



Dave Yost • Auditor of State

PICKAWAY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway 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, Auto License and Gas Tax, Human Services and Board of Developmental Disabilities 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 September 6, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The schedule of federal awards expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Dave Yost
Auditor of State

September 6, 2011

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

The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal 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 financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- The assets of the County exceeded its liabilities at December 31, 2010, by \$62,300,969.
- The net assets of governmental activities increased \$3,221,155 which represents a 5.51 percent increase from 2009, while the net assets of business-type activities increased \$84,942, which represents a 15.46 percent increase.
- For 2010, all revenues of the County totaled \$34,666,974. General revenues accounted for \$15,544,072 in revenue or 44.84 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$19,122,902 or 55.16 percent of all revenues.
- The County had \$31,360,877 in total expenses: only \$19,122,902 of these expenses was offset by program specific charges for services, grants and contributions. General revenues were \$15,544,072 of which \$12,110,852 was taxes with the remaining \$3,433,220 interest, grants, entitlements and miscellaneous revenues.
- As of December 31, 2010, the County's governmental funds reported combined ending fund balances of \$22,190,570 an increase of \$4,146,022 or 22.98 percent in comparison with the prior year.

Overview of the Financial Statements

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

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses. The statement of net assets and the statement of activities provide information about activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those assets.

Pickaway County, Ohio
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The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth, and the condition of the County's capital assets (roads, bridges, sewer lines, etc.). These factors need to be considered when assessing the overall health of the County.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the County is divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities - Most of the County's programs and services are reported here including human services, health, public safety, public works, economic development and assistance, conservation and recreation and general government (legislative and executive and judicial). 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 most of the cost of the services provided. The countywide sewer operation and the Sheriff web check activity are reported here.

Component Units - The County's financial statements include financial data for the Pickaway County Airport Authority. This component unit is described in the notes to the basic financial statements. The component unit is separate and may buy, sell, lease and mortgage property in its own name and can sue and be sued in its own name.

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Auto, License and Gas Tax, Job and Family Services, and Board of Developmental Disabilities.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. 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 one of three categories: governmental funds, proprietary funds, and fiduciary funds.

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 current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Pickaway County, Ohio
Management's Discussion and Analysis
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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, 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.

Proprietary Funds - The County maintains only two proprietary funds. It uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise funds to account for its Countywide Sewer and Instant Web Check Funds.

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 County's fiduciary funds are private-purpose trust and agency.

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.

Pickaway County, Ohio
Management's Discussion and Analysis
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Government-Wide Financial Analysis

You may recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2010 compared to 2009:

Table 1
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<i>Assets:</i>						
Current and Other Assets	\$34,490,980	\$32,930,610	\$301,687	\$366,256	\$34,792,667	\$33,296,866
Capital Assets, Net	40,253,436	35,810,753	2,681,591	2,522,915	42,935,027	38,333,668
Total Assets	<u>74,744,416</u>	<u>68,741,363</u>	<u>2,983,278</u>	<u>2,889,171</u>	<u>77,727,694</u>	<u>71,630,534</u>
<i>Liabilities:</i>						
Current Liabilities	7,578,049	7,846,363	52,971	115,868	7,631,020	7,962,231
Long-Term Liabilities	5,499,784	2,449,572	2,295,921	2,223,859	7,795,705	4,673,431
Total Liabilities	<u>13,077,833</u>	<u>10,295,935</u>	<u>2,348,892</u>	<u>2,339,727</u>	<u>15,426,725</u>	<u>12,635,662</u>
<i>Net Assets:</i>						
Invested in Capital Assets, Net of Related Debt	39,583,223	35,080,514	385,670	299,056	39,968,893	35,379,570
<i>Restricted For:</i>						
Roads and Bridges	4,321,458	7,387,425	0	0	4,321,458	7,387,425
Developmental						
Disabilities	9,141,205	6,781,288	0	0	9,141,205	6,781,288
Human Services	0	470,686	0	0	0	470,686
Debt Service	173,282	209,286	0	0	173,282	209,286
Capital Projects	2,013,528	2,014,069	0	0	2,013,528	2,014,069
Other Purposes	3,316,634	3,914,790	0	0	3,316,634	3,914,790
Unrestricted	<u>3,117,253</u>	<u>2,587,370</u>	<u>248,716</u>	<u>250,388</u>	<u>3,365,969</u>	<u>2,837,758</u>
Total Net Assets	<u>61,666,583</u>	<u>\$58,445,428</u>	<u>634,386</u>	<u>\$549,444</u>	<u>62,300,969</u>	<u>\$58,994,872</u>

Governmental current assets increased for the year ended 2010 when compared with 2009. The majority of the increase is due to an increase in the cash and cash equivalents held by the County.

The increase in capital assets is due mostly to an increase in infrastructure, which includes improvements to roads and bridges.

The decrease in current liabilities for governmental activities is due mostly to a decrease in accrued wages in 2010.

The increase in governmental long-term liabilities is the result of the County issuing new bonds during 2010.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$62,300,969 (\$61,666,583 in governmental activities and \$634,386 in business-type activities) at the end of the 2010 year.

The County's net assets are reflected in three categories: invested in capital assets, net of related debt, restricted and unrestricted.

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The County's largest portion of net assets relates to invested in capital assets, net of related debt. This accounts for 64.15 percent of net assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net assets is unrestricted which accounts for 5.41 percent of net assets.

The remaining balance of \$18,966,107 or 30.44 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

Business-type current assets decreased due to a decrease in cash and cash equivalents. Capital assets increased due to additions to construction in progress for the year. Current liabilities for business-type activities decreased as a result of a decrease in contracts payable.

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

Table 2
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<i>Program Revenues:</i>						
Charges for Services	\$4,378,936	\$3,853,190	\$348,178	\$380,943	\$4,727,114	\$4,234,133
Operating Grants & Contributions	14,395,788	16,782,579	0	0	14,395,788	16,782,579
Capital Grants & Contributions	0	7,085,160	0	0	0	7,085,160
<i>Total Program Revenues</i>	<u>18,774,724</u>	<u>27,720,929</u>	<u>348,178</u>	<u>380,943</u>	<u>19,122,902</u>	<u>28,101,872</u>
<i>General Revenues:</i>						
Property Taxes	6,226,882	6,497,353	0	0	6,226,882	6,497,353
Sales Taxes	5,883,970	6,338,250	0	0	5,883,970	6,338,250
Payments in Lieu of Taxes	594,295	0	0	0	594,295	0
Grants & Entitlements	1,602,393	1,507,873	0	0	1,602,393	1,507,873
Interest	296,912	359,462	0	0	296,912	359,462
Miscellaneous	915,215	986,366	24,405	39,206	939,620	1,025,572
<i>Total General Revenues</i>	<u>15,519,667</u>	<u>15,689,304</u>	<u>24,405</u>	<u>39,206</u>	<u>15,544,072</u>	<u>15,728,510</u>
<i>Total Revenues</i>	<u>34,294,391</u>	<u>43,410,233</u>	<u>372,583</u>	<u>420,149</u>	<u>34,666,974</u>	<u>43,830,382</u>
<i>Program Expenses:</i>						
<i>General Government:</i>						
Legislative & Executive	5,548,691	5,809,926	0	0	5,548,691	5,809,926
Judicial	2,261,208	2,303,323	0	0	2,261,208	2,303,323
Public Safety	7,122,353	7,035,404	0	0	7,122,353	7,035,404
Public Works	3,283,917	7,349,972	0	0	3,283,917	7,349,972
Health	3,710,086	4,585,178	0	0	3,710,086	4,585,178
Human Services	7,977,387	9,398,292	0	0	7,977,387	9,398,292
Conservation & Recreation	439,563	419,257	0	0	439,563	419,257
Economic Development & Assistance	574,986	437,512	0	0	574,986	437,512
Other	124,283	3,489	0	0	124,283	3,489
Interest & Fiscal Charges	30,762	42,795	0	0	30,762	42,795
Countywide Sewer	0	0	211,762	372,363	211,762	372,363
Instant Web Checks	0	0	75,879	26,937	75,879	26,937
<i>Total Program Expenses</i>	<u>31,073,236</u>	<u>37,385,148</u>	<u>287,641</u>	<u>399,300</u>	<u>31,360,877</u>	<u>37,784,448</u>
<i>Changes in Net Assets</i>	<u>3,221,155</u>	<u>6,025,085</u>	<u>84,942</u>	<u>20,849</u>	<u>3,306,097</u>	<u>6,045,934</u>
Net Assets at January 1	<u>58,445,428</u>	<u>52,420,343</u>	<u>549,444</u>	<u>528,595</u>	<u>58,994,872</u>	<u>52,948,938</u>
Net Assets at December 31	<u>61,666,583</u>	<u>\$58,445,428</u>	<u>634,386</u>	<u>\$549,444</u>	<u>62,300,969</u>	<u>\$58,994,872</u>

