statement of activities-modified cash basis 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 receipts of interest earned on grants that are 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 modified cash basis or draws from the general receipts of the County.

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 from 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 typically 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.
>
> Job and Family Services – This fund accounts for federal, state, and local monies used to provide general relief and to pay providers of medical assistance and social services.
>
> Board of Developmental Disabilities – This fund accounts for assistance for the mentally handicapped and developmentally disabled. A county-wide property tax levy, along with federal and state grants, provides the revenues for this fund.
>
> Auto License and Gasoline Tax - This fund accounts for State levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to County road and bridge repair/improvements programs.
>
> County Home Fund - To account for revenues for room and board as well as property taxes used to administer and operate the County Home.

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

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 Fund - 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 a description of the County's major enterprise funds:

> Sewer – This fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.
>
> Water - The Water Fund is used to account for the revenues generated from the charges for distribution of water to the residential and commercial users of the County. The costs of providing these services are financed 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 therefore not available to support the County's own programs. The County did not have any trust funds in 2010. Agency funds are purely custodial 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 modified 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 modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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 County Commissioners at the fund, 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 final 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 Cash Equivalents

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

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

Cash that is held by Mid East Ohio Regional Council (See Note 14) is recorded as "Cash with Fiscal Agents."

Cash and cash equivalents of PERCO Inc. are held by the component unit and are recorded as "Cash in Segregated Accounts".

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.

During 2010, the County invested in nonnegotiable certificates of deposit, money market savings account, federal agency securities, money market mutual funds, and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio'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 amounted to $79,235, which includes $69,861 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. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted.

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. The financial statements do not report these assets.

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, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's modified cash-basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers within governmental activities on the government-wide statements are eliminated. 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Long-term Obligations

The County's modified 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. Fund Balance Reserves

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available, expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

O. 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 activities of the County's courts and Sheriff's Office. 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 County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 modified 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.

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41(B), Revised Code.

	Excess
General Fund:	
Public Safety	($332,708)
Public Works - Intergovernmental	(12,500)
Conservation and Recreation	(9,400)

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 Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

	General	Job and Family Services	Board of Developmental Disabled	Auto License and Gasoline Tax	County Home
Cash Basis	$22,417	$35,615	$180,263	$148,667	$160,017
Unreported Cash:					
Beginning of Year	28,992	28	150,663	1,009	0
End of Year	(26,766)	(1,955)	(2,214)	0	(1,535)
Agency Fund Distribution:					
Beginning of Year	121,229	0	93,421	0	63,822
End of Year	(101,844)	0	(78,990)	0	(53,902)
Encumbrances	(137,668)	(96,303)	(165,113)	(703,372)	(80,078)
Budget Basis	($93,640)	($62,615)	$178,030	($553,696)	$88,324

Note 5 – Deposits and Investments

State statutes classify monies held by the County into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and

6. The State Treasurer's investment pool (STAROhio).

The County may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and

3. Obligations of the County.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the County has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or 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 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, the County's bank balance was $14,525,914. Of the bank balance, $9,533,842 was covered by Federal depository insurance and $4,992,072 was exposed to custodial credit risk because it was uninsured and uncollateralized. This does not include $1,227,278 in Cash with Fiscal Agents which is held by MEORC which cannot be disclosed by risk because it is co-mingled with other Counties' moneys.

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

Investments

Investments are reported at fair value. As of December 31, 2010, the County had the following investments:

	Fair Value	Maturity
Federal National Mortgage Association Note	$1,005,110	December 31, 2014
Federal Farm Credit Bank Bonds	997,280	December 8, 2014
Money Market Mutual Funds	530,680	7 Days
Federal National Mortgage Association Note	501,885	March 18, 2014
STAROhio	374,178	58 days
Total Portfolio	$3,409,133	

Interest Rate Risk The County does not have an investment policy that addresses interest risk. 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.

Credit Risk. STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that would further limit its investment choices. The Federal National Mortgage Association and The Federal Farm Credit Bank Securities carry a rating of AAA by Standard and Poor's.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County's investment policy places no limit on the amount it may invest in any one issuer. The following is the County's allocation as of December 31, 2010:

Investment Issuer	Percentage of Investments
Federal National Mortgage Association Note	44.20%
Federal Farm Credit Bank Bonds	29.25
Money Markets	15.57
STAROhio	10.98

Note 6 – Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Proceeds of the tax are credited to the General 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 the amount of the tax to be returned to the County to the State Auditor. 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) is for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law 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 currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, 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. In prior years, tangible personal property was assessed at 25 percent of true value for machinery and equipment and 23 percent for inventory. The tangible personal property tax is being phased out – the assessed percentage for all property including inventory for 2010 it was reduced to zero.

The full tax rate for all County operations for which 2010 property tax receipts were based upon was $17.90 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	$481,894,200
Public Utility Tangible Personal Property	41,966,270
Total Assessed Value	$523,860,470

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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due March 5; if paid semi-annually, the first payment is due March 5, with the remainder payable July 16.

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 collections 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.

