

CARROLL COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
(Audited)

FOR THE YEAR ENDED
DECEMBER 31, 2010

LEROY VANHORNE, AUDITOR



Dave Yost • Auditor of State

County Commissioners
Carroll County
119 Lisbon Street
Carrollton, Ohio 44615

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 27, 2011

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CARROLL COUNTY

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities.....	16 - 17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18 - 19
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21 - 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	24
Motor Vehicle and Gas Tax	25
County Board of Developmental Disabilities	26
Public Assistance	27
County Home.....	28
Statement of Net Assets - Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Net Assets/(Deficit) - Proprietary Funds.....	30
Statement of Cash Flows - Proprietary Funds.....	31
Statement of Fiduciary Net Assets - Fiduciary Fund	32
Notes to the Basic Financial Statements	33 - 68
Supplementary Data:	
Schedule of Expenditures of Federal Awards.....	69 - 71
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	72 - 73
Independent Accountants’ Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	74 - 75
Schedule of Findings <i>OMB Circular A-133 §.505</i>	76 - 77
Status of Prior Audit Findings <i>OMB Circular A-133 §.505</i>	78

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Board of Commissioners
Carroll County
119 Lisbon Street, Suite 203
Carrollton, Ohio 44615

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise Carroll County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carroll 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 Carroll Hills Industries, Inc., which represent 100% of the assets and revenues of the component unit column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Carroll Hills Industries, Inc., is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the 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. The other auditors audited the financial statements of Carroll Hills Industries, Inc. in accordance with auditing standards generally accepted in the United States of America and not 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Motor Vehicle and Gas Tax, County Board of DD, Public Assistance and County Home funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, on our consideration of Carroll 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 Carroll County's basic financial statements taken as a whole. The Schedule of Expenditures of Federal Awards 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 of Expenditures of Federal Awards 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 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.



Julian & Grube, Inc.
June 17, 2011

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

The management's discussion and analysis of Carroll County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- The total net assets of the County increased \$2,344,733. Net assets of governmental activities increased \$2,572,782, which represents a 13.97% increase over fiscal year 2009. Net assets of business-type activities decreased \$228,049 or 47.55% from fiscal year 2009.
- General revenues accounted for \$7,691,656 or 29.44% of total governmental activities revenue. Program specific revenues accounted for \$18,436,548 or 70.56% of total governmental activities revenue.
- The County had \$23,517,392 in expenses related to governmental activities; \$18,436,548 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,691,656 were adequate to provide for these programs.
- The County's major governmental funds are the general fund, motor vehicle and gas tax fund, county board of developmental disabilities (the "county board of DD") fund, the public assistance fund and the County home fund. The general fund had revenues and other financing sources of \$5,722,041 in 2010, an increase of \$293,406 or 5.40% from 2009. The expenditures and other financing uses of the general fund totaled \$5,596,912 in 2010, and increased \$10,640 from 2009. The general fund balance increased \$125,129 from 2009 to 2010.
- The motor vehicle and gas tax fund, a County major fund, had revenues of \$3,725,217 in 2010, an increase of \$95,270 from 2009. The motor vehicle and gas tax fund had expenditures of \$3,350,067 in 2010, a decrease of \$10,173 from 2009. The motor vehicle and gas tax fund balance increased \$375,150 from 2009 to 2010.
- The county board of DD, a County major fund, had revenues of \$4,846,198 in 2010, an increase of \$648,484 from 2009. The county board of DD had expenditures of \$4,371,393 in 2010, an increase of \$265,705 from 2009. The county board of DD fund balance increased \$474,805 from 2009 to 2010.
- The public assistance fund, a County major fund, had revenues of \$2,503,734 in 2010, an increase of \$298,185 from 2009. The public assistance fund had expenditures of \$2,418,133 in 2010, a decrease of \$119,544 from 2009. The public assistance fund balance increased \$85,601 from 2009 to 2010.
- The County home fund, a County major fund, had revenues of \$1,540,416 in 2010, a decrease of \$4,530 from 2009. The County home fund had expenditures of \$1,546,223 in 2010, an increase of \$61,306 from 2009. The County home fund balance decreased \$5,807 from 2009 to 2010.
- The County's major enterprise funds are the sewer fund and the sanitary landfill fund. Net assets for the sewer enterprise fund decreased in 2010 by \$169,191 or 4.37%. The net assets deficit for the sanitary landfill decreased in 2010 by \$58,858 or 1.35%.
- In the general fund, the actual revenues and other financing sources came in \$18,757 lower than they were in the final budget and actual expenditures and other financing uses were \$88,564 higher than the amount in the final budget.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

Using this Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are five major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities answer the question, "How did we do financially during 2010?" These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

Governmental Activities - Most of the County's programs and services are reported here, including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

The County's statement of net assets and statement of activities can be found on pages 15-17 of this report.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, motor vehicle and gas tax, County board of developmental disabilities (county board of DD), public assistance and County home. The analysis of the County's major governmental and proprietary funds begins on page 10.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental financial statements can be found on pages 18-28 of this report.

Proprietary Funds

The County maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer and sanitary landfill operations. The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 32 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33-68 of this report.

CARROLL COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Government-Wide Financial Analysis

The statement of net assets provides the perspective of the County as a whole. The table below provides a summary of the County's net assets for 2010 compared to 2009.

	Net Assets					
	Governmental Activities 2010	Business-type Activities 2010	Governmental Activities 2009	Business-type Activities 2009	2010 Total	2009 Total
<u>Assets</u>						
Current and other assets	\$ 16,796,142	\$ 697,780	\$ 15,517,342	\$ 696,857	\$ 17,493,922	\$ 16,214,199
Capital assets, net	<u>10,961,928</u>	<u>6,322,823</u>	<u>10,422,873</u>	<u>6,546,688</u>	<u>17,284,751</u>	<u>16,969,561</u>
Total assets	<u>27,758,070</u>	<u>7,020,603</u>	<u>25,940,215</u>	<u>7,243,545</u>	<u>34,778,673</u>	<u>33,183,760</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	1,521,626	7,497,715	1,613,534	7,487,497	9,019,341	9,101,031
Other liabilities	<u>5,250,704</u>	<u>230,486</u>	<u>5,913,723</u>	<u>235,597</u>	<u>5,481,190</u>	<u>6,149,320</u>
Total liabilities	<u>6,772,330</u>	<u>7,728,201</u>	<u>7,527,257</u>	<u>7,723,094</u>	<u>14,500,531</u>	<u>15,250,351</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	10,478,475	3,269,523	9,957,055	3,433,788	13,747,998	13,390,843
Restricted	9,944,593	28,970	8,626,722	28,970	9,973,563	8,655,692
Unrestricted (deficit)	<u>562,672</u>	<u>(4,006,091)</u>	<u>(170,819)</u>	<u>(3,942,307)</u>	<u>(3,443,419)</u>	<u>(4,113,126)</u>
Total net assets	<u>\$ 20,985,740</u>	<u>\$ (707,598)</u>	<u>\$ 18,412,958</u>	<u>\$ (479,549)</u>	<u>\$ 20,278,142</u>	<u>\$ 17,933,409</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2010, the County's assets exceeded liabilities by \$20,278,142. This amounts to \$20,985,740 in governmental activities and a deficit of \$707,598 in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At year-end, capital assets represented 49.70% of total governmental and business-type assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2010, were \$13,747,998. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2010, the County is able to report positive balances in all three categories of net assets for the governmental activities. Business-type activities reported a deficit unrestricted net asset balance, primarily due to the \$4,430,673 estimated accrued liability for landfill closure and post closure costs.

A portion of the County's net assets, \$9,973,563 or 49.18%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of government-wide unrestricted net assets is \$562,672.

CARROLL COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

The table below shows the changes in net assets for fiscal years 2010 and 2009.

	Change in Net Assets					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2010	2009
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>Total</u>	<u>Total</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 3,271,837	\$ 746,039	\$ 3,520,515	\$ 795,128	\$ 4,017,876	\$ 4,315,643
Operating grants and contributions	13,358,394	-	10,455,854	73,587	13,358,394	10,529,441
Capital grants and contributions	<u>1,806,317</u>	<u>-</u>	<u>1,246,128</u>	<u>-</u>	<u>1,806,317</u>	<u>1,246,128</u>
Total program revenues	<u>18,436,548</u>	<u>746,039</u>	<u>15,222,497</u>	<u>868,715</u>	<u>19,182,587</u>	<u>16,091,212</u>
General revenues:						
Property taxes	4,711,579	-	4,610,549	-	4,711,579	4,610,549
Sales tax	1,808,612	-	1,655,108	-	1,808,612	1,655,108
Unrestricted grants	775,718	-	738,007	-	775,718	738,007
Investment earnings	82,167	4,122	127,859	4,673	86,289	132,532
Other	<u>313,580</u>	<u>3,915</u>	<u>609,803</u>	<u>13,609</u>	<u>317,495</u>	<u>623,412</u>
Total general revenues	<u>7,691,656</u>	<u>8,037</u>	<u>7,741,326</u>	<u>18,282</u>	<u>7,699,693</u>	<u>7,759,608</u>
Total revenues	<u>26,128,204</u>	<u>754,076</u>	<u>22,963,823</u>	<u>886,997</u>	<u>26,882,280</u>	<u>23,850,820</u>
Program Expenses:						
General government	3,445,280	-	3,339,083	-	3,445,280	3,339,083
Public safety	2,165,118	-	2,365,465	-	2,165,118	2,365,465
Public works	4,566,501	-	4,509,465	-	4,566,501	4,509,465
Health	4,684,930	-	4,383,934	-	4,684,930	4,383,934
Human services	6,109,601	-	5,803,638	-	6,109,601	5,803,638
Economic development and assistance	729,267	-	387,945	-	729,267	387,945
Urban redevelopment and housing	585,498	-	244,029	-	585,498	244,029
Other	1,193,273	-	1,230,886	-	1,193,273	1,230,886
Interest and fiscal charges	37,924	-	11,260	-	37,924	11,260
Sewer	-	923,267	-	973,200	923,267	973,200
Sanitary landfill	<u>-</u>	<u>96,888</u>	<u>-</u>	<u>213,560</u>	<u>96,888</u>	<u>213,560</u>
Total expenses	<u>23,517,392</u>	<u>1,020,155</u>	<u>22,275,705</u>	<u>1,186,760</u>	<u>24,537,547</u>	<u>23,462,465</u>
Transfers	<u>(38,030)</u>	<u>38,030</u>	<u>(37,885)</u>	<u>37,885</u>	<u>-</u>	<u>-</u>
Change in net assets	2,572,782	(228,049)	650,233	(261,878)	2,344,733	388,355
Net assets (deficit) at beginning of year	<u>18,412,958</u>	<u>(479,549)</u>	<u>17,762,725</u>	<u>(217,671)</u>	<u>17,933,409</u>	<u>17,545,054</u>
Net assets (deficit) at end of year	<u>\$ 20,985,740</u>	<u>\$ (707,598)</u>	<u>\$ 18,412,958</u>	<u>\$ (479,549)</u>	<u>\$ 20,278,142</u>	<u>\$ 17,933,409</u>

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

Governmental Activities

Governmental net assets increased by \$2,572,782 in 2010 from 2009.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2010, general government expenses totaled \$3,445,280, or 14.65% of total governmental expenses. General government programs were supported by \$1,799,139 in direct charges to users and \$1,469,385 in operating and capital grants and contributions.

The County program, human services, which supports the operations of the county home, public assistance, and the children services board accounted for \$6,109,601 of expenses, or 25.98% of total governmental expenses of the County during 2010. These expenses were funded by \$883,963 in charges to users of services and \$4,316,188 in operating grants and contributions.

The County program, public works, accounted for \$4,566,501 or 19.42% of total governmental expenses. Public works programs include the maintenance and construction of County roads and bridges. Public works programs are primarily supported by revenues from motor vehicle licenses and gasoline taxes.