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

Governmental Activities

The most significant program expenses for the County are Human Services, Public Safety, Legislative and Executive, Health, and Public Works. These programs account for 88.96 percent of the total governmental activities. Human Services, which accounts for 25.67 percent of the total, represents costs associated with providing services for Workforce Investment Act, child support and enforcement assistance programs, welfare programs, and Byrne program for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Public Safety, which represents 22.92 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Legislative and Executive expenses, which is 17.86 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Health, which accounts for 11.94 percent of the total, primarily represents costs associated with the services provided by the Board of Mental Retardation. Public Works, which accounts for 10.57 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency, Children Services and Clerk of Courts are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Mental Retardation is partially funded by a voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

As noted previously, the net assets for the governmental activities increased \$3,221,155 or 5.51 percent. This change is unlike last year when net assets increased \$6,025,085 or 11.49 percent. Total revenues decreased \$9,115,842 or 21.00 percent from last year and expenses decreased \$6,311,912 or 16.88 percent from last year.

One major factor in the change in revenues is the significant decrease in program revenues for capital grants and contributions which decreased \$7,085,160 or 100 percent, which is the result of decreased Issue I grant funding from Ohio Public Works.

Expenses decreased 16.88 percent during 2010. Several factors led to this decrease. Human Services decreased \$1,420,905 or 15.12 percent which is due to decreases in state and federal funding to provide these services. Public Works expenditures decreased \$4,066,055 or 55.32 percent, which is due to decreases in Issue I funding from Ohio Public Works for road construction projects.

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

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
<i>General Government:</i>				
Legislative and Executive	\$5,548,691	\$3,193,726	\$5,809,926	\$3,988,890
Judicial	2,261,208	909,032	2,303,323	1,482,851
Public Safety	7,122,353	6,275,929	7,035,404	5,724,042
Public Works	3,283,917	(1,330,004)	7,349,972	(4,855,112)
Health	3,710,086	1,122,617	4,585,178	2,041,561
Human Services	7,977,387	1,364,432	9,398,292	665,065
Conservation and Recreation	439,563	411,490	419,257	363,925
Economic Development and Assistance	574,986	199,245	437,512	206,713
Other	124,283	124,283	3,489	3,489
Interest and Fiscal Charges	30,762	30,762	42,795	42,795
Total Expenses	\$31,073,236	\$12,298,512	\$37,385,148	\$9,664,219

Of the \$31,073,236 total governmental activities expenses, \$18,774,724 or 60.42 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Board of Developmental Disabilities. For Public Works, the County Engineer has fully funded their operations.

Additional revenues were provided to the governmental activities by the state and federal governments for operations and capital improvements.

Business-Type Activities

This year, net assets increased by \$84,942 or 15.46 percent. For 2010, there was an increase in revenues and a decrease in expenses, which was the result of decreased activity from customers during the year and a decrease in interest and fiscal charges.

Financial Analysis of the County's Funds

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

Pickaway County, Ohio
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As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$22,190,570. Of this total, \$21,956,964 represents unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. While a large amount of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the statement of net assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the primary operating fund of the County. At the end of 2010, the unreserved fund balance of the General Fund was \$2,741,255. Unreserved fund balance represents 20.22 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund decreased by \$85,880, with revenues exceeding expenditures by \$93,589.

The Auto, License and Gas Tax Fund balance decreased by \$469,449 which is due to decreased grants revenue. The Job and Family Services Fund balance increased by \$149,643, which is the result of revenues exceeding expenditures even with a decrease in grant revenue. The Board of Developmental Disabilities Fund balance increased by \$2,332,409, which is the result of a decrease in expenditures.

Proprietary Fund - The County's significant proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. Net assets of this proprietary fund at year end were \$635,691, of which \$250,021 was unrestricted, which is an increase of \$120,021 or 23.27 percent.

Budgetary Highlights - General Fund

By state statute, the Board of County Commissioners adopts the annual operating budget for the County. 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 Ohio Revised Code.

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in an increase in the original appropriations of 91.77 percent or \$6,840,685, from \$7,453,797 to \$14,294,482, in the General Fund. The majority of the increase occurred in the Public Safety and Legislative and Executive expenditure functions. The County spent 98.01 percent of the amount appropriated in the General Fund during 2010.

The General Fund's budgeted revenue decreased \$13,400 or 0.10 percent, over the original amount during 2010. This is a result of a minimal increase in revenue from several sources. Fluctuations in growth and diversity have typically not occurred in Pickaway County, allowing departmental managers the ability to consistently predict revenues. The County does not increase its estimated revenues unless there are insufficient revenues to cover the total appropriations of the General Fund.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2010 amounts to \$39,968,893 (net of related debt). This investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

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

The most significant capital asset events during 2010 were improvements to the County's infrastructure, which included \$6,348,849 for the resurfacing of County roads, the replacement of two bridges and for replacing six culverts throughout the County.

For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

Debt

Outstanding special assessment bonds at December 31, 2010, totaled \$137,000 with \$30,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owners, the County would be responsible for the debt service payments.

General obligation notes outstanding at December 31, 2010 were \$641,863 with \$276,419 being retired and \$350,000 being issued during the year. These notes relate to proceeds used to purchase equipment for the County Engineer, purchase a sign for the Pickaway County Agricultural Society, and reconstruction of roads and sidewalks.

General obligation bonds at December 31, 2010 were \$2,995,615 with these bonds being issued during the year. These bonds relate to proceeds used to renovate all County buildings with improvements meant for energy savings.

Loans outstanding at December 31, 2010 were \$525,338 from the Ohio Public Works Commission and \$1,926,588 from the Ohio Water Development Authority. This relates to proceeds used to complete renovations of the Darby Township Sanitary Sewer System and the Cromley Road Bridge Replacement Project.

The County continues to monitor its outstanding debt. Information relative to the County's debt is identified in Note 9 and 10 of the notes to the basic financial statements.

Economic Factors

The County's budget for the general fund in 2011 was conservative. Revenues are projected to come in just slightly higher than the amount that was actually received in 2010. Appropriations for 2011 are expected to increase over the actual expenditures for 2010. The ending fund balance for 2011 is expected to be substantially less than what it was in 2010.

Much of the reason for the conservative budget centers on the slow down in economic growth and uncertainty of the future economic climate. The County continues to have an unemployment rate that is slightly higher than the state and federal rates. The state legislature has continued to reduce the amounts for state based programs including local government, local government revenue assistance and state funded grant programs, which may require more local support in order to maintain the current level of service. The phase out of the personal property tax on business inventory continues and also the elimination of the personal property tax exemption reimbursement from the state.

