LOCAL GOVERNMENT INNOVATION FUND
GRANT APPLICATION

Leatherwood Valley Feasibility Study

Guernsey County Commissioners

March 1, 2012

Tab 1: Contact Information

Name of Applicant:	Guernsey County Commissioners
Address:	627 Wheeling Avenue #300
	Cambridge, OH 43725-2292
Phone Number:	(740) 432-9200
Fax Number:	(740) 432-9359
Website:	www.guernseycounty.org
Contact Name:	Steve C. Allen
	President, Guernsey County Commissioners
Address:	627 Wheeling Avenue #300
	Cambridge, OH 43725-2292
Phone Number:	(740) 432-9200
Fax Number:	(740) 432-9359
E-Mail:	sallen@guernseycounty.org
County:	Guernsey
Population:	40,087

Tab 2: Collaborative Partners

Name:	**Village of Lore City**
Address:	175 Main Street Lore City, OH 43755
Phone Number:	(740) 685-2161
Fax Number:	(740) 685-2161
Contact Person:	Richard E. Carpenter
Title:	Mayor
Address:	150 Division Avenue P.O. Box 132 Lore City, OH 43755
Phone Number:	(740) 260-0556
Fax Number:	(740) 685-2161
E-Mail:	lorecity8@aol.com
Population:	325
Partnership:	Lore City will work in collaboration with Guernsey County on the development of a regional system for the Leatherwood Valley. Costs already incurred by Lore City for a Feasibility Study to assess the viability of a wastewater collection and treatment system that would serve the Village will be used as a local match for this project.

Name:	**Village of Old Washington**
Address:	P.O. Box 268 Old Washington, OH 43768
Phone Number:	(740) 260-1604
Fax Number:	NA
E-Mail:	NA
Contact Person:	Diane Barnes
Title:	Mayor
Address:	130 Old National Road P.O. Box 146 Old Washington, OH 43768
Phone Number:	(740) 489-5196
Fax Number:	NA
E-Mail:	NA
Population:	279
Partnership:	Old Washington will work in collaboration with Guernsey County on the development of a regional system for the Leatherwood Valley to make sure that the regional system will meet the needs of the Village's residents and businesses.

Name:	**Center Township**
Address:	64697 Slade Road Cambridge, OH 43725
Phone Number:	NA
Fax Number:	NA
Contact Person:	Robert Oakley
Title:	Trustee
Address:	13333 Dandelion Lane P.O. Box 27 Kipling, OH 43750-0027
Phone Number:	(740) 260-3515
Fax Number:	NA
E-Mail:	NA
Population:	1,813
Partnership:	Center Township will work in collaboration with Guernsey County on the development of a regional system for the Leatherwood Valley to make sure that the regional system will meet the needs of the residents and businesses in the unincorporated areas of the Township.

Name:	**Wills Township**
Address:	63371 Range Road Lore City, OH 43755
Phone Number:	NA
Fax Number:	NA
Contact Person:	Rick Casterline
Title:	Trusteee
Address:	64450 Erie Road Salesville, OH 43778
Phone Number:	(740) 489-5708
Fax Number:	NA
E-Mail:	NA
Population:	1,613
Partnership:	Wills Township will work in collaboration with Guernsey County on the development of a regional system for the Leatherwood Valley to make sure that the regional system will meet the needs of the residents and businesses in the unincorporated areas of the Township.

Name:	**East Guernsey Local School District**
Address:	237 Beymer Road P.O. Box 128 Old Washington, OH 43768-0128
Phone Number:	(740) 489-5190
Fax Number:	(740) 489-9813
Website:	www.eguernsey.k12.oh.us
Contact Person:	Dr. Richard Hall
Title:	Superintendent
Address:	237 Beymer Road P.O. Box 128 Old Washington, OH 43768-0128
Phone Number:	(740) 489-5190
Fax Number:	(740) 489-9813
E-Mail:	NA
Population:	NA (1,229 students)
Partnership:	The East Guernsey Local School District will work in collaboration with Guernsey County on the development of a regional system for the Leatherwood Valley. The existing treatment plant at the school campus will be decommissioned and connected to the regional system.

Name:	**Guernsey County Port Authority**
Address:	856 Cochran Avenue Cambridge, OH 43725
Phone Number:	(740) 432-1881
Fax Number:	(740) 432-1990
Website:	www.gcport.org
Contact Person:	Norm Blanchard
Title:	Executive Director
Address:	856 Cochran Avenue Cambridge, OH 43725
Phone Number:	(740) 432-1881
Fax Number:	(740) 432-1990
E-Mail:	cgccic@frontier.com
Population:	NA
Partnership:	The Guernsey County Port Authority will work in collaboration with Guernsey County on the development of a regional system for the Leatherwood Valley to make sure that adequate sewer service is provided to the sites suitable for business and industrial development in the Leatherwood Valley.

Tab 3: Project Information

Project Name: Leatherwood Valley Feasibility Study

Project Description:

Guernsey County in collaboration with the Village of Lore City, the Village of Old Washington, Center Township, Wills Township, East Guernsey Local School District, and the Guernsey County Port Authority has identified the need to develop a regional wastewater collection and treatment system. This regional system will promote economic development for the County, consolidate services, reduce operating expenses, and address environmental concerns.

With recent developments in the shale oil and gas industry, Guernsey County has an immediate need for sites suitable for companies that provide services to the oil and gas industries for the development and maintenance of the new wells in the area. To date, six permits for wells in Guernsey County have been obtained and two wells have been drilled. Historically, much of the business development in Guernsey County has occurred within the I-70/ I-77 corridor especially the area along SR 209 and SR 660 that is south of I-70 and just north of the Village of Byesville. Few remaining sites within this corridor are available for development. To address this need, Guernsey County in conjunction with the Port Authority is now targeting the region in the vicinity of the I-70 and SR 285 interchange, designated as the Leatherwood Valley (see Tab 3-2A), for development. The County owns approximately 460 acres that is less than two miles from this interchange. Several other tracts of land are also available for development in this region. The Leatherwood Valley region encompasses the Villages of Lore City and Old Washington along with unincorporated areas of Center Township and Wills Township to include the campus of the East Guernsey Local School District and the County Fairgrounds.

Adequate water service (with minor upgrades) is readily available to the Leatherwood Valley region and only minor road improvements are needed to improve accessibility. However, the one element that is currently prohibiting development of this region is the lack of adequate sewer service. The 460 acres that are owned by the County also includes the Countryview Assisted Living Facility (formerly the Guernsey County Home). Sewer service to this facility is provided by an on-site packaged wastewater treatment plant. The East Guernsey Local School District, the fairgrounds, two businesses, and an ODOT garage are each served by an individual packaged wastewater treatment system, for a total of six treatment plants in the Leatherwood Valley region. Each of these plants is separately operated and maintained by the individual owners of the systems.

In addition, many on-lot systems within the Villages of Lore City and Old Washington are failing causing health and environmental concerns due to the discharge of untreated or partially treated sewage. The Village of Lore City recently completed an engineering study to identify cost effective solutions for addressing these unsanitary conditions. Based upon this engineering study, an affordable solution may not be possible for the Village unless the project is funded primarily through grants. Estimated annual operating and maintenance costs are over $60,000 or almost $400 per year per equivalent residential customer.

For all of these reasons, Guernsey County and its collaborative partners want to assess the feasibility of developing a regional wastewater system that will serve the Leatherwood Valley. This system would not

only promote economic development, but would also eliminate six treatment plants, and reduce operating and maintenance costs through the consolidation of services to include billings. A regional system will also address environmental concerns by eliminating failing on-lot systems within the region. By working together rather than as individual political subdivisions, Guernsey County and its collaborative partners will be able to provide better service at a lower cost to the residents and businesses in the Leatherwood Valley region. A single entity will be responsible for operations, maintenance, and billings. This will not only reduce administrative costs, but will also reduce the operating and maintenance costs as each entity will not be required to hire individual operators. Benefits due to the economies of scale will also be realized. Since Guernsey County already bills individuals for water service, the County will be able to efficiently and effectively add the appropriate charge for sewer service to the monthly water bills.

Currently, Guernsey County operates and maintains five wastewater systems throughout the County, excluding the Leatherwood Valley Region. These facilities serve approximately 486 equivalent residential users. The total annual operating and maintenance cost for these facilities is approximately $77,079 or $158.60 per equivalent residential user. Elimination of the six existing packaged treatment plants and the development of a regional system to serve the Leatherwood Valley are expected to save approximately $263,900 in operating and maintenance costs for the three year period after implementation. The purpose of the Feasibility Study is to better define these savings and to assess the projected savings in capital expenditures for a regional system rather than multiple systems to serve the communities, school, businesses, and future developments in the Leatherwood Valley region.

Scale 1:2000'

LEATHERWOOD VALLEY REGION

Guernsey County Map Dep
J Mercer Jan 2012

Type of Award:

Grant for Feasibility Study

Problem Statement:

A cost effective alternative for providing wastewater services to the Leatherwood Valley region in Guernsey County is needed in order to promote economic development and to reduce operating expenses through the consolidation of services.

Innovation Approach:

Guernsey County and its collaborative partners plan to share services in order to achieve greater efficiency in providing sewer services at a lower cost through regionalization and the elimination of six packaged wastewater treatment plants.

Return on Investment:

As documented on Tab 4-18, the projected savings in operation and maintenance costs are projected to be $263,900 for the three year period following implementation. Since the cost of the Feasibility Study is approximately $158,600, the return on investment is expected to be 66% for the three year period following implementation. Once the Feasibility Study is completed this cost savings will be better defined. The Feasibility Study will also define the savings in capital costs for the regional system rather than several individual treatment plants to serve each community and business in the Leatherwood Valley region.

Probability of Success:

Based upon Guernsey County's previous experience with similar projects, the probability of success is high. Eastmoor, Stop Nine, Colonial Heights, Morgan Manor, and the Buffalo Derwent sewer systems are previous examples of the County successfully working with various political subdivisions throughout the County to provide cost effective services. Projected savings in operating and maintenance costs are anticipated to be approximately $88,000 per year over individual systems.

Replication:

The partnership agreements for this regionalized approach will serve as a model for other communities on how to work together to provide the needed services in the most cost effective manner. Guernsey County would be able to extend the service area to other political subdivisions by providing the staff to operate and maintain other individual wastewater systems to include billing services.

Consolidation:

Guernsey County and its collaborative partners plan to consolidate wastewater services for the Leatherwood Valley Region. This project is not part of a larger consolidation effort.

Past Success:

Historically, Guernsey County has partnered with the City of Cambridge, the Village of Byesville, the Village of Pleasant City, and the Village of New Concord on providing wastewater services to areas outside corporation limits. Guernsey County partnered with the City of Cambridge to extend sewer service to the Eastmoor Subdivision and with the Village of Byesville to extend sewer service to the Stop Nine area. The County also partnered with the Village of New Concord to extend sewer service to the Colonial Heights and Morgan Manor Subdivisions. Guernsey County entered into separate agreements with each community to provide these services. In accordance with these agreements, the capital costs to extend service to these areas were paid by the County. However, the City of Cambridge and the Village of Byesville are responsible for the operation, maintenance of the collection systems to include customer billing. For the Colonial Heights and Morgan Manor Subdivisions, Guernsey County is responsible for maintaining the collection system and customer billings. The Village of New Concord is responsible for treating the wastewater from these two subdivisions.

Guernsey County is currently extending sewer service to the unincorporated areas of Buffalo and Derwent. Wastewater from these areas will be conveyed to the Village of Pleasant City for treatment. In this case, Guernsey County will be responsible for the operations and maintenance of the collection system for Buffalo and Derwent and Pleasant City will provide the treatment. Since the County already provides water to these areas, the County will be responsible for customer billing. These are all examples of Guernsey County successfully working in partnership with other political subdivisions to provide cost effective services to County residents and businesses.

Demand for Services:

With the recent shale oil and gas developments in the area, Guernsey County has an immediate need to provide sites for the oil and gas service companies that are required to support the development of these resources. The Leatherwood Valley region has suitable sites for development; however, these sites need to have sewer service. In addition, there are six individual packaged wastewater treatment plants in this region that are becoming more expensive to operate and maintain as separate systems. One of these individual treatment systems serves the East Guernsey Local School District. The school district is struggling financially and wants to maintain the high quality educational standards that the community has come to expect and demand. The district is looking for ways to reduce costs that will not impact student education. If the County were to provide sewer service to the school campus, the district would no longer have to operate and maintain its own treatment plant and would be able to re-allocate those resources for education.

The Leatherwood Valley Region also includes the Villages of Lore City and Old Washington. Many of the residential septic systems in these communities are failing resulting in the discharge of untreated or partially treated sewage to the environment. These discharges pose a threat to the health of the residents as well as to the environment. As previously stated, the Village of Lore City recently completed a study to assess the feasibility of providing a wastewater and collection system to the Village. Unless, the capital cost of this project is funded mainly by grants, a wastewater system that serves only the Village does not appear to be cost effective. The projected annual operating and maintenance costs are expected to be over $60,000. Although Old Washington has not yet implemented the planning process, similar operating costs are to be expected as the villages are of similar size. For these reasons, a regional system where operational and capital costs are shared by more users will most likely be more cost effective than individual systems to serve this area.

Performance Audit:

This project was not recommended by a performance audit.

Business Environment:

With the proximity to the SR 285/I-70 Interchange, Guernsey County and the Guernsey County Port Authority have identified the Leatherwood Valley Region as a marketable area for business development, especially for the oil and gas service industries. During the past year, the Guernsey County Community Improvement Corporation has received over 40 inquiries concerning the availability of sites for oil and gas service companies and other businesses. Suitable sites to include the 460 acres owned by the County are available for development; however, sewer service must be extended to these sites. In addition, the East Guernsey Local School District, the County Fairgrounds, the Countryview Assisted Living, two businesses, and the ODOT garage would all benefit from the consolidation of services that would eliminate the need for these entities to continue to operate and maintain their own treatment system. The Villages of Lore City and Old Washington as well as the unincorporated areas of Center Township and Wills Township within the Leatherwood Valley Region would also benefit by the regional system. Both residential and commercial growth is projected to occur with the development of this regional system.

Tab 4 - Financial Documentation

Financial History

	2008	2009	2010
Operating Receipts			
Charges for Services	$ 223,587	$ 293,748	$ 317,513
Tap-In Fees	$ 750	$ -	$ 750
Other	$ -	$ -	$ 73
Total Operating Receipts	**$ 224,337**	**$ 293,748**	**$ 318,336**
Operating Disbursements			
Personnel Services	$ 104,061	$ 109,596	$ 114,974
Contractual Services	$ 120,021	$ 83,148	$ 119,897
Materials and Supplies	$ 17,918	$ 15,744	$ 18,406
Claims	$ -	$ -	$ -
Capital Outlay	$ 15,135	$ 21,438	$ 35,601
Other	$ 6,659	$ 6,358	$ 3,023
Total Operating Disbursements	**$ 263,794**	**$ 236,284**	**$ 291,901**
Operating Income (Loss)	**$ (39,457)**	**$ 57,464**	**$ 26,435**
Non-Operating Receipts (Disbursements)			
Proceeds of OWDA Loans	$ 22,260	$ 21,081	$ 19,948
Intergovernmental	$ -	$ -	$ -
Other Non-Operating Receipts	$ 165	$ -	$ -
Principal Retirement	$ (24,140)	$ (24,140)	$ (24,140)
Interest and Fiscal Charges	$ (22,260)	$ -	$ (19,983)
Total Non-Operating Receipts (Disbursements)	**$ (23,975)**	**$ (3,059)**	**$ (24,175)**
Income (Loss) Before Transfers	**$ (63,432)**	**$ 54,405**	**$ 2,260**
Transfers In	$ 35,330	$ 24,498	$ 62,174
Transfers Out	$ -	$ -	$ -
Total Transfers	**$ 35,330**	**$ 24,498**	**$ 62,174**
Change in Net Assets	**$ (28,102)**	**$ 78,903**	**$ 64,434**
Net Assets, Beginning of Year	$ 100,789	$ 72,687	$ 151,590
Net Assets, End of Year	**$ 72,687**	**$ 151,590**	**$ 216,024**

Note

(1) This Financial History is from the 2008 to 2010 Audits (see Tab 5) for county-wide operations. The operating and maintenance costs for 2011 for the treatment plants operated and maintained by Guernsey County are provided on Tab 4-2.

2011 Operation & Maintenance Costs

Personnel Services	$ 23,010.35
Contractual Services	$ 18,641.67
Materials and Supplies	$ 725.05
Utilities	$ 32,301.88
Capital Outlay	$ 1,300.00
Other	$ 1,100.00
Total	**$ 77,078.95**

See Tab 4-3 and 4-4 for supporting documentation.

GUERNSEY COUNTY
WATER AND SEWER DEPARTMENT

Sewer District #100

11272 East Pike
CAMBRIDGE, OHIO 43725-8938
Telephone (740) 439-1269
Fax (740) 439-5775

Clarence Ridgley
Superintendent

BREAKDOWN OF EXPENSES FOR 2011 AT BEECH MEADOWS, COVENTRY ESTATES # 1 AND COVENTRY ESTATES #2

BEECH MEADOWS

Zemba Bros.	$ 510.00
City of Zanesville	1,113.00
Western Guernsey	255.60
MASI	2,628.85
Guern Musk. Electric	4,665.93
Control Associates	182.10
Sludge & Discrg fees	300.00 PLUS WAGES of $ 4,602.07
TOTAL 2011 EXPENSES	$14,257.55
TOTAL 2011 RECEIPTS	$26,416.88
DIFFERENCE	+ $12,159.33

COVENTRY ESTATES # 1

Zemba Bros.	$ 870.00
City of Zanesville	1,525.00
MASI	2,643.05
Control Associates	182.10
American Elec Power	6,431.53
Sludge & Discrg fees	300.00
TOTAL 2011 EXPENSES	$11,951.68

COVENTRY ESTATES # 2

Zemba Bros.	$ 835.00
City of Zanesville	804.00
MASI	2,507.10
Control Associates	182.10
City of Cambridge	49.95
American Elec Power	3,977.45
Aldons	77.85
Sludge & Discrg fees	300.00
TOTAL 2011 EXPENSES	$ 8,733.45 WAGES COVENTRY # 1 & COVENTRY # 2 $ 13,806.21

TOTAL COVENTRY # 1 & COVENTRY # 2 EXPENSES	$ 34,491.34
TOTAL COVENTRY # 1 & COVENTRY # 2 RECEIPTS	$ 85,898.80
DIFFERENCE	+ $ 51,407.46

GUERNSEY COUNTY
WATER AND SEWER DEPARTMENT

Sewer District #100

11272 East Pike
CAMBRIDGE, OHIO 43725-8938
Telephone (740) 439-1269
Fax (740) 439-5775

Clarence Ridgle
Superintendent

State Hospital / Northgate Subdivision

2011 Expenses

Ferguson	$ 3178.65
Waste Mgmt	1106.14
AEP	16,921.42
Doss Supply	321.75
Lowes	213.27
Fenton Electric	374.58
Carter Lumber	94.23
Green Valley Coop	17.95
Southeastern Equip	1,800.00
Dsicing fees	200.00
Wages	4,662.07
Total Expenses	$ 28,330.06

Receipts 2011

State Hospital	$ 60,000.00
Autumn Health Care	13,591.26
Northgate / Sienna Woods Subdivision	54,852.43
TOTAL	$ 128,443.69

Difference + $ 100,113.63

Total Project Cost:	**$158,636.70**
Amount Requested:	**$84,000.00**
Local Match:	**$74,636.70**
Local Share Percentage:	**47%**

Local Share Summary:

Date	Vendor	Amount
11/25/11	URS	$41,757.80
09/30/11	URS	$20,878.90
11/03/10	WSOS	$2,800.00
07/30/10	WSOS	$4,700.00
06/16/10	Diversified Engineering	$2,500.00
04/07/10	URS	$2,000.00
Total		**$74,636.70**

Note

Local share includes costs incurred by the Village of Lore City. Supporting documentation is provided on Tabs 4-6 to 4-17.

URS

Invoice Date	12/01/11
Invoice	4914198
Project	14577742
Page	2

Village of Lore City
Attn: Richard Carpenter
Mayor
175 Main Street
P.O. Box 157
Lore City OH 43755

For: Waste Water Improvements

Professional Services for Period Ending 11/25/11

PHASE	FEE	PERCENT COMPLETE	FEE EARNED	PREVIOUS BILLING	CURRENT BILLING
Fee	417,578.00	15.00%	62,636.70	20,878.90	41,757.80
TOTALS	417,578.00		62,636.70	20,878.90	41,757.80

TOTAL THIS INVOICE **$41,757.80 USD**

Please contact Michael A Frommer at 614 464-4500 or via email at mike.frommer@urs.com if you have any questions regarding this invoice.

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FROM THE TREASURER OF
VILLAGE OF LORE CITY
P.O. BOX 157
LORE CITY, OHIO 43755

WESBANCO BANK
CAMBRIDGE OFFICE

69-3/434

9590

AMOUNT	WARRANT NO.	DATE
$41,757.80	9590	12/20/2011

WLZ94628-11-03

PAY **********41,757*Dollars and 80/100

TO THE ORDER OF
URS Corporation
Dept. 1028
P.O. Box 116183
Atlanta, GA 30368-6183

RUB RED IMAGE FADES WITH HEAT

TWO SIGNATURES REQUIRED

MP

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈009590⑈ ⑆043400036⑆ 0641175601⑈

VILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

URS Corporation

Amount	Warrant #
$41,757.80	9590

DATE
12/20/2011

9590

Quantity	Unit	Item Description	Unit Price	Subtotal
1.00	ea	Professional Service (Sewer Project)	$41,757.80	$41,757.80
-1.00		INV#4914198	$0.00	$0.00
-1.00		Project # 14577742	$0.00	$0.00

Account Code	Type	Amount
5702-800-300-2091	PO 121-2011	$41,757.80

VILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

URS Corporation

Amount	Warrant #
$41,757.80	9590

DATE
12/20/2011

9590

Quantity	Unit	Item Description	Unit Price	Subtotal
1.00	ea	Professional Service (Sewer Project)	$41,757.80	$41,757.80
-1.00		INV#4914198	$0.00	$0.00
-1.00		Project # 14577742	$0.00	$0.00

Account Code	Type	Amount
5702-800-300-2091	PO 121-2011	$41,757.80

LR4888M1 HANLEY BUSINESS FORMS 614-885-0855

URS

Invoice Date	10/05/11
Invoice	4849758
Project	14577742
Page	2

Village of Lore City
Attn: Richard Carpenter
Mayor
175 Main Street
P.O. Box 157
Lore City OH 43755

For: Waste Water Improvements

Professional Services for Period Ending 09/30/11

PHASE	FEE	PERCENT COMPLETE	FEE EARNED	PREVIOUS BILLING	CURRENT BILLING
Fee	417,578.00	5.00%	20,878.90	0.00	20,878.90
TOTALS	417,578.00		20,878.90	0.00	20,878.90

TOTAL THIS INVOICE **$20,878.90 USD**

Please contact Michael A Frommer at 614 464-4500 or via email at mike_frommer@urscorp.com if you have any questions regarding this invoice.

F35869099

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FROM THE TREASURER OF
VILLAGE OF LORE CITY
P.O. BOX 157
LORE CITY, OHIO 43755

WESBANCO BANK
CAMBRIDGE OFFICE

69-3/434

9552

AMOUNT	WARRANT NO.	DATE
$20,878.90	9552	11/02/2011

WL2946228-11-03

PAY **********20,878*Dollars and 90/100

TO THE ORDER OF
URS Corporation
Dept. 1028
P.O. Box 116183
Atlanta, GA 30368-6183

TWO SIGNATURES REQUIRED

RUB RED IMAGE FADES WITH HEAT

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈009552⑈ ⑆043400036⑆ 0641175601⑈

VILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

URS Corporation

Amount	Warrant #
$20,878.90	9552

DATE 11/02/2011

9552

Quantity	Unit	Item Description	Unit Price	Subtotal
1.00	ea	Professional Services period ending 09-30-2011 Invoice #: 4849758	$20,878.90	$20,878.90
-1.00		Project # 14577742	$0.00	$0.00

Account Code	Type	Amount
5702-800-300-2091	PO 103-2011	$20,878.90

LLAGE OF LORE CITY - GUERNSEY COUNTY, OH

URS Corporation

Amount	Warrant #
$20,878.90	9552

DATE 11/02/2011

9552

Quantity	Unit	Item Description	Unit Price	Subtotal
1.00	ea	Professional Services period ending 09-30-2011 Invoice #: 4849758	$20,878.90	$20,878.90
-1.00		Project # 14577742	$0.00	$0.00

Account Code	Type	Amount
5702-800-300-2091	PO 103-2011	$20,878.90

ISS9M1 HANLEY BUSINESS FORMS 614-885-0855

WSOS CAC Inc
PO Box 590
109 S Front St
Fremont OH 43420

Invoice

Date	Number
11/3/2010	27368

Billing Address

Village of Lore City
Mr. Richard Carpenter,Mayor
P.O. Box 157
Lore City, Ohio 43755

Service Address

Village of Lore City
Mr. Richard Carpenter,Mayor
P.O. Box 157
Lore City, Ohio43755

Charge Date	Description	Quantity	Unit Price	Amount	Sales Tax
9/30/2010	Rural Dev. Environmental Report	1.00	2,800.00	2,800.00	

Payment Terms: Net 30 Days

Sales Tax: $0.00

Total: $2,800.00

Thank You !