Note 8 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the County contract with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. Coverage provided by CORSA is as follows:

	Coverage	Deductible
General Liability	$1,000,000	$2,500
Law Enforcement Liability	1,000,000	2,500
Automobile Liability	1,000,000	2,500
Errors and Omissions Liability	1,000,000	2,500
Excess Liability	5,000,000	0
Property	49,849,953	2,500
Equipment Breakdown	100,000,000	2,500
Crime	1,000,000	2,500
Uninsured Motorists Liability	250,000	0
Medical Professional Liability	6,000,000	0
Bridges	403,117	0

With the exception of medical coverage and worker's compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2009, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2010, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (Plan). 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 counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which 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. 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 County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

The County provides employee medical coverage through a self insured program. The County established a Medical Insurance fund (an internal service fund) to account for and finance employee health benefits. Under this program, the Medical Insurance fund provides coverage up to a maximum of $75,000 per year for each individual. The County purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County participate in the program and make payments to the Medical Insurance fund based on actuarial estimates of the amounts needed to pay prior and current year claims.

Note 9 – Defined Benefit Pension Plans

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

OPERS provides retirement, disability and survivor 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The County's 2010 contribution rate was 14.0 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. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent 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. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008, were $1,017,404, $844,568, and $746,750, respectively; 100 percent has been contributed for all three years. Contributions to the Member-Directed Plan for 2010 were $8,057 made by the County and $5,755 made by plan members.

Note 10 – Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS 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 mandate, 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 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). The Ohio Revised Code provides the statutory authority requiring public employers fund post-employment 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 members. In 2010, state and local government employers contributed 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent 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 $658,945, $547,012, and $731,405, respectively; 100 percent has been contributed for all three years.

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

Note 11 – Capital Leases – Lessee Disclosure

In prior years, the County entered into capitalized leases in order to provide equipment and services in order to update the efficiency of County facilities. This lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statements of modified cash receipts, disbursements, and changes in fund balances for governmental funds.

On April 18, 2008, the County entered into a Lease/ Purchase Agreement with Johnson Controls in the amount of $875,271 to be repaid over ten years with an interest rate of 5.26%. This agreement was entered into to provide equipment and services in order to update the efficiency of County facilities. The County made principal payments during 2010 of $78,571. The annual lease requirements to maturity are as follows:

Year Ended December 31,	Capital Lease/ Purchase Agreement	Interest
2011	$81,467	$24,920
2012	84,469	21,917
2013	87,583	18,804
2014	90,811	15,576
2015	94,158	12,229
2016-2018	270,070	31,357
Total	$708,558	$124,803

On September 19, 2008, the County entered into a Lease/ Purchase Agreement on behalf of Children Services with Johnson Controls in the amount of $68,110 to be repaid over ten years with an interest rate of 7.02%. This agreement was entered into to provide equipment and services in order to update the efficiency of their facilities. The County made principal payments during 2010 of $5,785. The annual lease requirements to maturity are as follows:

Year Ended December 31,	Capital Lease/ Purchase Agreement	Interest
2011	$6,066	$2,538
2012	6,360	2,243
2013	6,669	1,935
2014	6,992	1,611
2015	7,331	1,271
2016-2018	22,496	1,880
Total	$55,914	$11,478

Note 12 – Long-Term Obligations

Changes in the County's long-term obligations during the year consisted of the following:

	Principal Outstanding 12/31/2009	Additions	Deductions	Principal Outstanding 12/31/2010	Amount Due Within One Year
Governmental Activities					
General Obligation Bonds:					
2001 - Various Purpose Improvement Bonds - 3.6%-5.1%	$3,190,000	$0	$205,000	$2,985,000	$210,000
Capital Lease/ Purchase Agreement					
County Buildings - 5.26%	787,129	0	78,571	708,558	81,467
Children Services - 7.02%	61,699	0	5,785	55,914	6,066
Total Capital Leases	848,828	0	84,356	764,472	87,533
Total Governmental Activities	$4,038,828	$0	$289,356	$3,749,472	$297,533
Business-Type Activities					
Ohio Public Works Commission Loans:					
1994 Thornport Water Project - 2.00%	$231,764	$0	$40,274	$191,490	$41,083
2002 Water Systems Improvement Project - 2.00%	60,429	0	2,819	57,610	2,876
2002 Sanitary Sewer Improvements II Project - 2.00%	216,907	0	10,121	206,786	10,325
2009 Thornport-Thornville Wastewater Improvements Project - 0.00%	55,513	216,833	0	272,346	
Total Ohio Public Works Commission Loans	564,613	216,833	53,214	728,232	54,284
Ohio Water Development Authority Loans:					
1998 Buckeye Lake Water Lines - 5.76%	261,224	0	69,639	191,585	73,650
2000 Water Line Construction - 6.41%	89,468	0	3,696	85,772	3,937
2000 Robinwood Estates Sewer Improvements - 6.03%	48,626	0	1,876	46,750	1,990
2000 Crown Wehrle Sewer Improvments - 6.03%	26,196	0	1,010	25,186	1,072
2001 Water Meter Installation - 1.50%	229,294	0	8,869	220,425	9,002
2002 Ceramic Road Area Sewers - 1.00%	602,782	0	22,875	579,907	23,104
2003 Northern Perry Sewers Phase I - 1.00%	935,559	0	34,674	900,885	35,022
2004 Waterline Extension - 1.00%	425,979	0	14,744	411,235	14,892
2004 Waterline Extension Phase 1B - 1.00%	440,030	0	14,579	425,451	14,726
2005 Waterline Extension Phase 1 C - 1.00%	2,635,581	0	85,484	2,550,097	86,341
2007 Sewer Extension Phase II - 1.50%	7,623,891	0	173,092	7,450,799	0
2007 BORWD Waterline Extension - 1.00%	1,043,099	0	30,564	1,012,535	30,870
2010 Sewer System Design - 0.00%	0	181,237	0	181,237	0
Total Ohio Water Development Authority Loans	14,361,729	181,237	461,102	14,081,864	294,606
Total Business-Type Activities	$14,926,342	$398,070	$514,316	$14,810,096	$348,890