A decrease in the amount of interest income earned by the County is projected based on a decline of interest rates by the Federal Reserve, but the County hopes to realize an increase in sales tax revenue in 2011. The Super Wal-Mart Facility continues to see new construction which has brought more retail stores and restaurants to our community. Our Economic Development Director and the Pickaway Progress Partnership (formerly CIC) is working hard at marketing Pickaway County with the goal of bringing new business to the County, which would enhance our Sales Tax and Real Estate revenues. Listed are some of those accomplishments.

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

DuPont: The Company announced a \$175 million project that will create 70 new jobs. The company will invest in a Tedlar film line that is used in the production of solar panels.

Pickaway East-West Connector: This project has been identified as a high priority by numerous groups in the central Ohio region such as MORPC, the Columbus Region Logistics Council, and Columbus 2020. With the help of congressional earmarks, an environmental study was commenced in 2010. Funding has been allocated through the State of Ohio TRAC for detail design work to begin in 2011. P3 was also successful in lobbying for a \$2 million federal appropriation for right of way acquisition that can begin after the detail design phase.

P3 Green Building: Construction was completed on this 12,000 SF warehouse/manufacturing speculative building located in Ashville in the spring of 2010. The intent behind the building is to offer small to medium sized companies located in and around Pickaway County a chance to move into bigger space and create jobs in our community. There are currently two new business start-ups occupying three fourths of the available space. These businesses account for the creation of ten new jobs. Both tenants are poised to add staff in the near future as their businesses grow.

U.S. EPA Brownfield Grants: Through the end of 2010, ten Phase I environmental site assessments and three Phase II assessments were completed on sites in Circleville. The sites included the former Manna Pro Mill and Circleville School Buildings.

Pickaway County Park Board: P3 helped the park board secure a \$150,000 grant from the Ohio Department of Natural Resources for a hiking/biking trail. Survey work and acquisition of old rail right-of-way from Dayton Power & Light was completed in December of 2010. Plans are in place for a paved trail system to extend from Circleville to the western border of Pickaway County.

P3 has also assisted the Pickaway County Park Board in the application for another grant that would create a trail system linking the Circleville YMCA, Circleville City Schools and Ohio Christian University campuses in the first of two phases. Phase two would connect these sites with a new city park and A.W. Marion State Park.

Former Smurfit Paper Mill: With the help of a state Brownfield grant, all asbestos has been removed from this former paper mill. Demolition of the site began in the 1st quarter of 2011.

Pickaway Progress Park: P3 secured a \$3.5 million Jobs Ready Site Grant from the Ohio Department of Development. The grant funds will be used to develop roads and utility infrastructure in the Pickaway Progress Industrial Park. When completed, the site will have over 220 acres of prime industrial land and be one of only a few certified Jobs Read Sites in the state.

The County's business-type activity is projected to operate at a similar level as in 2010. The rates charged remain unchanged and expenses for sewer operations are anticipated to remain stable.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, request for additional financial information or about obtaining the separately issued financial statements of the County's component unit should be addressed to Melissa A. Betz, Pickaway County Auditor, 207 S. Court Street, Room 1, Circleville, Ohio 43113.

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Pickaway County, Ohio

Statement of Net Assets

December 31, 2010

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Pickaway County Airport Authority
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$17,150,307	\$229,849	\$17,380,156	\$144,436
Cash and Cash Equivalents in Segregated Accounts	169,002	0	169,002	0
Cash and Cash Equivalents With Escrow Agents	2,995,615	0	2,995,615	0
Materials and Supplies Inventory	416,455	0	416,455	0
Accrued Interest Receivable	27,973	0	27,973	0
Accounts Receivable	1,480	48,140	49,620	2,840
Intergovernmental Receivable	5,295,780	23,698	5,319,478	0
Sales Taxes Receivable	1,561,169	0	1,561,169	0
Property Taxes Receivable	6,464,600	0	6,464,600	0
Special Assessments Receivable	95,010	0	95,010	0
Notes Receivable	15,200	0	15,200	0
Prepaid Items	173,527	0	173,527	0
Deferred Charges	124,862	0	124,862	0
Nondepreciable Capital Assets	731,102	340,504	1,071,606	218,036
Depreciable Capital Assets, Net	39,522,334	2,341,087	41,863,421	1,267,698
<i>Total Assets</i>	<u>74,744,416</u>	<u>2,983,278</u>	<u>77,727,694</u>	<u>1,633,010</u>
Liabilities:				
Accounts Payable	501,079	0	501,079	1,051
Accrued Wages and Benefits	895,268	2,150	897,418	0
Contracts Payable	55,559	4,792	60,351	0
Intergovernmental Payable	181,174	46,029	227,203	0
Matured Compensated Absences	10,266	0	10,266	0
Accrued Interest Payable	11,406	0	11,406	0
Deferred Revenue	5,903,099	0	5,903,099	0
Deposits Held and Due To Others	20,198	0	20,198	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	1,483,377	125,586	1,608,963	0
Due In More Than One Year	4,016,407	2,170,335	6,186,742	0
<i>Total Liabilities</i>	<u>13,077,833</u>	<u>2,348,892</u>	<u>15,426,725</u>	<u>1,051</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	39,583,223	385,670	39,968,893	1,485,734
<i>Restricted for:</i>				
Roads and Bridges	4,321,458	0	4,321,458	0
Developmental Disabilities	9,141,205	0	9,141,205	0
Debt Service	173,282	0	173,282	0
Capital Projects	2,013,528	0	2,013,528	3,193
Other Purposes	3,316,634	0	3,316,634	0
Unrestricted	3,117,253	248,716	3,365,969	143,032
<i>Total Net Assets</i>	<u>\$61,666,583</u>	<u>\$634,386</u>	<u>\$62,300,969</u>	<u>\$1,631,959</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Activities
 December 31, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$5,548,691	\$2,298,029	\$56,936	\$0
Judicial	2,261,208	1,114,437	237,739	0
Public Safety	7,122,353	337,278	509,146	0
Public Works	3,283,917	115,088	4,498,833	0
Health	3,710,086	317,697	2,269,772	0
Human Services	7,977,387	168,334	6,444,621	0
Conservation and Recreation	439,563	28,073	0	0
Community and Economic Development	574,986	0	378,741	0
Other	124,283	0	0	0
Interest and Fiscal Charges	30,762	0	0	0
<i>Total Governmental Activities</i>	<u>31,073,236</u>	<u>4,378,936</u>	<u>14,395,788</u>	<u>0</u>
Business-Type Activities:				
Countywide Sewer	211,762	307,378	0	0
Instant Web Checks	75,879	40,800	0	0
<i>Total Business-Type Activities</i>	<u>287,641</u>	<u>348,178</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$31,360,877</u>	<u>\$4,727,114</u>	<u>\$14,395,788</u>	<u>\$0</u>
Component Units:				
Pickaway County Airport Authority	\$174,623	\$106,576	\$0	\$72,609
<i>Total Component Units</i>	<u>\$174,623</u>	<u>\$106,576</u>	<u>\$0</u>	<u>\$72,609</u>

General Revenues:

Property Taxes Levied for:

General Purposes
 Health
 Debt Service
 Payments in Lieu of Taxes

Sales Tax for:

General Purposes
 Grants and Entitlements not Restricted to Specific Programs
 Investment Earnings
 Miscellaneous