If you have any questions, please contact Terri Laeng at 419-333-6024.

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FROM THE TREASURER OF
VILLAGE OF LORE CITY
P.O. BOX 157
LORE CITY, OHIO 43755

WESBANCO BANK
CAMBRIDGE OFFICE

69-3/434

9297

AMOUNT	WARRANT NO.	DATE
$2,800.00	9297	11/22/2010

WLZ94625-11-03

PAY **********2,800*DOLLARS 00 CENTS

TO THE ORDER OF
WSOS CAC Inc.
P.O. Box 590
109 S. Front St.
Fremont OH 43420

TWO SIGNATURES REQUIRED

MP

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈009297⑈ ⑆043400036⑆ 0641175601⑈

VILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

Warrant #	9297

DATE 11/22/2010

9297

Quantity	Units	Description	Unit Price	Item Total
1.00	INV$27368	Rural Development Environmental Report-s Cust. ID CDFFSVllgLreCty	$2,800.000	$2,800.00

WSOS CAC Inc. $2,800.00

Charge Distribution

5702-800-300-0022	$2,800.00	PR	115-2010

VILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

Warrant #	9297

DATE 11/22/2010

9297

Quantity	Units	Description	Unit Price	Item Total
1.00	INV$27368	Rural Development Environmental Report-s Cust. ID CDFFSVllgLreCty	$2,800.000	$2,800.00

WSOS CAC Inc. $2,800.00

Charge Distribution

5702-800-300-0022	$2,800.00	PR	115-2010

LR4888M1 HANLEY BUSINESS FORMS 614-885-0855

PRINTED IN U.S.A.

WSOS CAC Inc
PO Box 590
109 S Front St
Fremont OH 43420

Invoice

Date	Number
7/30/2010	25741

Billing Address

Village of Lore City
Mr. Richard Carpenter,Mayor
P.O. Box 157
Lore City, Ohio 43755

Service Address

Village of Lore City
Mr. Richard Carpenter,Mayor
P.O. Box 157
Lore City, Ohio43755

Charge Date	Description	Quantity	Unit Price	Amount	Sales Tax
7/30/2010	Rural Dev. Environmental Report	1.00	4,700.00	4,700.00	

Payment Terms: Net 30 Days

Thank You !

If you have any questions, please contact Terri Laeng at 419-333-6024.

Sales Tax: $0.00

Total: $4,700.00

Remittance Stub

Customer ID CDFFSVllgLreCty
Customer Name Village of Lore City

Invoice ID 25741
Invoice Date 7/30/2010

Charge Date	Description	Quantity	Unit Price	Amount	Sales Tax
7/30/2010	Rural Dev. Environmental Report	1.00	4,700.00	4,700.00	

Payment Terms: Net 30 Days

Sales Tax: $0.00

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

FROM THE TREASURER OF
VILLAGE OF LORE CITY
P.O. BOX 157
LORE CITY, OHIO 43755

WESBANCO BANK
CAMBRIDGE OFFICE

69-3/434

9211

AMOUNT	WARRANT NO.	DATE
$4,700.00	9211	08/17/2010

WLZ94628-11-03

PAY **********4,700*DOLLARS 00 CENTS

TO THE ORDER OF
WSOS CAC Inc.
P.O. Box 590
109 S. Front St.
Fremont OH 43420

TWO SIGNATURES REQUIRED

RUB RED IMAGE FADES WITH HEAT

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈009211⑈ ⑆043400036⑆ 0641175601⑈

VILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

Warrant #	9211

DATE 08/17/2010

9211

Quantity	Units	Description	Unit Price	Item Total
1.00	Inv#25741	Rural Development Environmental Report-s	$4,700.000	$4,700.00

WSOS CAC Inc. $4,700.00

Charge Distribution

5702-800-300-0022	$4,700.00	PR	115-2010

ILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

Warrant #	9211

DATE 08/17/2010

9211

Quantity	Units	Description	Unit Price	Item Total
1.00	Inv#25741	Rural Development Environmental Report-s	$4,700.000	$4,700.00

WSOS CAC Inc. $4,700.00

Charge Distribution

5702-800-300-0022	$4,700.00	PR	115-2010

24888M1 HANLEY BUSINESS FORMS 614-885-0655

Diversified Engineering Inc.

CONSULTING ENGINEERS & SURVEYORS

225 Fair Ave. N.E.
New Philadelphia, OH 44663

Phone: 330-364-1631
Fax: 330-364-4031
Email: dei@div-eng.com

Invoice

DATE	INVOICE #
6/16/2010	15774

SUMMARY

BILL TO
Village Hall of Lore City PO Box 157 Lore city, Ohio 43755

P.O. NO.	TERMS	PROJECT
	Net 30	

QUANTITY	DESCRIPTION	RATE	AMOUNT
	Plat & Descripton of (2) 2.990 acre tracts in part of the SE Qtr. of Section 2, Township 1, Range 2 in the Village of Lore City, Guernsey County, Ohio		
1	Lore City Sewer Plant	2,500.00	2,500.00

A Service Charge of 1.5% per month will be added to balances over 30 days.

Total $2,500.00

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

FROM THE TREASURER OF
VILLAGE OF LORE CITY
P.O. BOX 157
LORE CITY, OHIO 43755

WESBANCO BANK
CAMBRIDGE OFFICE

69-3/434

9185

AMOUNT	WARRANT NO.	DATE
$2,500.00	9185	08/04/2010

WLZ94628-11-03

PAY **********2,500*DOLLARS 00 CENTS

TO THE ORDER OF
Diversified Engineering Inc.
225 Fair Ave. N. E.
New Philadelphia OH 44663

TWO SIGNATURES REQUIRED

MP

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈009185⑈ ⑆043400036⑆ 0641175601⑈

VILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

Warrant #	9185

DATE
08/04/2010

9185

Quantity	Units	Description	Unit Price	Item Total
1.00	ea	Invoice 15774 Survey plans for Sewer Pro	$2,500.000	$2,500.00

Diversified Engineering Inc. $2,500.00

Charge Distribution

5702-800-300-0023	$2,500.00	PT	114-2010

URS

Invoice Date	04/07/10
Invoice	4282547
Project	14576358
Page	2

Village of Lore City
Attn: Richard Carpenter
Mayor
175 Main Street
P.O. Box 157
Lore City OH 43755

For: Lore City WW Coll General Plan

Professional Services for Period Ending 04/02/10

PHASE	FEE	PERCENT COMPLETE	FEE EARNED	PREVIOUS BILLING	CURRENT BILLING
Fee	33,800.00	100.00%	33,800.00	31,800.00	2,000.00
TOTALS	33,800.00		33,800.00	31,800.00	2,000.00

TOTAL THIS INVOICE **$2,000.00 USD**

Please contact Michael A Frommer at 614 464-4500 or via email at Mike_Frommer@urscorp.com if you have any questions regarding this invoice.

F27296900

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

FROM THE TREASURER OF
VILLAGE OF LORE CITY
P.O. BOX 157
LORE CITY, OHIO 43755

WESBANCO BANK
CAMBRIDGE OFFICE

69-3/434

9114

AMOUNT	WARRANT NO.	DATE
$2,000.00	9114	05/19/2010

PAY **********2,000*DOLLARS 00 CENTS

TO THE ORDER OF
URS Corporation
Dept. 1028
P.O. Box 116183
Atlanta GA 30368-6183

TWO SIGNATURES REQUIRED

RUB RED IMAGE FADES WITH HEAT

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈009114⑈ ⑆043400036⑆ 0641175601⑈

/ILLAGE OF LORE CITY - GUERNSEY COUNTY, OH

Warrant #	9114

DATE
05/19/2010

9114

Quantity	Units	Description	Unit Price	Item Total
1.00	ea	Fees Professional Services	$2,000.000	$2,000.00

Inv# 428549

JRS Corporation

$2,000.00

Charge Distribution

5702-800-300-2091	$2,000.00	PR	46-2010

Three Years Financial Projections

	Individual Systems (1)				Regional System (2)		
	Operation & Maintenance Costs (3)				Operation & Maintenance Costs (3)		
	2011	2013	2014	2015	2013	2014	2015
Guernsey County (for Leatherwood Valley)	NA	NA	NA	NA	$68,900	$71,000	$73,100
East Guernsey Local School District	$19,400	$20,600	$21,200	$21,800	$0	$0	$0
Countryview Assisted Living	$7,500	$8,000	$8,200	$8,400	$0	$0	$0
County Fairgrounds	$2,000	$2,100	$2,200	$2,300	$0	$0	$0
Lore City (projected)	$62,700	$66,500	$68,500	$70,600	$0	$0	$0
Old Washington (projected)	$53,800	$57,100	$58,800	$60,600	$0	$0	$0
Total	$145,400	$154,300	$158,900	$163,700	$68,900	$71,000	$73,100

Three Year Cost for Individual Systems	$476,900
Three Year Cost for Regional System	$213,000
Projected Three Year Savings:	**$263,900**

Notes

(1) Individual operating costs for 2011 are based upon information provided by Guernsey County and the East Guernsey Local School District. Operating costs for Lore City are based upon a Feasibility Study conducted for Lore City. The operating costs for Old Washington are based upon the costs for Lore City that have been prorated based upon the number of equivalent residential users.

(2) The annual operating and maintenance costs for the treatment facilities currently operated by Guernsey County are $77,709. Approximately 486 existing equivalent residential users are served by these facilities. Therefore, the County's annual cost for operations and maintenance is $158.60 per equivalent residential user. The Leatherwood Valley regional system will serve approximately 409 equivalent residential users. Therefore, the projected operating and maintenance cost for the Leatherwood Valley Regional System inflated to 2013 would be approximately $68,900 per year.

(3) Operation & Maintenance costs are projected to increase by 3% per year due to inflation.

Tab 5: Supporting Documentation

Partnership Agreements: Will be provided by April 30, 2012

Resolutions:

A Resolution executed by the Guernsey County Commissioners is provided on Tab 5-2 to 5-3. Resolutions for the other collaborative partners are provided on Tab 5-4 through 5-9. The Commissioners have discussed this Feasibility Study with the collaborative partners and will provide executed resolutions by April 30, 2012.

Audits:

Audits for the last three years are provided on the following pages:

2008	Tab 5-10 through 5-96
2009	Tab 5-97 through 5-173
2010	Tab 5-174 through 5-254

Census Documentation:

Community	Population
Guernsey County	40,087
Village of Lore City	325
Village of Old Washington	279
Center Township	1,813
Wills Township	1,613
Total	44,117

Self-Score Assessment:

Provided on pages Tab 5-255 through 5-258.

GUERNSEY COUNTY COMMISSIONERS

STEVE C. ALLEN
sallen@guernseycounty.org

THOMAS J. LAUGHMAN
tlaughman@guernseycounty.org

Steven A. Douglass
sdouglass@guernseycounty.org

627 WHEELING AVENUE
SUITE 300
CAMBRIDGE, OHIO 43725-2251

CHERYL A. EDWARDS, Clerk
cedwards@guernseycounty.org

1-800-887-0938
Fax (740) 432-9359

(740) 432-9200

Regular Session
February 27, 2012

The Board of County Commissioners of Guernsey County, Ohio, met in regular session on the above date with the following members in attendance: Steve C. Allen, Steven A. Douglass, and Thomas J. Laughman.

Commissioner Laughman made a motion duly seconded by Commissioner Douglass authorizing President Steve C. Allen to prepare and submit an application to participate in the local government innovation fund for the purpose of conducting a feasibility study for the Leatherwood Valley Regional Wastewater Collection and Treatment System.

WHEREAS, the Ohio Department of Development provides financial assistance through the Local Government Innovation Fund to political subdivisions for planning and implementing projects to create efficient and effective service delivery; for projects that promote collaborations and shared services among local governments; and for projects that facilitate improved business environments and promote community attraction; and

WHEREAS, Guernsey County wants to conduct a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Collection and Treatment System in collaboration with the Village of Lore City, the Village of Old Washington, Center Township, Wills Township, the Guernsey County Port Authority, and the East Guernsey Local School District; and

WHEREAS, the Leatherwood Valley Regional Wastewater Collection and Treatment System will promote collaboration among local governments, improve efficiency of services, and facilitate economic development;

NOW THERFORE BE IT RESOLVED BY the Board of the Guernsey County Commissioners:

Section 1. The President of the Board of Guernsey County Commissioners is hereby authorized to enter into a collaborative partnership with the Village of Lore City, the Village of Old Washington, Center Township, Wills Township, the Guernsey County Port Authority, and the East Guernsey Local School District for the purpose of conducting a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Collection and Treatment System.

Section 2. The President of the Board of the Guernsey County Commissioners is hereby authorized to apply to the Local Government Innovation Fund to conduct a Feasibility Study for The Leatherwood Valley Regional Wastewater Collection and Treatment System and to sign all necessary documents for the Local Government Innovation Fund.

All vote yea.
Board of County Commissioners
Guernsey County, Ohio

Steve C. Allen, President

Steven A. Douglass, Vice President

Thomas J. Laughman, Member

RESOLUTION NO. _____

A RESOLUTION BY THE COUNCIL OF THE VILLAGE OF LORE CITY AUTHORIZING THE MAYOR TO ENTER INTO A COLLABORATIVE PARTNERSHIP WITH GUERNSEY COUNTY FOR THE PURPOSE OF CONDUCTING A FEASIBILITY STUDY FOR THE LEATHERWOOD VALLEY REGIONAL WASTEWATER COLLECTION AND TREATMENT SYSTEM.

WHEREAS, the Ohio Department of Development provides financial assistance through the Local Government Innovation Fund to political subdivisions for planning and implementing projects to create efficient and effective service delivery; for projects that promote collaborations and shared services among local governments; and for projects that facilitate improved business environments and promote community attraction; and

WHEREAS, the Village of Lore City wants to participate in a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Collection and Treatment System in collaboration with Guernsey County, the Village of Old Washington, Center Township, Wills Township, the Guernsey County Port Authority, and the East Guernsey Local School District; and

WHEREAS, the Leatherwood Valley Regional Wastewater Collection and Treatment System will promote collaboration among local governments, improve efficiency of services, and facilitate economic development;

NOW THEREFORE BE IT RESOLVED BY the Council of the Village of Lore City:

Section 1. The Mayor of the Village of Lore City is hereby authorized to enter into a collaborative partnership with Guernsey County for the purpose of conducting a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Treatment System.

Section 2. The Village of Lore City authorizes Guernsey County to serve as lead applicant and to sign all necessary documents for the Local Government Innovation Fund.

PASSED: _____ _____

Date

Gary Noll
President of Council

ATTEST: _____

Sharon S. Carpenter
Clerk/Treasurer

APPROVED: _____

Date

_____

Richard E. Carpenter
Mayor

RESOLUTION NO. _____

A RESOLUTION BY THE COUNCIL OF THE VILLAGE OF OLD WASHINGTON AUTHORIZING THE MAYOR TO ENTER INTO A COLLABORATIVE PARTNERSHIP WITH GUERNSEY COUNTY FOR THE PURPOSE OF CONDUCTING A FEASIBILITY STUDY FOR THE LEATHERWOOD VALLEY REGIONAL WASTEWATER COLLECTION AND TREATMENT SYSTEM.

WHEREAS, the Ohio Department of Development provides financial assistance through the Local Government Innovation Fund to political subdivisions for planning and implementing projects to create efficient and effective service delivery; for projects that promote collaborations and shared services among local governments; and for projects that facilitate improved business environments and promote community attraction; and

WHEREAS, the Village of Old Washington wants to participate in a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Collection and Treatment System in collaboration with Guernsey County, the Village of Lore City, Center Township, Wills Township, the Guernsey County Port Authority, and the East Guernsey Local School District; and

WHEREAS, the Leatherwood Valley Regional Wastewater Collection and Treatment System will promote collaboration among local governments, improve efficiency of services, and facilitate economic development;

NOW THEREFORE BE IT RESOLVED BY the Council of the Village of Old Washington:

Section 1. The Mayor of the Village of Old Washington is hereby authorized to enter into a collaborative partnership with Guernsey County for the purpose of conducting a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Treatment System.

Section 2. The Village of Old Washington authorizes Guernsey County to serve as lead applicant and to sign all necessary documents for the Local Government Innovation Fund.

PASSED: _____ _____

Date

Edwin Wagstaff
President of Council

ATTEST: _____

Ralph M. Ray
Fiscal Officer

APPROVED: _____

Date

_____

Diane Barnes
Mayor

RESOLUTION NO. _____

A RESOLUTION BY CENTER TOWNSHIP TRUSTEES AUTHORIZING THE BOARD OF TRUSTEES TO ENTER INTO A COLLABORATIVE PARTNERSHIP WITH GUERNSEY COUNTY FOR THE PURPOSE OF CONDUCTING A FEASIBILITY STUDY FOR THE LEATHERWOOD VALLEY REGIONAL WASTEWATER COLLECTION AND TREATMENT SYSTEM.

WHEREAS, the Ohio Department of Development provides financial assistance through the Local Government Innovation Fund to political subdivisions for planning and implementing projects to create efficient and effective service delivery; for projects that promote collaborations and shared services among local governments; and for projects that facilitate improved business environments and promote community attraction; and

WHEREAS, Center Township wants to participate in a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Collection and Treatment System in collaboration with Guernsey County, the Village of Lore City, the Village of Old Washington, Wills Township, the Guernsey County Port Authority, and the East Guernsey Local School District; and

WHEREAS, the Leatherwood Valley Regional Wastewater Collection and Treatment System will promote collaboration among local governments, improve efficiency of services, and facilitate economic development;

NOW THEREFORE BE IT RESOLVED BY the Center Township Trustees:

Section 1. The Center Township Trustees are hereby authorized to enter into a collaborative partnership with Guernsey County for the purpose of conducting a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Treatment System.

Section 2. The Center Township Trustees authorize Guernsey County to serve as lead applicant and to sign all necessary documents for the Local Government Innovation Fund.

PASSED: _____
Date

ATTEST: _____
Martha A. Starr
Fiscal Officer

_____
Tommy N. Chambers
Trustee

_____
Douglas G. Dodd
Trustee

_____
Robert Oakley
Trustee

RESOLUTION NO. _____

A RESOLUTION BY WILLS TOWNSHIP TRUSTEES AUTHORIZING THE BOARD OF TRUSTEES TO ENTER INTO A COLLABORATIVE PARTNERSHIP WITH GUERNSEY COUNTY FOR THE PURPOSE OF CONDUCTING A FEASIBILITY STUDY FOR THE LEATHERWOOD VALLEY REGIONAL WASTEWATER COLLECTION AND TREATMENT SYSTEM.

WHEREAS, the Ohio Department of Development provides financial assistance through the Local Government Innovation Fund to political subdivisions for planning and implementing projects to create efficient and effective service delivery; for projects that promote collaborations and shared services among local governments; and for projects that facilitate improved business environments and promote community attraction ; and

WHEREAS, Wills Township wants to participate in a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Collection and Treatment System in collaboration with Guernsey County, the Village of Lore City, the Village of Old Washington, Center Township, the Guernsey County Port Authority, and the East Guernsey Local School District; and

WHEREAS, the Leatherwood Valley Regional Wastewater Collection and Treatment System will promote collaboration among local governments, improve efficiency of services, and facilitate economic development;

NOW THEREFORE BE IT RESOLVED BY the Wills Township Trustees:

Section 1. The Wills Township Trustees are hereby authorized to enter into a collaborative partnership with Guernsey County for the purpose of conducting a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Treatment System.

Section 2. The Wills Township Trustees authorize Guernsey County to serve as lead applicant and to sign all necessary documents for the Local Government Innovation Fund.

PASSED: _____
Date

ATTEST: _____
Winnie Wells
Fiscal Officer

_____
Rick Casterline
Trustee

_____
Tim Gray
Trustee

_____
William E. Kahrig
Trustee

RESOLUTION NO. _____

A RESOLUTION BY THE EAST GUERNSEY LOCAL SCHOOL DISTRICT BOARD OF EDUCATION AUTHORIZING THE BOARD PRESIDENT TO ENTER INTO A COLLABORATIVE PARTNERSHIP WITH GUERNSEY COUNTY FOR THE PURPOSE OF CONDUCTING A FEASIBILITY STUDY FOR THE LEATHERWOOD VALLEY REGIONAL WASTEWATER COLLECTION AND TREATMENT SYSTEM.

WHEREAS, the Ohio Department of Development provides financial assistance through the Local Government Innovation Fund to political subdivisions for planning and implementing projects to create efficient and effective service delivery; for projects that promote collaborations and shared services among local governments; and for projects that facilitate improved business environments and promote community attraction; and

WHEREAS, the East Guernsey Local School District Board of Education wants to participate in a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Collection and Treatment System in collaboration with Guernsey County, the Village of Lore City, the Village of Old Washington, Center Township, Wills Township, and the Guernsey County Port Authority; and

WHEREAS, the Leatherwood Valley Regional Wastewater Collection and Treatment System will promote collaboration among local governments, improve efficiency of services, and facilitate economic development;

NOW THEREFORE BE IT RESOLVED BY the East Guernsey Local School District Board of Education:

Section 1. The President of the East Guernsey Local School District Board of Education is hereby authorized to enter into a collaborative partnership with Guernsey County for the purpose of conducting a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Treatment System.

Section 2. The East Guernsey Local School District authorizes Guernsey County to serve as lead applicant and to sign all necessary documents for the Local Government Innovation Fund.

PASSED: _____
Date

_____
Andy Warhola
President

_____
Dennis Doutt
Vice President

_____
David Carter
Member

_____
Jason R. Emch
Member

_____
Timothy R. McKim
Member

RESOLUTION NO. _____

A RESOLUTION BY THE GUERNSEY COUNTY PORT AUTHORITY AUTHORIZING THE DIRECTOR TO ENTER INTO A COLLABORATIVE PARTNERSHIP WITH GUERNSEY COUNTY FOR THE PURPOSE OF CONDUCTING A FEASIBILITY STUDY FOR THE LEATHERWOOD VALLEY REGIONAL WASTEWATER COLLECTION AND TREATMENT SYSTEM.

WHEREAS, the Ohio Department of Development provides financial assistance through the Local Government Innovation Fund to political subdivisions for planning and implementing projects to create efficient and effective service delivery; for projects that promote collaborations and shared services among local governments; and for projects that facilitate improved business environments and promote community attraction; and

WHEREAS, the Guernsey County Port Authority wants to participate in a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Collection and Treatment System in collaboration with Guernsey County, the Village of Lore City, the Village of Old Washington, Center Township, Wills Township, and the East Guernsey Local School District; and

WHEREAS, the Leatherwood Valley Regional Wastewater Collection and Treatment System will promote collaboration among local governments, improve efficiency of services, and facilitate economic development;

NOW THEREFORE BE IT RESOLVED BY the Guernsey County Port Authority:

Section 1. The Director of the Guernsey County Port Authority is hereby authorized to enter into a collaborative partnership with Guernsey County for the purpose of conducting a Feasibility Study for the development of the Leatherwood Valley Regional Wastewater Treatment System.

Section 2. The Guernsey County Port Authority authorizes Guernsey County to serve as lead applicant and to sign all necessary documents for the Local Government Innovation Fund.

PASSED: _____ **ATTEST:** _____

Date

_____

_____

GUERNSEY COUNTY

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701

Mary Taylor, CPA
Auditor of State

Board of County Commissioners
Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43275

We have reviewed the *Independent Auditors' Report* of Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2008 through December 31, 2008. 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. Guernsey County is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 26, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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GUERNSEY COUNTY

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Guernsey County, Ohio (the County) as of and for the year ended December 31, 2008, 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 not audit the financial statements of the Guernsey County Port Authority and Guernsey Industries, Inc., the discretely presented component units. Other auditors audited those financial statements. They have furnished their report thereon to us and we based our opinion, insofar as it relates to the amounts included for the Guernsey County Port Authority and Guernsey Industries, Inc. on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government 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. The financial statements of Guernsey Industries, Inc. were not audited in accordance with Government Auditing Standards. 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, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

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

Guernsey Industries, Inc. financial statements are presented as stand alone statements in accordance with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, the discretely presented component units (except Guernsey Industries, Inc.), each major fund, and the aggregate remaining fund information of the Guernsey County, Ohio as of December 31, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Public Assistance Fund, Motor Vehicle and Gasoline Tax Fund, and Mental Retardation and Developmental Disabilities Fund,for the year then ended in conformity with the basis of accounting Note 2 describes.