The Various Purpose Improvement Bonds were originally issued in 2001 in the amount of $4,550,000, which consist of $2,995,000 in Serial Bonds and $1,555,000 in Term Bonds. These bonds were issued for the purpose of paying the costs of acquiring and improving a building to house personnel and functions of the Human Services Department for $460,000; to renovate the building to house personnel and functions of the Job and Family Services Department for $2,600,000; and to acquire the Perry County Airport and improve the water supply and water works of the Northern Perry County Sewer District for $1,490,000. These bonds were issued for a twenty year period with a final maturity date of December 1, 2021. The bonds are collateralized by the taxing authority of the County.

The Various Purpose Improvement Bonds maturing on or after December 1, 2011, are subject to prior redemption on or after December 1, 2010, by and at the sale option of the County, with in whole or in part on any date and in integral multiples of $5,000, at the following redemption prices, plus accrued interest to the redemption date:

Redemption Dates	Redemption Prices
December 1, 2010 through November 30, 2011	101%
December 1, 2011 and thereafter	100%

The term bonds maturing on December 1, 2021, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2017	$280,000
2018	295,000
2019	310,000
2020	325,000
2021	345,000

Annual debt service requirements to maturity for the remaining Various Purpose Improvement Bonds are as follows:

Year Ended December 31,	General Obligation Bonds	Interest
2011	$210,000	$149,843
2012	220,000	140,393
2013	230,000	130,493
2014	245,000	118,418
2015	255,000	105,555
2016-2020	1,480,000	321,285
2021	345,000	17,593
Total	$2,985,000	$983,580

Ohio Public Works Commission (OPWC) Loans – Water Enterprise Fund

The Ohio Public Works Commission (OPWC) Thornport Water Project Loan was entered into in 1994 in the amount of $734,000 for the purpose of financing a water improvement project in the Thornport area. The loan will be repaid in semiannual installments of $22,354, including interest, over 20 years. This loan is collateralized by utility receipts. The County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) Water System Improvement Project Loan was entered into in 2002 in the amount of $65,903 for the purpose of financing improvements to the water system. Although the loan was entered into in 2002, the principal payments did not begin until 2007. The loan will be repaid in semiannual installments of $2,007, including interest, over 20 years. This loan is collateralized by utility receipts. The County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Annual debt service requirements to maturity for the remaining Ohio Public Works Commission Loans in the Water Fund are as follows:

Year Ended December 31,	Ohio Public Works Commission	Interest
2011	$43,959	$4,763
2012	44,843	3,880
2013	45,744	2,978
2014	46,664	2,059
2015	25,250	1,121
2016-2020	16,538	3,533
2021-2025	18,268	1,803
2026-2027	7,834	197
Total	$249,100	$20,334

Ohio Public Works Commission (OPWC) Loan – Sewer Enterprise Fund

The Ohio Public Works Commission (OPWC) Sanitary Sewer Improvements II Project Loan was entered into in 2002 in the amount of $236,555 for the purpose of financing improvements to the sewer system. Although the loan was entered into in 2002, the principal payments did not begin until 2007. The loan will be repaid in semiannual installments of $7,204, including interest, over 20 years. This loan is collateralized by utility receipts. The County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) Thornport – Thornville Wastewater Improvements Project Loan was entered into in 2009 in the amount of $619,800 for the purpose of financing improvements to the sewer system. As of December 31, 2010, the County had drawn down $272,346. This loan will be repaid over twenty years and the County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Annual debt service requirements to maturity for the remaining Ohio Public Works Commission Sanitary Sewer Improvements II Project Loans are as follows:

Year Ended December 31,	Ohio Public Works Commission	Interest
2011	$10,325	$4,084
2012	10,532	3,877
2013	10,744	3,665
2014	10,960	3,449
2015	11,180	3,229
2016-2020	59,362	12,682
2021-2025	65,573	6,471
2026-2027	28,110	706
Total	$206,786	$38,163

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

The Ohio Water Development Authority (OWDA) Buckeye Lake Water Lines Loan relates to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of $42,343, including interest, over twenty years. In 2005, late fees of $173 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Water Line Construction Loan relates to the extension of water lines of the water system. This loan will be repaid in semiannual installments of $4,686, including interest, over twenty five years. In 2004, OWDA lowered the principal amount of this loan by $6,493. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements. In 2005, late fees of $21 were added to the total principal amount of this loan and subsequently paid within in the year.