Operating grants were the largest type of program revenue. The state and federal government contributed revenues of \$13,358,394 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$4,316,188, subsidized human services programs and \$3,857,569, subsidized public works programs. Another type of program revenue, direct charges to users of governmental activities, made up \$3,271,837 of total governmental revenues. These charges for services and sales include fees for real estate transfers, licenses and permits, and fines and forfeitures related to judicial activities.

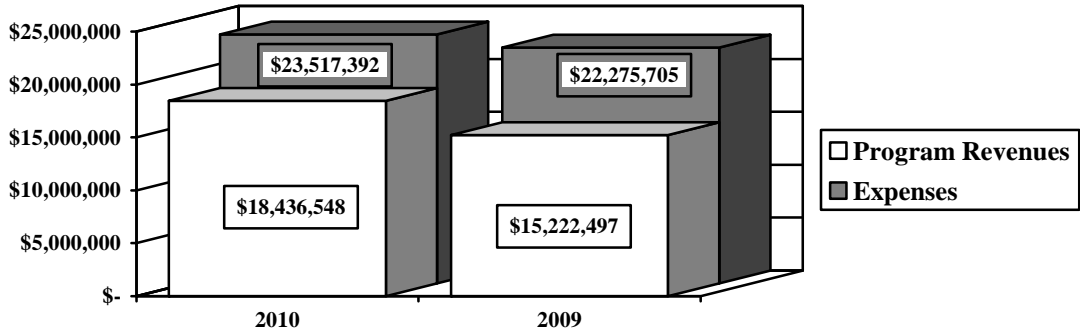
General revenues totaled \$7,691,656, and amounted to 29.44% of total revenues. These revenues primarily consist of property and sales tax revenue of \$6,520,191, or 84.77% of total general revenues in 2010. Property and sales tax revenue increased 4.06% during 2010. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with local government and local government revenue assistance making up \$775,718 or 10.09% of total general revenues. Interest earnings, which totaled \$82,167, decreased by \$45,692.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Governmental Activities – Program Revenues vs. Total Expenses



Governmental Activities

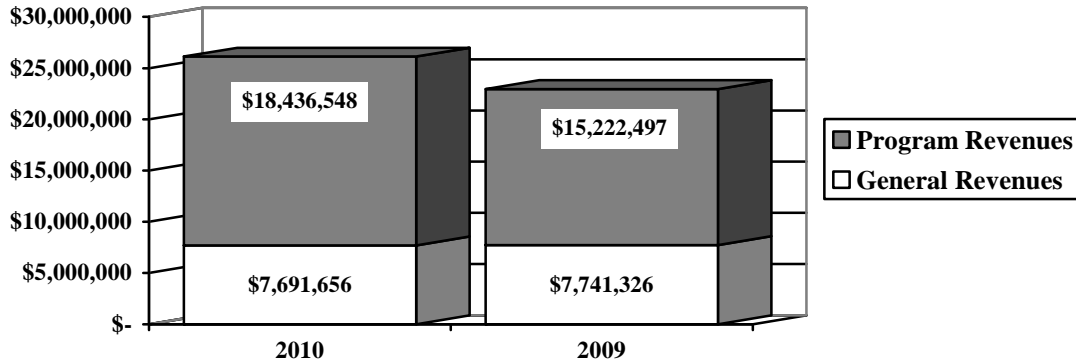
	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
Program Expenses:				
General government	\$ 3,445,280	\$ 176,756	\$ 3,339,083	\$ 985,743
Public safety	2,165,118	1,491,251	2,365,465	1,824,038
Public works	4,566,501	(25,098)	4,509,465	(329,931)
Health	4,684,930	1,938,803	4,383,934	2,279,652
Human services	6,109,601	909,450	5,803,638	1,301,415
Economic development and assistance	729,267	(161,218)	387,945	77,302
Urban redevelopment and housing	585,498	76,696	244,029	(18,411)
Other	1,193,273	648,050	1,230,886	945,238
Interest and fiscal charges	37,924	26,154	11,260	(11,838)
Total	\$ 23,517,392	\$ 5,080,844	\$ 22,275,705	\$ 7,053,208

The dependence upon general revenues for governmental activities is apparent; with 21.60% of expenses supported through taxes and other general revenues during 2010.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Governmental Activities - General and Program Revenues



Business-Type Activities

The sewer and sanitary landfill funds are the County’s two major enterprise funds. These programs had operating revenues, nonoperating revenues and other financing sources of \$792,106 for fiscal year 2010. These programs had operating expenses and nonoperating expenses of \$1,020,155 for fiscal year 2010. The net assets of the programs decreased \$228,049 or 47.55% from 2009.

Financial Analysis of the Government’s Funds

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

Governmental Funds

The 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 year-end.

The County’s governmental funds (as presented on the balance sheet on pages 18-19) reported a combined fund balance of \$9,441,873, which is \$1,859,435 above last year’s total of \$7,582,438. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2010 and December 31, 2009, for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2010</u>	<u>Fund Balance</u> <u>December 31, 2009</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 944,448	\$ 819,319	\$ 125,129
Motor vehicle and gas tax	3,214,463	2,839,313	375,150
County board of DD	2,271,782	1,796,977	474,805
Public assistance	451,347	365,746	85,601
County home	62,776	68,583	(5,807)
Other nonmajor governmental funds	<u>2,497,057</u>	<u>1,692,500</u>	<u>804,557</u>
Total	<u>\$ 9,441,873</u>	<u>\$ 7,582,438</u>	<u>\$ 1,859,435</u>

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

General Fund

The general fund, the County's primary operating fund, had revenues and other financing sources of \$5,722,041 in 2010, an increase of \$293,406 or 5.40% from 2009. The expenditures and other financing uses of the general fund totaled \$5,596,912 in 2010, and increased \$10,640 or .19% from 2009. The general fund balance increased \$125,129 from 2009 to 2010.

Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues of \$3,725,217 in 2010, an increase of \$95,270 from 2009. The motor vehicle and gas tax fund had expenditures of \$3,350,067 in 2010, a decrease of \$10,173 from 2009. The motor vehicle and gas tax fund balance increased \$375,150 from 2009 to 2010.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues of \$4,846,198 in 2010, an increase of \$648,484 from 2009. The county board of DD had expenditures of \$4,371,393 in 2010, an increase of \$265,705 from 2009. The county board of DD fund balance increased \$474,805 from 2009 to 2010.

Public Assistance Fund

The public assistance fund, a County major fund, had revenues of \$2,503,734 in 2010, an increase of \$298,185 from 2009. The public assistance fund had expenditures of \$2,418,133 in 2010, a decrease of \$119,544 from 2009. The public assistance fund balance increased \$85,601 from 2009 to 2010.

County Home Fund

The County home fund, a County major fund, had revenues of \$1,540,416 in 2010, a decrease of \$4,530 from 2009. The County home fund had expenditures of \$1,546,223 in 2010, an increase of \$61,306 from 2009. The County home fund balance decreased \$5,807 from 2009 to 2010.

Budgeting Highlights - General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

There were a few amendments made to the budget throughout the year. Original budgeted revenues and other financing sources were \$5,335,200 and were increased to \$5,612,150 in the final budget. Actual revenues and other financing sources of \$5,593,393 were less than the final budgeted revenues and financing sources by \$18,757. Original appropriations and other financing uses were \$5,555,967 and were increased to \$5,730,967 in the final appropriations. Actual expenditures and other financing uses of \$5,819,531 exceeded the final budgeted appropriations and financing uses by \$88,564.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

CARROLL COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Capital Assets and Debt Administration

Capital Assets

At the end of 2010, the County had \$17,284,751 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$10,961,928 was reported in governmental activities and \$6,322,823 was reported in business-type activities; see Note 9 to the basic financial statements for detail. The following table shows fiscal 2010 balances compared to 2009:

**Capital Assets at December 31
(Net of Depreciation)**

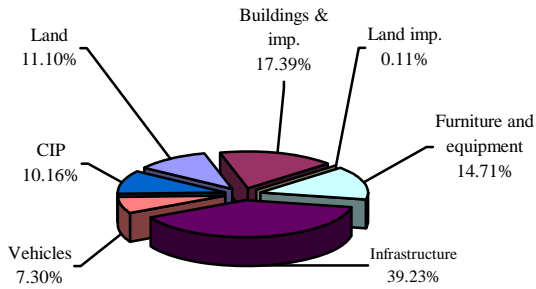
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 1,216,642	\$ 1,216,642	\$ 7,500	\$ 7,500	\$ 1,224,142	\$ 1,224,142
Construction in progress	1,113,629	191,901	-	-	1,113,629	191,901
Land improvements	11,529	14,004	-	-	11,529	14,004
Building and improvements	1,906,572	1,771,876	124,911	136,236	2,031,483	1,908,112
Furniture and equipment	1,612,289	1,662,261	141,216	153,802	1,753,505	1,816,063
Vehicles	800,360	628,829	-	-	800,360	628,829
Infrastructure	4,300,907	4,937,360	-	-	4,300,907	4,937,360
Sewer lines	-	-	6,049,196	6,249,150	6,049,196	6,249,150
Total	<u>\$ 10,961,928</u>	<u>\$ 10,422,873</u>	<u>\$ 6,322,823</u>	<u>\$ 6,546,688</u>	<u>\$ 17,284,751</u>	<u>\$ 16,969,561</u>

CARROLL COUNTY, OHIO

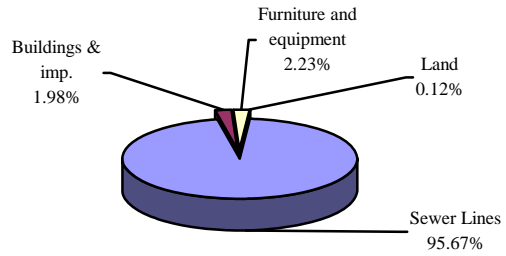
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

The following graphs show the breakdown of governmental and business-type capital assets by category for 2010 and 2009.

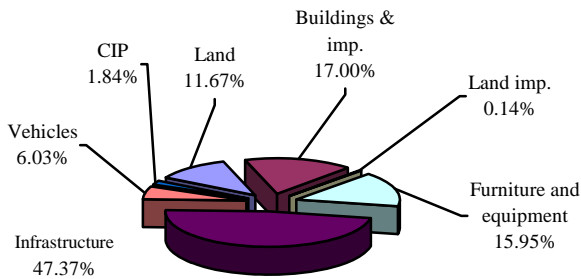
**Capital Assets - Governmental Activities
2010**



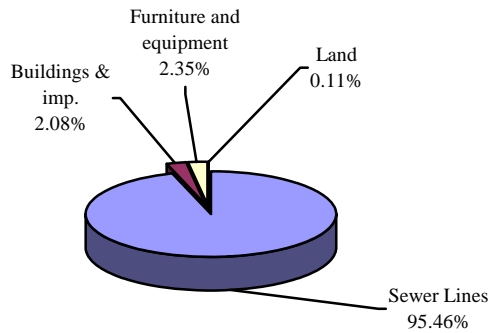
**Capital Assets - Business-Type Activities
2010**



Capital Assets - Governmental Activities 2009



Capital Assets - Business-Type Activities 2009



Debt Administration

The County had the following long-term obligations outstanding at December 31, 2010 and 2009:

	<u>Governmental Activities 2010</u>	<u>Governmental Activities 2009</u>
General obligation bonds	\$ 413,200	\$ 430,000
OWDA loan	38,640	15,398
Capital lease obligations	<u>70,253</u>	<u>35,818</u>
Total long-term obligations	<u>\$ 522,093</u>	<u>\$ 481,216</u>

CARROLL COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Business-Type Activities <u>2010</u>	Business-Type Activities <u>2009</u>
Revenue bonds	\$ 2,869,100	\$ 2,926,100
Loans payable	<u>184,200</u>	<u>186,800</u>
Total long-term obligations	<u>\$ 3,053,300</u>	<u>\$ 3,112,900</u>

See Note 12 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were taken into consideration in preparing the budget for 2011:

The County's unemployment rate is currently 12.7%, compared to the 10.1% state average and the 9.6% national average.