Total General Revenues

Changes in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
(\$3,193,726)	\$0	(\$3,193,726)	\$0
(909,032)	0	(909,032)	0
(6,275,929)	0	(6,275,929)	0
1,330,004	0	1,330,004	0
(1,122,617)	0	(1,122,617)	0
(1,364,432)	0	(1,364,432)	0
(411,490)	0	(411,490)	0
(196,245)	0	(196,245)	0
(124,283)	0	(124,283)	0
(30,762)	0	(30,762)	0
<u>(12,298,512)</u>	<u>0</u>	<u>(12,298,512)</u>	<u>0</u>
0	95,616	95,616	0
0	(35,079)	(35,079)	0
<u>0</u>	<u>60,537</u>	<u>60,537</u>	<u>0</u>
<u>(12,298,512)</u>	<u>60,537</u>	<u>(12,237,975)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>4,562</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>4,562</u>
2,678,028	0	2,678,028	0
3,542,625	0	3,542,625	0
6,229	0	6,229	0
594,295	0	594,295	0
5,883,970	0	5,883,970	0
1,602,393	0	1,602,393	0
296,912	0	296,912	0
915,215	24,405	939,620	894
<u>15,519,667</u>	<u>24,405</u>	<u>15,544,072</u>	<u>894</u>
3,221,155	84,942	3,306,097	5,456
<u>58,445,428</u>	<u>549,444</u>	<u>58,994,872</u>	<u>1,626,503</u>
<u>\$61,666,583</u>	<u>\$634,386</u>	<u>\$62,300,969</u>	<u>\$1,631,959</u>

Pickaway County, Ohio

Balance Sheet

Governmental Funds

December 31, 2010

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,074,706	\$1,438,015	\$55,734	\$8,938,219
Cash and Cash Equivalents In Segregated Accounts	77,551	0	0	0
Cash and Cash Equivalents With Escrow Agents	0	0	0	0
Materials and Supplies Inventory	36,557	367,053	11,543	0
Accounts Receivable	0	0	0	0
Accrued Interest Receivable	27,973	0	0	0
Interfund Receivable	68,687	0	0	0
Intergovernmental Receivable	641,132	2,953,658	421,702	249,837
Prepaid Items	106,741	0	58,576	4,903
Sales Taxes Receivable	1,561,169	0	0	0
Property Taxes Receivable	2,540,088	0	0	3,374,035
Special Assessments Receivable	0	0	0	0
Notes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$7,134,604</u>	<u>\$4,758,726</u>	<u>\$547,555</u>	<u>\$12,566,994</u>
Liabilities:				
Accounts Payable	\$221,769	\$84,399	\$18,723	\$94,573
Accrued Wages and Benefits	426,000	163,717	138,850	72,099
Contracts Payable	0	0	0	0
Intergovernmental Payable	9,526	0	4,023	11,381
Matured Compensated Absences	5,014	5,252	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	3,604,101	2,118,459	0	3,586,259
Deposits Held and Due To Others	20,198	0	0	0
<i>Total Liabilities</i>	<u>4,286,608</u>	<u>2,371,827</u>	<u>161,596</u>	<u>3,764,312</u>
Fund Balances:				
Reserved:				
Reserved for Debt Service	0	0	0	0
Reserved for Prepaids	106,741	0	58,576	4,903
<i>Unreserved, Undesignated, Reported in:</i>				
General Fund	2,741,255	0	0	0
Special Revenue Funds	0	2,386,899	327,383	8,797,779
Debit Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>2,847,996</u>	<u>2,386,899</u>	<u>385,959</u>	<u>8,802,682</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,134,604</u>	<u>\$4,758,726</u>	<u>\$547,555</u>	<u>\$12,566,994</u>

See accompanying notes to the basic financial statements

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

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Funds Balances	\$22,190,570
		<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$4,643,633	\$17,150,307	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	40,253,436
91,451	169,002		
2,995,615	2,995,615	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
1,302	416,455	Property Taxes	573,050
1,480	1,480	Sales Tax	582,621
0	27,973	Intergovernmental Revenue	3,358,224
0	68,687	Special Assessments	95,010
1,029,451	5,295,780	Total	4,608,905
3,307	173,527	In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due.	(11,406)
0	1,561,169	Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds:	
550,477	6,464,600	General Obligation Notes	(641,863)
95,010	95,010	General Obligation Bonds	(2,995,615)
15,200	15,200	Deferred Charges	124,862
<u>\$9,426,926</u>	<u>\$34,434,805</u>	OPWC Loans	(245,338)
		Special Assessment Bonds	(137,000)
\$81,615	\$501,079	Capital Leases Payable	(38,820)
94,602	895,268	Compensated Absences	(1,441,148)
55,559	55,559	Total	(5,374,922)
156,244	181,174	<i>Net Assets of Governmental Activities</i>	\$61,666,583
0	10,266		
68,687	68,687		
1,203,185	10,512,004		
<u>0</u>	<u>20,198</u>		
1,659,892	12,244,235		
60,079	60,079		
3,307	173,527		
0	2,741,255		
2,886,927	14,398,988		
29,599	29,599		
4,787,122	4,787,122		
<u>7,767,034</u>	<u>22,190,570</u>		
<u>\$9,426,926</u>	<u>\$34,434,805</u>		

Pickaway County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

December 31, 2010

	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities	All Other Governmental Funds
Revenues:					
Property Taxes	\$2,665,691	\$0	\$0	\$3,540,876	\$386,503
Sales Tax	5,910,136	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0	372,274
Special Assessments	0	0	0	0	52,119
Charges for Services	2,180,312	58,624	0	213,082	1,398,992
Licenses and Permits	51,451	0	0	0	0
Fines and Forfeitures	138,264	336	0	0	209,288
Intergovernmental	1,656,014	6,354,603	4,087,769	2,221,002	3,880,686
Interest	296,848	0	0	0	64
Contributions and Donations	0	0	0	0	12,000
Rent	76,468	0	0	0	0
Other	317,345	72,352	104,392	54,505	367,863
<i>Total Revenues</i>	<u>13,292,529</u>	<u>6,485,915</u>	<u>4,192,161</u>	<u>6,029,465</u>	<u>6,679,789</u>
Expenditures:					
<i>Current:</i>					
<i>General Government:</i>					
Legislative and Executive	4,335,433	0	0	0	850,657
Judicial	1,515,416	0	0	0	654,698
Public Safety	5,953,854	0	0	0	689,076
Public Works	119,323	6,942,452	0	0	930,167
Health	103,609	0	0	3,697,056	164,567
Human Services	703,692	0	4,033,338	0	3,143,667
Conservation and Recreation	362,250	0	0	0	28,530
Community and Economic Development	0	0	0	0	574,986
Other	85,878	0	0	0	38,405
Capital Outlay	0	0	0	0	451,556
<i>Debt Service:</i>					
Principal Retirement	15,263	12,912	8,956	0	313,670
Interest and Fiscal Charges	4,222	0	224	0	29,749
Issuance Costs	0	0	0	0	124,862
<i>Total Expenditures</i>	<u>13,198,940</u>	<u>6,955,364</u>	<u>4,042,518</u>	<u>3,697,056</u>	<u>7,994,590</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>93,589</u>	<u>(469,449)</u>	<u>149,643</u>	<u>2,332,409</u>	<u>(1,314,801)</u>
Other Financing Sources (Uses):					
Inception of Capital Lease	9,016	0	0	0	0
Proceeds of Loans	0	0	0	0	350,000
Bonds Issued	0	0	0	0	2,995,615
Transfers In	35,000	0	0	0	363,675
Transfers Out	(223,485)	0	0	0	(175,190)
<i>Total Other Financing Sources (Uses)</i>	<u>(179,469)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,534,100</u>
<i>Net Change in Fund Balances</i>	(85,880)	(469,449)	149,643	2,332,409	2,219,299
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>2,933,876</u>	<u>2,856,348</u>	<u>236,316</u>	<u>6,470,273</u>	<u>5,547,735</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$2,847,996</u>	<u>\$2,386,899</u>	<u>\$385,959</u>	<u>\$8,802,682</u>	<u>\$7,767,034</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2010*