The Ohio Water Development Authority (OWDA) Water Meter Installation Loan relates to a loan to install water meters in the Northern Perry County Water District. This loan will be paid in semiannual installments of $6,138, including interest, over thirty years. In 2004, late fees of $13 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Waterline Extension, Waterline Extension Phase 1B, Waterline Extension Phase 1C, and BORWD Waterline Extension Loans relates to planning loans for extending water lines. These loans will be paid in semiannual installments of $9,483, $9,472, $55,813, and $20,459 respectively, including interest, over thirty years. The County has agreed to set utility rates sufficient to cover the debt service requirements of these notes.

The County has pledged future customer revenues, net of specified operating expenses, to repay $4,897,100 in OWDA loans issued from 1998 to 2007. Proceeds from these loans provided financing for various water projects. The loans are payable solely from customer net revenues and are payable through 2039. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues in future years; however, in 2010, principal and interest payments exceeded net revenues. The total principal and interest remaining to be paid on the loans is $5,613,141. Principal and interest payments for the current year were $345,512, net revenues were $147,552 and total revenues were $716,992.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ended December 31,	Ohio Water Development Authority Loans	Interest
2011	$233,418	$54,371
2012	239,524	62,483
2013	203,571	50,875
2014	165,461	46,643
2015	167,430	44,674
2016-2020	868,039	192,479
2021-2025	914,057	137,083
2026-2030	927,944	85,709
2031-2035	917,043	38,027
2036-2039	260,613	3,697
Total	$4,897,100	$716,041

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

The Ohio Water Development Authority (OWDA) Robinwood Estates Sewer Improvement Loan relates to a project to reline the sanitary sewers serving the Robinwood Estates Subdivision. This loan will be repaid in semiannual installments of $2,390, including interest, over twenty five years. In 2004, late fees of $10 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Crown Wehrle Sewer Improvements Loan is for improvements at the wastewater treatment plant mandated by the Ohio Environmental Protection Agency. This loan will be repaid in annual installments of $1,287, including interest, over twenty five years. In 2004, OWDA lowered the principal amount of this loan by $7,335. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Ceramic Road Area Sewers Loan relates to a project to construct a conventional gravity collection system and sewage treatment plant in the Ceramic Road area. This loan will be repaid in semiannual installments of $14,423, including interest, over thirty years. In 2005, late fees of $27 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Northern Perry Sewers Phase I Loan relates to the construction of collection sewers to serve the northern part of the County surrounding Thornport. This loan will be repaid in semiannual installments of $21,972, including interest, over the next twenty nine years. In 2005, late fees of $41 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Sewer Extension Phase II Loan relates to a project for the installation of sewage lines located in the Buckeye Lake vicinity and the sewage will be sent to the Crown Wehrle Wastewater Treatment Plant. As of December 31, 2010, the County had drawn down $7,623,891 and made principal payments in the amount of $173,092. This loan will be repaid over thirty years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Sewer System Design relates to a project for the installation of sewage lines located in the Moore's Junction area. As of December 31, 2010, the County had drawn down $181,237. This loan will be repaid over thirty years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The County has pledged future customer revenues, net of specified operating expenses, to repay $1,552,728 in OWDA loans issued from 1998 to 2007. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2033. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 15 percent of net revenues in future years; however, in 2010, principal and interest payments exceeded net revenues. The total principal and interest remaining to be paid on the loans is $1,770,043. Principal and interest payments for the current year were $486,682, net revenues were ($327,283), and total revenues were $953,477.

The OWDA loans listed above, except for the Sewer Expansion Phase II Loan and Wastewater Treatment Design Loan, are not included in the following amortization schedule since OWDA has not established a payment schedule. Amortization of the above debt, including interest, is scheduled as follows, except for those OWDA notes without payment schedules:

Year Ended December 31,	Ohio Water Development Authority Loans	Interest
2011	$61,188	$18,955
2012	61,959	18,185
2013	62,745	17,397
2014	63,551	16,593
2015	64,376	15,768
2016-2020	334,969	65,749
2021-2025	358,964	41,755
2026-2030	344,375	19,571
2031-2033	200,601	3,342
Total	$1,552,728	$217,315

Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The County's total debt margin was $11,596,487 and the unvoted debt margin was $8,611,487 at December 31, 2010.