State funding, sales tax revenue and investment earnings are expected to remain stagnate.

With the continuation of conservative budgeting practices, the County's financial position should remain stable for the coming year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Leroy VanHorne, Carroll County Auditor, 119 Public Square, Carrollton, OH 44615-1495.

**BASIC
FINANCIAL STATEMENTS**

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CARROLL COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Equity in pooled cash and cash equivalents	\$ 8,245,187	\$ 546,910	\$ 8,792,097	\$ -
Cash with fiscal and escrow agents.	100,545	-	100,545	99,209
Deposits with segregated accounts	-	59,683	59,683	-
Receivables (net of allowance for uncollectibles):				
Sales taxes.	294,661	-	294,661	-
Real and other taxes	4,413,148	-	4,413,148	-
Accounts.	143,220	59,684	202,904	14,050
Due from other governments.	2,872,865	-	2,872,865	-
Special assessments	166,799	-	166,799	-
Accrued interest	14,370	2,533	16,903	-
Prepayments	100,632	-	100,632	-
Materials and supplies inventory.	444,715	-	444,715	-
Restricted assets:				
Equity in pooled cash and cash equivalents	-	28,970	28,970	-
Capital assets:				
Land and construction in progress	2,330,271	7,500	2,337,771	-
Depreciable capital assets, net.	8,631,657	6,315,323	14,946,980	678,628
Total capital assets, net.	10,961,928	6,322,823	17,284,751	678,628
Total assets	27,758,070	7,020,603	34,778,673	791,887
Liabilities:				
Accounts payable.	261,889	12,374	274,263	1,787
Contracts payable.	249,546	-	249,546	-
Retainage payable	-	175,001	175,001	-
Accrued wages and benefits	312,278	8,026	320,304	1,604
Due to other governments	244,820	4,741	249,561	1,906
Accrued interest payable	19,789	30,344	50,133	-
Amount to be repaid to claimants.	32,382	-	32,382	-
Unearned revenue	4,130,000	-	4,130,000	142,116
Mortgage payable	-	-	-	195,852
Long-term liabilities:				
Due within one year	34,843	68,659	103,502	-
Due in more than one year.	1,486,783	7,429,056	8,915,839	-
Total liabilities	6,772,330	7,728,201	14,500,531	343,265
Net assets:				
Invested in capital assets, net of related debt	10,478,475	3,269,523	13,747,998	-
Restricted for:				
Capital projects	277,647	-	277,647	-
Debt service	147,010	-	147,010	-
Public works projects	4,397,790	-	4,397,790	-
Human services programs	861,927	-	861,927	-
Other purposes.	4,260,219	28,970	4,289,189	-
Unrestricted (deficit)	562,672	(4,006,091)	(3,443,419)	448,622
Total net assets (deficit)	\$ 20,985,740	\$ (707,598)	\$ 20,278,142	\$ 448,622

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 2,321,687	\$ 1,515,109	\$ 364,235	\$ 1,105,150
Judicial	1,123,593	284,030	-	-
Public safety.	2,165,118	384,161	289,706	-
Public works	4,566,501	32,863	3,857,569	701,167
Health	4,684,930	125,726	2,620,401	-
Human services	6,109,601	883,963	4,316,188	-
Economic redevelopment and assistance	729,267	-	890,485	-
Urban development and housing	585,498	-	508,802	-
Other	1,193,273	34,215	511,008	-
Interest and fiscal charges.	37,924	11,770	-	-
Total governmental activities	<u>23,517,392</u>	<u>3,271,837</u>	<u>13,358,394</u>	<u>1,806,317</u>
Business-type activities:				
Sewer	923,267	746,039	-	-
Sanitary Landfill	96,888	-	-	-
Total business-type activities	<u>1,020,155</u>	<u>746,039</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 24,537,547</u>	<u>\$ 4,017,876</u>	<u>\$ 13,358,394</u>	<u>\$ 1,806,317</u>
Component Unit:				
Carroll Hills Industries, Inc	<u>\$ 647,914</u>	<u>\$ 184,240</u>	<u>\$ 484,151</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:

General fund	
Human services - County Board of DD.	
Human services - County Home.	
Public works - Road Levy.	
Sales taxes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	

Total general revenues

Transfers

Change in net assets

Net assets (deficit) at beginning of year.

Net assets (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ 662,807	\$ -	\$ 662,807	\$ -
(839,563)	-	(839,563)	-
(1,491,251)	-	(1,491,251)	-
25,098	-	25,098	-
(1,938,803)	-	(1,938,803)	-
(909,450)	-	(909,450)	-
161,218	-	161,218	-
(76,696)	-	(76,696)	-
(648,050)	-	(648,050)	-
(26,154)	-	(26,154)	-
<u>(5,080,844)</u>	<u>-</u>	<u>(5,080,844)</u>	<u>-</u>
-	(177,228)	(177,228)	-
-	(96,888)	(96,888)	-
-	(274,116)	(274,116)	-
<u>(5,080,844)</u>	<u>(274,116)</u>	<u>(5,354,960)</u>	<u>-</u>
-	-	-	20,477
1,648,537	-	1,648,537	-
2,177,202	-	2,177,202	-
650,502	-	650,502	-
235,338	-	235,338	-
1,808,612	-	1,808,612	-
775,718	-	775,718	-
82,167	4,122	86,289	-
313,580	3,915	317,495	-
<u>7,691,656</u>	<u>8,037</u>	<u>7,699,693</u>	<u>-</u>
<u>(38,030)</u>	<u>38,030</u>	<u>-</u>	<u>-</u>
2,572,782	(228,049)	2,344,733	20,477
<u>18,412,958</u>	<u>(479,549)</u>	<u>17,933,409</u>	<u>428,145</u>
<u>\$ 20,985,740</u>	<u>\$ (707,598)</u>	<u>\$ 20,278,142</u>	<u>\$ 448,622</u>

CARROLL COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>Public Assistance</u>
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 215,143	\$ 2,326,331	\$ 2,425,067	\$ 435,651
Cash with fiscal and escrow agents.	99,617	-	-	-
Receivables (net of allowance for uncollectibles):				
Sales taxes	294,661	-	-	-
Real estate and other taxes	1,746,307	-	1,696,307	-
Accounts.	56,060	-	4,849	-
Special assessments	-	-	-	-
Due from other governments.	385,830	1,834,140	80,000	97,149
Accrued interest	14,370	-	-	-
Interfund loans.	254,213	-	-	-
Prepayments	89,666	598	2,255	5,994
Materials and supplies inventory.	17,764	421,533	390	924
Total assets	<u>\$ 3,173,631</u>	<u>\$ 4,582,602</u>	<u>\$ 4,208,868</u>	<u>\$ 539,718</u>
Liabilities:				
Accounts payable.	\$ 56,567	\$ 41,310	\$ 18,264	\$ 16,362
Contracts payable.	-	-	-	-
Accrued wages and benefits	74,257	47,556	89,206	38,412
Due to other governments	76,225	29,390	53,309	33,597
Interfund loans payable.	-	-	-	-
Deferred revenue	339,752	1,249,883	176,307	-
Unearned revenue	1,650,000	-	1,600,000	-
Amount to be repaid to claimants.	32,382	-	-	-
Total liabilities	<u>2,229,183</u>	<u>1,368,139</u>	<u>1,937,086</u>	<u>88,371</u>
Fund balances:				
Reserved for encumbrances	13,380	83,652	28,945	44,194
Reserved for prepayments	89,666	598	2,255	5,994
Reserved for materials and supplies inventory	17,764	421,533	390	924
Unreserved (deficit), undesignated, reported in:				
General fund.	823,638	-	-	-
Special revenue funds	-	2,708,680	2,240,192	400,235
Capital projects funds	-	-	-	-
Total fund balances.	<u>944,448</u>	<u>3,214,463</u>	<u>2,271,782</u>	<u>451,347</u>
Total liabilities and fund balances	<u>\$ 3,173,631</u>	<u>\$ 4,582,602</u>	<u>\$ 4,208,868</u>	<u>\$ 539,718</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

County Home	Other Governmental Funds	Total Governmental Funds
\$ 117,341	\$ 2,725,654	\$ 8,245,187
928	-	100,545
-	-	294,661
690,897	279,637	4,413,148
8,626	73,685	143,220
-	166,799	166,799
50,000	425,746	2,872,865
-	-	14,370
-	26,398	280,611
936	1,183	100,632
-	4,104	444,715
<u>\$ 868,728</u>	<u>\$ 3,703,206</u>	<u>\$ 17,076,753</u>
\$ 8,935	\$ 120,451	\$ 261,889
-	249,546	249,546
36,147	26,700	312,278
19,973	32,326	244,820
-	280,611	280,611
90,897	266,515	2,123,354
650,000	230,000	4,130,000
-	-	32,382
<u>805,952</u>	<u>1,206,149</u>	<u>7,634,880</u>
8,416	534,108	712,695
936	1,183	100,632
-	4,104	444,715
-	-	823,638
53,424	2,104,831	7,507,362
-	(147,169)	(147,169)
<u>62,776</u>	<u>2,497,057</u>	<u>9,441,873</u>
<u>\$ 868,728</u>	<u>\$ 3,703,206</u>	<u>\$ 17,076,753</u>

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CARROLL COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010

Total governmental fund balances		\$	9,441,873
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			10,961,928
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Real estate and other taxes receivable	\$	283,148	
Intergovernmental receivable		1,659,037	
Accrued interest receivable		14,370	
Special assessments receivable		166,799	
Total		2,123,354	2,123,354
Accrued interest payable on long-term bonds is not due and payable in the current period and therefore is not reported in the funds.			(19,789)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable		(413,200)	
OWDA loan payable		(38,640)	
Compensated absences payable		(974,533)	
Capital leases payable		(70,253)	
Judgements payable		(25,000)	
Total		(1,521,626)	(1,521,626)
Net assets of governmental activities		\$	20,985,740

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>Public Assistance</u>
Revenues:				
Real estate and other taxes.	\$ 1,612,432	\$ -	\$ 2,164,797	\$ -
Sales taxes.	1,808,612	-	-	-
Charges for services.	973,975	-	430,770	-
Licenses and permits	1,538	-	-	-
Fines and forfeitures	65,364	32,863	-	-
Intergovernmental.	777,385	3,652,556	1,953,686	2,503,734
Investment income.	79,525	-	-	-
Rental income	31,296	-	-	-
Contributions and donations.	-	-	-	-
Other	266,494	39,798	296,945	-
Total revenues	<u>5,616,621</u>	<u>3,725,217</u>	<u>4,846,198</u>	<u>2,503,734</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	1,621,066	-	-	-
Judicial.	1,002,971	-	-	-
Public safety	1,488,931	-	-	-
Public works	2,282	3,348,747	-	-
Health	48,483	-	4,369,088	-
Human services.	332,356	-	-	2,418,133
Economic redevelopment and assistance	24,000	-	-	-
Urban development and housing	-	-	-	-
Other	707,784	-	-	-
Capital outlay	61,650	-	-	-
Debt service:				
Principal retirement.	34,390	1,025	2,066	-
Interest and fiscal charges	19,969	295	239	-
Total expenditures	<u>5,343,882</u>	<u>3,350,067</u>	<u>4,371,393</u>	<u>2,418,133</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>272,739</u>	<u>375,150</u>	<u>474,805</u>	<u>85,601</u>
Other financing sources (uses):				
Capital lease transaction.	61,650	-	-	-
Transfers in	43,770	-	-	-
Transfers out.	(253,030)	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>(147,610)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	125,129	375,150	474,805	85,601
Fund balances at beginning of year	819,319	2,839,313	1,796,977	365,746
Fund balances at end of year	<u>\$ 944,448</u>	<u>\$ 3,214,463</u>	<u>\$ 2,271,782</u>	<u>\$ 451,347</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