<table border="0" style="width: 100%;"> <tr> <td style="text-align: right;">Total Governmental Funds</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$6,593,070</td> </tr> <tr> <td style="text-align: right;">5,910,136</td> <td style="text-align: right;">372,274</td> </tr> <tr> <td style="text-align: right;">52,119</td> <td style="text-align: right;">3,851,010</td> </tr> <tr> <td style="text-align: right;">3,851,010</td> <td style="text-align: right;">51,451</td> </tr> <tr> <td style="text-align: right;">51,451</td> <td style="text-align: right;">347,888</td> </tr> <tr> <td style="text-align: right;">347,888</td> <td style="text-align: right;">18,200,074</td> </tr> <tr> <td style="text-align: right;">18,200,074</td> <td style="text-align: right;">296,912</td> </tr> <tr> <td style="text-align: right;">296,912</td> <td style="text-align: right;">12,000</td> </tr> <tr> <td style="text-align: right;">12,000</td> <td style="text-align: right;">76,468</td> </tr> <tr> <td style="text-align: right;">76,468</td> <td style="text-align: right;">916,457</td> </tr> <tr> <td style="text-align: right;">916,457</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">36,679,859</td> </tr> </table>	Total Governmental Funds	\$6,593,070	5,910,136	372,274	52,119	3,851,010	3,851,010	51,451	51,451	347,888	347,888	18,200,074	18,200,074	296,912	296,912	12,000	12,000	76,468	76,468	916,457	916,457	36,679,859	<p>Net Change in Fund Balances - Total Governmental Funds \$4,146,022</p> <p><i>Amounts reported for governmental activities in the statement of activities are different because:</i></p> <p>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 exceeded depreciation in the current period:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Capital Asset Additions</td> <td style="text-align: right;">6,874,453</td> <td></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(2,431,770)</td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">4,442,683</td> </tr> </table> <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Property Taxes</td> <td style="text-align: right;">223,391</td> <td></td> </tr> <tr> <td>Sales Tax</td> <td style="text-align: right;">(26,166)</td> <td></td> </tr> <tr> <td>Intergovernmental Revenue</td> <td style="text-align: right;">(2,634,858)</td> <td></td> </tr> <tr> <td>Special Assessments</td> <td style="text-align: right;">(8,000)</td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">(2,445,633)</td> </tr> </table> <p>Repayment of principal of long-term liabilities (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 350,801</p> <p>Bond issuance costs are reported as expenditures in the governmental funds when due, but in the Statement of Activities these costs are accrued as deferred charges. 124,862</p> <p>Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Bonds Issued</td> <td style="text-align: right;">(2,995,615)</td> <td></td> </tr> <tr> <td>Proceeds from Sale of Notes</td> <td style="text-align: right;">(350,000)</td> <td></td> </tr> <tr> <td>Inception of Capital Leases</td> <td style="text-align: right;">(9,016)</td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">(3,354,631)</td> </tr> </table> <p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 3,433</p> <p>Compensated absences expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds. (46,382)</p> <p><i>Changes in Net Assets of Governmental Activities</i> <u>\$3,221,155</u></p>	Capital Asset Additions	6,874,453		Depreciation	(2,431,770)					Total		4,442,683	Property Taxes	223,391		Sales Tax	(26,166)		Intergovernmental Revenue	(2,634,858)		Special Assessments	(8,000)					Total		(2,445,633)	Bonds Issued	(2,995,615)		Proceeds from Sale of Notes	(350,000)		Inception of Capital Leases	(9,016)					Total		(3,354,631)	<table border="0" style="width: 100%;"> <tr> <td style="text-align: right;">36,679,859</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">35,888,468</td> </tr> <tr> <td style="text-align: right;">35,888,468</td> <td style="text-align: right;">791,391</td> </tr> <tr> <td style="text-align: right;">791,391</td> <td style="text-align: right;">9,016</td> </tr> <tr> <td style="text-align: right;">9,016</td> <td style="text-align: right;">350,000</td> </tr> <tr> <td style="text-align: right;">350,000</td> <td style="text-align: right;">2,995,615</td> </tr> <tr> <td style="text-align: right;">2,995,615</td> <td style="text-align: right;">398,675</td> </tr> <tr> <td style="text-align: right;">398,675</td> <td style="text-align: right;">(398,675)</td> </tr> <tr> <td style="text-align: right;">(398,675)</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">3,354,631</td> </tr> <tr> <td style="text-align: right;">3,354,631</td> <td style="text-align: right;">4,146,022</td> </tr> <tr> <td style="text-align: right;">4,146,022</td> <td style="text-align: right;">18,044,548</td> </tr> <tr> <td style="text-align: right;">18,044,548</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$22,190,570</td> </tr> </table>	36,679,859	35,888,468	35,888,468	791,391	791,391	9,016	9,016	350,000	350,000	2,995,615	2,995,615	398,675	398,675	(398,675)	(398,675)	3,354,631	3,354,631	4,146,022	4,146,022	18,044,548	18,044,548	\$22,190,570
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Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$2,833,469	\$2,830,000	\$2,665,691	(\$164,309)
Sales Tax	5,605,680	5,600,000	6,394,108	794,108
Charges for Services	2,241,750	2,239,110	2,207,670	(31,440)
Licenses and Permits	52,134	52,350	51,451	(899)
Fines and Forfeitures	118,604	118,750	126,941	8,191
Intergovernmental	1,607,023	1,605,525	1,647,894	42,369
Interest	246,332	246,500	304,307	57,807
Rent	75,594	75,000	76,468	1,468
Other	252,849	252,800	310,775	57,975
<i>Total Revenues</i>	<u>13,033,435</u>	<u>13,020,035</u>	<u>13,785,305</u>	<u>765,270</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	2,429,385	4,702,420	4,615,589	86,831
Judicial	876,314	1,695,877	1,636,997	58,880
Public Safety	3,214,597	6,222,854	6,092,427	130,427
Public Works	63,627	123,167	123,101	66
Health	59,288	114,200	110,707	3,493
Human Services	383,929	743,735	709,115	34,620
Conservation and Recreation	187,265	362,250	362,250	0
Other	15,907	106,494	93,795	12,699
<i>Total Expenditures</i>	<u>7,230,312</u>	<u>14,070,997</u>	<u>13,743,981</u>	<u>327,016</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,803,123</u>	<u>(1,050,962)</u>	<u>41,324</u>	<u>1,092,286</u>
Other Financing Sources (Uses):				
Advances In	0	0	67,108	67,108
Advances Out	0	0	(43,491)	(43,491)
Transfers In	0	0	35,000	35,000
Transfers Out	(223,485)	(223,485)	(223,485)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(223,485)</u>	<u>(223,485)</u>	<u>(164,868)</u>	<u>58,617</u>
<i>Net Change in Fund Balance</i>	5,579,638	(1,274,447)	(123,544)	1,150,903
<i>Fund Balance at Beginning of Year</i>	<u>2,153,745</u>	<u>2,153,745</u>	<u>2,153,745</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$7,733,383</u>	<u>\$879,298</u>	<u>\$2,030,201</u>	<u>\$1,150,903</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Auto, License and Gas Tax Fund
December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$68,259	\$65,000	\$59,684	(\$5,316)
Fines and Forfeitures	315	300	336	36
Intergovernmental	7,176,684	6,834,000	6,826,617	(7,383)
Interest	630	600	0	(600)
Other	84,012	80,000	72,352	(7,648)
<i>Total Revenues</i>	<u>7,329,900</u>	<u>6,979,900</u>	<u>6,958,989</u>	<u>(20,911)</u>
Expenditures:				
<i>Current:</i>				
Public Works	4,097,394	7,491,155	7,027,762	463,393
<i>Total Expenditures</i>	<u>4,097,394</u>	<u>7,491,155</u>	<u>7,027,762</u>	<u>463,393</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,232,506	(511,255)	(68,773)	442,482
<i>Fund Balance at Beginning of Year</i>	1,248,750	1,248,750	1,248,750	0
<i>Prior Year Encumbrances Appropriated</i>	<u>184,024</u>	<u>184,024</u>	<u>184,024</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$4,665,280</u>	<u>\$921,519</u>	<u>\$1,364,001</u>	<u>\$442,482</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$5,077,590	\$4,120,462	\$4,136,753	\$16,291
Other	135,351	109,837	104,392	(5,445)
<i>Total Revenues</i>	<u>5,212,941</u>	<u>4,230,299</u>	<u>4,241,145</u>	<u>10,846</u>
Expenditures:				
<i>Current:</i>				
Human Services	5,212,941	4,360,623	4,315,735	44,888
<i>Total Expenditures</i>	<u>5,212,941</u>	<u>4,360,623</u>	<u>4,315,735</u>	<u>44,888</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(130,324)	(74,590)	55,734
<i>Fund Balance at Beginning of Year</i>	<u>130,324</u>	<u>130,324</u>	<u>130,324</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$130,324</u></u>	<u><u>\$0</u></u>	<u><u>\$55,734</u></u>	<u><u>\$55,734</u></u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Fund
December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$3,233,136	\$3,480,000	\$3,540,876	\$60,876
Charges for Services	194,767	225,000	213,082	(11,918)
Intergovernmental	2,008,571	1,853,400	2,199,656	346,256
Other	49,926	43,000	54,505	11,505
<i>Total Revenues</i>	<u>5,486,400</u>	<u>5,601,400</u>	<u>6,008,119</u>	<u>406,719</u>
Expenditures:				
<i>Current:</i>				
Health	5,132,000	5,487,000	3,718,855	1,768,145
<i>Total Expenditures</i>	<u>5,132,000</u>	<u>5,487,000</u>	<u>3,718,855</u>	<u>1,768,145</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>354,400</u>	<u>114,400</u>	<u>2,289,264</u>	<u>2,174,864</u>
Other Financing Uses:				
Transfers In	965,000	965,000	0	(965,000)
Transfers Out	(965,000)	(965,000)	0	965,000
<i>Total Other Financing Uses</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	354,400	114,400	2,289,264	2,174,864
<i>Fund Balance Beginning of Year</i>	<u>6,648,955</u>	<u>6,648,955</u>	<u>6,648,955</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,003,355</u>	<u>\$6,763,355</u>	<u>\$8,938,219</u>	<u>\$2,174,864</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2010