Also in our opinion, based on the report of other auditors, the financial statements of Guernsey Industries, Inc., present fairly, in all material respects, its financial position, as of December 31, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United State of America

In accordance with *Government Auditing Standards*, we have also issued a report dated September 11, 2009, on our consideration of Guernsey County's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to opine of the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards expenditures present additional information and is required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 11, 2009

The discussion and analysis of Guernsey County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2008, within the limitations of the County's modified cash basis accounting. Readers should also review the modified cash basis financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- Net modified cash assets of governmental activities decreased $438,193.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of $16,815,913, a decrease of $507,098 from the prior year.

Using this Annual Financial Report

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

Basis of Accounting

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

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

County-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction of the use of monies, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund, and the Public Assistance, Motor Vehicle and Gasoline Tax and Mental Retardation and Developmental Disabilities Funds.

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

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund *Statements of Modified Cash Basis Assets and Fund Balances* and *Statement of Cash Receipts, Disbursements and Changes in Modified 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 Water Fund operations and Sewer Fund operations. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Self-Insurance Fund accounts for the claims relating to the County's self-insurance hospitalization program.

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

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

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2008 compared to 2007.

A portion of the County's governmental activities net assets, $16,321,501, or 94.7 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, $913,103, or 5.3 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Equity in Pool Cash and Cash Equivalents	$ 15,477,521	$ 16,150,948	$ 2,868,862	$ 434,008	$ 18,346,383	$ 16,584,956
Cash and Cash Equivalents with Fiscal and Escrow Agents	1,757,083	1,521,849	0	0	1,757,083	1,521,849
Total Assets	17,234,604	17,672,797	2,868,862	434,008	20,103,466	18,106,805
Net Assets						
Restricted for:						
Capital Projects	943,618	1,054,457	0	0	943,618	1,054,457
Debt Service	173,866	161,606	0	0	173,866	161,606
Motor Vehicle Gas Tax	1,593,190	1,655,539	0	0	1,593,190	1,655,539
Public Assistance	718,492	617,160	0	0	718,492	617,160
Children Services	1,669,863	2,105,430	0	0	1,669,863	2,105,430
Mental Retardation and Developmental Disabilities	9,376,664	9,141,897	0	0	9,376,664	9,141,897
Other Purposes	1,845,808	1,715,398	0	0	1,845,808	1,715,398
Unrestricted	913,103	1,221,310	2,868,862	434,008	3,781,965	1,655,318
Total Net Assets	$ 17,234,604	$ 17,672,797	$ 2,868,862	$ 434,008	$ 20,103,466	$ 18,106,805

Table 2 shows the changes in net assets for 2008 compared to 2007.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Receipts:						
Program Receipts:						
Charges for Services	$ 3,929,150	$ 4,069,245	$ 2,117,812	$ 2,098,121	$ 6,046,962	$ 6,167,366
Operating Grants & Contributions	19,951,327	22,830,803	842,260	0	20,793,587	22,830,803
Capital Grants & Contributions	1,470,663	1,207,154	0	737,937	1,470,663	1,945,091
Total Program Receipts	25,351,140	28,107,202	2,960,072	2,836,058	28,311,212	30,943,260
General Receipts and Transfers:						
Property Taxes	5,373,718	5,827,466	0	0	5,373,718	5,827,466
Permissive Sales Tax	5,851,527	5,847,891	0	0	5,851,527	5,847,891
Grants and Entitlements	1,392,380	1,169,557	0	0	1,392,380	1,169,557
Investment Earnings	802,963	918,329	40,724	0	843,687	918,329
General Obligation Bonds Issued	205,000	255,000	2,839,000	0	3,044,000	255,000
Bond Anticipation Notes Issued	0	200,000	0	0	0	200,000
Loan Payments Received	0	1,502	0	0	0	1,502
Proceeds of OWDA Loans	0	0	167,526	747,957	167,526	747,957
Miscellaneous	436,481	434,905	32,316	3,854	468,797	438,759
Total General Receipts	14,062,069	14,654,650	3,079,566	751,811	17,141,635	15,406,461
Total Receipts	39,413,209	42,761,852	6,039,638	3,587,869	45,452,847	46,349,721
Program Disbursements:						
General Government						
Legislative and Executive	4,861,288	4,706,664	0	0	4,861,288	4,706,664
Judicial	2,873,205	2,838,116	0	0	2,873,205	2,838,116
Public Safety	3,812,154	3,503,117	0	0	3,812,154	3,503,117
Public Works	5,845,870	5,402,737	0	0	5,845,870	5,402,737
Health	6,242,904	6,189,114	0	0	6,242,904	6,189,114
Human Services	13,629,535	15,142,535	0	0	13,629,535	15,142,535
Economic Development	480,079	524,963	0	0	480,079	524,963
Other	347,262	433,660	0	0	347,262	433,660
Capital Outlay	391,868	445,754	0	0	391,868	445,754
Debt Service						
Principal	956,673	1,083,238	0	0	956,673	1,083,238
Interest and Fiscal Charges	404,529	423,304	0	0	404,529	423,304
Issuance Costs	4,525	1,436	0	0	4,525	1,436
Sewer	0	0	310,194	751,573	310,194	751,573
Water	0	0	3,296,100	2,884,138	3,296,100	2,884,138
Total Disbursements	39,849,892	40,694,638	3,606,294	3,635,711	43,456,186	44,330,349
Excess/(Deficiency) Before Transfers and Advances	(436,683)	2,067,214	2,433,344	(47,842)	1,996,661	2,019,372
Transfers	(54,478)	86,501	54,478	(86,501)	0	0
Advances	52,968	(75,000)	(52,968)	75,000	0	0
Change in Net Assets	(438,193)	2,078,715	2,434,854	(59,343)	1,996,661	2,019,372
Net Assets, Beginning of Year	17,672,797	15,594,082	434,008	493,351	18,106,805	16,087,433
Net Assets, End of Year	$ 17,234,604	$ 17,672,797	$ 2,868,862	$ 434,008	$ 20,103,466	$ 18,106,805

Operating grants were the largest program receipts, accounting for $19,951,327 or 78.7 percent of total for governmental activities.

Property tax receipts accounted for $5,373,718 or 13.7 percent of total governmental receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for $5,851,527 or 14.8 percent of total receipts.

The County's direct charges to users of governmental services made up $3,929,150 or 10 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 $13,629,535 or 34.2 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include health, which accounted for $6,242,904 or 15.7 percent of total disbursements, public works, which accounted for $5,845,870 or 14.7 percent of total disbursements, and general government – legislative and executive, which accounted for $7,734,493 or 19.4 percent of total disbursements.

Business-Type Activities – As of December 31, 2008, business-type funds of the County reported net assets of $2,868,862. This is an increase of $2,434,854 during 2008. This increase is a direct result of the County having bond proceeds of $2,839,000 during 2008 in the water fund.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2008 compared to 2007. The statement of activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts, unrestricted intergovernmental receipts, and unrestricted interest receipts.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General Government:				
Legislative and Executive	$ 4,861,288	$ 4,706,664	$ 2,867,076	$ 2,748,325
Judicial	2,873,205	2,838,116	1,799,090	1,625,555
Public Safety	3,812,154	3,503,117	2,810,935	2,671,415
Public Works	5,845,870	5,402,737	(40,062)	(535,924)
Health	6,242,904	6,189,114	2,790,557	2,700,788
Human Services	13,629,535	15,142,535	2,080,891	1,093,430
Economic Development	480,079	524,963	85,408	(103,545)
Miscellaneous	347,262	433,660	347,262	433,660
Capital Outlay	391,868	445,754	391,868	445,754
Debt Service				
Principal	956,673	1,083,238	956,673	1,083,238
Interest and Fiscal Charges	404,529	423,304	404,529	423,304
Issuance Costs	4,525	1,436	4,525	1,436
Total Disbursements	$ 39,849,892	$ 40,694,638	$ 14,498,752	$ 12,587,436

Charges for services, operating grants and contributions, capital grants and contributions of $25,351,140 or 63.6 percent of the total costs of services are received and used to fund the general government disbursements of the County. The remaining $14,498,752 in general government disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, interest, miscellaneous receipts, and proceeds of debt.

The $(2,790,557) in net cost of services for health demonstrates the costs of services that are not supported from state and federal resources. As such, the taxpayers have approved property tax levies for several programs including the Mental Retardation and Development Disabilities and County Home.

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, 2008, the County's governmental funds reported a combined ending fund balance of $16,815,913, a decrease of $507,098 in comparison with the prior year. $16,686,162, or 99.2 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 ($67,938) or reserved for unclaimed monies ($61,813). 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 2008, unreserved fund balance was $465,302, while total fund balance was $556,225. 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 4.6 percent to total General Fund disbursements, while total fund balance represents 5.4 percent of that same amount.

The fund balance of the County's General Fund decreased by $348,025 during 2008. The primary reason for the decrease was a decrease in overall revenue in the general fund, particularly property and sales tax revenue.

At the end of 2008 the Public Assistance Fund had a fund balance of $718,492 in comparison to a fund balance of $617,160 at the end of 2007. This increase is primarily due to an increase in transfers in.

At the end of 2008 the Motor Vehicle and Gasoline Tax Special Revenue Fund had a fund balance of $1,593,190 in comparison to a fund balance of $1,655,539 at the end of 2007. This decrease is primarily due to a decrease in permissive motor vehicle license tax.

At the end of 2008 the Mental Retardation and Developmental Disabilities Special Revenue Fund had a fund balance of $9,376,664, in comparison to a fund balance of $9,141,897 at the end of 2007. This increase is primarily due to revenue exceeding disbursements during the current year.

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 Guernsey County, allowing department managers the ability to consistently predict receipts and disbursements.

Economic Factors

The unemployment rate for Guernsey County averaged 8.5% in 2008. This rate is higher than the State of Ohio rate of 7.8 percent in December of 2008.

The County's $579,541,540 overall assessed valuation has decreased $10,151,180 from the prior year. This decrease is attributable to the phase-out of the tangible personal property assessed values which declined by $17,874,160 in 2008. Real property values have increased since the triennial update in 2006, and were up an additional $5,961,570 in 2008.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tony Brown, Guernsey County Auditor, 801 Wheeling Avenue, Cambridge, Ohio 43725.

Guernsey County, Ohio
Statement of Net Assets - Modified Cash Basis
December 31, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Guernsey County Port Authority
Assets				
Equity in Pooled Cash and Cash Equivalents	$ 15,477,521	$ 2,868,862	$ 18,346,383	$ 179,462
Cash and Cash Equivalents with Fiscal Agent	1,757,083	0	1,757,083	0
Total Assets	$ 17,234,604	$ 2,868,862	$ 20,103,466	$ 179,462
Net Assets				
Restricted for:				
Capital Outlay	943,618	0	943,618	0
Debt Service	173,866	0	173,866	0
Motor Vehicle and Gasoline Tax	1,593,190	0	1,593,190	0
Public Assistance	718,492	0	718,492	0
Children Services	1,669,863	0	1,669,863	0
Mental Retardation and Developmental Disabilities	9,376,664	0	9,376,664	0
Other Purposes	1,845,808	0	1,845,808	0
Unrestricted	913,103	2,868,862	3,781,965	179,462
Total Net Assets	$ 17,234,604	$ 2,868,862	$ 20,103,466	$ 179,462

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2008

		Program Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government:				
Legislative and Executive	$ 4,861,288	$ 1,909,055	$ 85,157	$ 0
Judicial	2,873,205	778,021	296,094	0
Public Safety	3,812,154	343,571	657,648	0
Public Works	5,845,870	231,762	4,281,840	1,372,330
Health	6,242,904	478,540	2,885,309	88,498
Human Services	13,629,535	188,201	11,350,608	9,835
Economic Development and Assistance	480,079	0	394,671	0
Other	347,262	0	0	0
Capital Outlay	391,868	0	0	0
Principal Retirements	956,673	0	0	0
Interest and Fiscal Charges	404,529	0	0	0
Issuance Costs	4,525	0	0	0
Total Governmental Activities	39,849,892	3,929,150	19,951,327	1,470,663
Business-Type Activities:				
Sewer Fund	310,194	224,337	0	0
Water Fund	3,296,100	1,893,475	842,260	0
Total Business-Type Activities	3,606,294	2,117,812	842,260	0
Total - Primary Government	$ 43,456,186	$ 6,046,962	$ 20,793,587	$ 1,470,663
Component Unit:				
Guernsey County Port Authority	$ 243,076	$ 176,709	$ 0	$ 0

General Receipts
Property Taxes Levied for:
General Purposes
Health Levy
County Home
Children Services
Mental Retardation and Development Disabilities
Senior Citizens Levy
Sales Taxes Levied for:
General Purposes
Other Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Proceeds of Bonds
Proceeds of OWDA Loan
Miscellaneous

Total General Receipts

Transfers
Advances

Total General Receipts, Transfers and Advances

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			Component Unit
Governmental Activities	Business-Type Activities	Total	Guernsey County Port Authority
$ (2,867,076)	$ 0	$ (2,867,076)	$ 0
(1,799,090)	0	(1,799,090)	0
(2,810,935)	0	(2,810,935)	0
40,062	0	40,062	0
(2,790,557)	0	(2,790,557)	0
(2,080,891)	0	(2,080,891)	0
(85,408)	0	(85,408)	0
(347,262)	0	(347,262)	0
(391,868)	0	(391,868)	0
(956,673)	0	(956,673)	0
(404,529)	0	(404,529)	0
(4,525)	0	(4,525)	0
(14,498,752)	0	(14,498,752)	0
0	(85,857)	(85,857)	0
0	(560,365)	(560,365)	0
0	(646,222)	(646,222)	0
(14,498,752)	(646,222)	(15,144,974)	0
0	0	0	(66,367)
1,380,918	0	1,380,918	0
251,917	0	251,917	0
471,499	0	471,499	0
1,029,583	0	1,029,583	0
1,887,987	0	1,887,987	0
351,814	0	351,814	0
4,983,076	0	4,983,076	0
868,451	0	868,451	0
1,392,380	0	1,392,380	0
802,963	40,724	843,687	8,639
205,000	2,839,000	3,044,000	0
	167,526	167,526	0
436,481	32,316	468,797	27,097
14,062,069	3,079,566	17,141,635	35,736
(54,478)	54,478	0	0
52,968	(52,968)	0	0
14,060,559	3,081,076	17,141,635	35,736
(438,193)	2,434,854	1,996,661	(30,631)
17,672,797	434,008	18,106,805	210,093
$ 17,234,604	$ 2,868,862	$ 20,103,466	$ 179,462

Guernsey County, Ohio
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$ 556,225	$ 718,492	$ 1,593,190	$ 7,619,581	$ 4,571,342	$ 15,058,830
Cash and Cash Equivalents with Fiscal Agent	0	0	0	1,757,083	0	1,757,083
Total Assets	$ 556,225	$ 718,492	$ 1,593,190	$ 9,376,664	$ 4,571,342	$ 16,815,913
Fund Balances						
Reserved for Encumbrances	29,110	0	37,780	0	1,048	67,938
Reserved for Unclaimed Monies	61,813	0	0	0	0	61,813
Unreserved, Undesignated, Reported in:						
General Fund	465,302	0	0	0	0	465,302
Special Revenue Funds	0	718,492	1,555,410	9,376,664	3,452,810	15,103,376
Debt Service Funds	0	0	0	0	173,866	173,866
Capital Projects Funds	0	0	0	0	943,618	943,618
Total Fund Balances	$ 556,225	$ 718,492	$ 1,593,190	$ 9,376,664	$ 4,571,342	$ 16,815,913

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets - Modified Cash Assets of Governmental Activities
December 31, 2008

Total Governmental Fund Balances	$ 16,815,913
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.	418,691
Net Assets of Governmental Activities	$ 17,234,604

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	$ 1,370,798	$ 0	$ 0	$ 1,887,987	$ 2,114,932	$ 5,373,717
Sales Tax	4,983,076	0	0	0	868,451	5,851,527
Special Assessments	0	0	0	0	94,156	94,156
Charges for Services	1,629,061	0	0	61,079	1,326,434	3,016,574
Licenses and Permits	51,079	0	0	0	75,983	127,062
Fines and Forfeitures	131,490	0	209,185	0	130,321	470,996
Intergovernmental	1,392,383	7,865,192	4,281,840	2,590,948	6,491,519	22,621,882
Interest	773,314	0	5,191	0	24,458	802,963
Rent	162,500	0	0	0	152,018	314,518
Contributions and Donations	0	0	0	0	98,333	98,333
Other	58,235	5,797	3,552	47,912	320,985	436,481
Total Receipts	10,551,936	7,870,989	4,499,768	4,587,926	11,697,590	39,208,209
Disbursements						
Current:						
General Government:						
Legislative and Executive	4,273,663	0	0	0	608,402	4,882,065
Judicial	2,279,700	0	0	0	594,124	2,873,824
Public Safety	2,741,681	0	0	0	1,081,039	3,822,720
Public Works	177,309	0	4,326,145	0	1,359,812	5,863,266
Health	58,847	0	0	4,326,064	1,877,540	6,262,451
Human Services	281,148	7,934,898	0	0	5,413,489	13,629,535
Economic Development and Assistance	15,308	0	0	0	464,771	480,079
Other	347,262	0	0	0	0	347,262
Capital Outlay	57,010	3,532	190,659	27,095	113,572	391,868
Debt Service:						
Principal Retirements	0	0	4,544	0	952,129	956,673
Interest and Fiscal Charges	0	0	0	0	404,529	404,529
Issuance Costs	0	0	0	0	4,525	4,525
Total Disbursements	10,231,928	7,938,430	4,521,348	4,353,159	12,873,932	39,918,797
Excess of Receipts Over (Under) Disbursements	320,008	(67,441)	(21,580)	234,767	(1,176,342)	(710,588)
Other Financing Sources and (Uses)						
Transfers In	0	168,773	24,699	0	620,336	813,808
Transfers Out	(669,033)	0	(65,468)	0	(133,785)	(868,286)
Advances In	1,000	0	0	0	52,968	53,968
Advances Out	0	0	0	0	(1,000)	(1,000)
Proceeds of Bonds	0	0	0	0	205,000	205,000
Total Other Financing Sources and (Uses)	(668,033)	168,773	(40,769)	0	743,519	203,490
Net Change in Fund Balance	(348,025)	101,332	(62,349)	234,767	(432,823)	(507,098)
Fund Balance, Beginning of Year	904,250	617,160	1,655,539	9,141,897	5,004,165	17,323,011
Fund Balance, End of Year	$ 556,225	$ 718,492	$ 1,593,190	$ 9,376,664	$ 4,571,342	$ 16,815,913

See accompanying notes to the basic financial statements.

Guernsey County, Ohio

Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities -Modified Cash Basis

For The Year Ended December 31, 2008

Net Change in Fund Balances - Total Governmental Funds	$	(507,098)
Amounts reported for governmental activities in the statement of activities are different because		
The internal service funds used by management to charge the cost of insurance to individual funds in not reported in the entity-wide statements of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.		68,905
Change in Net Assets of Governmental Activities	$	(438,193)

See accompanying notes to the basic financial statements.

Gurensey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property Taxes	$ 1,331,541	$ 1,331,541	$ 1,380,254	$ 48,713
Sales Taxs	4,978,776	4,978,776	4,983,076	4,300
Charges for Services	1,713,289	1,723,847	1,629,061	(94,786)
Licenses and Permits	49,890	49,890	51,079	1,189
Fines and Forfeitures	137,862	137,862	131,490	(6,372)
Intergovernmental	1,433,004	1,433,273	1,392,383	(40,890)
Interest	800,000	800,000	777,843	(22,157)
Rent	162,500	162,500	162,500	0
Other	38,086	38,086	58,235	20,149
Total Receipts	10,644,948	10,655,775	10,565,921	(89,854)
Disbursements				
Current:				
General Government:				
Legislative and Executive	4,643,763	4,394,320	4,275,083	119,237
Judicial	2,252,335	2,284,979	2,282,091	2,888
Public Safety	2,777,772	2,793,972	2,766,480	27,492
Public Works	174,767	178,932	177,309	1,623
Health	58,797	58,847	58,847	0
Human Services	303,040	300,053	281,148	18,905
Economic Development and Assistance	4,570	15,570	15,308	262
Other	445,741	446,931	347,262	99,669
Capital Outlay	60,500	63,344	57,510	5,834
Total Disbursements	10,721,285	10,536,948	10,261,038	275,910
Excess of Receipts Over (Under) Disbursements	(76,337)	118,827	304,883	186,056
Other Financing Sources and (Uses)				
Transfers In	322,212	322,212	319,672	(2,540)
Transfers Out	(731,230)	(978,497)	(988,705)	(10,208)
Advances In	0	0	1,000	1,000
Total Other Financing Sources and (Uses)	(409,018)	(656,285)	(668,033)	(11,748)
Net Change in Fund Balance	(485,355)	(537,458)	(363,150)	174,308
Fund Balance, Beginning of Year	813,446	813,446	813,446	0
Prior Year Encumbrances Appropriated	6,814	6,814	6,814	0
Fund Balance, End of Year	$ 334,905	$ 282,802	$ 457,110	$ 174,308

See accompanying notes to the basic financial statements.

Gurensey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Fund
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Intergovernmental	$ 9,833,137	$ 9,833,137	$ 8,119,224	$ (1,713,913)
Other	0	0	5,797	5,797
Total Receipts	9,833,137	9,833,137	8,125,021	(1,708,116)
Disbursements				
Current:				
Human Services	10,365,378	10,365,378	7,934,898	2,430,480
Capital Outlay	20,000	20,000	3,532	16,468
Total Disbursements	10,385,378	10,385,378	7,938,430	2,446,948
Excess of Receipts Over (Under) Disbursements	(552,241)	(552,241)	186,591	738,832
Other Financing Sources				
Transfers In	189,113	189,113	168,773	(20,340)
Net Change in Fund Balance	(363,128)	(363,128)	355,364	718,492
Fund Balance, Beginning of Year	363,128	363,128	363,128	0
Fund Balance, End of Year	$ 0	$ 0	$ 718,492	$ 718,492

See accompanying notes to the basic financial statements.

Gurensey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Permissive Motor Vehicle License Tax	$ 140,000	$ 140,000	$ 143,698	3,698
Fines and Forfeitures	180,000	180,000	209,185	29,185
Intergovernmental	3,985,000	4,004,850	4,138,142	133,292
Interest	40,000	40,000	8,739	(31,261)
Other	0	0	3,552	3,552
Total Receipts	4,345,000	4,364,850	4,503,316	138,466
Disbursements				
Current:				
Public Works	5,667,140	5,686,890	4,363,925	1,322,965
Capital Outlay	230,000	230,000	190,659	39,341
Debt Service:				
Principal Retirements	0	0	4,544	(4,544)
Total Disbursements	5,897,140	5,916,890	4,559,128	1,357,762
Excess of Receipts Over (Under) Disbursements	(1,552,140)	(1,552,040)	(55,812)	1,496,228
Other Financing Sources and (Uses)				
Transfers Out	(65,500)	(65,600)	(65,468)	132
Transfers In	24,699	24,699	24,699	0
Total Other Financing Sources and (Uses)	(40,801)	(40,901)	(40,769)	132
Net Change in Fund Balance	(1,592,941)	(1,592,941)	(96,581)	1,496,360
Fund Balance, Beginning of Year	1,592,942	1,592,942	1,592,942	0
Prior Year Encumbrances Appropriated	58,757	58,757	58,757	0
Fund Balance, End of Year	$ 58,758	$ 58,758	$ 1,555,118	$ 1,496,360

See accompanying notes to the basic financial statements.