County Home	Other Governmental Funds	Total Governmental Funds
\$ 635,104	\$ 216,701	\$ 4,629,034
-	-	1,808,612
797,936	1,165,844	3,368,525
-	14,284	15,822
-	34,318	132,545
101,098	6,199,012	15,187,471
-	580	80,105
-	11,770	43,066
1,744	1,201	2,945
4,534	135,139	742,910
<u>1,540,416</u>	<u>7,778,849</u>	<u>26,011,035</u>
-	592,188	2,213,254
-	121,940	1,124,911
-	442,343	1,931,274
-	390,988	3,742,017
-	121,022	4,538,593
1,546,223	1,780,392	6,077,104
-	706,178	730,178
-	585,498	585,498
-	405,177	1,112,961
-	2,009,323	2,070,973
-	11,534	49,015
-	2,181	22,684
<u>1,546,223</u>	<u>7,168,764</u>	<u>24,198,462</u>
<u>(5,807)</u>	<u>610,085</u>	<u>1,812,573</u>
-	-	61,650
-	221,100	264,870
-	(49,870)	(302,900)
-	23,242	23,242
-	194,472	46,862
(5,807)	804,557	1,859,435
68,583	1,692,500	7,582,438
<u>\$ 62,776</u>	<u>\$ 2,497,057</u>	<u>\$ 9,441,873</u>

CARROLL COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds		\$ 1,859,435
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 1,879,146	
Current year depreciation	<u>(1,323,657)</u>	
Total		555,489
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(16,434)
Capital lease transactions are other financing sources in the governmental funds, but increase liabilities in governmental activities.		
		(61,650)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Real estate and other taxes	82,545	
Intergovernmental	(22,034)	
Accrued interest	2,062	
Special assessments	<u>54,596</u>	
Total		117,169
Repayment of long-term debt, such as bonds, loans, and capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net assets.		
		49,015
Issuances of loans are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		
		(23,242)
In the statement of activities, interest is accrued on outstanding outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
		(15,240)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>108,240</u>
Change in net assets of governmental activities		<u>\$ 2,572,782</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real estate and other taxes	\$ 1,618,000	\$ 1,659,749	\$ 1,654,202	\$ (5,547)
Sales taxes	1,700,000	1,784,098	1,778,135	(5,963)
Charges for services	855,200	943,914	940,759	(3,155)
Licenses and permits	1,700	1,543	1,538	(5)
Fines and forfeitures	73,000	65,583	65,364	(219)
Intergovernmental	710,500	766,736	764,173	(2,563)
Investment income	70,000	79,792	79,525	(267)
Rental income	27,600	31,213	31,109	(104)
Other	214,200	235,605	234,818	(787)
Total revenues.	<u>5,270,200</u>	<u>5,568,233</u>	<u>5,549,623</u>	<u>(18,610)</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	1,684,988	1,738,061	1,683,207	54,854
Judicial	1,003,474	1,035,081	1,008,980	26,101
Public safety	1,486,848	1,533,680	1,506,609	27,071
Public works	2,274	2,346	2,282	64
Health	61,577	63,517	48,483	15,034
Human services	345,226	356,100	330,943	25,157
Economic development and assistance	23,267	24,000	24,000	-
Other	703,009	725,152	707,784	17,368
Total expenditures	<u>5,310,663</u>	<u>5,477,937</u>	<u>5,312,288</u>	<u>165,649</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(40,463)</u>	<u>90,296</u>	<u>237,335</u>	<u>147,039</u>
Other financing sources (uses):				
Transfers in	65,000	43,917	43,770	(147)
Transfers out	(245,304)	(253,030)	(253,030)	-
Advances out	-	-	(254,213)	(254,213)
Total other financing sources (uses)	<u>(180,304)</u>	<u>(209,113)</u>	<u>(463,473)</u>	<u>(254,360)</u>
Net change in fund balance	(220,767)	(118,817)	(226,138)	(107,321)
Fund balance at beginning of year	286,762	286,762	286,762	-
Prior year encumbrances appropriated	<u>4,515</u>	<u>4,515</u>	<u>4,515</u>	<u>-</u>
Fund balance at end of year	<u>\$ 70,510</u>	<u>\$ 172,460</u>	<u>\$ 65,139</u>	<u>\$ (107,321)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 35,000	\$ 32,863	\$ 32,863	\$ -
Intergovernmental	3,417,500	3,647,754	3,647,754	-
Other	4,500	39,798	39,798	-
Total revenues	<u>3,457,000</u>	<u>3,720,415</u>	<u>3,720,415</u>	<u>-</u>
Expenditures:				
Current:				
Public works.	3,691,171	3,691,171	3,461,641	229,530
Total expenditures	<u>3,691,171</u>	<u>3,691,171</u>	<u>3,461,641</u>	<u>229,530</u>
Net change in fund balance.	(234,171)	29,244	258,774	229,530
Fund balance at beginning of year	1,934,735	1,934,735	1,934,735	-
Prior year encumbrances appropriated	<u>17,025</u>	<u>17,025</u>	<u>17,025</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,717,589</u>	<u>\$ 1,981,004</u>	<u>\$ 2,210,534</u>	<u>\$ 229,530</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		
Revenues:				
Real estate and other taxes	\$ 2,105,000	\$ 2,247,656	\$ 2,247,656	\$ -
Charges for services	353,000	430,770	430,770	-
Intergovernmental	503,500	1,948,837	1,948,837	-
Other	1,100,000	296,945	296,945	-
Total revenues	4,061,500	4,924,208	4,924,208	-
Expenditures:				
Current:				
Health	4,347,145	4,602,922	4,403,134	199,788
Total expenditures	4,347,145	4,602,922	4,403,134	199,788
Net change in fund balance.	(285,645)	321,286	521,074	199,788
Fund balance at beginning of year	1,792,935	1,792,935	1,792,935	-
Prior year encumbrances appropriated	1,245	1,245	1,245	-
Fund balance at end of year	\$ 1,508,535	\$ 2,115,466	\$ 2,315,254	\$ 199,788

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PUBLIC ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,730,122	\$ 2,414,579	\$ 2,414,579	\$ -
Total revenues	2,730,122	2,414,579	2,414,579	-
Expenditures:				
Current:				
Human services	2,698,511	2,669,275	2,473,212	196,063
Total expenditures	2,698,511	2,669,275	2,473,212	196,063
Net change in fund balance.	31,611	(254,696)	(58,633)	196,063
Fund balance at beginning of year	400,798	400,798	400,798	-
Prior year encumbrances appropriated	21,979	21,979	21,979	-
Fund balance at end of year	\$ 454,388	\$ 168,081	\$ 364,144	\$ 196,063

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY HOME
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		
Revenues:				
Real estate and other taxes	\$ 635,000	\$ 652,270	\$ 652,727	\$ 457
Charges for services	710,000	812,661	813,230	569
Intergovernmental	101,000	101,027	101,098	71
Contributions and donations	-	1,100	1,100	-
Other	1,000	3,603	3,606	3
Total revenues	<u>1,447,000</u>	<u>1,570,661</u>	<u>1,571,761</u>	<u>1,100</u>
Expenditures:				
Current:				
Human services	1,481,191	1,556,633	1,546,064	10,569
Total expenditures	<u>1,481,191</u>	<u>1,556,633</u>	<u>1,546,064</u>	<u>10,569</u>
Net change in fund balance.	(34,191)	14,028	25,697	11,669
Fund balance at beginning of year	<u>47,708</u>	<u>47,708</u>	<u>47,708</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,517</u>	<u>\$ 61,736</u>	<u>\$ 73,405</u>	<u>\$ 11,669</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Sanitary Landfill</u>	<u>Total</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 522,864	\$ 24,046	\$ 546,910
Deposits with segregated accounts	59,683	-	59,683
Receivables (net of allowance for uncollectibles):			
Accounts	59,684	-	59,684
Accrued interest	2,533	-	2,533
Total current assets	<u>644,764</u>	<u>24,046</u>	<u>668,810</u>
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents	28,970	-	28,970
Capital assets:			
Land	7,500	-	7,500
Depreciable capital assets, net	6,315,323	-	6,315,323
Total capital assets	<u>6,322,823</u>	<u>-</u>	<u>6,322,823</u>
Total noncurrent assets	<u>6,351,793</u>	<u>-</u>	<u>6,351,793</u>
Total assets	<u>6,996,557</u>	<u>24,046</u>	<u>7,020,603</u>
Liabilities:			
Current liabilities:			
Accounts payable	11,374	1,000	12,374
Retainage payable	175,001	-	175,001
Accrued wages and benefits	8,026	-	8,026
Due to other governments	4,741	-	4,741
Accrued interest payable	30,344	-	30,344
Current portion of loans payable	2,600	-	2,600
Current portion of revenue bonds payable	59,700	-	59,700
Current portion of compensated absences	6,359	-	6,359
Total current liabilities	<u>298,145</u>	<u>1,000</u>	<u>299,145</u>
Long-term liabilities:			
Compensated absences	7,383	-	7,383
Revenue bonds payable	2,809,400	-	2,809,400
Loans payable	181,600	-	181,600
Estimated accrued liability for landfill closure and post closure costs	-	4,430,673	4,430,673
Total long-term liabilities	<u>2,998,383</u>	<u>4,430,673</u>	<u>7,429,056</u>
Total liabilities	<u>3,296,528</u>	<u>4,431,673</u>	<u>7,728,201</u>
Net assets:			
Invested in capital assets, net of related debt	3,269,523	-	3,269,523
Restricted	28,970	-	28,970
Unrestricted (deficit)	401,536	(4,407,627)	(4,006,091)
Total net assets (deficit)	<u>\$ 3,700,029</u>	<u>\$ (4,407,627)</u>	<u>\$ (707,598)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS/(DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Sanitary Landfill</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 746,039	\$ -	\$ 746,039
Other	3,915	-	3,915
Total operating revenues.	<u>749,954</u>	<u>-</u>	<u>749,954</u>
Operating expenses:			
Personal services	303,187	-	303,187
Contract services.	136,385	25,826	162,211
Materials and supplies.	68,318	-	68,318
Depreciation.	259,632	-	259,632
Closure and postclosure	-	71,062	71,062
Other	15,634	-	15,634
Total operating expenses.	<u>783,156</u>	<u>96,888</u>	<u>880,044</u>
Operating loss	<u>(33,202)</u>	<u>(96,888)</u>	<u>(130,090)</u>
Nonoperating revenues (expenses):			
Interest revenue	4,122	-	4,122
Interest expense and fiscal charges	(140,111)	-	(140,111)
Total nonoperating revenues (expenses).	<u>(135,989)</u>	<u>-</u>	<u>(135,989)</u>
Loss before transfers	(169,191)	(96,888)	(266,079)
Transfer in	-	38,030	38,030
Change in net assets	(169,191)	(58,858)	(228,049)
Net assets (deficit) at beginning of year.	<u>3,869,220</u>	<u>(4,348,769)</u>	<u>(479,549)</u>
Net assets (deficit) at end of year	<u>\$ 3,700,029</u>	<u>\$ (4,407,627)</u>	<u>\$ (707,598)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Sewer	Sanitary Landfill	Total
Cash flows from operating activities:			
Cash received from sales/service charges	\$ 741,189	\$ -	\$ 741,189
Cash received from other operations	3,915	-	3,915
Cash payments for personal services.	(303,969)	-	(303,969)
Cash payments for contractual services	(126,225)	(42,326)	(168,551)
Cash payments for materials and supplies	(67,104)	-	(67,104)
Cash payments for other expenses	(15,634)	-	(15,634)
Net cash provided by (used in) operating activities	<u>232,172</u>	<u>(42,326)</u>	<u>189,846</u>
Cash flows from noncapital financing activities:			
Transfers in	-	38,030	38,030
Net cash provided by noncapital financing activities	<u>-</u>	<u>38,030</u>	<u>38,030</u>
Cash flows from capital and related financing activities:			
Principal retirement on revenue bonds	(57,000)	-	(57,000)
Principal retirement on loans	(2,600)	-	(2,600)
Acquisition of capital assets	(35,767)	-	(35,767)
Interest and fiscal charges	(140,558)	-	(140,558)
Net cash used in capital and related financing activities	<u>(235,925)</u>	<u>-</u>	<u>(235,925)</u>
Cash flows from investing activities:			
Cash received from interest	1,589	-	1,589
Net cash provided by investing activities	<u>1,589</u>	<u>-</u>	<u>1,589</u>
Net decrease in cash and cash equivalents	(2,164)	(4,296)	(6,460)
Cash and cash equivalents at beginning of year	613,681	28,342	642,023
Cash and cash equivalents at end of year	<u>\$ 611,517</u>	<u>\$ 24,046</u>	<u>\$ 635,563</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (33,202)	\$ (96,888)	\$ (130,090)
Adjustments:			
Depreciation.	259,632	-	259,632
Changes in assets and liabilities:			
(Increase) in accounts receivable.	(4,850)	-	(4,850)
Increase (decrease) in accounts payable	11,374	(16,500)	(5,126)
Increase in landfill closure and postclosure care liability	-	71,062	71,062
Increase in accrued wages and benefits	574	-	574
(Decrease) in due to other governments	(112)	-	(112)
(Decrease) in compensated absences payable.	(1,244)	-	(1,244)
Net cash provided by (used in) operating activities	<u>\$ 232,172</u>	<u>\$ (42,326)</u>	<u>\$ 189,846</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CARROLL COUNTY, OHIO