Note 13 – Transfers and Advances

Interfund transfers for the year ended December 31, 2010, consisted of the following:

	Transfer from			
Transfer to	General Fund	Other Non-Major Governmental Funds	Water Fund	Total
Major Funds:				
General	$0	$115,000	$0	$115,000
Job and Family Services	182,897	0	0	182,897
Other Non-Major Governmental Funds	301,092	0	120,007	421,099
Total All Funds	$483,989	$115,000	$120,007	$718,996

Advances for the year ended December 31, 2010, consisted of the following:

	Advance from			
Advance to	General Fund	Other Nonmajor Governmental	Internal Service Fund	Total
General	$0	$260,219	$250,000	$510,219
Other Nonmajor Governmental	419,965	0	0	419,965
Total	$419,965	$260,219	$250,000	$930,184

The advances are due to lags between the dates when goods and services are provided, transactions recorded in the accounting system, and payments between funds are made. Also, short term loans were advanced from the General Fund to the Sheriff Litter, Law Library, Transit System, and Homeland Security Special Revenue Funds, the Multi-County Juvenile Capital Facility Capital Projects Fund, and to the Perry County Regional Airport Authority Component Unit. During 2010, the County's Self Insurance Internal Service Fund repaid a long term loan in the amount of $250,000.

Note 14 – Jointly Governed Organizations

A. Buckeye Hills Resource Conservation and Development Project

The Buckeye Hills Resource Conservation and Development Project was organized to lead local efforts directed toward improving social and economic conditions of the Buckeye Hills RC&D Area through development, conservation, and proper use of all the resources of the area. It serves Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The Council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The Council has total control over budgeting, personnel, and all other financial matters. During 2010, the Council received $350 in administrative fees from Perry County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

B. Buckeye Hills-Hocking Valley Regional Development District

The Buckeye Hills-Hocking Valley Regional Development District serves Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The District was created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is governed by a fifteen member board of directors. The board is composed of one member from the City of Marietta and one from the City of Athens, one elected official from each of the participating Counties, and the remaining members are private citizens appointed by the respective political bodies based upon population. The board has total control over budgeting, personnel, and all other financial matters. The District receives Title III monies directly. Currently, a portion of the Title III monies are distributed to the O'Neill Senior Citizens Center Corporation, a private not-for-profit corporation. The County contributed $500 to the District during 2010. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

C. Coshocton-Fairfield-Licking-Perry Solid Waste District

The County is a member of the Coshocton-Fairfield-Licking-Perry Solid Waste District (the District). The purpose of the District is to make disposal of waste in the four-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. A twelve-member board of directors, composed of three commissioners from each county, is responsible for the District’s financial matters. Financial records are maintained by the Licking County Auditor. 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 additional contributions from the County are anticipated. A twenty-one member policy committee, composed 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 sixteen-member Technical Advisory Council, whose members are appointed by the policy committee.

The continued existence of the District is not dependent upon the County’s continued participation, no equity interest exists, and no debt is outstanding.

D. Mental Health and Recovery Services Board of Muskingum County

The Mental Health and Recovery Services Board of Muskingum County (the Board) provides alcohol, drug addiction and mental health services and programs, primarily through contracts with private and public agencies. The Board also provides forensic evaluation services to adult felony courts, and residential services to youth experiencing emotional problems which prevent them from living at home. The Board serves Coshocton, Guernsey, Morgan, Perry, Muskingum, Noble, and Perry Counties and operates under the direction of an eighteen-member appointed Board. Each participating county has agreed to levy a tax within their county to assist in the operation of the Board. The Board also directly receives state and federal funding for its operations. Although the Muskingum County Auditor and County Treasurer are responsible for fiscal control of the resources of the Board, the Board is responsible for budgeting and accounting for the resources at its disposal. Membership on the Board is based upon Ohio law. The continued existence of the Board is not dependent upon the County’s continued participation and no equity interest exists.

E. Mid Eastern Ohio Regional Council of Governments (MEORC)

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

F. Perry County Family and Children First Council

The Perry County Family and Children First Council (the Council) is a jointly governed organization created under Ohio Rev. Code Section 121.37. The Council is made up of the following members: the Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, the Health Commissioner, or the Commissioner's designee, of the Board of Health of each city and general health district in the County; the Director of the Department of Job and Family Services, the Director of the Perry County Children Services Board, the Superintendent of the Perry County Mental Retardation and Development Disabilities, the Juvenile Court Judge, Superintendent of Northern Local Schools, the New Lexington City Administrator, the President of the Perry County Commissioners, the 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 "Education of the Handicapped Act Amendments of 1986", and at least three individuals representing the interests of families in the County. The Perry County Auditor serves as the fiscal agent for the Council. The Perry Board of Development Disabilities serves as the administrative agent for the Council. The continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

G. Local Workforce Investment Board

The Area #14 Local Workforce Investment Board (LWIB) was established July 1, 2004 to aid in the integration of Ohio's workforce development, pursuant to House Bill 470 and the Federal Workforce Investment Act of 1998.

This is accomplished by bringing together business, education, and labor leaders to access workforce needs of employers and training/education needs of job seekers. The LWIB is also charged with establishing fiscal control and fund account procedures to ensure the proper disbursement of an accounting for all funds received through the Workforce Investment Act. The Board consists of 27members representing the following counties: Athens, Hocking, Meigs, Perry and Vinton. Each county has a minimum of one Chief Elected Official (CEO) and his/her appointees to the board. Appointees of the CEO are local business leaders, educators, as well as State mandated representatives from the respective county. In 2010, the County made no contributions to the Board. Continued existence of the Board is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding.