	Business-Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$217,793	\$12,056	\$229,849
Accounts Receivable	48,140	0	48,140
Intergovernmental Receivable	23,698	0	23,698
<i>Total Current Assets</i>	<u>289,631</u>	<u>12,056</u>	<u>301,687</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	340,504	0	340,504
Depreciable Capital Assets, Net	2,341,087	0	2,341,087
<i>Total Noncurrent Assets</i>	<u>2,681,591</u>	<u>0</u>	<u>2,681,591</u>
<i>Total Assets</i>	<u>2,971,222</u>	<u>12,056</u>	<u>2,983,278</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accrued Wages and Benefits	2,150	0	2,150
Contracts Payable	4,792	0	4,792
Intergovernmental Payable	32,668	13,361	46,029
OPWC Loans Payable	20,000	0	20,000
OWDA Loans Payable	105,586	0	105,586
<i>Total Current Liabilities</i>	<u>165,196</u>	<u>13,361</u>	<u>178,557</u>
<i>Long-Term Liabilities:</i>			
OPWC Loans Payable	260,000	0	260,000
OWDA Loans Payable	1,910,335	0	1,910,335
<i>Total Long-Term Liabilities</i>	<u>2,170,335</u>	<u>0</u>	<u>2,170,335</u>
<i>Total Liabilities</i>	<u>2,335,531</u>	<u>13,361</u>	<u>2,348,892</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	385,670	0	385,670
Unrestricted	250,021	(1,305)	248,716
<i>Total Net Assets</i>	<u>\$635,691</u>	<u>(\$1,305)</u>	<u>\$634,386</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
December 31, 2010*

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Operating Revenues:			
Charges for Services	\$307,378	\$40,800	\$348,178
Other	24,405	0	24,405
<i>Total Operating Revenues</i>	<u>331,783</u>	<u>40,800</u>	<u>372,583</u>
Operating Expenses:			
Personal Services	21,513	0	21,513
Fringe Benefits	3,345	0	3,345
Contractual Services	124,952	40,465	165,417
Materials and Supplies	7,880	0	7,880
Depreciation	38,972	0	38,972
Other	15,100	35,414	50,514
<i>Total Operating Expenses</i>	<u>211,762</u>	<u>75,879</u>	<u>287,641</u>
<i>Change in Net Assets</i>	120,021	(35,079)	84,942
<i>Net Assets at Beginning of Year</i>	<u>515,670</u>	<u>33,774</u>	<u>549,444</u>
<i>Net Assets at End of Year</i>	<u><u>\$635,691</u></u>	<u><u>(\$1,305)</u></u>	<u><u>\$634,386</u></u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio

Statement of Cash Flows

Proprietary Funds

December 31, 2010

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$314,624	\$40,800	\$355,424
Cash Received from Other Revenues	113,738	0	113,738
Cash Payments to Employees for Services and Benefits	(24,684)	0	(24,684)
Cash Payments for Goods and Services	(7,880)	0	(7,880)
Cash Payments for Contract Services	(289,005)	(28,816)	(317,821)
Cash Payments for Other Expenses	(15,100)	(35,414)	(50,514)
<i>Net Cash from (used by) Operating Activities</i>	<u>91,693</u>	<u>(23,430)</u>	<u>68,263</u>
Cash Flows from Noncapital Financing Activities:			
Advances Out	(17,550)	0	(17,550)
<i>Net Cash used by Noncapital Financing Activities</i>	<u>(17,550)</u>	<u>0</u>	<u>(17,550)</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Proceeds Received from OWDA Loans	108,315	0	108,315
Principal Paid on OPWC Loan	(20,000)	0	(20,000)
Principal Paid on OWDA Loans	(105,586)	0	(105,586)
Payments for Acquisitions of Capital Assets	(108,315)	0	(108,315)
<i>Net Cash from (used by) Capital and Related Financing Activities</i>	<u>(125,586)</u>	<u>0</u>	<u>(125,586)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(51,443)	(23,430)	(74,873)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>269,236</u>	<u>35,486</u>	<u>304,722</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$217,793</u>	<u>\$12,056</u>	<u>\$229,849</u>

See accompanying notes to the basic financial statements and accountant's report.

(Continued)

Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010
(continued)

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating Income/(Loss)	120,021	(\$35,079)	\$84,942
<i>Adjustments:</i>			
Depreciation	38,972	0	38,972
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	4,231	0	4,231
Intergovernmental Receivable	3,015	0	3,015
<i>Increase (Decrease) in Liabilities:</i>			
Intergovernmental Payable	32,668	11,649	44,317
Contracts Payable	(107,388)	0	(107,388)
Accrued Wages and Benefits	174	0	174
<i>Net Cash from/(used by) Operating Activities</i>	<u>91,693</u>	<u>(\$23,430)</u>	<u>\$68,263</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,494	\$3,851,455
Cash and Cash Equivalents in Segregated Accounts	0	672,053
Accounts Receivable	0	20,105
Intergovernmental Receivable	0	3,913,256
Property Taxes Receivable	0	42,082,662
	<hr/>	<hr/>
<i>Total Assets</i>	1,494	\$50,539,531
	<hr/>	<hr/>
Liabilities:		
Accounts Payable	0	34,043
Accrued Wages and Benefits	0	56,909
Intergovernmental Payable	0	49,649,849
Compensated Absences Payable	0	48,538
Deposits Held and Due To Others	0	724,357
Undistributed Monies	0	25,835
	<hr/>	<hr/>
<i>Total Liabilities</i>	0	\$50,539,531
	<hr/>	<hr/>
Net Assets:		
Held in Trust for Other Individuals and Organizations	1,494	
	<hr/>	
<i>Total Net Assets</i>	\$1,494	
	<hr/>	

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
December 31, 2010

	<u>Private Purpose Trust</u>
Additions	\$0
Deductions	
Miscellaneous	<u>369</u>
<i>Change in Net Assets</i>	(369)
<i>Net Assets at Beginning of Year</i>	<u>1,863</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,494</u></u>

See accompanying notes to the basic financial statements

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Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY

Pickaway County, Ohio (the County), was created in 1810. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Probate Court Judge and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Pickaway County, this includes the Pickaway County Board of Developmental Disabilities, Pickaway County Child Support Enforcement Agency, Pickaway County Job and Family Services and departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt or levying of taxes.