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2010**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,081,352
Cash with fiscal and escrow agent.	160,683
Receivables:	
Real and other taxes	19,019,352
Accounts	69,446
Due from other governments	<u>1,306,013</u>
Total assets	<u>\$ 22,636,846</u>
Liabilities:	
Accounts payable	\$ 1,429
Accrued wages and benefits	9,361
Due to other governments	679,518
Deposits held and due to others	<u>21,946,538</u>
Total liabilities.	<u>\$ 22,636,846</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - DESCRIPTION OF THE COUNTY

Carroll County, Ohio (the "County"), was created in 1812. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate Court Judge and a County Municipal Court Judge.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided it does not conflict with or contradict GASB pronouncements. The County has the option to also apply FASB guidance issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The County has elected not to apply this FASB guidance.

The most significant of the County's accounting policies are described below.

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

BLENDED COMPONENT UNITS

Emergency Management Agency (EMA) - The financial activities of the EMA will be blended into the County's financial statements. The County Commissioners appoint a majority of the Board members and finance the operations of the EMA. The operations of the EMA are accounted for in the general fund. Capital assets and long-term obligations associated with the EMA are reflected in the statement of net assets.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

Carroll County Economic Development Council (Council) - The Council's Board is comprised of the Carroll County Commissioners which appoint an Advisory Committee to oversee the operations of the Council. The Council is not legally separate from the County and, therefore, its financial activities are blended with that of the County. The operations of the Council are accounted for as a separate special revenue fund.

Local Emergency Planning Commission (LEPC) - The LEPC consists of an eleven to fifteen member Board. The Board, which oversees the operations of the LEPC, is recommended by the County Commissioners and appointed by the State Emergency Response Commission (SERC). The members consist of County officials, a fire enforcement representative and representatives from County agencies, Red Cross, emergency medical services, a legal representative and a township trustee.

The LEPC receives its funding strictly through grant money received from the SERC to be used for the purpose of developing, preparing, reviewing, exercising or revising chemical emergency response and preparedness plans and awareness and education programs in the County. The approval of the County Commissioners is required for many expenditures to be made. The operations of the LEPC are accounted for as a separate special revenue fund. Capital assets and long-term obligations associated with these operations are reflected in the statement of net assets.

DISCRETELY PRESENTED COMPONENT UNIT

Carroll Hills Industries, Inc. (Industries) - The Industries is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Industries, under a contractual agreement with the Carroll County Board of Developmental Disabilities (county board DD), provides sheltered employment for adults with developmental disabilities in the County. The Carroll County Board of DD provides the Industries with certain personnel, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Industries. Based on the significant services and resources provided by the County to the Industries and the Industries sole purpose of providing assistance to developmentally disabled adults of the County, the Industries is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County. Separately issued financial statements can be obtained from the Carroll Hills Industries, Inc., Carrollton, Ohio.

RELATED ORGANIZATIONS

Carroll County Public Library (Library) - The Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners and three trustees are appointed by the Judge of Common Pleas court. The Board of Library trustees is a body politic and corporate, capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real and personal property, and of exercising such other powers and privileges as are conferred upon them by law. The Library Board approves their own budget and then sends a copy to the County budget commission. The County serves as the taxing authority for the Library, but the Library is not considered part of the County. The trustees adopt their own appropriations, hire and fire their own staff, authorize Library expenditures and do not rely on the County to finance deficits.

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

Carroll County Airport Authority (Authority) - The Authority is a separate legal entity from the County. The County appoints a voting majority of the Authority's Board, but is not "accountable" for its operations. The Authority is not fiscally dependent upon the County nor is there a financial benefit/burden relationship.

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests 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 and custodian, but is not accountable; therefore the operations of the following PCU's have been excluded from the County's basic financial statements, but the funds held on behalf of these PCU's in the County Treasury are included in the agency funds.

*Carroll County Board of Health
Soil and Water Conservation District
Carroll County Regional Planning Commission
Carroll County Law Library*

Information in the notes to the basic financial statements is applicable to the primary government. When information is provided relative to the component unit, it is specifically identified.

JOINTLY GOVERNED ORGANIZATION

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit 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 losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the 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. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

JOINT VENTURES WITHOUT EQUITY INTEREST

Multi-County Juvenile Attention System (Attention System) - The Attention System, a six county operation, provides services to Carroll, Columbiana, Holmes, Stark, Tuscarawas and Wayne Counties. The Attention System consists of four group homes, four detention facilities, one treatment center and one shelter care facility. The Board of Trustees consists of three members from each County, with the exception of Stark County which has four members. Two members from each county are appointed by a Judge from that county (three from Stark County), and one member from each county is a County Commissioner. A Superintendent of the Attention System is appointed by the Board of Trustees. State grant monies are applied for from the Ohio Department of Youth Services and received by the Board of Trustees. Other revenues consist of County contributions based on prior year's usage and County population, and donations from organizations.

Policies are outlined by State guidelines, as well as the Board of Trustees of the Attention System.

The County cannot significantly influence operations, the Board has sole budgetary authority, the Board controls surpluses and deficits and the County is not legally or morally obligated for any debt. In 2010, the County contributed \$190,195 to the Attention System. Complete financial statements for the Attention System can be obtained from Melissa Clark, Director of Administrative Services of Multi-County Juvenile Attention System, 815 Faircrest St. S.W., Canton, Ohio 44706.

Carroll/Columbiana/Harrison Solid Waste Management District (Solid Waste District) - The Solid Waste District is a three county district. The twenty-one-member committee consists of the County Health Commissioner, or his appointee; the chairman of the County Commissioners, or his appointee; a member of the County Trustees Association; the Mayor of the largest municipality, or his appointee; two members of the public at large; and a representative of the generators of waste or an appointee, from each of the three counties.

The plan for the Solid Waste District has been in effect for approximately four years. The committee has thus far been financed through a portion of the tipping/disposal fees from the landfills, as well as from grant monies. Complete financial statements for the Solid Waste District can be obtained from their office located at 618B Canton Road N.W., Carrollton, Ohio 44615.

Alcohol, Drug Addiction and Mental Health Services Board of Carroll and Tuscarawas Counties (ADAMH Board) - The ADAMH Board is a two County non-profit corporation whose general purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming, while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services. The Board of Trustees of the ADAMH Board consists of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Carroll and Tuscarawas Counties in the same proportion as each County's population bears to the total population of the two counties combined.

Tuscarawas County acts as the fiscal agent for the ADAMH Board. The Board receives tax revenue from Tuscarawas County and receives federal and State funding grant monies which are applied for and received by the Board of Trustees.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

The County cannot significantly influence operations of the ADAMH Board. The Board has sole budgetary authority and controls surpluses and deficits and the County is not legally or morally obligated for the Board's debt. The ADAMH Board will not be included as part of Carroll County. Due to the ongoing financial relationship of the County to the ADAMH Board, it will be disclosed as a joint venture without equity interest in the County's financial statements. Complete financial statements from the ADAMH Board can be obtained from their office located at P.O. Box 6217, 1260 Monroe Street N.W., Suite 27N, New Philadelphia, Ohio 44663.

B. Basis of Presentation

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 and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the single business-type activity of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues 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. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues 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. Fiduciary funds are reported by type.

C. 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. There are three categories of funds: governmental, proprietary and fiduciary.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General - This is the primary operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Motor vehicle and gas tax - This fund accounts for monies received by the County for State gasoline tax and vehicle registration fees used for County road and bridge maintenance, construction and improvements.

County board of developmental disabilities (county board of DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

Public assistance - This fund accounts for various federal and State grants used to provide public assistance to general relief recipients, pay their providers for medical assistance, and for certain public social services.

County home - This fund accounts for revenue received from a countywide tax levy, Medicare and charges for services to provide for the room, board and care of the indigent elderly population of the County.

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

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows.

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 County has presented the following major proprietary funds:

Sewer - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of Carroll County. The costs of providing these services are financed primarily through user charges. The sanitary sewer district has its own facilities and rate structure.

Sanitary landfill - This fund accounts for the maintenance and monitoring functions of the sanitary landfill.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's agency funds account for assets held by the County for political subdivisions in 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.

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about the County finances and meets the cash flow needs of its proprietary activities.

Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the full accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the full accrual basis of accounting. Differences in the full accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year end.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax, interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at December 31, 2010, are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expense/Expenditures - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

Budgetary information for the Workshop is not reported because it is not included in the entity for which the “appropriated budget” is adopted and separate budgetary financial records are not maintained.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate issued during 2010.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2010 are included in the final budget amounts in the budget-to-actual comparisons.

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

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County’s records. Each fund’s interest in the pool is presented as “equity in pooled cash and cash equivalents” on the basic financial statements.

During 2010, investments were limited to nonnegotiable certificates of deposits, money market savings accounts and a repurchase agreement. Investments in nonparticipating interest-earning investment contracts, such as repurchase agreements, nonnegotiable certificates of deposit and money market savings accounts are reported at cost.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2010 amounted to \$79,525 which includes \$77,713 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the financial statements sheet as "cash with fiscal and escrow agents" since they are not required to be deposited into the County treasury.

The County has segregated bank accounts for monies held separate from the County's central bank account related to sewer fees. These interest bearing depository accounts are presented on the financial statements sheet as "deposits with segregated accounts" since they are not required to be deposited into the County treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the County's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains its capitalization threshold at \$1,000. The County's infrastructure consists of roads, bridges, culverts and sanitary sewers. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County’s historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10 - 40 years	N/A
Buildings	5 - 40 years	40 years
Furniture and equipment	5 - 100 years	5 - 20 years
Infrastructure	4 - 60 years	50 years
Vehicles	5 - 30 years	N/A

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The County’s policy is to not capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is based on the sick leave accumulated at December 31, 2010, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the “vesting” method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2010, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked. Vacation and sick leave are accumulated on an hours worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and loans are recognized as a liability in the fund financial statements when due.