Gurensey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Mental Retardation and Developmental Disabilities Fund
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property Taxes	$ 1,818,626	$ 1,818,626	$ 1,909,806	91,180
Charges for Services	64,000	64,000	61,079	(2,921)
Intergovernmental	2,184,842	2,185,242	2,590,948	405,706
Other	26,600	26,600	47,912	21,312
Total Receipts	4,094,068	4,094,468	4,609,745	515,277
Disbursements				
Current:				
Health	6,351,563	6,498,963	4,326,064	2,172,899
Capital Outlay	32,407	60,407	27,095	33,312
Total Disbursements	6,383,970	6,559,370	4,353,159	2,206,211
Net Change in Fund Balance	(2,289,902)	(2,464,902)	256,586	2,721,488
Fund Balance, Beginning of Year	8,961,283	8,961,283	8,961,283	0
Fund Balance, End of Year	$ 6,671,381	$ 6,496,381	$ 9,217,869	$ 2,721,488

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2008

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	$ 72,687	$ 2,796,175	$ 2,868,862	$ 418,691
Net Assets				
Unrestricted	$ 72,687	$ 2,796,175	$ 2,868,862	$ 418,691

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
Operating Receipts				
Charges for Services	$ 223,587	$ 1,860,705	$ 2,084,292	$ 3,985,100
Tap-In Fees	750	32,770	33,520	0
Other	0	31,166	31,166	0
Total Operating Receipts	224,337	1,924,641	2,148,978	3,985,100
Operating Disbursements				
Personal Services	104,061	510,482	614,543	0
Contractual Services	120,021	940,032	1,060,053	439,103
Materials and Supplies	17,918	160,056	177,974	0
Claims	0	0	0	3,477,092
Capital Outlay	15,135	1,232,844	1,247,979	0
Other	6,659	51,136	57,795	0
Total Operating Disbursements	263,794	2,894,550	3,158,344	3,916,195
Operating Income (Loss)	(39,457)	(969,909)	(1,009,366)	68,905
Non-Operating Receipts (Disbursements)				
Proceeds of OWDA Loan	22,260	145,266	167,526	0
Proceeds of Bonds	0	2,839,000	2,839,000	0
Interest	0	40,724	40,724	0
Intergovernmental	0	842,260	842,260	0
Other Non-Operating Receipts	165	985	1,150	0
Advances Out	0	(52,968)	(52,968)	0
Principal Retirement	(24,140)	(211,430)	(235,570)	0
Interest and Fiscal Charges	(22,260)	(155,552)	(177,812)	0
Bond Issuance Costs	0	(34,568)	(34,568)	0
Total Non-Operating Receipts (Disbursements)	(23,975)	3,413,717	3,389,742	0
Income (Loss) Before Transfers	(63,432)	2,443,808	2,380,376	68,905
Transfers In	35,330	19,148	54,478	0
Change in Net Assets	(28,102)	2,462,956	2,434,854	68,905
Net Assets, Beginning of Year	100,789	333,219	434,008	349,786
Net Assets, End of Year	$ 72,687	$ 2,796,175	$ 2,868,862	$ 418,691

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds Funds
December 31, 2008

	Private Purpose Trust	Agency
Assets		
Cash and Cash Equivalents in Segregated Accounts	$ 84,623	$ 2,086,183
Net Assets		
Held in Trust for Children Services	84,623	0
Unrestricted	0	2,086,183
	$ 84,623	$ 2,086,183

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2008

	Private Purpose Trust
Additions	
Interest	$ 4,050
Deductions	
Payments in Accordance with Trust Agreements	356
Change in Net Assets	3,694
Net Assets, Beginning of Year - Restated (See Note 3)	80,929
Net Assests, End of year	$ 84,623

See accompanying notes to the basic financial statements.

Guernsey Industries
Statement of Net Assets
December 31, 2008

Assets		
Current Assets:		
Cash	$	112,168
Accounts Receivable		50,930
Investments		48,640
Inventory		20,054
Total Current Assets		231,792
Non-Current Assets		
Machinery and Equipment		122,452
Vehicles		110,179
		232,631
Less: Accumulated Depreciation		186,167
Total Non-Current Assets		46,464
Total Assets	$	278,256
Liabilities		
Current Liabilities		
Accounts Payable	$	3,475
Accrued Expenses		6,298
Total Current Liabilities		9,773
Net Assets		
Unrestricted		268,483
Total Liabilities and Net Assets	$	278,256

See accompanying notes to financial statements.

Guernsey Industries
Statement of Activities
For the Year Ended December 31, 2008

Revenues		
Sales	$	364,334
Interest Earned		3,491
Contributions		1,020
In-Kind Contribution		216,013
Total Unrestricted Revenues		584,858
Less: Direct Materials and Supplies		158,927
Total Revenues		425,931
Operating Expenses		
Wages		151,706
Depreciation		11,988
Insurance		3,322
Employee Welfare		6,425
Professional Fees		5,025
supplies		157
Repairs and Maintenance		7,439
Office Supplies and Postage		5,033
Utilities		2,020
Advertising		75
License and Fees		2,598
Fuel		10,239
Donations		931
Miscellaneous		1,216
Payroll Taxes		19,360
In-Kind Contribution		216,013
Total Expenses		443,547
Change in Net Assets		(17,616)
Net Assets Beginning of Year		286,099
Net Assets End of Year	$	268,483

See accompanying notes to financial statements.

NOTE 1: REPORTING ENTITY

Guernsey County (the "County") is a body politic and corporate established in 1810 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is comprised of nineteen townships, one city, and ten villages. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Municipal Court Judge, Common Pleas Judge (also serves as the Domestic Relations Judge) and Probate Court Judge (also serves as the Juvenile Court Judge). Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County.

NOTE 1: REPORTING ENTITY (Continued)

The component unit column in the financial statements identifies the financial data of the County's governmental component unit, the Guernsey County Port Authority. The Guernsey County Port Authority component unit is discretely presented in separate columns to emphasize that it is legally separate from the County. The Guernsey County Port Authority component unit note disclosures can be found in Note 20.

The financial statements do not identify the financial data of Guernsey Industries, which meets the criteria of being reported as a component unit of the County due to Guernsey Industries' financial information being prepared on an accrual basis of accounting rather than the modified cash basis of accounting utilized by the County. However, Guernsey Industries' financial statements are presented following the primary government's modified cash financial statements. The Guernsey Industries component unit note disclosures can be found in Note 21.

Guernsey County Port Authority

The Guernsey County Port Authority (GCPA) is a legally separate, not-for-profit organization which is governed by a five member board. The GCPA was established by the Guernsey County Commissioners as a resource to continue and improve economic development throughout the county. The GCPA may adopt budgets, hire and fire employees, and issue revenue debt without the approval of the County. The GCPA received funding from Guernsey County to be used for administration and start up costs. The GCPA intends to seek state or federal grant funding to pursue various projects. Based upon the County's appointment of all GCPA board members, and the County's ongoing financial contributions to the GCPA, the Guernsey County Port Authority is presented as a component unit of Guernsey County. The GCPA operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Guernsey County Port Authority, Cambridge, Ohio.

Guernsey Industries

Guernsey Industries is a legally, separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under a contractual agreement with the Guernsey County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Guernsey County. The Guernsey County Board of MR/DD provides the workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering services), staff to administer and supervise training programs, and other funds as necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the retarded and handicapped adults of Guernsey County, the workshop is presented as a component unit of Guernsey County. Separately issued financial statements can be obtained from Guernsey Industries, Byesville, Ohio.

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

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

NOTE 1: REPORTING ENTITY (Continued)

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

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

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

Guernsey County Law Library is operated by a non-profit association organized under State statute. State statutes require the County Commissioners to pay the salary of the Law Librarian and provide adequate, suitable facilities at County expense for the use as a county law library. The Board of County Commissioners is not involved in the selection of trustees or management of the Law Library. The County exercises no oversight responsibility. The County Auditor maintains the Law Library Agency Fund and collect monies paid by the courts for payment to the board of trustees of the Law Library.

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, that that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The County participates in several jointly governed organizations and public entity risk pools. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements. These organizations are:

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

NOTE 1: REPORTING ENTITY (Continued)

- Guernsey County Convention Facilities Authority
- Cambridge Metropolitan Housing Authority
- Guernsey County Convention Facilities Authority
- Cambridge Metropolitan Housing Authority
- Guernsey County Park District
- Guernsey County Airport Authority
- County Risk Sharing Authority (CORSA)
- County Commissioners Association of Ohio Service Corporation (CCAOSC)

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

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 financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are consider business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and cash disbursements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a 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 and nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

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

Governmental Funds

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

General – The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Assistance – The Public Assistance fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

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

Mental Retardation and Development Disabilities (MRDD) – The Mental Retardation and Development Disabilities Fund accounts for the operation of a school and the costs of administering a workshop for the mentally retarded and developmentally disabled residents of the County. Receipt sources are federal and state grant monies and a county-wide property tax levy.

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

Proprietary Funds

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

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

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

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

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

C. Basis of Accounting

The County's financial statements are prepared using the 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 the County Commissioners at the fund, program, department, and object level for all funds.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Cash and Investments

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

Cash and cash equivalents that are held separately within departments of the County are recorded as "Cash and Cash Equivalents with Fiscal Agents."

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 2008, the County invested in STAROhio, federal agency securities, county boards, and non-negotiable certificates of deposit. Investments are reported at cost, except for STAROhio. STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

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 2008 were $773,314, which includes $740,161 assigned from other County funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Interfund Activity

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

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

M. Long-Term Obligations

The County's 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally retarded, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The government-wide statement of net assets reports $16,321,501 of restricted net assets, of which none is restricted by enabling legislation.

O. Fund Balance Reserves

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

P. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3: RESTATEMENT OF NET ASSETS

In 2008 the trust fund net assets were restated to include the cash balance of the children's services private-purpose trust fund that had not been reported in prior years. As a result, net assets have been restated as follows:

	Private-Purpose Trust
Previously Reported Net Assets at December 31, 2007	$ 0
Cash and Cash Equivalents	80,929
Restated Net Assets at January 1, 2008	$ 80,929

NOTE 4: 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.

NOTE 5: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Change in Cash Basis Fund Balance – (Budget Basis) for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the modified cash basis are as follows:

1. Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

2. Unrecorded cash and unrecorded interest are reported on the balance sheet (modified cash basis) but not on the budgetary basis.

3. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (modified cash basis) in the appropriate County fund.

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

	General	Public Assistance	MVGT	MRDD
Modified Cash Basis	$ (348,025)	$ 101,332	$ (62,349)	$ 234,767
Beginning of Year:				
Agency Fund Cash Allocation	78,266	0	0	180,614
Unrecorded Cash	5,724	254,032	3,840	0
End of Year:				
Agency Fund Cash Allocation	(68,810)	0	0	(158,795)
Unrecorded Cash	(1,195)	0	(292)	0
Encumbrances	(29,110)	0	(37,780)	0
Budget Basis	$ (363,150)	$ 355,364	$ (96,581)	$ 256,586

NOTE 6: DEPOSITS AND INVESTMENTS

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

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

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

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon Unites States treasury security that is a direct obligation of the United States;

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

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

4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

7. The State Treasurer's investment pool (STAROhio);

NOTE 6: DEPOSITS AND INVESTMENTS (Continued)

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;

9. Commercial paper notes, corporate notes and bankers' acceptances; and

10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

Cash on Hand

At year end, the County had no amounts of undeposited cash on hand, which would have been included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial Credit Risk Custodial Credit Risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, $1,629,822 of the County's bank balance of $2,082,516 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had not been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected be 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.

NOTE 6: DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2008, the County's MRDD special revenue fund had a cash balance of $1,757,083 with MEORC, a jointly governed organization (See Note 16). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain information, write to Mid East Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

Investments

At December 31, 2008, the County had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity	Percent of Total Investment	Rating	Rating Agency
Guernsey County General Obligation Bonds	$ 232,792	12/1/2020	1.3%	N/A	N/A
STAROhio	62,534	41 days	0.3%	AAAm	S&P
First American Governmental Obligation	2,295,613	Immediately	12.7%	AAA	Moody's
Negotiable CD's	172,005	1/16/09 - 10/9/2012	1.0%	N/A	N/A
Federal Hom Loan Mortgage	200,836		1.1%	AAA	Moody's
Federal Home Loan Mortgage Corporation Notes	5,266,283	2/5/09 - 5/1/2013	29.1%	AAA	Moody's
Federal Home Loan Bank Bonds	5,489,885	4/7/09 - 1/9/2014	30.4%	AAA	Moody's
Federal Farm Credit Bank Bonds	1,494,313	9/28/2009 - 12/24/2012	8.3%	AAA	Moody's
Federal National Mortgage Association Notes	2,863,482	2/20/2009 - 3/19/2013	15.8%	AAA	Moody's
Total Investments	$ 18,077,743		100%		

Interest Rate Risk The County has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

NOTE 6: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 7: PERMISSIVE SALES AND USE TAX

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

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

NOTE 8: 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 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2008.

NOTE 8: PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2008, on the value as of December 31, 2007. For 2008, tangible personal property is assessed at 6.25 percent for property including inventory. This percentage will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

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, the first payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

The full tax rate for all County operations for the year ended December 31, 2008, was $12.70 per $1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real property	$	531,710,720
Tangible personal property		3,025,100
Public utility personal property		44,805,720
Total assessed property value	$	579,541,540

NOTE 9: RISK MANAGEMENT

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

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

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has $1,000,000 of total liability coverage for each loss. Each of these areas contains a $2,500 member deductible amount. Property damage is covered for $63,853,631, equipment breakdown coverage is covered for $100,000,000 and crime insurance is covered for $1,000,000 for each occurrence.

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

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

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

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

For 2008, the County participated in the County Commissioners Association of Ohio Service Corporation Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 18) The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings that accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. For the County, An additional cost of $95,470 was charged for 2008. 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.

NOTE 9: RISK MANAGEMENT (Continued)

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

NOTE 10: DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classification contributed 10 percent of covered payroll, public safety members and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2008 was 14 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.4 percent of covered payroll. For 2008, a portion of the County's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were $932,875, $902,317 and $1,061,198, respectively. The full amount has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were $14,335 made by the County and $20,478 made by plan members.

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS Ohio funds, times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits.

Funding Policy – For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007 (the latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2008, 2007, and 2006 were $14,833, $14,279 and $12,777, respectively. The full amount has been contributed for fiscal year 2008, 2007 and 2006. For fiscal year 2008, the County did not have any employees participating in either the DC or Combined Plans.

NOTE 11: POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll (17.4 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll for 2008.

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, 2008, 2007, and 2006 were $918,540, $594,341and $519,064, respectively; the full amounts have been contributed for 2008, 2007 and 2006.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 11: POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy – All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The County's contributions for fiscal years ended June 30, 2008, 2007 and 2006 were $1,141, $1,098 and $983, respectively.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008 (the latest information available), the balance in the Fund was $3.7 billion. For the fiscal year ended June 30, 2008, net health care costs paid by STRS Ohio were $288,878,000 and STRS Ohio had 126,506 eligible benefit recipients.

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NOTE 12: DEBT

The County's debt activity for the year ended December 31, 2008 was as follows:

	Outstanding 12/31/2007	Additions	Reductions	Outstanding 12/31/2008	Amounts Due Within One Year
Governmental Activities:					
Special Assessment Bonds:					
Rolling Hills Paving - 1988. $202,900, 6.375%	$ 17,100	$ 0	$ (17,100)	$ 0	$ 0
Rolling Hills Paving II- 1988. $76,100, 6.375%	1,292	0	(1,292)	0	0
Stop Nine Sanitary Sewer - 1993. $559,200, 5%	49,900	0	(1,000)	48,900	1,000
Sundew and Zane Waterline - 1996. $84,000, 4.95%	52,138	0	(4,351)	47,787	4,567
Cedar Hills Sewer - 1996. $171,785, 4.95%	91,743	0	(9,641)	82,102	10,118
Eastmoor Sanitary Sewer - 1998. $186,000, 4.5%	122,400	0	(8,900)	113,500	9,200
Wolf's Den Road Waterline - 2000. $63,880, 6%	41,522	0	(3,194)	38,328	3,194
State Route 313 Sewer-2006, $200,000, 4.20-5.25%	195,000	0	(5,000)	190,000	5,000
Total Special Assessment Bonds	571,095	0	(50,478)	520,617	33,079
General Obligation Bonds:					
Rolling Hills Paving II- 1988. $76,100, 6.375%	5,108	0	(5,108)	0	0
Various Purpose Refunding and Improvement Serial Bonds - 2003 2.000%-5.00% - $7,260.000	4,335,000	0	(630,000)	3,705,000	525,000
Various Purpose Refunding and Improvement Term Bonds - 2003 2.000%-5.00% - $3,825,000	3,825,000	0	0	3,825,000	0
Public Improvement - 1996, $124,959, 4.95%	76,118	0	(6,008)	70,110	5,315
Engineer's Garage Bond - 2008 $205,000 - 3.89%	0	205,000	0	205,000	41,000
Total General Obligation Bonds	8,241,226	205,000	(641,116)	7,805,110	571,315
Long-Term Notes:					
Engineers Garage Bond Anticipation Note, Series 2007, $255,000, 4.5%	255,000	0	(255,000)	0	0
Ohio State University Extension Building, Series 2006, $100,000, 5.5%	200,000	0	(5,535)	194,465	5,859
Total Long-Term Notes	455,000	0	(260,535)	194,465	5,859
OPWC Loans:					
OPWC Loan - 1999, $30,670, 0%	3,067	0	(1,534)	1,533	1,533
OPWC Loan - 2000, $60,200, 0%	16,583	0	(3,010)	13,573	6,020
Total OPWC Loans	19,650	0	(4,544)	15,106	7,553
Total Governmental Activities	$9,286,971	$ 205,000	$ (956,673)	$8,535,298	$ 617,806

NOTE 12: DEBT (Continued)

	Outstanding 12/31/2007	Additions	Reductions	Outstanding 12/31/2008	Amounts Due Within One Year
Business-Type Activities:					
General Obligation Bonds:					
Kimbolton Waterline - 1992, $142,000, 5.75%	$ 98,500	$ 0	$ (2,300)	$ 96,200	$ 2,400
North Salem Waterline - 1994, $450,000, 5%	349,600	0	(8,000)	341,600	8,300
Route 40 East Waterline - 2008, $2,839,000, 4.42%	0	2,839,000	(46,605)	2,792,395	58,956
Total General Obligation Bonds	448,100	2,839,000	(56,905)	3,230,195	69,656
OWDA Loans:					
Water Fund OWDA - 1989, $1,444,319, 7.8%	197,899	0	(130,291)	67,608	67,608
Water Fund OWDA - 2006, $577,793, 2%	119,635	145,266	(24,234)	240,667	19,639
Water Fund OWDA - 2006, $111,000, sub-account	111,000	0	0	111,000	0
Sewer Fund OWDA - 2007, $513,101, 4.67%	490,841	22,260	(24,140)	488,961	0
Total General Obligation Bonds	919,375	167,526	(178,665)	908,236	87,247
Total Business-Type Activities	$1,367,475	$3,006,526	$ (235,570)	$4,138,431	$ 156,903

Governmental Activities

Special Assessment Bonds – As of December 31, 2008, the County has $520,617 in special assessment bonded debt outstanding. The debt is being repaid from the Special Assessment Bond Retirement Debt Service Fund with proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt service payment. During 2008 and 2007, the County did not enter into any new special assessment bonds. During 2006, the County entered into special assessment bonds in the amount of $200,000 for the State Route 313 sewer project. The State Route 313 sewer project bonds were issued with a discount of $4,200. Principal and interest requirements to retire the special assessment bonds outstanding at December 31, 2008 are as follows:

Year Ending December 31	Principal	Interest	Total
2009	$ 33,079	$ 25,440	$ 58,519
2010	34,406	23,834	58,240
2011	35,568	22,167	57,735
2012	41,869	20,438	62,307
2013	43,209	18,428	61,637
2014-2018	185,098	61,647	246,745
2019-2023	75,588	30,650	106,238
2024-2028	56,800	10,295	67,095
2029-2033	15,000	2,330	17,330
Totals	$ 520,617	$ 215,229	$ 735,846

General Obligation Bonds – As of December 31, 2008, the County has $7,805,110 in general obligation bonded debt outstanding that is being retired by the Bond Retirement Debt Service Fund. During 2008, the County entered into any new general obligation bonds for the construction and furnishing a building to house road machinery, supplies and personnel (Engineer's Garage). The bonds were issued for a 5 year period with final maturity at February 1, 2013. The bonds were issued at an interest rate of 3.89 %.

NOTE 12: DEBT (Continued)

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

On January 31, 2008, the County issued bonds in the amount of $205,000. The bonds were issued to repay $255,000 Engineer's Garage note outstanding at February 7, 2007. The bonds were issued for a five year period with final maturity at February 1, 2013. The bond was entered into with a issuance cost of $4,525.

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

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

Mandatory Redemption:

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

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

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

NOTE 12: DEBT (Continued)

Optional Redemption:

The Bonds maturing after December 1, 2012 are subject to prior redemption on or after December 1, 2012 by and at the sole option of the County, either in whole on any date or in part (as selected by the County) on any date and in integral multiples of $5,000, at par, plus accrued interest to the redemption date. Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2008 are as follows:

Year Ending December 31	Principal	Interest
2009	$ 571,315	$ 343,878
2010	595,589	326,248
2011	619,826	299,677
2012	364,025	276,329
2013	373,185	262,620
2014-2018	1,851,170	1,087,750
2019-2023	2,295,000	610,878
2024-2028	1,135,000	157,728
Totals	$ 7,805,110	$ 3,365,108

Long-Term Notes – On October 29, 2007, the County entered into $200,000 in a long-term note that was used to construct an office building for the Ohio State University Extension Services. This bond anticipation note is backed by the full faith and credit of the County. The note will be retired from the issuance of bonds. This bond anticipation note matures on November 1, 2017 along with interest payable at 5.75% of the principal amount.

OPWC Loans – As of December 31, 2008, the County has $15,106 in Ohio Public Works Commission loans outstanding. These loans were entered into for bridge replacement and various road paving projects within the County and will be repaid from the Bond Retirement Debt Service Fund. These loans are interest free. Principal requirements to retire the OPWC loans outstanding at December 31, 2008 are as follows:

Year Ending December 31	Principal
2009	$ 7,553
2010	7,553
Totals	$ 15,106

Business-Type Activities:

General Obligation Bonds – As of December 31, 2008, the County has $3,230,195 in general obligation bonded debt outstanding. The bonds were issued to construct lines and a building associated with the County water system. These bonds will be repaid from revenues derived by the County from the operation of the water system.

NOTE 12: DEBT (Continued)

Principal requirements to retire the general obligation bonds outstanding at December 31, 2008 are as follows:

Year Ending December 31	Principal	Interest
2009	$ 69,656	$ 150,654
2010	72,893	147,466
2011	76,245	144,129
2012	79,721	140,638
2013	83,325	136,988
2014-2018	477,807	624,037
2019-2023	597,619	504,022
2024-2028	747,881	353,778
2029-2033	849,150	165,529
2034	175,898	8,394
Totals	$ 3,230,195	$ 2,375,635

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

The County has pledged future customer revenues, net of specified operating expenses, to repay $2,133,112 in OWDA loans issued from 1989 to 2006. Proceeds from these loans provided financing for various water and wastewater projects. The loans are payable solely from customer net revenues and are payable through 2036. 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 loans are expected to require less than 9.6 percent of net revenues. The total principal and interest remaining to be paid on the loans is $453,413. Principal and interest payments for the current year were $179,338, net revenues were $1,146,150 and total revenues were $1,860,705. Principal and interest requirements to retire the Water Enterprise Fund OWDA loans outstanding at December 31, 2008 are as follows:

Year Ending December 31	Principal	Interest
2009	$ 87,247	$ 10,057
2010	20,034	4,321
2011	20,436	3,918
2012	20,847	3,507
2013	21,266	3,088
2014-2018	112,917	8,856
2019-2023	25,528	391
2024-2028	111,000	0
Totals	$ 419,275	$ 34,138

NOTE 12: DEBT (Continued)

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

The County has pledged future customer revenues, net of specified operating expenses, to repay a $513,101 OWDA loan issued in 2007. Proceeds from this loan provided financing for various sewer projects. The loan is payable solely from customer net revenues and is payable through 2013. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loan is expected to require less than 100 percent of net revenues in future years; however, in 2008, principal and interest payments exceeded net revenues. The total principal remaining to be paid on the loan is $488,961. The County is still currently drawing down monies from the loan therefore the total interest amount has not been calculated. An amortization schedule for the Sewer Enterprise Fund will not be available until the entire amount of the loan has been drawn down or until the project is complete. Principal and interest payments for the current year were $46,400, net revenues were ($24,907) and total revenues were $223,587.