Discretely Presented Component Unit

The component unit column in the basic financial statements identify the financial data of the County's component unit, Pickaway County Airport Authority. The Authority is reported separately to emphasize that it is legally separate from the County.

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. Pickaway County provides utilities and insurance for the Authority. During 2010, the County made no financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY *(Continued)*

The County is associated with certain organizations that are defined as jointly governed organizations or related organizations. These organizations are presented in Notes 19 and 20 to the basic financial statements. These organizations are:

- Berger Hospital
- Paint Valley Mental Health Alcohol and Drug Addiction Board
- Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District
- County Risk Sharing Authority (CORSA)
- Southern Ohio Council of Governments
- Pickaway County District Public Library

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts is presented as agency funds within the County's financial statements.

- Pickaway County Family and Children First Council
- Soil and Water Conservation District
- Pickaway County Health District
- Pickaway County Park District

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government and component units, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets presents the financial condition of the governmental and business-type activities and the component units 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 business-type activities and component units 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. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

Auto, License and Gas Tax Fund - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include State grants, charges for services and license fees.

Job and Family Services Fund - This fund accounts for various Federal and State grants, as well as transfers from the General Fund that are used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Board of Developmental Disabilities - This fund accounts for the operation of a school, workshop and resident homes for the developmentally disabled. Revenue sources include a County-wide property tax levy and Federal and State grants.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose, and funding sources used for debt service and capital projects.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The County has no internal service fund.

Countywide Sewer Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Countywide Sewer Fund accounts for sewer services provided to individual users in several subdivisions of the County.

The Sheriff web check fund accounts for criminal background check services completed by the Sheriff's office for area businesses and governments.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are a private-purpose trust fund and agency funds. The County's private-purpose trust fund is established to account for assets that are used by the Juvenile Court for the benefit of the children of the County. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all 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 all 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 how the County finances and meets the cash flow needs of its proprietary activities.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

The private-purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the 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 - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 12). Revenue from grants, entitlements and donations is recognized in the fiscal 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 non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, revenue sources considered to be both measurable and available at year-end include delinquent property taxes, sales taxes, charges for services and fees, fines and forfeitures, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), and grants.

Deferred Revenue - Deferred revenue arises 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, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

Expenses/Expenditures - On the 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.

E. Budgetary Process

All funds, except Jail Commissary (non-major special revenue), Law Enforcement - Prosecutor (non-major special revenue) and fiduciary funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The level of control has been established by County Commissioners at the object level within each department. Advances between funds are not required to be budgeted.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original certificate of estimated resources was adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2010. The County does not include advances between funds in the certificate of estimated resources.

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

F. Cash, Cash Equivalents, and Investments

To improve cash management, cash and investments 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".

Cash and cash equivalents that are held separately with the departments of the County, and not included in the County Treasury, are recorded as "cash and cash equivalents in segregated accounts".

Cash and cash equivalents that are the unspent debt proceeds from the 2010 Energy Saving Renovation Bonds, are recorded as "cash and cash equivalents with escrow agents."

During 2010, investments were limited to STAR Ohio, U.S. Government Securities, certificates of deposits, and other interest bearing accounts with local commercial banks.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010.

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 \$296,848 which includes \$267,346 assigned from other County funds.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when used.

H. 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.

I. Capital Assets

General 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 enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

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 a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads, bridges, culverts and sanitary sewer lines. 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. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40-150 years	N/A
Improvements Other Than Buildings	40-150 years	N/A
Machinery and Equipment	3-25 years	N/A
Furniture and Fixtures	10-30 years	N/A
Vehicles	3-15 years	N/A
Plant and Facilities	N/A	40-150 years
Infrastructure	10-60 years	70 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balance. As of December 31, 2010, there were no internal balances reported on the statement of net assets.

K. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable will become eligible to receive payment in the future. The County has determined that employees with the County for ten or more years are probable to receive payment in the future. The liability is based on accumulated sick leave and employees' wage rates at year end.

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured 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. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on 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, compensated absences that will be paid from governmental funds are reported as a liability on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term notes are recognized as a liability in the governmental fund financial statements when due.

M. Fund Balance Reserves

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for prepaid and debt service.

N. 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 adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services and charges for background checks. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

P. Interfund Transactions

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Q. 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 and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

R. Estimates

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budget basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) is presented for the General Fund and major special revenue funds on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance.
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund and major special revenue funds:

Net Change in Fund Balances (Deficits) / Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	General	Auto, License and Gas Tax	Job and Family Services	Board of Developmental Disabilities
GAAP Basis	(\$85,880)	(\$469,449)	\$149,643	\$2,332,409
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	492,776	473,074	48,984	(21,346)
Net Adjustment for Expenditure Accruals	(354,065)	(72,398)	(273,217)	(21,799)
Net Adjustment for Other Sources (Uses)	(176,375)	0	0	0
Budget Basis	(\$123,544)	(\$68,773)	(\$74,590)	\$2,289,264

NOTE 4 - NEW GASB PRONOUNCEMENTS

For fiscal year 2010, the County implemented GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies". The implementation of GASB Statement No. 53 and 58 had no effect on the prior period fund balances of the County.

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS

Moneys held in the County Treasury are pooled for the purpose of investment management. The County is authorized to invest in those instruments identified in section 135.35 of the Ohio Revised Code. Specifically, these authorized instruments consist of:

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 or interest by the United States, or any book entry, zero-coupon security that is a direct obligation of the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provide that the fair 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 fair value daily, and that the term of the agreement must not exceed thirty days.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County.
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investment in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAROhio).
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value.
9. Up to 25 percent of the County's total average portfolio in either (a) high grade commercial paper when the aggregate value of the notes does not exceed 10 percent of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature no later than 270 days after purchase or (b) bankers acceptances of banks insured by the FDIC when the obligations are eligible for purchase by the Federal Reserve System and mature no later than 180 days after purchase.
10. Up to 15 percent of the County's total average portfolio in high grade notes issued by the U.S. corporations, and the notes mature no later than two years after purchase.
11. High grade debt interests issued by foreign nations diplomatically recognized by the U.S. government. All interest and principal shall be denominated and payable in U.S. Funds. In the aggregate, this investment shall not exceed 1 percent of the County's total average portfolio and shall mature no later than five years after purchase.

Investments in stripped principal or interest obligations, except for federally issued or federally guaranteed 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 will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During the year 2010, the County complied with the provisions of these statutes.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$21,233,105
- Segregated	841,055
- Escrow	2,995,615
- Component Units	144,436
Reconciling items (net) to arrive at bank balances	<u>929,784</u>
Total available for deposits and investments (Bank balance of deposit/carrying amount of investments)	<u><u>\$26,143,995</u></u>

The following information is presented in accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures." Additional disclosures for the component units are presented in Note 18.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

As of December 31, 2010, the carrying amount of all County deposits was \$16,482,754. Based on the criteria described in GASB Statement No. 40, \$16,116,694 of the County's bank balance of \$17,417,373 was exposed to custodial risk as discussed above while \$1,300,679 was covered by FDIC. The \$16,116,694 exposed to custodial risk was uninsured, and collateral was held by pledging banks trust department but not in the County's name.