M. Interfund Transactions

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

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Outstanding balances between funds are reported as "interfund loans receivable/payable". These amounts are eliminated in the statement of net assets, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as "internal balances". The County had no "internal balances" at December 31, 2010.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

N. Fund Balance Reserves

Reserved fund balances indicate that a portion of fund equity is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The County reports amounts representing encumbrances outstanding, prepayments and materials and supplies inventories as reservations of fund balance in the governmental funds.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the sewer operations. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

P. Restricted Assets

Certain cash and cash equivalents are classified as restricted cash on the financial statements because their use is limited by debt covenants. Restricted cash balances have been reported also as restricted net assets since they are not available for general operating use.

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. There were no contributions of capital in 2010.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist primarily of programs to enhance the security of persons and property and for general government operations.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the County has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the County.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the County.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the County.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances/Net Assets

The following funds had deficit fund balances/net assets as of December 31, 2010:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
911 Emergency system fund	\$ 428
WIA stimulus grant	21
Personnel reinstatement initiative	46,773
Roadwork development grant	72,864
Communication hiring initiative	31,186
Transit capital project	96,901
State homeland SEC	6,000
CHIP	346
VOCA	7,792
OWDA sewer project	13,225
<u>Major enterprise fund</u>	
Landfill	4,407,627

These funds complied with State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. 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 investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2010, the carrying amount of all County deposits was \$11,198,330, exclusive of the \$25,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, \$10,506,045 of the County's bank balance of \$11,675,910 was exposed to custodial risk as discussed below, while \$1,169,865 was covered by the FDIC.

Custodial credit risk 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. As permitted by Ohio Revised Code, the County's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all the statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2010, the County had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
Repurchase agreement	\$ 25,000	\$ 25,000

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County has no investment policy dealing with investment credit risk beyond the requirements in State statute.

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 investment or collateral securities that are in the possession of an outside party. Of the County's investment in the repurchase agreement, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the County. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The County's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 25,000	100.00

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 11,198,330
Investments	25,000
Total	\$ 11,223,330
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 8,345,732
Business type activities	635,563
Agency funds	2,242,035
Total	\$ 11,223,330

D. Component Unit

At December 31, 2010, the carrying amount of the component unit's demand deposits was \$99,209. The carrying amount of the demand deposits equaled the bank balance at that date. The entire bank balance was insured by FDIC. The component unit had no investments at December 31, 2010. There are no statutory guidelines regarding the deposit and investment of funds by a not-for-profit corporation.

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2010, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	\$ 215,000
Nonmajor governmental fund	6,100
 <u>Transfers to general fund from:</u>	
Nonmajor governmental fund	43,770
 <u>Transfers to landfill fund from:</u>	
General fund	38,030
Total	\$ 302,900

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The transfers to the general fund of \$43,770 represents the unused local matching money contributed by general fund to various grants and projects that have now been completed in accordance with the Ohio Revised Code Section 5705.14(D). The transfer of \$6,100 between the nonmajor governmental funds was to transfer excess funds from the certificate of title administration fund to the recorder's equipment fund as mutually agreed upon by the County Commissioners and Clerk of Courts, in accordance with the Ohio Revised Code Section 325.33.

These transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated for reporting on the statement of activities.

- B.** Interfund loans consisted of the following at December 31, 2010, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 254,213
Nonmajor governmental fund	Nonmajor governmental fund	<u>26,398</u>
Total		<u>\$ 280,611</u>

The interfund loan balances result from resources provided by the receivable fund to the payable fund to provide cash flow resources until anticipated revenues are received. Interfund loans payable/receivable between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. 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 became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - 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 in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In calendar years 2009-2010, the County was 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 in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2010 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all County operations for the year ended December 31, 2010 was \$11.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property

Residential/Agricultural	\$ 426,140,360
Commercial/Industrial/Mineral	57,732,870
Public Utility Personal Property	<u>35,340,510</u>
Total Assessed Value	<u>\$ 519,213,740</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1985, the County Commissioners by resolution imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. 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 the month of collection. In 2006, this tax was approved as a permanent tax by the voters of the County.

Proceeds of the sales and use tax are credited to the general fund. A receivable is recognized on the fund statements at year end for amounts that will be received from sales which occurred during 2010 and amounts that are measurable and available at year end are accrued as revenue. Sales and use tax revenue for 2010 amounted to \$1,808,612 on the government funds financial statements.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 8 - RECEIVABLES

Receivables at December 31, 2010, consisted of accounts (billings for user charged services, including unbilled utility services); sales taxes; accrued interest; amounts due from other governments including grants, entitlements, shared revenues; property taxes, and special assessments. All receivables are considered collectible in full and within one year, except for property taxes and special assessments. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Receivables recorded on the County's financial statements are recorded to the extent the amounts are determined material and substantiated, not only by supporting documentation, but also by a reasonable systematic method of determining their existence, completeness, valuation and collectibility. Using this criteria, the County has elected to not record child support arrearages in the agency funds. These amounts, while potentially significant, are not considered measurable and, because collections are often significantly in arrears, the County is unable to determine a reasonable value.

A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Sales taxes	\$ 294,661
Real and other taxes	4,413,148
Accounts	143,220
Due from other governments	2,872,865
Special assessments	166,799
Accrued interest	14,370

Business-type activities:

Accounts	59,684
Accrued interest	2,533

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>
	<u>12/31/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/10</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,216,642	\$ -	\$ -	\$ 1,216,642
Construction in progress	191,901	1,157,226	(235,498)	1,113,629
Total capital assets, not being depreciated	<u>1,408,543</u>	<u>1,157,226</u>	<u>(235,498)</u>	<u>2,330,271</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	219,895	1,193	-	221,088
Building improvements	13,056,768	251,193	-	13,307,961
Furniture and equipment	4,761,360	277,507	(49,271)	4,989,596
Vehicles	4,318,439	427,525	(264,445)	4,481,519
Infrastructure	27,358,867	-	-	27,358,867
Total capital assets, being depreciated	<u>49,715,329</u>	<u>957,418</u>	<u>(313,716)</u>	<u>50,359,031</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(205,891)	(3,668)	-	(209,559)
Building and improvements	(11,284,892)	(116,497)	-	(11,401,389)
Furniture and equipment	(3,099,099)	(322,166)	43,958	(3,377,307)
Vehicles	(3,689,610)	(244,873)	253,324	(3,681,159)
Infrastructure	(22,421,507)	(636,453)	-	(23,057,960)
Total accumulated depreciation	<u>(40,700,999)</u>	<u>(1,323,657)</u>	<u>297,282</u>	<u>(41,727,374)</u>
Total capital assets, being depreciated net	<u>9,014,330</u>	<u>(366,239)</u>	<u>(16,434)</u>	<u>8,631,657</u>
Governmental activities capital assets, net	<u>\$ 10,422,873</u>	<u>\$ 790,987</u>	<u>\$ (251,932)</u>	<u>\$ 10,961,928</u>

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2010, for business-type activities was as follows:

<u>Business-type activities:</u>	Balance 12/31/09	<u>Additions</u>	<u>Deductions</u>	Balance 12/31/10
<i>Capital assets, not being depreciated:</i>				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Total capital assets, not being depreciated	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	469,079	-	-	469,079
Machinery and equipment	809,447	35,767	(9,515)	835,699
Sewer lines	9,997,708	-	-	9,997,708
Total capital assets, being depreciated	<u>11,276,234</u>	<u>35,767</u>	<u>(9,515)</u>	<u>11,302,486</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(332,843)	(11,325)	-	(344,168)
Machinery and equipment	(655,645)	(48,353)	9,515	(694,483)
Sewer lines	(3,748,558)	(199,954)	-	(3,948,512)
Total accumulated depreciation	<u>(4,737,046)</u>	<u>(259,632)</u>	<u>9,515</u>	<u>(4,987,163)</u>
Total capital assets, being depreciated net	<u>6,539,188</u>	<u>(223,865)</u>	<u>-</u>	<u>6,315,323</u>
Business-type activities capital assets, net	<u>\$ 6,546,688</u>	<u>\$ (223,865)</u>	<u>\$ -</u>	<u>\$ 6,322,823</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<i>Governmental activities:</i>	
Legislative and executive	\$ 65,758
Judicial	26,717
Public safety	216,438
Public works	795,118
Health	133,989
Human services	43,329
Economic development	140
Other	42,168
Total depreciation expense - governmental activities	<u>\$ 1,323,657</u>
<i>Business-type activities</i>	
Sewer	<u>\$ 259,632</u>
Total depreciation expense - business-type activities	<u>\$ 259,632</u>

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

The County has entered into capitalized leases for various equipment, including a new lease during 2010 for copiers. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Governmental activities capital assets consisting of equipment have been capitalized in the amount of \$379,910. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in 2010 totaled \$22,590 in the general fund, \$2,066 in the county board of DD fund, \$1,025 in the motor vehicle and gas tax fund and \$1,534 in nonmajor governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2010:

<u>Year</u> <u>Ending December 31,</u>	<u>Amount</u>
2011	\$ 24,211
2012	20,345
2013	19,095
2014	15,809
2015	<u>3,080</u>
Total minimum lease payment	82,540
Less: amount representing interest	<u>(12,287)</u>
Present value of minimum lease payments	<u>\$ 70,253</u>

NOTE 11 - COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the statement of net assets. Vacation and sick leave earned by proprietary funds type employees is expensed when earned.

Upon termination of County service, fully vested employees are entitled to a percentage of their accumulated sick leave based on their years of service not to exceed 30 days and all accumulated vacation. At December 31, 2010, benefits for vacation leave for governmental fund type employees totaled \$728,704 and benefits for sick leave totaled \$245,829. For proprietary fund types, benefits for vacation leave totaled \$6,359 and benefits for sick leave totaled \$7,383.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

The following activity occurred in the County's governmental long-term obligations during 2010:

Governmental activities:	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>							
DHS Jobs Building - 5.5%	7/29/1992	7/29/2012	\$ 30,000	\$ -	\$ (10,000)	\$ 20,000	\$ 10,000
County Building 4.25%	10/15/2009	10/1/2039	400,000	-	(6,800)	393,200	7,200
Total general obligation bonds			430,000	-	(16,800)	413,200	17,200
<u>Loans:</u>							
OWDA #5250	7/30/2009	N/A	15,398	23,242	-	38,640	-
Total loans			15,398	23,242	-	38,640	-
<u>Other long-term obligations:</u>							
Capital leases			35,818	61,650	(27,215)	70,253	12,643
Compensated absences			1,102,318	-	(127,785)	974,533	-
Judgements payable			30,000	-	(5,000)	25,000	5,000
Total other long-term obligations			1,168,136	61,650	(160,000)	1,069,786	17,643
Total general long-term obligations			<u>\$ 1,613,534</u>	<u>\$ 84,892</u>	<u>\$ (176,800)</u>	<u>\$ 1,521,626</u>	<u>\$ 34,843</u>

General Obligation Bonds: The general obligation bonds are supported by the full faith and credit of the County. The bonds were issued to provide resources for building renovations and improvements including energy conservation measures. These bonds are being retired through rental charges and other County operating sources.

OWDA Loans Payable: The County has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction of upgrading personal septic systems throughout the County. The amounts due to the OWDA are payable solely from the general permanent improvement fund (a nonmajor governmental fund). The loan agreement functions similar to a line-of-credit agreement. At December 31, 2010, the County has outstanding borrowings of \$38,640. The loan was not closed out as of December 31, 2010 and future debt service principal and interest requirements for the loan are not available.

Capital Leases: Capital lease obligations represent leases entered into for the acquisition of capital assets. The capital lease obligations will be paid from the fund that maintains custody of the related asset. See Note 10 for further detail.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

Compensated Absences: Sick leave and vacation benefits are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the fund from which the person is paid, which, for the County, is primarily the general fund, the public assistance fund, the motor vehicle and gas tax fund, the county board of DD fund and the bureau support administration fund (a nonmajor governmental fund).