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

NOTE 13: INTERFUND TRANSFERS AND ADVANCES

During 2008 the following transfers were made:

		Transfers Out			
	Transfer In	General	Motor Vehicle and Gas Tax	Other Non-Major Governmental	Total
Transfers In	Major Funds:				
	General	$ 0	$ 0	$ 0	$ 0
	Public Assistance	168,773	0	0	168,773
	Motor Vehicle & Gas Tax	24,699	0	0	24,699
	Nonmajor Funds:				
	Other Nonmajor Governmental	433,824	65,468	121,044	620,336
	Total Governmental	$ 627,296	$ 65,468	$ 121,044	$ 813,808
	Business Type:				
	Water Enterprise	17,597	0	1,551	19,148
	Sewer Enterprise	24,140	0	11,190	35,330
	Total Business-Type	$ 41,737	$ 0	$ 12,741	54,478
	Total Transfers Out	$ 669,033	$ 65,468	$ 133,785	$ 868,286

NOTE 13: INTERFUND TRANSFERS AND ADVANCES

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

During 2008, the County made two advances. The County advanced $1,000 from the Emergency Management Special Revenue Fund to the General Fund. The County also advanced $52,968 from the Northeast Guernsey County Waterline Phase II Project Water Fund to the County Facilities Construction and Improvement Capital Projects Fund. Both were repayments of 2007 advances.

NOTE 14: FEDERAL FOOD STAMP PROGRAM

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

NOTE 15: CONTRACTUAL COMMITMENTS

As of December 31, 2008 the City had contractual commitments for the following projects:

	Fund	Contractual Commitment	Expended	Balance 12/31/2008
Waterline Improvements	Route 40 East waterline construction	$ 1,306,656	$ 131,836	$ 1,174,820
Tax Year 2009 Reappraisal	Real estate assessment	488,130	0	488,130
Bridge CR 341 & 616	Road & Bridge/MVGT Funds	133,177	10,885	122,292
Bridge 5425, 4581, CR44	Road & Bridge/MVGT Funds	198,750	0	198,750
Resurfacing Project CR 343 CR 86	Road & Bridge/MVGT Funds	176,115	0	176,115
Total		$ 2,302,828	$ 142,721	$ 2,160,107

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS

A. Southeastern Ohio Joint Solid Waste Management District

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

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2008. No future contributions by the County are anticipated. A thirty-one member policy committee comprised of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

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

The Guernsey-Monroe-Noble Community Action Corporation (GMN) is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe, and Noble Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency receives federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. During 2008, the County made no contributions to the Guernsey-Monroe-Noble Community Action Corporation.

C. Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

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

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (Continued)

A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont County has three appointees, and Jefferson, Guernsey, Harrison, Monroe, and Noble Counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Guernsey County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board. During 2008, the County made no contributions to SEOJRD.

D. Guernsey County Family Service Council

The Guernsey County Family Service Council (Council) is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Director of the Guernsey County Community Mental Health Services Board, Health Commissioner of the Guernsey County Health Department, Health Commissioner of the City of Cambridge Health Department, Director of the Guernsey County Human Services, Director of the Children Services Department, Superintendent of the Guernsey County Mental Retardation and Development Disabilities, the Guernsey County Juvenile Court Judge, Superintendent of Cambridge City Schools, Mayor of the City of Cambridge, one representative from the City of Cambridge, Chair of the Guernsey County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "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. In 2008, the County made a $6,000 in-kind contribution to the Council. Continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

E. Mental Health and Recovery Services Board

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

During 2008, Guernsey County did not contribute any revenue through a levy. The revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on County's continued participation. The County has no equity interest in, or financial responsibility for the Board. The Board has no outstanding debt.

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (Continued)

F. South Eastern Narcotics Team (SENT)

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match twenty-five percent. SENT is comprised by thirty-two members. Each member's control over the operation of SENT is limited to its representation of the Board. During 2008, Guernsey County made no contributions to SENT.

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

The Mid-East Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2008, Guernsey County made no contribution to MEORC.

H. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The continued existence of OMEGA is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the OMEGA. OMEGA has no outstanding debt. During 2008, the County made no contribution to OMEGA.

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The Bureau is organized under State Statute by agreement between the Guernsey County Commissioners, the Cambridge Area Chamber of Commerce, and the Cambridge-Guernsey Community Improvement Corporation who acts as the fiscal agent for the Bureau. The Bureau operates the Guernsey County Tourist Information Center. The Bureau is governed by a seven member Board of Directors. The Board is comprised of one member of the Guernsey County Board of Commissioners, one member appointed by the Guernsey County Board of Commissioners, the president of the Guernsey Innkeeper's Association, one member appointed by the Guernsey County Innkeeper's Association, the president of the Chamber of Commerce, one member appointed by the Chamber of Commerce, and the executive vice president of the Chamber of Commerce. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The County collects and distributes a three percent hotel/motel lodging tax to the Bureau. The County has no equity interest in, or financial responsibility for the Bureau. The Bureau has no outstanding debt. During 2008, the County made a contribution of $9,000 to the Cambridge Guernsey County Visitors and Convention Bureau.

J. The Area Office on Aging

The Area Office on Aging (Council) is a regional council of governments that assists nine counties, including Guernsey County in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors comprised of one representative appointed by each participating county. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt. During 2008, the County made no contributions to the Area Office on Aging.

K. Eastern Ohio Correctional Center (EOCC)

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 2008, the EOCC received no monies from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC. The EOCC has no outstanding debt.

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (Continued)

L. Southeast Area Transit (SAT)

The Southeast Area Transit (SAT) was created pursuant to state statute in 1979. SAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SAT include determining routes and fares, formulate operating procedures, promote and maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SAT is limited to a ten member board comprised of six individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, and one person appointed by the Guernsey County Commissioners. In 2008, Guernsey County contributed $10,000. The continued existence of the Authority is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Authority. SAT has no outstanding debt.

NOTE 17: RELATED ORGANIZATIONS

A. Guernsey County Convention Facilities Authority

The Guernsey County Convention Facilities Authority (Authority) was created pursuant to State Statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of an eleven member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of the City of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The board contracted with a private group for the construction and operation of the Pritchard-Laughlin Civic Center; this center is controlled by a private board of directors which are self-appointing and have total control over the operation of the center including budgeting, appropriating, contracting, and designation of management. The Authority levied a three percent hotel/motel tax that is collected and distributed directly to the Center by the Guernsey County Commissioners. The County is prohibited from contributing to the operations of the Authority by state law. During 2008, the County made no contributions to the Guernsey County Convention Facilities Authority.

B. Cambridge Metropolitan Housing Authority

The Cambridge Metropolitan Housing Authority (Authority) is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority. During 2008, the County made no contributions to the Cambridge Metropolitan Housing Authority.

NOTE 17: RELATED ORGANIZATIONS (Continued)

C. Guernsey County Park District

The Guernsey County Park District (District) is governed by a three member Park District Board of Commissioners appointed by the probate judge of the County. State statute provides that the County Auditor and Treasurer are Ex-officio members of the Park District Board of Commissioners and designates the county auditor as fiscal officer of the commission. The county commissioners do not have the ability to significantly influence operations, designate management, approve budgets, nor is the County responsible for funding deficits. The County maintains an agency fund for the District's operation since the County serves as fiscal agent for the District. During 2008, the County made a contribution of $13,350 to the Park District.

D. Guernsey County Airport Authority

The Guernsey Airport Authority (Authority) is governed by a five-member Board. The original Board was appointed by the Guernsey County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hangar rental, state and federal grants received directly by the Authority, and interest. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority. During 2008, the County contributed $37,000 to the Airport Authority.

NOTE 18: PUBLIC ENTITY RISK POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

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

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

NOTE 18: PUBLIC ENTITY RISK POOLS (Continued)

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants.

The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

NOTE 19: CONTINGENT LIABILITIES

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

NOTE 20: GUERNSEY COUNTY PORT AUTHORITY

A. Summary of Significant Accounting Policies

Description of the Entity

The Guernsey County Port Authority, Guernsey County, (the Authority) is a body corporate and politic established to promote, develop and advance the general welfare, commerce and economic development of Guernsey County and its citizens and to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a five-member Board of Directors appointed by the Guernsey County Commissioners.

The Authority is a component unit of Guernsey County since the members of the Authority's Board of Directors is appointed by the Guernsey County Commissioners and the Authority is economically dependent of the County for financial support. The Guernsey County Commissioners did not contribute in 2008.

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

The Authority facilitates the transfer of real property from local governmental entities to private businesses. If applicable, these transactions are described as property sold and property purchased in the financial statements.

NOTE 20: GUERNSEY COUNTY PORT AUTHORITY (Continued)

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar 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 if incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Cash and Investments

All cash is maintained in a pooled interest-bearing checking account.

Property, Plant and Equipment

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

Budgetary Process

The Ohio Revised Code 5482.39 requires the Authority to budget annually. According to the by-laws, the budget for the next calendar year will be presented for approval at the January board meeting.

A summary of 2008 budgetary activity appears in Note 20C.

B. Equity in Pooled Cash

The Authority maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was $179,462.

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Authority, or (3) collateralized by the financial institution's public entity deposit pool.

NOTE 20: GUERNSEY COUNTY PORT AUTHORITY (Continued)

C. Budgetary Activity

Budgetary activity for the years ended December 31, 2008 follows:

2008 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
Port Authority	$ 212,445	$ 212,445	$ 0
Total	$ 212,445	$ 212,445	$ 0

2008 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
Port Authority	$ 243,076	$ 243,076	$ 0
Total	$ 243,076	$ 243,076	$ 0

D. Risk Management

The Authority has obtained commercial insurance for the following risks:

Public Official Liability and
Commercial Crime

E. Debt

Debt outstanding at December 31, 2008 was as follows:

	2008	
State of Ohio Loan	$ 6,000,000	2.00%
Community Investment Association Loan	422,175	5.00%
Total	$ 6,422,175	

Both loans above relate to the expansion of the Detroit Diesel Remanufacturing East, Inc. project. Principal payments do not begin until 2011 for the State of Ohio loan. The principal of the CIA loan is due in 2016.

NOTE 20: GUERNSEY COUNTY PORT AUTHORITY (Continued)

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

Year Ending 31-Dec	State of Ohio	CIA Loan
2009	$ 135,000	$ 21,109
2010	135,000	21,109
2011	357,055	21,109
2012	693,309	21,109
2013	681,754	21,109
Thereafter	5,038,754	469,670
Totals	$ 7,040,872	$ 575,215

F. Consortium

The Authority is a member of a consortium of local government agencies in Guernsey County. This consortium has purchased property and is in the process of selling parcels to local or re-locating businesses. The Authority's share of the consortium's activity is shown as Received/Distribution on Behalf of Other Entities.

G. Lease Income

The Authority owns the building that Detroit Diesel Remanufacturing, Inc. uses for their operations. There is a ten-year lease between both parties with rent being $13,304 a month through May 2011, then monthly payments of $44,730 until the end of the lease. The amount of lease income for 2008 was $159,653.

NOTE 21: GUERNSEY INDUSTRIES

A. Summary of Significant Accounting Policies

Guernsey Industries is a non-profit corporation located in Byesville, Ohio. The Organization is a sheltered workshop for mentally handicapped adults and provides job and learning skills to their clients. Guernsey Industries manufactures various products for sale and also provides subcontract services to local business. The Organization regularly grants credit to companies in the Cambridge and surrounding Guernsey County area.

Basis of Accounting

The financial statements of Guernsey Industries have been prepared on the accrual basis of accounting.

NOTE 21: GUERNSEY INDUSTRIES (Continued)

Financial Statement Preparation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Contributions, including unconditional promises to give, are recorded as made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Organization has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Accounts Receivable

Trade accounts receivable are carried at cost, which is the amount the Organization expects to collect on balances outstanding at year-end. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. There were no bad debt write-offs in the year ended December 31, 2008. The Organization does not charge interest on past due amounts. The Organization does not require collateral for amounts due.

As of December 31, 2008, 68 percent of Guernsey Industries outstanding accounts receivable were owed by one large manufacturing corporation located in Guernsey County, Ohio. During the year ended December 31, 2008, 31 percent of Guernsey Industries sales were made to that one corporation.

Inventory

Inventories are valued at the lower of cost or market on a first-in, first-out basis.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charges to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful life of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following policies:

Description	Useful Life	Method
Machinery and Equipment	5-10 Years	Straight Line
Vehicles	5 Years	Straight Line

NOTE 21: GUERNSEY INDUSTRIES (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c) 3 and has been recognized as nonprofit by the State of Ohio. Therefore, no provision has been made for federal or Ohio income taxes in the accompanying financial statements.

Advertising

The Organization expenses advertising costs as incurred.

In-Kind Contributions

In-kind contributions are recorded at fair market value and recognized in the accounting period when they are received.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

B. Cash and Investments

The Organization considers all short-term investments with an original maturity of three months or less as cash and cash equivalents. No cash payments for income taxes or interest expense were made during the year.

At December 31, 2008, Guernsey Industries maintained $12,916 of cash balances in excess of Federal Deposit Insurance Corp. (FDIC) insurance limits with National City Bank. The Bank has collateralized the amount in excess of the FDIC insurance limits with funds from its public funds securities pool.

Investments are carried at cost, which approximates market value. At December 31, 2008, these investments consisted of interest bearing bank certificates of deposit with maturity dates of greater than three months.

C. Inventory

The Components of inventory as of December 31, 2008 are as follows:

Materials	$	13,069
Finished goods		6,985
	$	20,054

NOTE 21: GUERNSEY INDUSTRIES (Continued)

D. In-Kind Contributions

The Guernsey County Board of MR/DD (the County Board) made in-kind contributions to Guernsey Industries. The in-kind contributions for the years ended December 31, 2008 are as follows:

Adult program direct services wages and fringe benefits	$	139,074
Adult program capital costs		11,195
Adult program administrative costs		32,063
Adult program building service costs		33,681
	$	216,013

The Organization is dependent on receiving funds from the County Board in its operations. Furthermore, any capital acquisitions included in the in-kind contribution amount for the year are the property of the County Board. The Organization has the right, per contract agreement, to use these items in its operations.

As of December 31, 2008, the County Board owed Guernsey Industries $3,405 on a trade receivable. During the year ended December 31, 2008, Guernsey Industries received $45,601 from the County Board for custodial services performed. During the year ended December 31, 2008, Guernsey Industries paid $9,930 to the County Board for its portion of shared utility costs.

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Guernsey County, Ohio as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 11, 2009, wherein we noted that except for Guernsey Industries, Inc., the County uses the modified cash basis, a comprehensive basis of accounting other than generally accepted accounting principles. We also noted that we did not audit the financial statements of the Guernsey County Port Authority, the discretely presented component unit. Other auditors audited those financial statements. 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. Other auditors audited the financial statements of Guernsey Industries, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with Government Auditing Standards and accordingly this report does not extend to that component unit.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Guernsey County's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we have reported to management in a separate letter dated September 11, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guernsey 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards.,* which is described in the accompanying Schedule of Findings as item 2008-01 and 2008-2. We also noted certain immaterial instances of noncompliance, which we have reported to management of Guernsey County in a separate letter dated September 11, 2009.

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 11, 2009

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

Compliance

We have audited the compliance of Guernsey County, Ohio with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. Guernsey 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 each of its major federal programs is the responsibility of Guernsey County's management. Our responsibility is to express an opinion on Guernsey 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Guernsey 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 Guernsey County's compliance with those requirements.

In our opinion, the Guernsey County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings as item 2008-03.

Internal Control Over Compliance

The management of Guernsey 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, 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.

Internal Control Over Compliance (Continued)

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of noncompliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of the 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 that might be significant deficiencies or material weaknesses. We did not identified any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 11, 2009

GUERNSEY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505
DECEMBER 31, 2008

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other significant deficiencies In internal control reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	YES
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other significant deficiencies In internal control reported for major federal programs?	YES
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	YES
(d)(1)(vii)	Major Programs:	Title XIX; CFDA #93.778 Hazard Mitigation; CFDA 97.039 Highway Planning; CFDA #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

FINDING NUMBER 2008-01

Noncompliance Citation

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

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS (continued)

FINDING NUMBER 2008-01 (CONTINUED)

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

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

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

FINDING NUMBER 2008-02

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 9% of the expenditures tested for 2008.

The County should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the County can issue then and now certificates for expenses up to $3,000. Then and now certificates allow the County to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Auditor without subsequent authorization from the Commissioners. However, then and now certificates issued by the Auditor over $3,000 must be authorized by the Commissioners within thirty days after payment.

Client Response: Client will more closely monitor and try to use the Then and Now certificates when applicable.

GUERNSEY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
OMB CIRCULAR A-133 SECTION 505
DECEMBER 31, 2008

3. Findings and Questioned Costs for Federal Awards

FINDING NUMBER 2008-03

CFDA Title and Number Community Development Block Grant State program #14.228
Federal Award Number/Year: B-E-06-026-1
Federal Agency: U.S. Department of Housing and Urban Development
Pass Through Agency: Ohio Department of Development

Noncompliance Citation - Cash Management

Grantees must develop a cash management system to ensure compliance with the Fifteen-Day Rule relating to prompt disbursement of funds. This rule state that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than $5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen-day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days. In 2008 draw downs were made but the disbursements made did not bring the balance on hand to $5,000.

Client Response: We will more closely monitor draw downs and the expenditures to try to be in compliance with this rule.

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE:				
(Pass through Ohio Department of Education)				
Child Nutrition Cluster:				
Food Distribution Program	n/a	10.550	$ -	$ 337
National School Lunch Program	n/a	10.555	3,260	-
Total U.S. Department of Agriculture			**3,260**	**337**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
(Pass through Ohio Department of Development)				
Community Development Block Grant	B-C-06-028-1	14.228	100,457	-
	B-F-06-028-1		28,514	-
	B-F-07-028-1		141,000	-
	Program Income		40,500	-
			310,471	**-**
HOME Partnership Grant	B-C-06-028-2	14.239	159,895	-
	Program Income		64,969	-
			224,864	**-**
Total U.S. Department of Housing and Urban Development			**535,335**	**-**
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:				
(Pass through Ohio Department of Youth Services)				
Americorp Grant	JJWC-022-06	94.006	1,966	-
	JJWC-022-07		17,951	-
			19,917	**-**
Total Corporation for National and Community Service			**19,917**	**-**
ELECTION ASSISTANCE COMMISSION				
(Pass through Ohio Secretary of State)				
Help America Vote Act - Pool Worker Training	05-SOS-HAVA-30	39.011	4,532	-
			4,532	**-**
Total Election Assistance Commission			**4,532**	**-**
U.S. DEPARTMENT OF EDUCATION:				
(Pass through Ohio Dept of Health and Guernsey County Family Service Council)				
Help Me Grow	n/a	84.181	**62,254**	**-**
(Pass through Ohio Department of Education)				
Special Education Cluster:				
Special Education Grants to States (Title VI-B)	07116-6BSF-06/07	84.027	23,201	-
Preschool Disability Grant	071118-C2S1	84.173	22	-
			23,223	**-**
Total U.S. Department of Education			**85,477**	**-**

See notes to Schedule of Federal Awards Expenditures.

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF TRANSPORTATION				
(Pass through Ohio Department of Transportation)				
Highway Planning	n/a	20.205	**949,228**	**-**
Total U.S. Department of Transportation			**949,228**	**-**
U.S. DEPARTMENT OF LABOR				
(Pass through Area 7 Workforce Investment Board)				
Workforce Investment Act Cluster:				
WIA Youth	n/a	17.259	255,953	-
WIA Youth Administartion	n/a		8,830	-
			264,783	-
WIA Adult	n/a	17.258	170,897	-
WIA Adult Administartion	n/a		5,897	-
			176,794	-
WIA Dislocated Worker	n/a	17.260	380,233	-
WIA Dislocated Worker Administartion	n/a		13,120	-
			393,353	-
Total Workforce Investment Act Cluster			**834,930**	**-**
Veterans Employment Program	n/a	17.802	39,805	-
Veterans Employment Program Administration			1,373	-
			41,178	**-**
Total U.S. Department of Labor			**876,108**	**-**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
(Pass through Ohio Department of MR/DD)				
Social Services Block Grant	n/a	93.667	**32,777**	**-**
Medical Assistance program - TCM	n/a	93.778	75,156	-
Medical Assistance program - Waivers	n/a		345,501	-
Medical Assistance program - Waivers Admin	n/a		50,313	-
			470,970	**-**
State Childrens Insurance Program	n/a	93.767	**455**	**-**
Total U.S. Department of Health and Human Services			**504,202**	**-**

See notes to Schedule of Federal Awards Expenditures.

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
DEPARTMENT OF HOMELAND SECURITY				
Pass through Ohio EMA				
FEMA Grant - Hazard Mitigation		97.039	**333,572**	-
FEMA Disaster Assistance Grant		97.036	**48,388**	
Emergency Management Performance Grant	2006-EM-E6-0042	97.042	**39,453**	-
FY06 State Homeland Security Program	2006-GE-T6-0051	97.073	55,186	-
			55,186	**-**
FY05 Citizens Corps Program	2006-GC-T4-0001	97.053	2,704	-
FY06 Citizens Corps Program	2007-GE-T7-0030		3,947	-
			6,651	**-**
Total Federal Emergency Management Agency			**483,250**	**-**
Total Federal Awards Expenditures			**$ 3,461,309**	**$ 337**

See notes to Schedule of Federal Awards Expenditures.

GUERNSEY COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

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 - MATCHING REQUIREMENTS

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

NOTE C - SUBRECIPIENTS

The County passes-through certain Federal assistance received from the Ohio Department of Development to other governments. As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - CHILD NUTRITION CLUSTER

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

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

GUERNSEY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION 315(b)
December 31, 2007

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain:**
2007-01	OAC 117-2-03B Not filing report in accordance with GAAP	No	Not Corrected. Cited in current report as finding 2008-01
2007-02	ORC 5705.41(D) Invoices dated prior to certification	No	Not Corrected. Cited in current report as item 2008-02
2007-03	Cash Management CDBG Program 15 day rule	No	Not Corrected. Cited in current report as item 2008-03
2007-04	Information left off Schedule of Federal Award Expenditures	Yes	Finding No Longer Valid

GUERNSEY COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 SECTION 315(b)
December 31, 2008

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-01	The County will continue to prepare its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles for 2007	N/A	Tony Brown, County Auditor
2008-02	The County Auditor plans to inform all department heads and other such applicable prsonnel the requirements set forth by this Code Section	December 31, 2009	Tony Brown, County Auditor
2008-03	The County Auditor plans on discussing drawdown procedures and forcasting of expenses with appropriate personnel to try to eliminate excess cash on hand	December 31, 2009	Tony Brown, County Auditor

Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 10, 2009

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

GUERNSEY COUNTY

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701

Dave Yost • Auditor of State

Board of Commissioners
Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

We have reviewed the *Independent Auditors' Report* of Guernsey County prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2009 through December 31, 2009. 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. Guernsey County is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

October 13, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
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GUERNSEY COUNTY

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Guernsey County, Ohio (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government 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, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units would have been presented as $236,633, $9,468, $227,165, $404,548 and $445,866, respectively.

In our opinion, because of the omission of the discretely presented component unit, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Guernsey County, as of December 31, 2009, or the changes in financial position thereof for the year then ended,

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Guernsey County, Ohio as of December 31, 2009, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Public Assistance Fund, Motor Vehicle and Gasoline Tax Fund, and Developmental Disabilities Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 16, 2010, on our consideration of Guernsey County's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The report is reissued due to the fact the Adoption Assistance Program was not initially audited. This was due to the original Schedule of Federal Awards reporting less monies than actually spent. Once the incorrect amount was noted, the correct amount made the Adoption Assistance Program a major program and needed to be audited.

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

We conducted our audit to opine of the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards expenditures present additional information and is required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
August 16, 2010 and September 6, 2011 for the Schedule of Federal Awards

The discussion and analysis of Guernsey County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2009, within the limitations of the County's modified cash basis accounting. Readers should also review the modified cash basis financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- Net modified cash assets of governmental activities in creased $1,269,973.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of $17,641,373, an increase of $825,460 from the prior year.

Using this Annual Financial Report

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

Basis of Accounting

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

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

County-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction of the use of monies, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund, and the Public Assistance, Motor Vehicle and Gasoline Tax and Department of Developmental Disabilities Funds.

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

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

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

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

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

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2009 compared to 2008.