H. Fairfield, Hocking, Licking, and Perry Multi-County Juvenile Detention System

The Fairfield, Hocking, Licking, and Perry Multi-County Juvenile Detention System (the System) is a statutorily created political subdivision of the State. The operation of the System is controlled by a joint board of commissioners consisting of three commissioners from each participating County. The joint board of commissioners exercises total control over the System by budgeting, appropriating, contracting and designating management. The joint board of commissioners appoints a board of twelve trustees to operate the System. The System's continued existence is dependent upon the County's participation. The County has an ongoing financial responsibility and an equity interest exists. Should the County withdrawl, upon the recommendation of the County Juvenile Court Judge, it may sell or lease its interest in the System to another participating county.

Note 15 – Insurance Purchasing Pools

The County Risk Sharing Authority, Inc. (CORSA) is a shared risk pool among thirty-nine counties in Ohio. CORSA was formed as an Ohio non-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. These coverages include comprehensive general liability, automobile liability, certain property insurance, and public officials' errors and omissions liability insurance.

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only County Commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. That participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA.

Note 16 – Contingencies

A. Grants

The County received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2010.

B. Litigation

The County is currently not under any pending litigation

Note 17 – Perry County Regional Airport Authority

The following are the Perry County Regional Airport Authority (the Authority) notes to the financial statements for the year ended December 31, 2010:

A. Summary of Significant Accounting Policies

Basis of Presentation: The Summary of Significant Accounting Policies is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who are responsible for their integrity and objectivity. These accounting policies conform to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Liability for Income Taxes: The Authority is exempt from income tax under Section 501(c)(3) of Internal Revenue Code.

Cash and Cash Equivalents: The Authority considers deposits with maturities of twelve months or less to be cash equivalents.

Property, Plant and Equipment: Fixed assets acquired or constructed for the Authority are recorded as disbursements. Depreciation is not recorded for these fixed assets.

B. Cash and Cash Equivalents

At December 31, 2010, the carrying amount of the Authority's deposits was $21,732 and the bank balance was $21,732. The bank balance was covered by federal depository insurance.

Note 18 – Perco, Inc

The following are the PERCO, Inc. notes to the financial statements for the year ended December 31, 2010:

A. Nature of Activities

Perco, Inc. (Perco) a component unit of Perry County, Ohio, is a nonprofit corporation formed in 1973 under the laws of the State of Ohio. The Organization was formed to rehabilitate and train developmentally disabled adults in Perry County, Ohio within a sheltered workshop environment and to help clients strive for independence and work towards becoming contributing members of their communities.

An ongoing agreement with Perry County Board of Developmental Disabilities (renewed annually) provides the Organization with supervision and programming, and in-kind support in the form of personnel salaries and benefits.

B. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Organization have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statement are not included in the financial statement.

Income Taxes: Perco is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxed is reflected in the accompanying financial statement.

C. Cash

As of December 31, 2010 and 2009, cash consisted of the following:

	2010	2009
Cash checking account - Peoples National Bank	$462,215	$145,150
Certificates of Deposit	238,127	343,257
Total Cash	$700,342	$488,407

At December 31, 2010 and 2009, the amount of $220,746 and $0, respectively, was in excess of the FDIC insurance limit of $250,000.

Perco established a checking account in January 2006 held at Peoples National Bank and is acting in an agency capacity to Perry County Board of Developmental Disabilities in order to assist disabled persons and their families. Perry County Board of Developmental Disabilities holds and writes checks to approved recipients based on certain criteria and replenishes funds by request of the Ohio State Auditor. The Director of Perco and the Superintendent of Perry County Board of Developmental Disabilities have the authority to sign checks.

During 2010, deposits totaled $85,273 and disbursements totaled $83,929. During 2009, deposits totaled $80,132 and disbursements totaled $82,117. During 2008, deposits totaled $71,749 and disbursements totaled $72,880. Since Perco is only the custodian of the checking account and does not control the activity in the account, it is not included in the statements of cash receipts and disbursements.

D. Concentrations

Sales are concentrated to the Perry and Hocking County, Ohio area.

In addition, Perco received 34% and 56% of its cash receipts during 2010 and 2009 respectively from a recycling contract with Perry County. During 2010, a grant was also received from the Solid Waste District for the recycling expansion building which accounted for 26% of the cash receipts.

E. Subsequent Event

Management has evaluated subsequent events through May 18, 2011, the date that the financial statements were available to be issued.

During 2008, management discovered that the Agency did not obtain the Certificate Authorizing Special Minimum Wage Rates under Section 14(c) of the Fair Labor Standards Act (FLSA) through the U.S. Department of Labor (DOL) and was not approved under this certificate for the past four years. The FLSA provides that workers with disabilities whose disabilities impair their ability to perform the type of work being done in the establishment may be employed at wage below the minimum otherwise required by the FLSA. Management contacted the DOL accordingly and has been working with a consultant to resolve this issue. The Organization received this special certificate effective January 26, 2009 and will remain in effect until December 31, 2010. In February 2009, it was determined by the DOL that the Organization shall compensate disabled workers paid below minimum wage for the past two years for the difference between the actual payments and minimum wage.