Judgments Payable: On January 26, 2006, the County entered into a repayment agreement to fulfill all settlement requirements in connection with the bankruptcy judgment of Norris Equipment. See Note 17.

Future Debt Service Requirements: The following is a summary of the County's future annual debt service principal and interest requirements for governmental long-term obligations:

Year Ending December 31,	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 17,200	\$ 17,891	\$ 35,091
2012	17,400	16,995	34,395
2013	7,800	16,090	23,890
2014	8,000	15,759	23,759
2015	8,500	15,419	23,919
2016 - 2020	47,700	71,404	119,104
2021 - 2025	58,900	60,350	119,250
2026 - 2030	72,400	46,737	119,137
2031 - 2035	89,300	29,980	119,280
2036 - 2039	86,000	9,329	95,329
Total	<u>\$ 413,200</u>	<u>\$ 299,954</u>	<u>\$ 713,154</u>

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

B. Business-Type Activities Obligations

The following activity occurred in the County's business-type long-term obligations during 2010:

Business-type activities:	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/10</u>	<u>Amount Due</u> <u>in One Year</u>
<u>Revenue bonds</u>							
Brown Township/Malvern Sewerline Improvements - 5.0%	02/07/79	02/07/19	\$ 189,100	\$ -	\$ (17,200)	\$ 171,900	\$ 18,100
Brown Township/Malvern Sewerline Improvements - 4.5%	10/01/01	10/01/41	<u>2,737,000</u>	<u>-</u>	<u>(39,800)</u>	<u>2,697,200</u>	<u>41,600</u>
Total revenue bonds			<u>2,926,100</u>	<u>-</u>	<u>(57,000)</u>	<u>2,869,100</u>	<u>59,700</u>
<u>Loans payable:</u>							
United States Department of Agriculture, Rural Development - 4.25%	12/01/03	12/01/43	<u>186,800</u>	<u>-</u>	<u>(2,600)</u>	<u>184,200</u>	<u>2,600</u>
Total loans payable			<u>186,800</u>	<u>-</u>	<u>(2,600)</u>	<u>184,200</u>	<u>2,600</u>
<u>Other long-term obligations:</u>							
Compensated absences payable			14,986	5,514	(6,758)	13,742	6,359
Estimated liability for landfill closure and postclosure costs			<u>4,359,611</u>	<u>71,062</u>	<u>-</u>	<u>4,430,673</u>	<u>-</u>
Total other long-term obligations			<u>4,374,597</u>	<u>76,576</u>	<u>(6,758)</u>	<u>4,444,415</u>	<u>6,359</u>
Total business-type activities			<u>\$ 7,487,497</u>	<u>\$ 76,576</u>	<u>\$ (66,358)</u>	<u>\$ 7,497,715</u>	<u>\$ 68,659</u>

Revenue Bonds: The 1979 and 2001 revenue bonds were issued to provide resources for improvements to the Brown Township/Malvern sewerlines. Annual principal and interest payments on the bonds are expected to require less than 76.26 percent of net revenues. The total principal remaining to be paid on revenue bonds is \$2,869,100. Principal and interest paid for the current year and total customer net revenues was \$189,620 and \$230,552, respectively. These bonds will be retired through revenues derived from sewer operations.

Loans Payable: In 2003, the County was awarded a \$200,000 loan from the United States Department of Agriculture, Rural Development to provide resources for Malvern Sewerline improvements.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

Estimated Landfill Closure and Postclosure Costs - See Note 19 to the financial statements for detail.

Future Debt Service Requirements: The following is a summary of the County's future annual debt service principal and interest requirements for enterprise fund obligations:

Year Ending December 31,	Loans Payable			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 2,600	\$ 7,828	\$ 10,428	\$ 59,700	\$ 129,969	\$ 189,669
2012	2,800	7,718	10,518	62,600	127,192	189,792
2013	2,900	7,599	10,499	65,700	124,280	189,980
2014	3,000	7,476	10,476	68,500	121,222	189,722
2015	3,100	7,348	10,448	71,700	118,035	189,735
2016 - 2020	17,800	34,625	52,425	355,500	538,417	893,917
2021 - 2025	21,900	30,506	52,406	353,900	461,255	815,155
2026 - 2030	27,000	25,440	52,440	441,000	374,134	815,134
2031 - 2035	33,200	19,203	52,403	549,600	265,567	815,167
2036 - 2040	40,900	11,510	52,410	684,900	130,274	815,174
2041 - 2043	29,000	2,498	31,498	156,000	7,020	163,020
Total	<u>\$ 184,200</u>	<u>\$ 161,751</u>	<u>\$ 345,951</u>	<u>\$ 2,869,100</u>	<u>\$ 2,397,365</u>	<u>\$ 5,266,465</u>

C. Legal Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$10,183,631 at December 31, 2010 and the unvoted legal debt margin was \$4,425,532 at December 31, 2010.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit 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 coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of employee compensation. The rate is calculated based on accident history and administrative costs.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Settled claims have not exceeded this insurance coverage in any of the past three years.

B. Health Care Insurance

The County has elected to provide health care insurance to employees through a fully-insured program. The County has switched insurance companies and now purchases commercial health care insurance from the County Employee Benefits Consortium of Ohio (CEBCO). The entire risk of loss transfers to the commercial insurance carrier. During 2010, the County offered a fully funded plan. The County's portion of the monthly premium under the health plan is \$360.56 for single, \$1,082.68 for family, \$794.32 for employee and spouse and \$647.94 for employee and children coverage. The County no longer offers the high deductible health plan.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 14 - 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 Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% 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 Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The County's contribution rate for 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.87% of covered payroll.

The County's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The County's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$954,803, \$869,059, and \$760,933, respectively; 96.99% has been contributed for 2010 and 100% has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$10,831 made by the County and \$7,736 made by the plan members.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 14 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

Plan Description - Certified teachers, employed by the school for 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 stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code. A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For 2010, plan members were required to contribute 10.00% of their annual covered salaries. The County was required to contribute 14.00%; 13.00% was the portion used to fund pension obligations. 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 contributions for pension obligations to STRS Ohio for the years ended December 31, 2010, 2009, and 2008 were \$46,728, \$48,086, and \$48,662, respectively; 100% has been contributed for fiscal years 2010, 2009 and 2008.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB 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 healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of 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 14.00% of covered payroll (17.87% 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 the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2010 was 5.50% from January 1 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their 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 healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$527,509, \$615,884, and \$738,782, respectively; 96.99% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

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

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the fiscal years ended December 31, 2010, 2009, and 2008 were \$3,594, \$3,699, and \$3,743, respectively; 100 % has been contributed for fiscal years 2010, 2009 and 2008.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and,
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as payables (GAAP basis).

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and major special revenue funds are as follows:

	Net Change in Fund Balances				
	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>Public Assistance</u>	<u>County Home</u>
Budget basis	\$ (226,138)	\$ 258,774	\$ 521,074	\$ (58,633)	\$ 25,697
Net adjustment for revenue accruals	66,998	4,802	(78,010)	89,155	(31,345)
Net adjustment for expenditure accruals	(118,994)	(4,223)	(15,468)	(16,428)	(17,510)
Net adjustment for other sources/(uses)	315,863	-	-	-	-
Adjustment for encumbrances	<u>87,400</u>	<u>115,797</u>	<u>47,209</u>	<u>71,507</u>	<u>17,351</u>
GAAP basis	<u>\$ 125,129</u>	<u>\$ 375,150</u>	<u>\$ 474,805</u>	<u>\$ 85,601</u>	<u>\$ (5,807)</u>

NOTE 17 - CONTINGENCIES

A. Grants

The County receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2010.

B. Litigation

On October 31, 1996, the State of Ohio filed a complaint against Carroll County for preliminary and permanent injunctive relief, civil penalties and damages from the alleged failure to properly close the Carroll County Landfill. The outcome of this lawsuit is not presently determinable and it is the opinion of the County's counsel that the range of any potential loss cannot be reasonably estimated. In accordance with FASB Statement No. 5, "Accounting for Contingencies", no liability has been reported in the financial statements.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 17 - CONTINGENCIES - (Continued)

On October 5, 1995, Norris Enterprises, Inc., Norris Equipment and Fabricating, Inc., and the Carroll County Community Improvement Corporation jointly entered into a \$900,000 promissory note with the Citizens Banking Company. On December 4, 1995, Carroll County entered into an Unconditional Limited Suretyship Agreement whereby, in the event of default by the original debtors, the County may be called upon to repay the outstanding debt obligation to a maximum of \$450,000. In November 1999, Norris Enterprises, Inc. and Norris Equipment and Fabricating, Inc. filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code (11 U.S.C.).

On January 26, 2006, a repayment agreement was reached between the County and Sky Bank in regards to the \$450,000 loan outstanding. The agreement requires the County to pay \$50,000 to Sky Bank in \$5,000 annual installments for ten years. This amount is considered a full settlement of all obligations of the County. A liability of \$25,000 has been recorded on the government wide financial statements. See Note 12 for additional information.

NOTE 18 - PROMISSORY NOTE

On December 9, 2010, the County entered into a promissory note agreement with Consumers National Bank. The principal amount of \$100,000 is a line of credit with the total due to mature on December 9, 2011 and carries a fixed interest rate of 3%. The note was issued for the repair of a roof and gutters to one of the County buildings. As of December 31, 2010, the County has not borrowed from the line of credit.

NOTE 19 - LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require that the County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1993. The Village of Carrollton shares in the estimated liability disclosed. The Village and the County have pending negotiations regarding the Village's share of the liability. The estimated liability for the landfill is \$2,961,295 for closure costs and \$1,469,378 for post closure costs. The estimated liability for landfill closure and postclosure care has a balance of \$4,430,673 as of December 31, 2010. The estimated cost of landfill closure and postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2010. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. As of the date of this report, the County does not have a comprehensive plan for retiring this liability and is considering its options.

NOTE 20 - RELATED PARTY TRANSACTION

The Industries, a discretely presented component unit of the County, received contributions from the County for certain personnel salaries. The contributions are reflected as operating revenues in the Industries financial statements. For the year ended December 31, 2010, the contributions were \$484,151.

NOTE 21 - FEDERAL TRANSACTIONS

The Carroll County Department of Human Services (Welfare Department) distributes federal food stamps to entitled recipients within the County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Welfare Department merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

CARROLL COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 22 - CONDUIT DEBT OBLIGATION

In year 2001, the County served as an issuer of Ohio Health Care Facilities Revenue Bonds in the amount of \$3,180,000. The proceeds will be used to acquire, construct, improve and equip hospital facilities for St. John's Villa. St. John's Villa will make the principal and interest payments on the bonds. The facilities revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit or taxing power of the County pledged to make payment.