A portion of the County's governmental activities net assets, $16,611,033, or 90 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, $1,893,544, or 10 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Equity in Pool Cash and Cash Equivalents	$ 16,593,688	$ 15,477,521	$ 548,588	$ 2,868,862	$ 17,142,276	$ 18,346,383
Cash and Cash Equivalents with Fiscal and Escrow Agents	1,910,889	1,757,083	0	0	1,910,889	1,757,083
Total Assets	18,504,577	17,234,604	548,588	2,868,862	19,053,165	20,103,466
Net Assets						
Restricted for:						
Capital Projects	775,950	943,618	0	0	775,950	943,618
Debt Service	149,821	173,866	0	0	149,821	173,866
Motor Vehicle Gas Tax	1,770,017	1,593,190	0	0	1,770,017	1,593,190
Public Assistance	474,856	718,492	0	0	474,856	718,492
Children Services	1,403,628	1,669,863	0	0	1,403,628	1,669,863
Mental Retardation and Developmental Disabilities	10,058,133	9,376,664	0	0	10,058,133	9,376,664
Other Purposes	1,978,628	1,845,808	0	0	1,978,628	1,845,808
Unrestricted	1,893,544	913,103	548,588	2,868,862	2,442,132	3,781,965
Total Net Assets	$ 18,504,577	$ 17,234,604	$ 548,588	$ 2,868,862	$ 19,053,165	$ 20,103,466

Table 2 shows the changes in net assets for 2009 compared to 2008.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Receipts:						
Program Receipts:						
Charges for Services	$ 4,123,637	$ 3,929,150	$ 2,281,385	$ 2,117,812	$ 6,405,022	$ 6,046,962
Operating Grants & Contributions	20,625,437	19,951,327	13,859	842,260	20,639,296	20,793,587
Capital Grants & Contributions	1,854,289	1,470,663	0	0	1,854,289	1,470,663
Total Program Receipts	26,603,363	25,351,140	2,295,244	2,960,072	28,898,607	28,311,212
General Receipts and Transfers:						
Property Taxes	4,841,827	5,373,718	0	0	4,841,827	5,373,718
Permissive Sales Tax	5,791,078	5,851,527	0	0	5,791,078	5,851,527
Grants and Entitlements	1,323,096	1,392,380	0	0	1,323,096	1,392,380
Investment Earnings	581,676	802,963	3,563	40,724	585,239	843,687
General Obligation Bonds Issued	0	205,000	0	2,839,000	0	3,044,000
Bond Anticipation Notes Issued	0	0	0	0	0	0
Loan Payments Received	0	0	0	0	0	0
Proceeds of OPWC Loans	53,257	0	0	0	53,257	0
Proceeds of OWDA Loans	0	0	73,344	167,526	73,344	167,526
Miscellaneous	462,859	436,481	19,576	32,316	482,435	468,797
Total General Receipts	13,053,793	14,062,069	96,483	3,079,566	13,150,276	17,141,635
Total Receipts	39,657,156	39,413,209	2,391,727	6,039,638	42,048,883	45,452,847
Program Disbursements:						
General Government						
Legislative and Executive	4,221,730	4,861,288	0	0	4,221,730	4,861,288
Judicial	2,539,724	2,873,205	0	0	2,539,724	2,873,205
Public Safety	3,909,616	3,812,154	0	0	3,909,616	3,812,154
Public Works	5,593,044	5,845,870	0	0	5,593,044	5,845,870
Health	6,346,532	6,242,904	0	0	6,346,532	6,242,904
Human Services	13,651,152	13,629,535	0	0	13,651,152	13,629,535
Economic Development	586,357	480,079	0	0	586,357	480,079
Other	444,257	347,262	0	0	444,257	347,262
Capital Outlay	190,497	391,868	0	0	190,497	391,868
Debt Service						
Principal	626,442	956,673	0	0	626,442	956,673
Interest and Fiscal Charges	397,945	404,529	0	0	397,945	404,529
Issuance Costs	0	4,525	0	0	0	4,525
Sewer	0	0	260,424	310,194	260,424	310,194
Water	0	0	4,331,464	3,296,100	4,331,464	3,296,100
Total Disbursements	38,507,296	39,849,892	4,591,888	3,606,294	43,099,184	43,456,186
Excess/(Deficiency) Before Transfers and Advances	1,149,860	(436,683)	(2,200,161)	2,433,344	(1,050,301)	1,996,661
Transfers	120,113	(54,478)	(120,113)	54,478	0	0
Advances	0	52,968	0	(52,968)	0	0
Change in Net Assets	1,269,973	(438,193)	(2,320,274)	2,434,854	(1,050,301)	1,996,661
Net Assets, Beginning of Year	17,234,604	17,672,797	2,868,862	434,008	20,103,466	18,106,805
Net Assets, End of Year	$ 18,504,577	$ 17,234,604	$ 548,588	$ 2,868,862	$ 19,053,165	$ 20,103,466

Operating grants were the largest program receipts, accounting for $20,625,437 or 77.5 percent of total for governmental activities.

Property tax receipts accounted for $4,841,827 or 12.2 percent of total governmental receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for $5,791,078 or 14.6 percent of total receipts.

The County's direct charges to users of governmental services made up $4,123,637 or 10.4 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 $13,651,152 or 35.5 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include health, which accounted for $6,346,532 or 16.5 percent of total disbursements, public works, which accounted for $5,593,044 or 14.5 percent of total disbursements, and general government – legislative and executive, which accounted for $4,221,730 or 11 percent of total disbursements.

Business-Type Activities – As of December 31, 2009, business-type funds of the County reported net assets of $548,588. This is a decrease of $2,320,274 during 2009. This decrease is a direct result of the County not having bond proceeds during 2009 in the water fund.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2009 compared to 2008. The statement of activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts, unrestricted intergovernmental receipts, and unrestricted interest receipts.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General Government:				
Legislative and Executive	$ 4,221,730	$ 4,861,288	$ 2,142,881	$ 2,867,076
Judicial	2,539,724	2,873,205	1,465,277	1,799,090
Public Safety	3,909,616	3,812,154	2,468,375	2,810,935
Public Works	5,593,044	5,845,870	(44,318)	(40,062)
Health	6,346,532	6,242,904	2,273,331	2,790,557
Human Services	13,651,152	13,629,535	1,897,675	2,080,891
Economic Development	586,357	480,079	41,571	85,408
Miscellaneous	444,257	347,262	444,257	347,262
Capital Outlay	190,497	391,868	190,497	391,868
Debt Service				
Principal	626,442	956,673	626,442	956,673
Interest and Fiscal Charges	397,945	404,529	397,945	404,529
Issuance Costs	0	4,525	0	4,525
Total Disbursements	$ 38,507,296	$ 39,849,892	$ 11,903,933	$ 14,498,752

Charges for services, operating grants and contributions, capital grants and contributions of $26,603,363 or 69.1 percent of the total costs of services are received and used to fund the general government disbursements of the County. The remaining $11,903,933 in general government disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, interest, miscellaneous receipts, and proceeds of debt.

The $2,273,331 in net cost of services for health demonstrates the costs of services that are not supported from state and federal resources. As such, the taxpayers have approved property tax levies for several programs including the Department of Development Disabilities and County Home.

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, 2009, the County's governmental funds reported a combined ending fund balance of $17,641,373, an increase of $825,460 in comparison with the prior year. $17,413,800, or 98.7 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 $165,715 or reserved for unclaimed monies $61,858. 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 2009, unreserved fund balance was $1,030,340, while total fund balance was $1,030,340. 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 11.2 percent to total General Fund disbursements, while total fund balance represents 11.9 percent of that same amount.

The fund balance of the County's General Fund increased by $535,973 during 2009. The primary reason for the increase was an increase in overall revenue in the general fund, particularly property and sales tax revenue.

At the end of 2009 the Public Assistance Fund had a fund balance of $474,856 in comparison to a fund balance of $718,492 at the end of 2008. This decrease is primarily due to an decrease in transfers in.

At the end of 2009 the Motor Vehicle and Gasoline Tax Special Revenue Fund had a fund balance of $1,770,017 in comparison to a fund balance of $1,593,190 at the end of 2008. This increase is primarily due to an increase in permissive motor vehicle license tax.

At the end of 2009 the Department of Developmental Disabilities Special Revenue Fund had a fund balance of $10,058,133, in comparison to a fund balance of $9,376,664 at the end of 2008. This increase is primarily due to revenue exceeding disbursements during the current year.

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 Guernsey County, allowing department managers the ability to consistently predict receipts and disbursements.

Economic Factors

The unemployment rate for Guernsey County averaged 12.9 percent in 2009. This rate is higher than the State of Ohio rate of 10.7 percent in December of 2009.

The County's $578,322,160 overall assessed valuation has decreased $13,699,830 from the prior year. This decrease is attributable to the phase-out of the tangible personal property assessed values which declined by $21,522,110 in 2009. Real property values have increased since the triennial update in 2006, and were up an additional $7,822,280 in 2009.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tony Brown, Guernsey County Auditor, 801 Wheeling Avenue, Cambridge, Ohio 43725.

Guernsey County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$ 16,593,688	$ 548,588	$ 17,142,276
Cash and Cash Equivalents with Fiscal Agent	1,910,889	0	1,910,889
Total Assets	$ 18,504,577	$ 548,588	$ 19,053,165
Net Assets			
Restricted for:			
Capital Outlay	775,950	0	775,950
Debt Service	149,821	0	149,821
Motor Vehicle and Gasoline Tax	1,770,017	0	1,770,017
Public Assistance	474,856	0	474,856
Children Services	1,403,628	0	1,403,628
Mental Retardation and Developmental Disabilities	10,058,133	0	10,058,133
Other Purposes	1,978,628	0	1,978,628
Unrestricted	1,893,544	548,588	2,442,132
Total Net Assets	$ 18,504,577	$ 548,588	$ 19,053,165

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

		Program Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government:				
Legislative and Executive	$ 4,221,730	$ 2,078,849	$ 0	$ 0
Judicial	2,539,724	869,395	205,052	0
Public Safety	3,909,616	206,443	1,234,678	120
Public Works	5,593,044	240,925	4,003,125	1,393,312
Health	6,346,532	541,392	3,530,749	1,060
Human Services	13,651,152	186,633	11,551,632	15,212
Economic Development and Assistance	586,357	0	100,201	444,585
Other	444,257	0	0	0
Capital Outlay	190,497	0	0	0
Principal Retirements	626,442	0	0	0
Interest and Fiscal Charges	397,945	0	0	0
Total Governmental Activities	38,507,296	4,123,637	20,625,437	1,854,289
Business-Type Activities:				
Sewer Fund	260,424	293,748	0	0
Water Fund	4,331,464	1,987,637	13,859	0
Total Business-Type Activities	4,591,888	2,281,385	13,859	0
Total - Primary Government	$ 43,099,184	$ 6,405,022	$ 20,639,296	$ 1,854,289

General Receipts
Property Taxes Levied for:
General Purposes
Health Levy
County Home
Children Services
Mental Retardation and Development Disabilities
Senior Citizens Levy
Sales Taxes Levied for:
General Purposes
Other Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Proceeds of OPWC Loan
Proceeds of OWDA Loans
Miscellaneous

Total General Receipts

Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (2,142,881)	$ 0	$ (2,142,881)
(1,465,277)	0	(1,465,277)
(2,468,375)	0	(2,468,375)
44,318	0	44,318
(2,273,331)	0	(2,273,331)
(1,897,675)	0	(1,897,675)
(41,571)	0	(41,571)
(444,257)	0	(444,257)
(190,497)	0	(190,497)
(626,442)	0	(626,442)
(397,945)	0	(397,945)
(11,903,933)	0	(11,903,933)
0	33,324	33,324
0	(2,329,968)	(2,329,968)
0	(2,296,644)	(2,296,644)
(11,903,933)	(2,296,644)	(14,200,577)
1,223,723	0	1,223,723
252,859	0	252,859
435,589	0	435,589
757,177	0	757,177
1,830,176	0	1,830,176
342,303	0	342,303
5,194,450	0	5,194,450
596,628	0	596,628
1,323,096	0	1,323,096
581,676	3,563	585,239
53,257	0	53,257
0	73,344	73,344
462,859	19,576	482,435
13,053,793	96,483	13,150,276
120,113	(120,113)	0
13,173,906	(23,630)	13,150,276
1,269,973	(2,320,274)	(1,050,301)
17,234,604	2,868,862	20,103,466
$ 18,504,577	$ 548,588	$ 19,053,165

Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$ 1,092,198	$ 474,856	$ 1,770,017	$ 8,147,244	$ 4,246,169	$ 15,730,484
Cash and Cash Equivalents with Fiscal Agent	0	0	0	1,910,889	0	1,910,889
Total Assets	$ 1,092,198	$ 474,856	$ 1,770,017	$ 10,058,133	$ 4,246,169	$ 17,641,373
Fund Balances						
Reserved for Encumbrances	0	0	56,975	0	108,740	165,715
Reserved for Unclaimed Monies	61,858	0	0	0	0	61,858
Unreserved, Undesignated, Reported in:						
General Fund	1,030,340	0	0	0	0	1,030,340
Special Revenue Funds	0	474,856	1,713,042	10,058,133	3,211,658	15,457,689
Debt Service Funds	0	0	0	0	149,821	149,821
Capital Projects Funds	0	0	0	0	775,950	775,950
Total Fund Balances	$ 1,092,198	$ 474,856	$ 1,770,017	$ 10,058,133	$ 4,246,169	$ 17,641,373

See accompanying notes to the basic financial statements.

Guernsey County, Ohio

Reconciliation of Total Governmental Fund Balances to
Net Assets - Cash Assets of Governmental Activities
December 31, 2009

Total Governmental Fund Balances	$ 17,641,373
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.	863,204
Net Assets of Governmental Activities	$ 18,504,577

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Public Assistance	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	All Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	$ 1,223,723	$ 0	$ 0	$ 1,830,176	$ 1,787,928	$ 4,841,827
Sales Tax	5,194,450	0	0	0	596,628	5,791,078
Special Assessments	0	0	0	0	66,490	66,490
Charges for Services	1,560,678	0	46,513	73,235	1,511,190	3,191,616
Licenses and Permits	22,280	0	0	0	94,306	116,586
Fines and Forfeitures	205,351	0	187,027	0	120,842	513,220
Intergovernmental	1,323,096	7,884,567	4,003,125	3,194,280	7,302,036	23,707,104
Interest	581,676	0	1,385	0	12,565	595,626
Rent	162,500	0	0	0	139,715	302,215
Contributions and Donations	0	0	0	0	15,278	15,278
Other	212,281	9	44	27,627	222,898	462,859
Total Receipts	10,486,035	7,884,576	4,238,094	5,125,318	11,869,876	39,603,899
Disbursements						
Current:						
General Government:						
Legislative and Executive	3,601,615	0	0	0	744,751	4,346,366
Judicial	2,134,183	0	0	0	408,636	2,542,819
Public Safety	2,572,462	0	0	0	1,406,674	3,979,136
Public Works	133,650	0	3,913,108	0	1,640,509	5,687,267
Health	64,382	0	0	4,418,465	1,887,606	6,370,453
Human Services	227,546	8,278,412	0	0	5,274,312	13,780,270
Economic Development and Assistance	179	0	0	0	586,178	586,357
Other	418,873	0	0	25,384	0	444,257
Capital Outlay	25,943	25,199	91,192	0	48,163	190,497
Debt Service:						
Principal Retirements	0	0	16,089	0	610,353	626,442
Interest and Fiscal Charges	0	0	0	0	397,945	397,945
Total Disbursements	9,178,833	8,303,611	4,020,389	4,443,849	13,005,127	38,951,809
Excess of Receipts Over (Under) Disbursements	1,307,202	(419,035)	217,705	681,469	(1,135,251)	652,090
Other Financing Sources and (Uses)						
Transfers In	17,250	175,399	24,622	0	746,695	963,966
Transfers Out	(761,103)	0	(65,500)	0	(17,250)	(843,853)
Advances In	0	0	0	0	27,376	27,376
Advances Out	(27,376)	0	0	0	0	(27,376)
Proceeds of OPWC Loan	0	0	0	0	53,257	53,257
Total Other Financing Sources and (Uses)	(771,229)	175,399	(40,878)	0	810,078	173,370
Net Change in Fund Balance	535,973	(243,636)	176,827	681,469	(325,173)	825,460
Fund Balance, Beginning of Year	556,225	718,492	1,593,190	9,376,664	4,571,342	16,815,913
Fund Balance, End of Year	$ 1,092,198	$ 474,856	$ 1,770,017	$ 10,058,133	$ 4,246,169	$ 17,641,373

See accompanying notes to the basic financial statements.

Guernsey County, Ohio

Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis

For The Year Ended December 31, 2009

Net Change in Fund Balances - Total Governmental Funds	$	825,460
Amounts reported for governmental activities in the statement of activities are different because		
The internal service funds used by management to charge the cost of insurance to individual funds in not reported in the entity-wide statements of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.		444,513
Change in Net Assets of Governmental Activities	$	1,269,973

See accompanying notes to the basic financial statements.

Gurensey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property Taxes	$ 1,262,972	$ 1,262,972	$ 1,237,345	$ (25,627)
Sales Taxs	4,846,967	4,846,967	5,194,450	347,483
Charges for Services	1,657,954	1,657,954	1,560,678	(97,276)
Licenses and Permits	5,400	5,400	22,280	16,880
Fines and Forfeitures	112,594	112,594	205,351	92,757
Intergovernmental	1,351,569	1,351,569	1,323,096	(28,473)
Interest	501,200	501,200	582,871	81,671
Rent	162,500	162,500	162,500	0
Other	24,673	158,251	212,281	54,030
Total Receipts	9,925,829	10,059,407	10,500,852	441,445
Disbursements				
Current:				
General Government:				
Legislative and Executive	4,072,708	3,979,540	3,601,615	377,925
Judicial	2,201,221	2,192,262	2,134,183	58,079
Public Safety	2,580,807	2,601,793	2,572,462	29,331
Public Works	164,096	173,760	133,650	40,110
Health	64,341	64,382	64,382	0
Human Services	241,945	240,200	227,546	12,654
Economic Development and Assistance	33,258	33,437	179	33,258
Other	299,310	419,424	418,873	551
Capital Outlay	33,500	25,809	25,943	(134)
Total Disbursements	9,691,186	9,730,607	9,178,833	551,774
Excess of Receipts Over (Under) Disbursements	234,643	328,800	1,322,019	993,219
Other Financing Sources and (Uses)				
Transfers In	16,968	16,968	17,250	282
Transfers Out	(648,552)	(742,709)	(761,103)	(18,394)
Advances Out	(27,288)	(27,288)	(27,376)	(88)
Total Other Financing Sources and (Uses)	(658,872)	(753,029)	(771,229)	(18,200)
Net Change in Fund Balance	(424,229)	(424,229)	550,790	975,019
Fund Balance, Beginning of Year	457,110	457,110	457,110	0
Prior Year Encumbrances Appropriated	29,110	29,110	29,110	0
Fund Balance, End of Year	$ 61,991	$ 61,991	$ 1,037,010	$ 975,019

See accompanying notes to the basic financial statements.

Gurensey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Intergovernmental	$ 9,814,985	$ 7,884,567	$ 7,884,567	$ 0
Other	2,385	9	9	0
Total Receipts	9,817,370	7,884,576	7,884,576	0
Disbursements				
Current:				
Human Services	10,756,992	8,748,467	8,278,412	470,055
Capital Outlay	15,000	30,000	25,199	4,801
Total Disbursements	10,771,992	8,778,467	8,303,611	474,856
Excess of Receipts Over (Under) Disbursements	(954,622)	(893,891)	(419,035)	474,856
Other Financing Sources				
Transfers In	236,130	175,399	175,399	0
Net Change in Fund Balance	(718,492)	(718,492)	(243,636)	474,856
Fund Balance, Beginning of Year	718,492	718,492	718,492	0
Fund Balance, End of Year	$ 0	$ 0	$ 474,856	$ 474,856

See accompanying notes to the basic financial statements.

Gurensey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Charges for Services	$ 0	$ 0	$ 46,513	$ 46,513
Fines and Forfeitures	165,000	165,000	187,027	22,027
Intergovernmental	3,750,000	3,750,000	4,003,125	253,125
Interest	9,200	9,200	1,677	(7,523)
Other	6,371	6,371	44	(6,327)
Total Receipts	3,930,571	3,930,571	4,238,386	307,815
Disbursements				
Current:				
Public Works	4,497,958	4,549,532	3,970,083	579,449
Capital Outlay	100,000	100,000	91,192	8,808
Debt Service:				
Principal Retirements	16,089	16,089	16,089	0
Total Disbursements	4,614,047	4,665,621	4,077,364	588,257
Excess of Receipts Over (Under) Disbursements	(683,476)	(735,050)	161,022	896,072
Other Financing Sources and (Uses)				
Transfers Out	(65,500)	(65,500)	(65,500)	0
Transfers In	14,867	14,867	24,622	9,755
Total Other Financing Sources and (Uses)	(50,633)	(50,633)	(40,878)	9,755
Net Change in Fund Balance	(734,109)	(785,683)	120,144	905,827
Fund Balance, Beginning of Year	1,555,118	1,555,118	1,555,118	0
Prior Year Encumbrances Appropriated	37,780	37,780	37,780	0
Fund Balance, End of Year	$ 858,789	$ 807,215	$ 1,713,042	$ 905,827

See accompanying notes to the basic financial statements.

Gurensey County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Department of Developmental Disabilities Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property Taxes	$ 1,865,226	$ 1,865,226	$ 1,861,615	$ (3,611)
Charges for Services	63,500	63,500	73,235	9,735
Intergovernmental	1,884,087	1,818,162	3,194,280	1,376,118
Other	26,600	26,600	27,627	1,027
Total Receipts	3,839,413	3,773,488	5,156,757	1,383,269
Disbursements				
Current:				
Health	6,432,635	7,204,326	4,418,465	2,785,861
Other	26,000	25,384	25,384	0
Total Disbursements	6,458,635	7,229,710	4,443,849	2,785,861
Net Change in Fund Balance	(2,619,222)	(3,456,222)	712,908	4,169,130
Fund Balance, Beginning of Year	9,217,869	9,217,869	9,217,869	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance, End of Year	$ 6,598,647	$ 5,761,647	$ 9,930,777	$ 4,169,130

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2009

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	$ 151,590	$ 396,998	$ 548,588	$ 863,204
Net Assets				
Unrestricted	$ 151,590	$ 396,998	$ 548,588	$ 863,204

See accompanying notes to the basic financial statements.

Guernsey County, Ohio

Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis

Proprietary Funds

For the Year Ended December 31, 2009

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
Operating Receipts				
Charges for Services	$ 293,748	$ 1,959,117	$ 2,252,865	$ 3,976,624
Tap-In Fees	0	28,520	28,520	0
Other	0	19,576	19,576	0
Total Operating Receipts	293,748	2,007,213	2,300,961	3,976,624
Operating Disbursements				
Personal Services	109,596	533,908	643,504	0
Contractual Services	83,148	1,077,759	1,160,907	469,951
Materials and Supplies	15,744	140,188	155,932	0
Claims	0	0	0	3,062,160
Capital Outlay	21,438	2,205,356	2,226,794	0
Other	6,358	52,842	59,200	0
Total Operating Disbursements	236,284	4,010,053	4,246,337	3,532,111
Operating Income (Loss)	57,464	(2,002,840)	(1,945,376)	444,513
Non-Operating Receipts (Disbursements)				
Proceeds of OWDA Loans	21,081	52,263	73,344	0
Interest	0	3,563	3,563	0
Intergovernmental	0	13,859	13,859	0
Principal Retirement	(24,140)	(163,422)	(187,562)	0
Interest and Fiscal Charges	0	(157,989)	(157,989)	0
Total Non-Operating Receipts (Disbursements)	(3,059)	(251,726)	(254,785)	0
Income (Loss) Before Transfers	54,405	(2,254,566)	(2,200,161)	444,513
Transfers In	24,498	2,638	27,136	0
Transfers Out	0	(147,249)	(147,249)	0
Total Transfers	24,498	(144,611)	(120,113)	0
Change in Net Assets	78,903	(2,399,177)	(2,320,274)	444,513
Net Assets, Beginning of Year	72,687	2,796,175	2,868,862	418,691
Net Assets, End of Year	$ 151,590	$ 396,998	$ 548,588	$ 863,204

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds Funds
December 31, 2009

	Private Purpose Trust	Agency
Assets		
Cash and Cash Equivalents in Segregated Accounts	$ 87,139	$ 1,893,002
Net Assets		
Held in Trust for Children Services	87,139	0
Unrestricted	0	1,893,002
	$ 87,139	$ 1,893,002

See accompanying notes to the basic financial statements.

Guernsey County, Ohio
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2009

	Private Purpose Trust
Additions	
Interest	$ 2,886
Deductions	
Payments in Accordance with Trust Agreements	370
Change in Net Assets	2,516
Net Assets, Beginning of Year	84,623
Net Assests, End of year	$ 87,139

See accompanying notes to the basic financial statements.

NOTE 1: REPORTING ENTITY

Guernsey County (the "County") is a body politic and corporate established in 1810 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is comprised of nineteen townships, one city, and ten villages. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Municipal Court Judge, Common Pleas Judge (also serves as the Domestic Relations Judge) and Probate Court Judge (also serves as the Juvenile Court Judge). Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County.