A reduced payment, in the amount of $42,902 paid to employees on August 21, 2009, was agreed-upon with the DOL due to the hardship full payment would put on the Organization. However, Section 16(b) of the FSLA provides that an employee may bring suit on his/her own behalf for unpaid minimum wages and/or overtime compensation and an equal amount as liquidated damages, plus attorney's fees and court costs. Generally, a two-year statute of limitations applies to the recovery of back wages which would end January 2011. Management does not expect employees to pursue further back wages.

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Agriculture			
Passed through the Ohio Department of Education			
Nutrition Cluster:			
School Breakfast Program	05PU	10.553	$9,912
National School Lunch Program	LLP4	10.555	19,284
Total Nutrition Cluster			29,196
Passed through the Ohio Department of Job & Family Services			
Food Stamp Cluster			
State Admin Matching Grants for Food Stamp Program	(1)	10.561	316,336
ARRA State Admin Matching Grants for Food Stamp Program	(1)	10.561	16,330
Total Food Stamp Cluster			332,666
Total US Department of Agriculture			361,862
U.S. Department of Housing and Urban Development			
Passed through the Ohio Department of Development/State's Program			
Community Development Block Grants:			
FY09 CDBG Formula	B-F-09-059-1	14.228	127,136
Total Community Development Block Grants			127,136
HOME Investment Partnerships Program	B-C-09-059-2	14.239	211,451
Total HOME Investment Partnerships Program			211,451
Total U.S. Department of Housing and Urban Development			338,587
U.S. Department of Labor			
Passed through WIA Area 14:			
Workforce Initiative Allocation - Adult	(1)	17.258	147,439
Workforce Initiative Allocation - Adult Stimulus	(1)	17.258	11,317
Workforce Initiative Allocation - Adult Administrative	(1)	17.258	11,728
Workforce Initiative Allocation - Youth Activities	(1)	17.259	99,531
Workforce Initiative Allocation - Youth Activities Stimulus	(1)	17.259	2,000
Workforce Initiative Allocation - Youth Administrative	(1)	17.259	7,500
Workforce Initiative Allocation - Dislocated Workers	(1)	17.260	140,018
Workforce Initiative Allocation - Dislocated Workers Stimulus	(1)	17.260	43,381
Workforce Initiative Allocation - Dislocated Workers Administrative	(1)	17.260	13,550
Total Workforce Initiative Allocation Cluster			476,464
Total U.S. Department of Labor			476,464
U.S. Department of Transportation			
Direct Program:			
Airport Improvement Program	3-39-0059-0608	20.106	81,850
Total Airport Improvement Program			81,850
Passed through Ohio Department of Transportation			
Speed Zone Study Grant	(1)	20.205	16,200
Formula Grant for Other Than Urbanized Areas	(1)	20.509	226,191
Total U.S. Department of Transportation			324,241
U.S. Department of Education			
Passed through the State Department of Education			
Help Me Grow	(1)	84.181	41,215
ARRA Help Me Grow	(1)	84.393	44,460
Total U.S. Department of Education			85,675
U.S. Department of Health and Human Services			
Passed through the Ohio Department of Developmental Disabilities:			
Social Services Block Grant	(1)	93.667	30,160
Medical Assistance Program-MAC	(1)	93.778	147,953
ARRA- Medical Assistance Program	(1)	93.778	113,961
Total Medical Assistance Program			261,914

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Health and Human Services- Continued			
Passed through the Ohio Department of Job & Family Services			
Social Services Block Grant	(1)	93.667	$190,095
Total Social Service Block Grant			
Medicare Cluster:			
Medical Assistance Program - NET & PRST		93.778	777,166
Total Medicare Cluster			777,166
Passed through the aaa8 Area Agency on Ageing			
Title III-B, Grants for Supportive Services and Senior Centers	(1)	93.044	41,430
Total Title III-B			41,430
Title III-C-1, Nutrition Services	(1)	93.045	28,659
Title III-C-2, Nutrition Services	(1)	93.045	22,081
NSIP	(1)	93.053	10,495
Total Title III-C			61,235
Passed through the Ohio Department of Job & Family Services			
CCDF Cluster:			
Child Care Development Block Grant	(1)	93.575	6,565
Child Care Mandatory & Matching Funds	(1)	93.596	84,065
Total CCDF Cluster			90,630
TANF Cluster:			
TANF	(1)	93.558	1,350,712
TANF - Help Me Grow	(1)	93.558	48,526
TANF - Summer Youth	(1)	93.714	213,828
Total TANF Cluster			1,613,066
Promoting Safe and Stable Families	(1)	93.556	59,960
Child Support Enforcement	(1)	93.563	208,160
ARRA Child Support Enforcement	(1)	93.563	261,548
Child Welfare Services State Grant	(1)	93.645	35,923
Foster Care Title VI-E	(1)	93.658	264,368
Foster Care Title VI-E Administration and Training	(1)	93.658	153,724
Adoption Assistance Title VI-E	(1)	93.659	269,748
Adoption Assistance Title VI-E - Administration and Training	(1)	93.659	162,837
Child Abuse and Neglect	(1)	93.669	1,683
Federal Chaffee	(1)	93.674	14,673
SCHIP	(1)	93.767	2,430
Passed through the Ohio Secretary of State			
Voting Access for Individuals with Disabilities	(2)	93.617	4,486
Total U.S. Department of Health and Human Services			4,505,236
Corporation for Natioal and Community Service			
Direct Program:			
Retired and Senior Volunteer Program	09SRNOH001	94.002	35,440
Total Corporation for National and Community Service			35,440
U.S. Department of Homeland Security			
Passed through the Ohio Emergency Management Agency			
State Homeland Security Program	2007-GE-T7-0030	97.067	53,959
Emergency Management Performance Grant	2009-EP-E9-0061	97.042	37,065
EMPG Special Project EOC Construction Grant	2009-EM-E8-0002	97.042	41,002
Total U.S. Department of Homeland Security			132,026
Total Federal Expenditures			$ 6,259,531