SUPPLEMENTARY DATA

CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Ohio Department of Job and Family Services:</i>			
Supplemental Nutrition Assistance Program Cluster:			
(E) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-89-20-1033/G-1011-11-5017	\$ 160,119
(E) ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-89-20-1033/G-1011-11-50	18,504
Total Supplemental Nutrition Assistance Program Cluster			<u>178,623</u>
<i>Passed through Ohio Department of Education:</i>			
(B), (D) National School Lunch Program	10.555	2010	10,766
(K) Community Facilities Loans and Grants	10.766	N/A	400,000
Total U.S. Department of Agriculture			<u>589,389</u>
U.S. DEPARTMENT OF COMMERCE			
<i>Passed Through Ohio Emergency Management Agency</i>			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0053	186,666
Total U.S. Department of Commerce			<u>186,666</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development:</i>			
(L) Community Development Block Grants/State's Program	14.228	G-F- 09-010-1	16,927
(L) Community Development Block Grants/State's Program	14.228	G-C- 10-010-1	111,262
(L) Community Development Block Grants/State's Program	14.228	G-C- 08-010-1	11,217
(L) Community Development Block Grants/State's Program	14.228	B-E-08-010-1	328,863
(L) Community Development Block Grants/State's Program	14.228	B-C-10-IAJ-1	2,351
(L) Community Development Block Grants/State's Program	14.228	B-F-10-010-1	8,286
Total Community Development Block Grants/State's Program			<u>478,906</u>
Home Investment Partnerships Program	14.229	B-C-09-010-2	220,427
Home Investment Partnerships Program	14.229	B-C-10-IAJ-2	4,359
Total Home Investment Partnerships Program			<u>224,786</u>
Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grant	14.251	B-09-SP-OH-0061	263,867
(C) ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	N/A	4,364
Total U.S. Department of Housing and Urban Development			<u>971,923</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through the Office of Criminal Justice:</i>			
Crime Victim Assistance	16.575	2010 VAGE NEO 87	57,203
Edward Bryne Memorial Justice Assistance Cluster			
(F) Edward Bryne Memorial Justice Assistance Grant Program	16.738	2008-JG-LLE-5146	9,107
(F) Edward Bryne Memorial Justice Assistance Grant Program	16.738	2009-JG-LLE-5146	47,415
(F) Edward Bryne Memorial Justice Assistance Grant Program	16.738	2009-JG-A02-6734	56,522
Total Edward Bryne Memorial Justice Assistance Grant Program			<u>122,044</u>
(F) ARRA - Recovery Act - Edward Bryne Memorial Justice Assistance Grant (JAG) Program/Grants to States	16.803	2009-RA-A02-2304	71,281
Total Edward Bryne Memorial Justice Assistance Cluster			<u>193,285</u>
Total U.S. Department of Justice			<u>185,006</u>
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Ohio Department of Job and Family Services and Area 16 Workforce Investment Board</i>			
Workforce Investment Act Cluster:			
(C), (G) WIA Adult Program	17.258	N/A	6,797
(C), (G) ARRA - WIA Adult Program	17.258	N/A	2,110
(C), (G) WIA Adult Program - Administration	17.258	N/A	115,585
(C), (G) ARRA - WIA Adult Program - Administration	17.258	N/A	15,079
Total WIA Adult Program			<u>139,571</u>
(C), (G) WIA Youth Activities	17.259	N/A	13,650
(C), (G) ARRA - WIA Youth Activities	17.259	N/A	1,726
(C), (G) WIA Youth Activities - Administration	17.259	N/A	186,383
(C), (G) ARRA - WIA Youth Activities - Administration	17.259	N/A	4,973
Total WIA Youth Activities			<u>206,732</u>
(C), (G) WIA Dislocated Workers	17.260	N/A	161,128
(C), (G) ARRA - WIA Dislocated Workers (Recovery Act Funded)	17.260	N/A	32,047
(C), (G) WIA Dislocated Workers - Administration	17.260	N/A	23,116
(C), (G) ARRA - WIA Dislocated Workers (Recovery Act Funded) - Administration	17.260	N/A	3,551
Total WIA Dislocated Workers			<u>219,842</u>
Total U.S. Department of Labor and Workforce Investment Act Cluster			<u>566,145</u>
Formula Grants for Other Than Urbanized Areas	20.509	RPT 0010 029092	62,784
Formula Grants for Other Than Urbanized Areas	20.509	RPT 0010 030102	14,948
Formula Grants for Other Than Urbanized Areas	20.509	RPT 4010 029091	28,331
Formula Grants for Other Than Urbanized Areas	20.509	RPT 4010 030101	118,600
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	RPTS0010 003094	929,809
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	RPTS0010 001093	73,420
Total Formula Grants for Other Than Urbanized Areas			<u>1,227,892</u>
<i>Passed Through Ohio Department of Public Safety</i>			
State and Community Highway Safety	20.600	HVEO-2010-10-0000901-00	5,368
Total U.S. Department of Transportation			<u>1,233,260</u>

-Continued

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

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through Ohio Environmental Protection Agency:</i>			
(C) ARRA - Capitalization Grants for Clean Water State Revolving Funds (Recovery Act Funded)	66.458	N/A	\$ 44,535
(C) State Clean Deisel Grant Program	66.040	N/A	7,356
Total U.S. Environmental Protection Agency			<u>51,891</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
(D) Special Education-Grants to States	84.027	2010	28,391
(D) Special Education-Preschool Grants	84.173	2010	6,476
(D) ARRA - Special Education-Preschool Grants, Recovery Act	84.392	2010	354
Total Special Education-Preschool Grants			<u>6,830</u>
Special Education Cluster:			
(D) Special Education-Grants for Infants and Families	84.181	2010	55,161
(D) ARRA - Special Education Grants to States, Recovery Act	84.391	2010	13,717
(D) ARRA - Special Education-Grants for Infants and Families, Recovery Act	84.393	2010	16,342
(D) Innovative Education Program Strategies Grant	84.298	2010	65,706
Total Special Education Cluster			<u>150,926</u>
Total U.S. Department of Education			<u>186,147</u>
ELECTIONS ASSISTANCE COMMISSION			
<i>Passed Through Ohio Secretary of State:</i>			
(C) Help America Vote Act Requirements Payments	90.401	N/A	715
Total Elections Assistance Commission			<u>715</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Secretary of State:</i>			
(C) Voting Access for Individuals with Disabilities _Grants to States	93.617	N/A	1,165
<i>Passed Through Ohio Department Of Job and Family Services:</i>			
Promoting Safe and Stable Families	93.556	G-89-20-1033/G-1011-11-5017	14,712
Temporary Assistance for Needy Families Cluster:			
(N) Temporary Assistance for Needy Families	93.558	G-89-20-1033/G-1011-11-5017	818,483
(N) ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF)	93.714	G-89-20-1033/G-1011-11-5017	133,994
Total Temporary Assistance for Needy Families Cluster			<u>952,477</u>
Child Support Enforcement	93.563	G-89-20-1033/G-1011-11-5017	164,498
ARRA - Child Support Enforcement	93.563	G-89-20-1033/G-1011-11-5017	94,082
Total Child Support Enforcement			<u>258,580</u>
Child Care and Development Cluster:			
(H) Child Care and Development Block Grant	93.575	G-89-20-1033/G-1011-11-5017	2,431
(H), (M) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G-89-20-1033/G-1011-11-5017	37,658
Total Child Care and Development Cluster			<u>40,089</u>
Child Welfare Services_State Grants	93.645	G-89-20-1033/G-1011-11-5017	46,646
ARRA - Foster Care _Title IV-E, Recovery Act	93.658	G-89-20-1033/G-1011-11-5017	152,878
ARRA - Adoption Assistance, Recovery Act	93.659	G-89-20-1033/G-1011-11-5017	22,649
Social Services Block Grant	93.667	G-89-20-1033/G-1011-11-5017	214,844
(C), (J) Social Services Block Grant	93.667	N/A	20,574
Total Social Services Block Grant			<u>235,418</u>
Child Abuse and Prevention State Grants	93.669	G-89-20-1033/G-1011-11-5017	2,000
Chafee Foster Care Independence Program	93.674	G-89-20-1033/G-1011-11-5017	3,774
Children's Health Insurance Program	93.767	G-89-20-1033/G-1011-11-5017	21,121
Medical Assistance Program	93.778	G-89-20-1033/G-1011-11-5017	149,553
(C), (J) ARRA - Medical Assistance Program, Recovery Act	93.778	N/A	64,841
Total Medical Assistance Program			<u>214,394</u>
Total U.S. Department of Health and Human Services			<u>1,965,903</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency</i>			
(C) Emergency Food and Shelter National Board Program	97.024	N/A	3,880
Emergency Management Performance Grants	97.042	2007-EM-E7-0024	13,584
Homeland Security Grant Program	97.067	2009-SS-T9-0089	6,000
Total U.S. Department of Homeland Security			<u>23,464</u>
Total Federal Financial Assistance			<u>\$ 5,960,509</u>

-Continued

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- (A) This schedule was prepared on the cash basis of accounting.
- (B) 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 non-monetary assistance (expenditures) is reported in the schedule at the fair 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.
- (C) Pass-through numbers were unable to be obtained for these grants.
- (D) OAKS did not assign pass through numbers.
- (E) Included as part of the "Supplemental Nutrition Assistance Program Cluster" in determining major programs.
- (F) Included as part of the "Edward Bryne Memorial Justice Assistance Cluster" in determining major programs.
- (G) Included as part of the "Workforce Investment Act Cluster" in determining major programs.
- (H) Included as part of the "Child Care and Development Cluster" in determining major programs.
- (I) Included as part of the "Special Education Cluster" in determining major programs.
- (J) This portion of the grant was passed through Ohio Department of Mental Retardation and Developmental Disabilities.
- (K) This grant was received directly from the federal agency.
- (L) The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on this schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on this schedule. These loans are collateralized by mortgages on the property. The County did not incur any administrative costs during 2010.

Activity in the Community Development Block Grant revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010	\$	50,000
Loans Disbursed		(7,862)
Loans Repaid		<u>57,862</u>
Ending loans receivable balance as of December 31, 2010	\$	<u>-</u>
Cash balance on hand as of December 31, 2010	\$	86,112
Delinquent amounts due as of December 31, 2010	\$	-

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

Child Care Cluster	CFDA #	Pass through #	2009 Federal Expenditures Reported	July 2010 Adjustment	Adjusted 2009 Federal Expenditures Reported
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G-89-20-1033/G-1011-5017	117,103	(25,259)	91,844

- (N) Included as part of the "Temporary Assistance for Needy Families Cluster" in determining major programs.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners
Carroll County
119 Lisbon Street, Suite 203
Carrollton, Ohio 44615

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise Carroll County's basic financial statements and have issued our report thereon dated June 17, 2011. We did not audit the financial statements of Carroll Hills Industries, Inc. Carroll County's only presented component unit. The financial statements of Carroll Hills Industries, Inc. were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Carroll County, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll 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 Carroll County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Carroll 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 Government'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.

Members of Council and Mayor
Carroll County

Compliance and Other Matters

As part of reasonably assuring whether Carroll 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 17, 2011



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**Independent Accountants' Report on Compliance With Requirements Applicable to
Each Major Federal Program and on Internal Control Over Compliance
Compliance Required by OMB Circular A-133**

Board of Commissioners
Carroll County
119 Lisbon Street, Suite 203
Carrollton, Ohio 44615

Compliance

We have audited the compliance of Carroll 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 could directly and materially affect each of Carroll County's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies Carroll County's major federal programs. Carroll 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 Carroll 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, *Audit 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 Carroll County's compliance with those requirements and performing other procedures as 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 Carroll County's compliance with those requirements.

In our opinion, Carroll County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Carroll 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 Carroll County's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of Carroll County's internal control over compliance.

Board of Commissioners
Carroll County

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

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 17, 2011

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Community Facilities Improvement Loans, CFDA #10.766; Community Development Block Grants, CFDA #14.228; Temporary Assistance for Needy Families Cluster: Temporary Assistance for Needy Families, CFDA #93.558 and AARA - Emergency Temporary Assistance for Needy Families (TANF) State Program, Recovery Act, CFDA #93.714; Formula Grants for Other Than Urbanized Areas Cluster: Formula Grants for Other Than Urbanized Areas, CFDA #20.509 and ARRA - Formula Grants for Other Than Urbanized Areas, Recovery Act, CFDA #20.509
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

CARROLL COUNTY

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CARROLL COUNTY

STATUS OF PRIOR AUDIT FINDINGS

OMB CIRCULAR A-133 § .505

DECEMBER 31, 2010

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2009-CC-001	Material Weakness - Financial Reporting control deficiency relating to on-behalf payments by OPWC.	Yes	N/A
2009-CC-002	31 U.S.C. 702(a)(1)(A) requires non-federal entities that expend \$500,000 or more in a year in federal awards shall file their reporting packet with the Federal Audit Clearinghouse within nine months after year end.	Yes	N/A

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Dave Yost • Auditor of State

CARROLL COUNTY FINANCIAL CONDITION

CARROLL 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 11, 2011