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

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

NOTE 1: REPORTING ENTITY (Continued)

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

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

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

Guernsey County Law Library is operated by a non-profit association organized under State statute. State statutes require the County Commissioners to pay the salary of the Law Librarian and provide adequate, suitable facilities at County expense for the use as a county law library. The Board of County Commissioners is not involved in the selection of trustees or management of the Law Library. The County exercises no oversight responsibility. The County Auditor maintains the Law Library Agency Fund and collect monies paid by the courts for payment to the board of trustees of the Law Library.

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

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

NOTE 1: REPORTING ENTITY (Continued)

- Guernsey County Convention Facilities Authority
- Cambridge Metropolitan Housing Authority
- Guernsey County Convention Facilities Authority
- Cambridge Metropolitan Housing Authority
- Guernsey County Park District
- Guernsey County Airport Authority
- County Risk Sharing Authority (CORSA)
- County Commissioners Association of Ohio Service Corporation (CCAOSC)

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are consider business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and cash disbursements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a 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 and nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

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

Governmental Funds

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

General – The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Public Assistance – The Public Assistance fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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

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

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

E. Cash and Investments

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

Cash and cash equivalents that are held separately within departments of the County are recorded as "Cash and Cash Equivalents with Fiscal Agents."

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 2009, the County invested in STAROhio, federal agency securities, county boards, and non-negotiable certificates of deposit. Investments are reported at cost, except for STAROhio. STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2009.

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 2009 were $581,676, which includes $554,890 assigned from other County funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Employer Contributions to Cost-Sharing Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Interfund Activity

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

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

M. Long-Term Obligations

The County's 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. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the senior citizens services, court programs, various health services, 911 system and economic development. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The government-wide statement of net assets reports $16,611,033 of restricted net assets, of which none is restricted by enabling legislation.

O. Fund Balance Reserves

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Q. Changes in Accounting Principles

For the year ended December 31, 2009, the County has implemented GASB Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*," GASB Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," and GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*."

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the County.

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.

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Change in Cash Basis Fund Balance – (Budget Basis) for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the modified cash basis are as follows:

1. Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

2. Unrecorded cash and unrecorded interest are reported on the balance sheet (modified cash basis) but not on the budgetary basis.

3. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (modified cash basis) in the appropriate County fund.

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

	General	Public Assistance	MVGT	MRDD
Modified Cash Basis	$ 535,973	$ (243,636)	$ 176,827	$ 681,469
Beginning of Year:				
Agency Fund Cash Allocation	68,810	0	292	158,795
Unrecorded Cash	1,195	0	0	0
End of Year:				
Agency Fund Cash Allocation	(55,188)	0	0	(127,356)
Encumbrances	0	0	(56,975)	0
Budget Basis	$ 550,790	$ (243,636)	$ 120,144	$ 712,908

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon Unites States treasury security that is a direct obligation of the United States;

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

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

4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

7. The State Treasurer's investment pool (STAROhio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;

9. Commercial paper notes, corporate notes and bankers' acceptances; and

10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

Deposits

Custodial Credit Risk Custodial Credit Risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, $766,877 of the County's bank balance of $4,042,906 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had not been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

At December 31, 2009, the County's MRDD special revenue fund had a cash balance of $1,910,889 with MEORC, a jointly governed organization (See Note 15). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain information, write to Mid East Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Investments

At December 31, 2009, the County had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity	Percent of Total Investment	Rating	Rating Agency
Guernsey County General Obligation Bonds	$ 223,740	12/1/2020	1.4%	N/A	N/A
STAROhio	62,707	Immediately	0.4%	AAAm	S&P
First American Government Obligation Money Market Fund	69,675	Immediately	0.4%	AAAm	S&P
Negotiable CD's	172,084	1/29/2010 - 10/9/12	1.1%	N/A	N/A
Federal Home Loan Mortgage	1,925,240	3/19/14 - 12/30/14	12.1%	AAA	Moody's
Freddie Mac Notes	1,675,793	9/15/13 - 3/3/14	10.5%	AAA	Moody's
Federal Home Loan Bank Bonds	6,131,648	5/14/12 - 10/22/14	38.5%	AAA	Moody's
Federal Farm Credit Bank Bonds	1,583,446	4/7/14 - 5/5/14	9.9%	AAA	Moody's
Federal National Mortgage Association Notes	4,088,415	1/29/13 - 12/10/14	25.7%	AAA	Moody's
Total Investments	$ 15,932,748		100%		

Interest Rate Risk The County has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 6: PERMISSIVE SALES AND USE TAX

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

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

NOTE 7: PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2009.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2009 with real property taxes.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

NOTE 7: PROPERTY TAXES (Continued)

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

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

The full tax rate for all County operations for the year ended December 31, 2009, was $12.10 per $1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real property	$	141,499,350
Tangible personal property		328,340
Public utility personal property		6,487,610
Total assessed property value	$	148,315,300

NOTE 8: RISK MANAGEMENT

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

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

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has $1,000,000 of total liability coverage for each loss. Each of these areas contains a $2,500 member deductible amount. Property damage is covered for $63,853,631, equipment breakdown coverage is covered for $100,000,000 and crime insurance is covered for $1,000,000 for each occurrence.

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

NOTE 8: RISK MANAGEMENT (Continued)

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

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

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

For 2009, the County participated in the County Commissioners Association of Ohio Service Corporation Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 17) The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings that accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. For the County, an additional cost of $95,470 was charged for 2009. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

NOTE 9: DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classification contributed 10 percent of covered payroll, public safety members and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2009 was 14 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63 percent of covered payroll. For 2009, a portion of the County's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were $988,576, $932,875 and $902,317, respectively. The full amount has been contributed for 2009, 2008 and 2007. Contributions to the member-directed plan for 2009 were $9,565 made by the County and $13,664 made by plan members.

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS Ohio funds, times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits.

Funding Policy – For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008 (the latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2009, 2008, and 2007 were $15,243, $14,833 and $14,279, respectively. The full amount has been contributed for fiscal year 2009, 2008 and 2007. For fiscal year 2009, the County did not have any employees participating in either the DC or Combined Plans.

NOTE 10: POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll (17.63 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll for 2009.

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, 2009, 2008, and 2007 were $979,011, $918,540 and $594,341, respectively; the full amounts have been contributed for 2009, 2008 and 2007.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2008. Member and employer contribution rates increased as of January 1, 2006, January 1, 2008, and January 1, 2009, which allowed additional funds to be allocated to the health care plan.

NOTE 10: POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

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

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

Funding Policy – All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2006. The County's contributions for fiscal years ended June 30, 2009, 2008 and 2007 were $1,173, $1,141 and $1,098, respectively.

NOTE 11: DEBT

The County's debt activity for the year ended December 31, 2009 was as follows:

	Outstanding 12/31/2008	Additions	Reductions	Outstanding 12/31/2009	Amounts Due Within One Year
Governmental Activities:					
Special Assessment Bonds:					
Stop Nine Sanitary Sewer-1993, $559,200, 5%	$ 48,900	$ 0	$ (1,000)	$ 47,900	$ 1,100
Sundew and Zane Waterline-1996, $84,000, 4.95%	47,787	0	(4,567)	43,220	4,793
Cedar Hills Sewer-1996, $171,785, 4.95%	82,102	0	(10,118)	71,984	10,619
Eastmoor Sanitary Sewer-1998, $186,000, 4.5%	113,500	0	(9,300)	104,200	9,700
Wolf's Den Road Waterline-2000, $63,880, 6%	38,328	0	(3,194)	35,134	3,194
State Route 313 Sewer-2006, $200,000, 4.20-5.25%	190,000	0	(5,000)	185,000	5,000
Total Special Assessment Bonds	520,617	0	(33,179)	487,438	34,406
General Obligation Bonds:					
Various Purpose Refunding and Improvement Serial Bonds-2003, 2.000-5.00%, $7,260,000	3,705,000	0	(525,000)	3,180,000	550,000
Various Purpose Refunding and Improvement Term Bonds-2003, 2000-5.00%, $3,825,000	3,825,000	0	0	3,825,000	0
Public Improvement-1996, $124,959, 4.95%	70,110	0	(5,315)	64,795	4,589
Engineer's Garage Bond-2008, $205,000, 3.89%	205,000	0	(41,000)	164,000	41,000
Total General Obligation Bonds	7,805,110	0	(571,315)	7,233,795	595,589
Long-Term Notes:					
Ohio State University Extension Building Series 2006, $100,000, 5.5%	194,465	0	(5,859)	188,606	6,200
OPWC Loans:					
OPWC Loan-2007, $53,257, 0%	0	53,257	(3,993)	49,264	2,663
OPWC Loan-1999, $30,670, 0%	1,533	0	(1,533)	0	0
OPWC Loan-2000, $60,200, 0%	13,573	0	(10,563)	3,010	3,010
Total OPWC Loans	15,106	53,257	(16,089)	52,274	5,673
Total Governmental Activities	$ 8,535,298	$ 53,257	$ (626,442)	$ 7,962,113	$ 641,868

NOTE 11: DEBT (Continued)

	Outstanding 12/31/2008	Additions	Reductions	Outstanding 12/31/2009	Amounts Due Within One Year
Business-Type Activities:					
General Obligation Bonds:					
Kimbolton Waterline - 1992, $142,000, 5.75%	$ 96,200	$ 0	$ (2,400)	$ 93,800	$ 2,500
North Salem Waterline - 1994, $450,000, 5%	341,600	0	(8,300)	333,300	8,800
Route 40 East Waterline - 2008, $2,839,000, 4.42%	2,792,395	0	(58,956)	2,733,439	61,592
Total General Obligation Bonds	3,230,195	0	(69,656)	3,160,539	72,892
OWDA Loans:					
Water Fund OWDA - 1989, $1,444,319, 7.8%	67,608	0	(67,608)	0	0
Water Fund OWDA - 2006, $577,793, 2%	240,667	0	(26,158)	214,509	14,444
Water Fund OWDA - 2006, $111,000, sub-account	111,000	0	0	111,000	0
Water Fund OWDA - 2009, $69,134, 2%	0	52,263	0	52,263	0
Sewer Fund OWDA - 2007, $539,188, 4.67%	488,961	21,081	(24,140)	485,902	0
Total OWDA Loans	908,236	73,344	(117,906)	863,674	14,444
Total Business-Type Activities	$ 4,138,431	$ 73,344	$ (187,562)	$ 4,024,213	$ 87,336

Governmental Activities

Special Assessment Bonds – As of December 31, 2009, the County has $487,438 in special assessment bonded debt outstanding. The debt is being repaid from the Special Assessment Bond Retirement Debt Service Fund with proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt service payment. During 2006, the County entered into special assessment bonds in the amount of $200,000 for the State Route 313 sewer project. The State Route 313 sewer project bonds were issued with a discount of $4,200. Principal and interest requirements to retire the special assessment bonds outstanding at December 31, 2009 are as follows:

Year Ending December 31	Principal	Interest	Total
2010	$ 34,406	$ 23,834	$ 58,240
2011	35,568	22,167	57,735
2012	41,869	20,438	62,307
2013	43,209	18,428	61,637
2014	44,791	16,341	61,132
2015-2019	155,101	52,954	208,055
2020-2024	77,894	26,704	104,598
2025-2029	42,300	7,343	49,643
2030-2033	12,300	1,580	13,880
Totals	$ 487,438	$ 189,789	$ 677,227

NOTE 11: DEBT (Continued)

General Obligation Bonds – As of December 31, 2009, the County has $7,233,795 in general obligation bonded debt outstanding that is being retired by the Bond Retirement Debt Service Fund. During fiscal year 2008, the County entered into new general obligation bonds for the construction and furnishing a building to house road machinery, supplies and personnel (Engineer's Garage). The bonds were issued for a 5 year period with final maturity at February 1, 2013. The bonds were issued at an interest rate of 3.89 percent.

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

On January 31, 2008, the County issued bonds in the amount of $205,000. The bonds were issued to repay $255,000 Engineer's Garage note outstanding at February 7, 2008. The bonds were issued for a five year period with final maturity at February 1, 2013. The bond was entered into with a issuance cost of $4,525.

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

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

Mandatory Redemption:

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

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

NOTE 11: DEBT (Continued)

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

Optional Redemption:

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

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2009 are as follows:

Year Ending December 31	Principal	Interest
2010	$ 595,589	$ 326,248
2011	619,826	299,677
2012	364,025	276,329
2013	373,185	262,620
2014	346,303	248,261
2015-2019	1,919,867	1,005,015
2020-2024	2,090,000	496,124
2025-2028	925,000	106,649
Totals	$ 7,233,795	$ 3,020,923

Long-Term Notes **–** On October 29, 2007, the County entered into $200,000 in a long-term note that was used to construct an office building for the Ohio State University Extension Services. This bond anticipation note is backed by the full faith and credit of the County. The note will be retired from the issuance of bonds. This bond anticipation note matures on November 1, 2017 along with interest payable at 5.75% of the principal amount.

Year Ending December 31	Principal	Interest
2010	$ 6,200	$ 10,757
2011	6,562	10,395
2012	6,944	10,013
2013	7,349	9,608
2014	7,778	9,179
2015-2019	46,249	38,536
2020-2024	61,403	23,382
2025-2028	46,121	4,750
Totals	$ 188,606	$ 116,620

NOTE 11: DEBT (Continued)

OPWC Loans – As of December 31, 2009, the County has $52,274 in Ohio Public Works Commission loans outstanding. These loans were entered into for bridge replacement and various road paving projects within the County and will be repaid from the Bond Retirement Debt Service Fund. These loans are interest free. Principal requirements to retire the OPWC loans outstanding at December 31, 2009 are as follows:

Year Ending December 31	Principal
2010	$ 5,673
2011	2,663
2012	2,663
2013	2,663
2014	2,663
2015-2019	13,317
2020-2024	13,317
2025-2028	9,315
Totals	$ 52,274

Business-Type Activities:

General Obligation Bonds – As of December 31, 2009, the County has $3,160,539 in general obligation bonded debt outstanding. The bonds were issued to construct lines and a building associated with the County water system. These bonds will be repaid from revenues derived by the County from the operation of the water system.

Principal requirements to retire the general obligation bonds outstanding at December 31, 2009 are as follows:

Year Ending December 31	Principal	Interest
2010	$ 72,892	$ 147,466
2011	76,245	144,129
2012	79,721	140,638
2013	83,325	136,988
2014	87,264	133,172
2015-2019	499,634	602,142
2020-2024	625,026	476,614
2025-2029	782,241	319,448
2030-2034	854,191	124,385
Totals	$ 3,160,539	$ 2,224,982

NOTE 11: DEBT (Continued)

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

The County has pledged future customer revenues, net of specified operating expenses, to repay $377,772 in OWDA loans issued from 2006 to 2009. Proceeds from these loans provided financing for various water projects. The loans are payable solely from customer net revenues and are payable through 2030. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 5.30 percent. The total principal and interest remaining to be paid on the loans is $416,042. Principal and interest paid for the current year and total net revenues were $103,807 and ($1,933,155), respectively.

In 2009, the County entered into an OWDA loan for the purpose of updating the Guernsey County eastern water system. An amortization schedule for this project will not be available until the entire amount of the loan has been drawn down or until the project is complete. The amount drawn down in 2009 was $52,263.

Principal and interest requirements to retire the Water Enterprise Fund OWDA loans outstanding at December 31, 2009 are as follows:

Year Ending December 31	Principal	Interest
2010	$ 12,360	$ 2,085
2011	10,454	3,991
2012	10,664	3,781
2013	10,878	3,567
2014	11,097	3,348
2015-2019	58,920	13,302
2020-2024	65,084	7,137
2025-2029	35,052	1,059
2030	111,000	0
Totals	$ 325,509	$ 38,270

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

The County has pledged future customer revenues, net of specified operating expenses, to repay a $539,188 OWDA loan issued in 2008. Proceeds from this loan provided financing for various sewer projects. The loan is payable solely from customer net revenues and is payable through 2013. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 8.22 percent. The total principal remaining to be paid on the loan is $485,902. The County is still currently drawing down monies on the loan and therefore the total interest amount has not been calculated. An amortization schedule for this loan will not be available until the entire amount of the loan has been drawn down or until the project is complete. Principal and interest paid for the current year and total net revenues were $24,140 and $78,545, respectively.

NOTE 11: DEBT (Continued)

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

NOTE 12: INTERFUND TRANSFERS AND ADVANCES

A. Transfers

During 2009 the following transfers were made:

	Transfers Out			
Transfers In	General	Motor Vehicle And Gas Tax	Other Non-major Governmental	Total
Major Funds:				
General	$ 17,250	$ 0	$ 0	$ 17,250
Public Assistance	175,399	0	0	175,399
Motor Vehicle & Gas	24,622	0	0	24,622
Nonmajor Funds:				
Other Nonmajor	708,331	65,500	0	773,831
Total Governmental	925,602	65,500	0	991,102
Business Type:				
Water Enterprise	2,638	0	147,249	149,887
Sewer Enterprise	24,497	0	0	24,497
Total Business Type	$ 27,135	$ 0	$ 147,249	$ 174,384
Total Transfers Out	$ 778,353	$ 65,500	$ 147,249	$ 991,102

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

The Water Fund and Motor Vehicle and Gas Tax Fund transferred $147,249 and $65,500, respectively, to the Bond Retirement Fund for debt payments. All other transfers were made from the General Fund to various other funds to provide additional resources for current operations.

B. Advances

During 2009, the County advanced $27,376 from the General Fund to the County Home Special Fund. The interfund loan is expected to repaid within one year.

NOTE 13: FEDERAL FOOD STAMP PROGRAM

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

NOTE 14: CONTRACTUAL COMMITMENTS

As of December 31, 2009 the City had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance 12/31/2009
Ohio WV Excavating - Waterline Construction	$ 296,000	$ 185,944	$ 110,056
Kirk - Waterline Construction	158,931	78,736	80,195
Total	$ 454,931	$ 264,680	$ 190,251

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS

A. Southeastern Ohio Joint Solid Waste Management District

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

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2009. No future contributions by the County are anticipated. A thirty-one member policy committee comprised of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The Guernsey-Monroe-Noble Community Action Corporation (GMN) is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe, and Noble Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency receives federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. During 2009, the County made no contributions to the Guernsey-Monroe-Noble Community Action Corporation.

C. Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

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

A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont County has three appointees, and Jefferson, Guernsey, Harrison, Monroe, and Noble Counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Guernsey County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board. During 2009, the County made no contributions to SEOJRD.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Guernsey County Family Service Council

The Guernsey County Family Service Council (Council) is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Director of the Guernsey County Community Mental Health Services Board, Health Commissioner of the Guernsey County Health Department, Health Commissioner of the City of Cambridge Health Department, Director of the Guernsey County Human Services, Director of the Children Services Department, Superintendent of the Guernsey County Department of Development Disabilities, the Guernsey County Juvenile Court Judge, Superintendent of Cambridge City Schools, Mayor of the City of Cambridge, one representative from the City of Cambridge, Chair of the Guernsey County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "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. In 2009, the County made a $6,000 in-kind contribution to the Council. Continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

E. Mental Health and Recovery Services Board

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

During 2009, Guernsey County did not contribute any revenue through a levy. The revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on County's continued participation. The County has no equity interest in, or financial responsibility for the Board. The Board has no outstanding debt.

F. South Eastern Narcotics Team (SENT)

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match twenty-five percent. SENT is comprised by thirty-two members. Each member's control over the operation of SENT is limited to its representation of the Board. During 2009, Guernsey County made no contributions to SENT.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The Mid-East Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Department of Developmental Disabilities. Revenues are generated by fees and state grants. Continued existence of MEORC is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the MEORC. MEORC has no outstanding debt. During 2009, Guernsey County made no contribution to MEORC.

H. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The continued existence of OMEGA is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the OMEGA. OMEGA has no outstanding debt. During 2009, the County made no contribution to OMEGA.

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

The Bureau is organized under State Statute by agreement between the Guernsey County Commissioners, the Cambridge Area Chamber of Commerce, and the Cambridge-Guernsey Community Improvement Corporation who acts as the fiscal agent for the Bureau. The Bureau operates the Guernsey County Tourist Information Center. The Bureau is governed by a seven member Board of Directors. The Board is comprised of one member of the Guernsey County Board of Commissioners, one member appointed by the Guernsey County Board of Commissioners, the president of the Guernsey Innkeeper's Association, one member appointed by the Guernsey County Innkeeper's Association, the president of the Chamber of Commerce, one member appointed by the Chamber of Commerce, and the executive vice president of the Chamber of Commerce. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The County collects and distributes a three percent hotel/motel lodging tax to the Bureau. The County has no equity interest in, or financial responsibility for the Bureau. The Bureau has no outstanding debt. During 2009, the County made a contribution of $5,650 to the Cambridge Guernsey County Visitors and Convention Bureau.

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

J. The Area Office on Aging

The Area Office on Aging (Council) is a regional council of governments that assists nine counties, including Guernsey County in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors comprised of one representative appointed by each participating county. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt. During 2009, the County made no contributions to the Area Office on Aging.

K. Eastern Ohio Correctional Center (EOCC)

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 2009, the EOCC received no monies from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC. The EOCC has no outstanding debt.

L. Southeast Area Transit (SAT)

The Southeast Area Transit (SAT) was created pursuant to state statute in 1979. SAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SAT include determining routes and fares, formulate operating procedures, promote and maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SAT is limited to a ten member board comprised of six individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, and one person appointed by the Guernsey County Commissioners. In 2009, Guernsey County contributed $-0-. The continued existence of the Authority is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Authority. SAT has no outstanding debt.

NOTE 16: RELATED ORGANIZATIONS

A. Guernsey County Convention Facilities Authority

The Guernsey County Convention Facilities Authority (Authority) was created pursuant to State Statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of an eleven member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of the City of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The board contracted with a private group for the construction and operation of the Pritchard-Laughlin Civic Center; this center is controlled by a private board of directors which are self-appointing and have total control over the operation of the center including budgeting, appropriating, contracting, and designation of management. The Authority levied a three percent hotel/motel tax that is collected and distributed directly to the Center by the Guernsey County Commissioners. The County is prohibited from contributing to the operations of the Authority by state law. During 2009, the County made no contributions to the Guernsey County Convention Facilities Authority.

B. Cambridge Metropolitan Housing Authority

The Cambridge Metropolitan Housing Authority (Authority) is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority. During 2009, the County made no contributions to the Cambridge Metropolitan Housing Authority.

C. Guernsey County Park District

The Guernsey County Park District (District) is governed by a three member Park District Board of Commissioners appointed by the probate judge of the County. State statute provides that the County Auditor and Treasurer are Ex-officio members of the Park District Board of Commissioners and designates the county auditor as fiscal officer of the commission. The county commissioners do not have the ability to significantly influence operations, designate management, approve budgets, nor is the County responsible for funding deficits. The County maintains an agency fund for the District's operation since the County serves as fiscal agent for the District. During 2009, the County made a contribution of $8,100 to the Park District.

D. Guernsey County Airport Authority

The Guernsey Airport Authority (Authority) is governed by a five-member Board. The original Board was appointed by the Guernsey County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hangar rental, state and federal grants received directly by the Authority, and interest. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority. During 2009, the County contributed $33,258 to the Airport Authority.

NOTE 17: PUBLIC ENTITY RISK POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

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

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

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants.

The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

NOTE 18: CONTINGENT LIABILITIES

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

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Guernsey County, Ohio as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 16, 2010, the County uses the cash basis, a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

We noted certain matters that we have reported to management in a separate letter dated August 16, 2010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guernsey 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards.*, which is described in the accompanying Schedule of Findings as item 2009-01 and 2009-2. We also noted certain immaterial instances of noncompliance, which we have reported to management of Guernsey County in a separate letter dated August 16, 2010.

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
August 16, 2010

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

Compliance

We have audited the compliance of Guernsey County, Ohio with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2009. Guernsey 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 each of its major federal programs is the responsibility of Guernsey County's management. Our responsibility is to express an opinion on Guernsey 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Guernsey 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 Guernsey County's compliance with those requirements.

In our opinion, the Guernsey County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of Guernsey 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, 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.

Internal Control Over Compliance (Continued)

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 detect and correct, noncompliance with a type of compliance requirement of a federal program 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 reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
August 16, 2010 and September 6, 2011 for Adoption Assistance Program

GUERNSEY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505
DECEMBER 31, 2009

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other significant deficiencies In internal control reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	YES
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other significant deficiencies In internal control reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	SNAP; CFDA #10.561,10.551 Foster Care; CFDA 93.658 Social Service BG; CFDA #93.667 TANF, CFDA #93.558 Child Care Cluster CFDA #93.575/596 CSEA, CFDA #93.563 Adoption Assistance, CFDA #93.659
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

FINDING NUMBER 2009-01

Noncompliance Citation

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

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS (continued)

FINDING NUMBER 2009-01 (CONTINUED)

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

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

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

FINDING NUMBER 2009-02

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 10.7% of the expenditures tested for 2009.