(1) - Passthrough entity number not available
(2) - Direct from the federal government

See accompanying notes to the schedule of federal awards expenditures.

NOTE A - <u>SIGNIFICANT ACCOUNTING POLICIES</u>

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - <u>CHILD NUTRITION CLUSTER</u>

Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the United States Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C - <u>REVOLVING LOAN FUNDS</u>

The County has established a revolving loan program to provide low interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money from these loans to the County, pass through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages of property and equipment and by guarantees. At December 31, 2010, the gross amount of loans outstanding under this program were $28,515.

NOTE D - <u>MATCHING REQUIREMENTS</u>

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.

NOTE E - CHILD CARE SERVICES

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Perry 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:

Child Care Cluster	CFDA #	Pass Through #	2009 Federal Expenditures Reported	July 2010 Adjustment	Adjusted 2009 Federal Expenditures Reported
Child Care Mandatory & Matching Funds	93.596	(1)	$277,795	($31,824)	$245,971

(1) – Pass through entity number not available

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J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS

Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required By Government Auditing Standards

Board of Commissioners
Perry County, Ohio
105 N. Main Street
New Lexington, Ohio 43764

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Perry 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 August 29, 2011, wherein we noted that 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Other auditors audited the financial statements of PERCO, Inc. as described in our opinion on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

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 a material weakness, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-001.

We noted certain matters that we have reported to the management of the County in a separate letter dated August 29, 2011.

The County's written response to the finding identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

J.L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

August 29, 2011

**Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133**

Board of Commissioners
Perry County, Ohio
P.O. Box 248
121 W. Brown Street
New Lexington, OH 43764

Compliance

We have audited the compliance of Perry County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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 have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control over Compliance

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

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

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

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

J.L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

August 29, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1.	***Type of Financial Statement Opinion***	Unqualified
2.	***Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?***	No
3.	***Were there any other significant deficiencies in internal controls reported at the financial statement level (GAGAS)?***	No
4.	***Was there any material noncompliance reported at the financial statement level (GAGAS)?***	Yes
5.	***Were there any material internal control weaknesses reported for major federal programs?***	No
6.	***Were there any other reportable internal control weaknesses reported for major federal programs?***	No
7.	***Type of Major Programs' Compliance Opinion***	Unqualified
8.	***Are there any reportable findings under § .510?***	No
9.	***Major Programs (list):***	Food Stamp Cluster CFDA# 10.551/10.561 Child Care Development Cluster CFDA # 93.575/93.596/93.713 Medicare Cluster CFDA # 93.778 TANF CFDA # 93.558 Child Support Enforcement CFDA # 93.563 Foster Care Title VI-E CFDA # 93.658 Adoption Asst. Title VI-E CFDA # 93.659 Social Service Block Grant CFDA # 93.667
10.	***Dollar Threshold: Type A/B Programs***	Type A: >$300,000 Type B: All Other Programs
11.	***Low Risk Auditee?***	No

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

Finding Number 2010-001

Annual Financial Report - 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 Administrative 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 prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements and notes omitting 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.

The County should prepare its annual financial report in accordance with generally accepted accounting principles.

Official's Response

The County has no immediate plans to file its annual financial report in accordance with generally accepted accounting principles. This may be an option in the future if the County's financial conditions improve.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs related to the federal awards required to be reported.

PERRY COUNTY, OHIO
Schedule of Prior Audit Findings
For the Year Ended December 31, 2010

Finding Number	Description	Status	Comments
	Government Auditing Standards:		
2009-001	The County did not prepare financial statements in accordance with generally accepted accounting principles.	Not Corrected	Re-issued in current Schedule of Audit Findings as item 2010-001.

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PERRY COUNTY FINANCIAL CONDITION

PERRY 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
NOVEMBER 10, 2011