The County should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the County can issue then and now certificates for expenses up to $3,000. Then and now certificates allow the County to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Auditor without subsequent authorization from the Commissioners. However, then and now certificates issued by the Auditor over $3,000 must be authorized by the Commissioners within thirty days after payment.

Client Response: Client will more closely monitor and try to use the Then and Now certificates when applicable.

GUERNSEY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
OMB CIRCULAR A-133 SECTION 505
DECEMBER 31, 2009

3. Findings and Questioned Costs for Federal Awards

FINDING NUMBER 2009-03

CFDA Title and Number Community Development Block Grant State program #14.228
Federal Award Number/Year: B-E-06-026-1
Federal Agency: U.S. Department of Housing and Urban Development
Pass Through Agency: Ohio Department of Development

Noncompliance Citation - Cash Management

Grantees must develop a cash management system to ensure compliance with the Fifteen-Day Rule relating to prompt disbursement of funds. This rule state that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than $5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen-day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days. In 2008 draw downs were made but the disbursements made did not bring the balance on hand to $5,000.

Client Response: We will more closely monitor draw downs and the expenditures to try to be in compliance with this rule.

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE:				
(Pass through Ohio Department of Education)				
Child Nutrition Cluster:				
Food Distribution Program	n/a	10.550	$ -	$ 2,007
National School Lunch Program	071118-llpa-4	10.555	2,828	-
(Pass through Ohio Department of Health)				
Women, Infants and Children	n/a	10.557	226,444	-
(Pass through Ohio Department of Job and family Services)				
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
SNAP Refunds	n/a	10.551	1,663	-
SNAP		10.561	364,890	-
SNAP - ARRA		10.561	35,314	-
			401,867	-
Total U.S. Department of Agriculture			**631,139**	**2,007**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
(Pass through Ohio Department of Development)				
Community Development Block Grant	B-C-06-028-1	14.228	52,956	-
	B-F-08-028-1		4,613	-
	Program Income		43,905	-
			101,474	-
HOME Partnership Grant	B-C-06-028-2	14.239	57,518	-
	Program Income		40,943	-
			98,461	-
Total U.S. Department of Housing and Urban Development			**199,935**	-
U.S. DEPARTMENT OF JUSTICE:				
(Pass through Ohio Office of Criminal Justice Services)				
Edward Bryne Memorial JAG Grant - ARRA	n/a	16.803	7,439	-
	JJWC-022-07		-	-
			7,439	-
Total Corporation for National and Community Service			**7,439**	-
ELECTION ASSISTANCE COMMISSION				
(Pass through Ohio Secretary of State)				
Help America Vote Act - Title II, 251	09-SOS-HAVA-30	90.401	5,750	-
			5,750	-
Total Election Assistance Commission			**5,750**	-
U.S. DEPARTMENT OF EDUCATION:				
(Pass through Ohio Department of Education)				
Special Education Cluster:				
Special Education Grants to States (Title VI-B)	07118-6BSF-08/09	84.027	31,790	-
Preschool Disability Grant	071118-C2S1	84.173	27	-
			31,817	-
Total U.S. Department of Education			**31,817**	-

See notes to Schedule of Federal Awards Expenditures.

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF TRANSPORTATION				
(Pass through Ohio Department of Transportation)				
Highway Planning	n/a	20.205	**1,062,174**	**-**
Total U.S. Department of Transportation			**1,062,174**	**-**
U.S. DEPARTMENT OF LABOR				
(Pass through Area 7 Workforce Investment Board)				
Workforce Investment Act Cluster:				
WIA Youth	n/a	17.259	257,827	-
WIA Youth - ARRA	n/a		158,027	
WIA Youth Administartion	n/a		15,305	
WIA Youth Administartion - ARRA	n/a		1,817	-
			432,976	-
WIA Adult	n/a	17.258	329,568	-
WIA Adult - ARRA	n/a		80,830	
WIA Adult Administration	n/a		48,162	
WIA Adult Administration - ARRA	n/a		6,101	-
			464,661	-
WIA Dislocated Worker	n/a	17.260	243,421	-
WIA Dislocated Worker - ARRA	n/a		88,229	
WIA Dislocated Worker Administartion	n/a		36,411	
WIA Dislocated Worker Administartion - ARRA	n/a		3,985	-
			372,046	-
Total Workforce Investment Act Cluster			**1,269,683**	**-**
Veterans Employment Program	n/a	17.802	13,349	-
Veterans Employment Program Administration			1,676	-
			15,025	**-**
Total U.S. Department of Labor			**1,284,708**	**-**

See notes to Schedule of Federal Awards Expenditures.

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
(Pass through Ohio Department of DD)				
Social Services Block Grant	n/a	93.667	**35,059**	-
Medical Assistance Program - ARRA	n/a	93.778	136,905	-
Medical Assistance Program - Administrative Claiming	n/a	93.778	32,438	-
			169,343	-
(Pass through Ohio Department of Job and Family Services)				
Temporary Assistance for Needy Families (TANF)	n/a	93.558	**2,483,473**	-
Child Support Enforcement	n/a	93.563	**1,105,216**	-
Child Care Cluster:				
Child Care Block Grant	n/a	93.575	**291,573**	-
Child Care Block Grant - ARRA	n/a		**104,418**	-
Child Care and Mandatory Funds	n/a	93.596	**512,377**	-
Child Care and Mandatory Funds - Admin	n/a		**21,624**	-
			929,992	-
Foster Care Title IV-E	n/a	93.658	**387,105**	-
Foster Care Title IV-E - Admin			**493,673**	-
Foster Care Title IV-E - ARRA			**29,811**	-
			910,589	-
Adoption Assistance	n/a	93.659	**492,342**	-
Adoption Assistance -ARRA	n/a		**4,533**	-
			496,875	-
Social Service Block Grant	n/a	93.667	**447,482**	-
Medical Assistance Program	n/a	93.778	**244,480**	-
Total U.S. Department of Health and Human Services			**6,822,509**	-
DEPARTMENT OF HOMELAND SECURITY				
Pass through Ohio EMA				
FEMA Grant - Hazard Mitigation		97.039	**746,772**	-
Emergency Management Performance Grant	2006-EM-E6-0042	97.042	**33,426**	-
FY07/08 State Homeland Security Program	2007/8-GE-T7/8-0051	97.073	35,279	-
			35,279	-
FY07 Citizens Corps Program	2007-GE-T7-0030	97.053	2,553	-
			2,553	-
Total Federal Emergency Management Agency			**818,030**	-
U.S. ENVIRONMENTAL PROTECTION AGENCY				
(Passed through USEPA Region 5)				
State & Tribal Assistance Grant	XP-OOE75801-0	66.419	**165,604**	-
Total U.S. Environmental Protection Agency			**165,604**	-
Total Federal Awards Expenditures			**$ 11,029,105**	**$ 2,007**

See notes to Schedule of Federal Awards Expenditures.

GUERNSEY COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

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 - MATCHING REQUIREMENTS

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

NOTE C - SUBRECIPIENTS

The County passes-through certain Federal assistance received from the Ohio Department of Development to other governments. As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - CHILD NUTRITION CLUSTER

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

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

GUERNSEY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION 315(b)
December 31, 2009

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain:**
2008-01	OAC 117-2-03B Not filing report in accordance with GAAP	No	Not Corrected. Cited in current report as finding 2009-01
2008-02	ORC 5705.41(D) Invoices dated prior to certification	No	Not Corrected. Cited in current report as item 2009-02
2008-03	Cash Management CDBG Program 15 day rule	No	Not Corrected. Cited in current report as item 2009-03. Originally reported in 2006

GUERNSEY COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 SECTION 315(b)
December 31, 2009

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-01	The County will continue to prepare its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles for 2007	N/A	Tony Brown, County Auditor
2009-02	The County Auditor plans to inform all department heads and other such applicable prsonnel the requirements set forth by this Code Section	December 31, 2009	Tony Brown, County Auditor
2009-03	The County Auditor plans on discussing drawdown procedures and forcasting of expenses with appropriate personnel to try to eliminate excess cash on hand	December 31, 2009	Tony Brown, County Auditor

Dave Yost • Auditor of State

GUERNSEY COUNTY FINANCIAL CONDITION

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 25, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
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FINANCIAL CONDITION
GUERNSEY COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2010

Dave Yost · Auditor of State

GUERNSEY COUNTY

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GUERNSEY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

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

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

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

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

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

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

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

Dave Yost
Auditor of State

September 19, 2011

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

Financial Highlights

Key financial highlights for 2010 are as follows:

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

Using this Annual Financial Report

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

Basis of Accounting

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

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

County-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction of the use of monies, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund, and the Public Assistance, Motor Vehicle and Gasoline Tax and Board of Developmental Disabilities Funds.

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

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

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

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

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

Government-Wide Financial Analysis

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

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

Table 1
Net Assets

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

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

Table 2
Changes in Net Assets

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

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

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

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

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

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

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

Table 3
Governmental Activities

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

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

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

Financial Analysis of County Funds

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

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

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

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

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

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

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

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

Budgetary Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Board of County Commissioners adopts a permanent annual operating budget for the County on or about January 1.

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

Economic Factors

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

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

Requests for Information

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

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

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

See accompanying notes to the basic financial statements.

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

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

General Receipts
Property Taxes Levied for:
General Purposes
Health Levy
County Home
Children Services
Development Disabilities
Senior Citizens Levy
Sales Taxes Levied for:
General Purposes
Debt Service
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Proceeds of Loans
Proceeds of OWDA Loans
Miscellaneous

Total General Receipts

Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

See accompanying notes to the basic financial statements.

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

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

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

See accompanying notes to the basic financial statements.

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

Total Governmental Fund Balances	$ 18,327,545
Amounts reported for governmental activities in the statement of net assets are different because	
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net assets.	854,012
Net Assets of Governmental Activities	$ 19,181,557

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

Guernsey County, Ohio

Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis

For The Year Ended December 31, 2010

Net Change in Fund Balances - Total Governmental Funds	$	686,172
Amounts reported for governmental activities in the statement of activities are different because		
The internal service funds used by management to charge the cost of insurance to individual funds in not reported in the entity-wide statements of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.		(9,192)
Change in Net Assets of Governmental Activities	$	676,980

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

NOTE 1: REPORTING ENTITY

Guernsey County (the "County") is a body politic and corporate established in 1810 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is comprised of nineteen townships, one city, and ten villages. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Municipal Court Judge, Common Pleas Judge (also serves as the Domestic Relations Judge) and Probate Court Judge (also serves as the Juvenile Court Judge). Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County.

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

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

NOTE 1: REPORTING ENTITY (Continued)

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

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are consider business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and cash disbursements.

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

B. Fund Accounting

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

Governmental Funds

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

General – The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Public Assistance – The Public Assistance fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds

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

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

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

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

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

Fiduciary Funds

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

C. Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

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

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

E. Cash and Investments

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interest earnings are allocated to County funds according to state statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 were $513,513, which includes $475,500 assigned from other County funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Plans

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Activity

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

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

M. Long-Term Obligations

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

N. Net Assets

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

O. Fund Balance Reserves

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

NOTE 3: COMPLIANCE

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

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Change in Cash Basis Fund Balance – (Budget Basis) for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

2. Unrecorded cash, which consists of MEORC activity is not reported by the County on the operating statements (budgetary basis), but is reported on the cash basis operating statements.

3. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (cash basis) in the appropriate County fund.

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

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

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon Unites States treasury security that is a direct obligation of the United States;

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

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

4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

7. The State Treasurer's investment pool (STAROhio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;

9. Commercial paper notes, corporate notes and bankers' acceptances; and

10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

Deposits

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

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

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

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

Interest Rate Risk The County has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 6: PERMISSIVE SALES AND USE TAX

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

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

NOTE 7: PROPERTY TAXES

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

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

NOTE 7: PROPERTY TAXES (Continued)

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

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

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

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

NOTE 8: RISK MANAGEMENT

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

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

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

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

NOTE 8: RISK MANAGEMENT (Continued)

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

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

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

For 2010, the County participated in the County Commissioners Association of Ohio Service Corporation Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 17) The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

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

NOTE 9: DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

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

The County's contribution rate for 2010 was 14 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.87 percent of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were $1,029,306, $988,576 and $932,875, respectively. The full amount has been contributed for 2010, 2009 and 2008. Contributions to the member-directed plan for 2010 were $9,334 made by the County and $13,333 made by plan members.

NOTE 9: DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS Ohio funds, times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits.

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contribution for pension obligations for the STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were $15,773, $15,243 and $14,833, respectively. The full amount has been contributed for fiscal year 2010, 2009 and 2008. For fiscal year 2010, the County did not have any employees participating in either the DC or Combined Plans.

NOTE 10: POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14 percent of covered payroll (17.87 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0 percent of covered payroll from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

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

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

NOTE 10: POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

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

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

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

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

NOTE 11: DEBT

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

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

NOTE 11: DEBT (Continued)

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

Governmental Activities

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

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

NOTE 11: DEBT (Continued)

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

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

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

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

Mandatory Redemption:

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

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

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

NOTE 11: DEBT (Continued)

Optional Redemption:

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

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

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

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

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

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

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

NOTE 11: DEBT (Continued)

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

Business-Type Activities:

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

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

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

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

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

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

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

NOTE 11: DEBT (Continued)

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

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

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

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

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

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

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

NOTE 11: DEBT (Continued)

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

NOTE 12: CONTRACTUAL COMMITMENTS

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

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

NOTE 13: INTERFUND TRANSFERS

During 2010 the following transfers were made:

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

NOTE 13: INTERFUND TRANSFERS (Continued)

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

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

NOTE 14: FEDERAL FOOD STAMP PROGRAM

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

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS

A. Southeastern Ohio Joint Solid Waste Management District

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

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

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

C. Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

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

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

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Guernsey County Family Service Council

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

E. Mental Health and Recovery Services Board

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

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

F. South Eastern Narcotics Team (SENT)

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

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

H. Ohio Mid-Eastern Governments Association (OMEGA)

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

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

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

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS (Continued)

J. Area Office on Aging

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

K. Eastern Ohio Correctional Center (EOCC)

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

L. Southeast Area Transit (SAT)

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

NOTE 16: RELATED ORGANIZATIONS

A. Guernsey County Convention Facilities Authority

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

B. Cambridge Metropolitan Housing Authority

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

C. Guernsey County Park District

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

D. Guernsey County Airport Authority

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

NOTE 17: PUBLIC ENTITY RISK POOLS

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

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 62 counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

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

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

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants.

The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

NOTE 18: CONTINGENT LIABILITIES

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

NOTE 19: SUBEQUENT EVENTS

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

NOTE 19: SUBEQUENT EVENTS (Continued)

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

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GUERNSEY COUNTY

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

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

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

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

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

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

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

GUERNSEY COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The County passes certain federal awards received from the U.S. Department of Health and Human Services and U.S. Department of Transportation to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D - FOOD DONATION PROGRAM

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

NOTE E - MATCHING REQUIREMENTS

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

NOTE F - OHIO DEPARTMENT OF JOB AND FAMILY SERVICES ADJUSTMENTS

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

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

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

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Dave Yost • Auditor of State

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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

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

Internal Control Over Financial Reporting

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

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

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

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110
www.auditor.state.oh.us

Compliance and Other Matters

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

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

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

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

Dave Yost
Auditor of State

September 19, 2011

Dave Yost • Auditor of State

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

Guernsey County
627 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of County Commissioners:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

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

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

Dave Yost
Auditor of State

September 19, 2011

GUERNSEY COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2010-01

Noncompliance Citation

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

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

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

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

FINDING NUMBER 2010-02

Noncompliance Citation

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

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

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

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

FINDING NUMBER 2010-02 (Continued)

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

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

2. Blanket Certificates - Fiscal officers may prepare so-called "blanket" certificates not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

3. Super Blanket Certificate - The County may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

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

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

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

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

3. FINDINGS FOR FEDERAL AWARDS

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

Noncompliance Citation/Significant Deficiency – Cash Management

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

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

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

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

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

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

GUERNSEY COUNTY

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

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

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Dave Yost • Auditor of State

GUERNSEY COUNTY FINANCIAL CONDITION

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 29, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us

Local Government Innovation Fund Program

Application ScorÉÎÇ

Lead Applicant	Guernsey County
Project Name	Leatherwood Valley Feasibility Study

✔	**Grant Application**

or

☐	**Loan Application**

The Local Government Innovation Fund Council
77 South High Street
P.O. Box 1001
Columbus, Ohio 43216-1001
(614) 995-2292

Local Government Innovation Fund Project Scoring Sheet

Section 1: Financing Measures

Financing Measures	Description	Criteria	Max Points	Applicant Self Score	Validated Score
Financial Information	*Applicant includes financial information (i.e., service related operating budgets) for the most recent three years and the three year period following the project. The financial information must be directly related to the scope of the project and will be used as the cost basis for determining any savings resulting from the project.*	Applicant provides a thorough, detailed and complete financial information	**5**	●	
		Applicant provided more than minimum requirements but did not provide additional justification or support	**3**	○	
		Applicant provided minimal financial information	**1**	○	
			Points	5	0
Repayment Structure (Loan Only)	*Applicant demonstrates a viable repayment source to support loan award. Secondary source can be in the form of a debt reserve, bank participation, a guarantee from a local entity, or other collateral (i.e.,emergency rainy day , or contingency fund, etc.).*	Applicant clearly demonstrates a secondary repayment source.	**5**	○	
		Applicant does not have a secondary repayment source.	**0**	○	
			Points	0	0
Local Match	*Percentage of local matching funds being contributed to the project. This may include in-kind contributions.*	70% or greater	**5**	○	
		40-69.99%	**3**	●	
		10-39.99%	**1**	○	
			Points	3	0
			Total Section Points	8	0

Section 2: Collaborative Measures

Collaborative Measures	Description	Criteria	Max Points	Applicant Self Score	Validated Score
Population	*Applicant's population (or the population of the area(s) served) falls within one of the listed categories as determined by the U.S. Census Bureau. Population scoring will be determined by the **smallest** population listed in the application. Applications from (or collaborating with) small communities are preferred.*	Applicant (or collaborative partner) is not a county and has a population of less than 20,000 residents	**5**	●	
		Applicant (or collaborative partner) is a county but has less than 235,000	**5**	○	
		Applicant (or collaborative partner) is not a county but has a population 20,001 or greater.	**3**	○	
		Applicant (or collaborative partner) is a county with a population of 235,001 residents or more	**3**	○	
			Points	5	0
Participating Entities	*Applicant has executed partnership agreements outlining all collaborative partners and participation agreements and has resolutions of support. (Note: Sole applicants only need to provide a resolution of support from its governing entity.)*	More than one applicant	**5**	●	
		Single applicant	**1**	○	
			Points	5	0
			Total Section Points	10	0

Local Government Innovation Fund Project Scoring Sheet

Section 3: Success Measures

Success Measures	Description	Criteria	Points	Applicant Self Score	Validated Score
Expected Return	*Applicant demonstrates as a percentage of savings (i.e., actual savings, increased revenue, or cost avoidance) an expected return. The return must be derived from the applicant's cost basis. The expected return is ranked in one of the following percentage categories:*	75% or greater	**30**	○	
		25.01% to 74.99%	**20**	●	
		Less than 25%	**10**	○	
			Points	20	0
Past Success	*Applicant has successfully implemented, or is following project guidance from a shared services model, for an efficiency, shared service, coproduction or merger project in the past.*	Yes	**5**	●	
		No	**0**	○	
			Points	5	0
Scalable/Replicable Proposal	*Applicant's proposal can be replicated by other local governments or scaled for the inclusion of other local governments.*	The project is both scalable and replicable	**10**	●	
		The project is either scalable or replicable	**5**	○	
		Does not apply	**0**	○	
			Points	10	0
Probability of Success	*Applicant provides a documented need for the project and clearly outlines the likelihood of the need being met.*	Provided	**5**	●	
		Not Provided	**0**	○	
			Points	5	0
			Total Section Points	40	0

Section 4: Significance Measures

Significance Measures	Description	Criteria	Points Assigned	Applicant Self Score	Validated Score
Performance Audit Implementation /Cost Benchmarking	*The project implements a single recommendation from a performance audit provided by the Auditor of State under Chapter 117 of the Ohio Revised Code or is informed by cost benchmarking.*	Project implements a recommendation from an audit or is informed by benchmarking	**5**	○	
		Project does not implement a recommendation from an audit and is not informed by benchmarking	**0**	●	
			Points	0	0
Economic Impact	*Applicant demonstrates the project will a promote business environment (i.e., demonstrates a business relationship resulting from the project) and will provide for community attraction (i.e., cost avoidance with respect to taxes)*	Applicant clearly demonstrates economic impact	**5**	●	
		Applicant mentions but does not prove economic impact	**3**	○	
		Applicant does not demonstrate an economic impact	**0**	○	
			Points	5	0
Response to Economic Demand	*The project responds to current substantial changes in economic demand for local or regional government services.*	Yes	**5**	●	
		No	**0**	○	
			Points	5	0
			Total Section Points	10	0

Section 5: Council Measures

Council Measures	Description	Criteria	Points Assigned
Council Preference	*Council Ranking for Competitive Rounds*	**The Applicant Does Not Fill Out This Section**; This is for the Local Government Innovation Fund Council only. The points for this sectionis based on the applicant demonstrating innovation or inventiveness with the project	
		Total Section Points (10max)	

Scoring Summary

	Applicant Self Score	Validated Score
Section 1: Financing Measures	8	0
Section 2: Collaborative Measures	10	0
Section 3: Success Measures	40	0
Section 4: Significance Measures	10	0
Total Base Points:	68	0

Reviewer Comments

Ohio | Department of Development

John R. Kasich, Governor Christiane Schmenk, Director

April 2, 2012

Steve Allen
Guernsey County Commissioners
627 Wheeling Avenue #300
Cambridge, Ohio 43725

RE: Application Cure Letter

Dear Steve Allen:

The Ohio Department of Development (Development) has received and is currently reviewing your application for Round 1 of Local Government Innovation Fund program. During this review Development has determined that additional information is needed for your application. The identified item(s) requiring your attention are listed on the attached page(s). Please respond only to the issues raised. Failure to fully address all the identified items could lead to a competitive score reduction or ineligibility for Round 1 of the Local Government Innovation Fund program. **A written response from the applicant to this completeness review is due to Development no later than 5:00 p.m. on *April 30, 2012*.** Please send the response in a single email to lgif@development.ohio.gov and include "Cure—Project Name" in the subject line.

While this cure letter represents the additional information needed for Development review, the Local Government Innovation Council continues to reserve the right to request additional information about your application.

Thank you once again for your participation in Local Government Innovation program. Please contact the Office of Redevelopment at lgif@development.ohio.gov or 614-995-2292 if you have further questions regarding your application or the information requested in this letter.

Sincerely,

Thea J. Walsh, AICP
Deputy Chief, Office of Redevelopment
Ohio Department of Development

Local Government Innovation Fund Completeness Review

Applicant: Guernsey County Commissioners

Project Name: Leatherwood Valley Feasibility Study

Request Type: Grant

Issues for Response

1. **Budget**
   Please provide a line item budget that includes at minimum: 1) the sources of all funds being contributed to the project include **all** sources—cash, in-kind, etc.; 2) the uses of all funds (provide a line item for each use); 3) the total project costs (including the funding request **and** the local match. Please be sure that all uses of funds are eligible expenses as set forth in the program guidelines.

   Example:
   Collaboration Village's Project Budget

   Sources of Funds

LGIF Request	$100,000
Match Contribution (10%)	$ 11,111
Total	$111,111

   Uses of Funds

Consultant Fees for Study	$111,111
Total	$111,111

   Total Project Cost: $111,111

2. **Match**
   For **in-kind contributions**, please provide documentation as outlined in section 2.06 of the Local Government Innovation Fund program policies. Certification of in-kind contributions may only be made for past investments. Anticipated in-kind contributions must be certified **after** the contribution is made.

3. **Resolutions of Support**
   Resolutions of support must be provided by the governing body of the main applicant and each collaborative partner. If the collaborative partner is a private entity with no governing body, a letter of support **for the project** is required.

4. **Partnership Agreements**
   Partnership agreements must be signed by all parties listed as collaborative partners. Please provide a partnership agreement that at minimum: 1) lists all collaborative partners; 2) lists the nature of the partnership; and 3) is signed by all parties. Please note, partnership agreements must be specific to the project for which funding is requested.