Custodial Credit Risk - The County's policy requires that deposits follow the Ohio Revised Code.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Investments

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

Investment Type	Fair Value	Investment In Maturities in Years		
		Less Than One Year	1-2 Years	3-5 Years
U.S. Government Securities	\$8,236,545	\$1,736,937	\$248,883	\$6,250,725
STAROhio	350,476	350,476	0	0
Total Investments	\$8,587,021	\$2,087,413	\$248,883	\$6,250,725

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County limits investment portfolio matures to five years or less.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits its investments to those authorized by State statute. Standard and Poor's has assigned a rating of "AAAm" to STAROhio and "AAA" to U.S. Government Securities.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in event of the failure of the counter party, the County will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The County's policy provides that investments be held in the County's name. All of the County's investments are held in the County's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The County's investments in U.S. Government Securities and the STAROhio account were 96% and 4%, respectively, of the County's total investments.

A. Component Unit

Deposits and Investments

Cash and cash equivalents held by Pickaway County Airport Authority are classified as "cash and cash equivalents."

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$144,436 and the bank balance was \$139,601. The entire bank balance was covered by federal depository insurance.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 6 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 2010, consist of the following receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General	\$68,687	\$0
Nonmajor Special Revenue Funds	0	68,687
Totals	<u>\$68,687</u>	<u>\$68,687</u>

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A summary of interfund transfers for 2010 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$35,000	\$223,485
Nonmajor Other Governmental Funds	363,675	175,190
Totals	<u>\$398,675</u>	<u>\$398,675</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended December 31, 2010, the County made transfers of \$223,485 from the General Fund to the Special Children Services Nonmajor Special Revenue Fund to subsidize the program of this fund.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 7 - RECEIVABLES

Receivables at December 31, 2010 consisted of property taxes, sales taxes, accounts (billings for user charged services), interest, special assessments and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<i>General Fund:</i>	
Local Government Distributions	\$481,436
State Property Tax Reimbursements	159,696
Total General Fund	<u>641,132</u>
<i>Auto, License and Gas Tax Fund:</i>	
Motor Vehicle License Tax	617,129
Gasoline Tax	1,232,972
Grants	1,103,557
Total Auto, License and Gas Tax Fund	<u>2,953,658</u>
<i>Job and Family Services Fund:</i>	
State and Federal Funding	421,702
<i>Board of Developmental Disabilities Fund:</i>	
State Property Tax Reimbursements	212,224
Grants	37,613
Total Board of Developmental Disabilities	<u>249,837</u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 7 - RECEIVABLES *(Continued)*

Non Major Special Revenue Funds:

Enhanced Title IV-E	15,699
Motor Vehicle Permissive Tax	197,527
Child Support Enforcement Agency	252,155
P.C. Access Visitation Center	3,742
VOCA Grant	1,914
JAG/ARRA	35,106
Crime Victims Assistance	96,096
HUD Grants	234,000
Emergency Management	10,856
COPS Grant	4,325
Workforce Development	54,411
SPL Grant	19,373
Community Correction Grant	58,190
Law Library	18,607
P.S.I. Grant	27,450
	<hr/>
Nonmajor Special Revenue Funds	1,029,451
	<hr/>
Total Intergovernmental Receivable	\$5,295,780

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 8- CAPITAL ASSETS

A summary of changes in general capital assets during 2010 were as follows:

	Balance at January 1, 2010	Additions	Deletions	Balance at December 31, 2010
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$731,102	\$0	0	\$731,102
Total Nondepreciable Capital Assets	731,102	0	0	731,102
<i>Depreciable Capital Assets:</i>				
Buildings	18,031,876	0	0	18,031,876
Improvements Other Than Buildings	1,235,131	261,218	0	1,496,349
Machinery and Equipment	6,791,457	34,245	(11,595)	6,814,107
Furniture and Fixtures	1,002,620	17,470	0	1,020,090
Vehicles	3,250,848	212,671	0	3,463,519
Infrastructure	27,789,732	6,348,849	(94,440)	34,044,141
Total Depreciable Capital Assets	58,101,664	6,874,453	(106,035)	64,870,082
<i>Accumulated Depreciation:</i>				
Buildings	(3,173,162)	(142,629)	0	(3,315,791)
Improvements Other Than Buildings	(214,354)	(30,042)	0	(244,396)
Machinery and Equipment	(3,858,110)	(439,912)	11,595	(4,286,427)
Furniture and Fixtures	(598,626)	(39,442)	0	(638,068)
Vehicles	(1,833,426)	(231,290)	0	(2,064,716)
Infrastructure	(13,344,335)	(1,548,455)	94,440	(14,798,350)
Total Accumulated Depreciation	(23,022,013)	(2,431,770)	106,035	(25,347,748)
Depreciable Capital Assets, Net	35,079,651	4,442,683	0	39,522,334
Governmental Activities Capital Assets, Net	\$35,810,753	\$4,442,683	\$0	\$40,253,436

At December 31, 2010, capital assets include \$123,402 of machinery and equipment under capitalized leases.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 8- CAPITAL ASSETS (Continued)

For governmental activities, depreciation expense was charged to functions as follows:

Governmental Activities	
<i>General Government:</i>	
Legislative and Executive	\$118,503
Judicial	57,986
Public Safety	354,421
Public Works	1,747,932
Health	38,511
Human Services	111,280
Conservation and Recreation	3,137
Governmental Activities Depreciation Expense	\$2,431,770

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Business-Type Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Construction in Progress	128,892	197,648	0	326,740
Total Nondepreciable Capital Assets	142,856	197,648	0	340,504
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	376,966	0	0	376,966
Infrastructure	2,479,628	0	0	2,479,628
Total Depreciable Capital Assets	2,856,594	0	0	2,856,594
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(367,430)	(3,549)	0	(370,979)
Infrastructure	(109,105)	(35,423)	0	(144,528)
Total Accumulated Depreciation	(476,535)	(38,972)	0	(515,507)
Depreciable Capital Assets, Net	2,380,059	(38,972)	0	2,341,087
Business-Type Activities Capital Assets, Net	\$2,522,915	\$158,676	\$0	\$2,681,591

The business-type activities of the County are the sewer operations at various subdivisions throughout the County.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 9 - LONG-TERM OBLIGATIONS

The County's long-term obligations activity for the year ended December 31, 2010, was as follows:

Purpose	Outstanding January 1, 2010	Additions	Deletions	Outstanding December 31, 2010	Amounts Due Within One Year
Governmental Activities:					
<i>General Obligation Notes Payable:</i>					
TIF Note - Reconstruction of Crites Road 2004-2010 4.25%	\$135,000	\$0	\$135,000	\$0	\$0
Engineer's Note - Hydraulic Boom Excavator 2007-2011 4.50%	29,647	0	14,500	15,147	15,147
Agriculture Society's Note 2008-2112 4.50%	22,800	0	7,600	15,200	7,600
TIF Note - Traffic Flow Study 2009-2012 4.50%	189,567	0	73,307	116,260	76,643
Engineer's Note - Tiger Mowers 2009-2013 4.50%	80,100	0	20,025	60,075	20,025
Engineer's Note - Utility Tractors 2009-2013 4.50%	111,168	0	25,987	85,181	27,156
TIF Note - Sidewalk/Street Light 2010-2012 2.75%	0	350,000	0	350,000	172,617
<i>General Obligation Bonds Payable:</i>					
Energy Saving Renovation Bonds 2010-2025 3.920%	0	2,995,615	0	2,995,615	175,000
OPWC Loan	258,250	0	12,912	245,338	12,913
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999-2019 6.00%	101,000	0	8,000	93,000	8,000
Greenbriar Ditch Extension 2007-2012 4.50%	66,000	0	22,000	44,000	22,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,394,766	1,403,590	1,357,208	1,441,148	931,227
Capital Leases	61,274	9,016	31,470	38,820	15,049
Governmental Activities Long-Term Obligations	\$2,449,572	\$4,758,221	\$1,708,009	\$5,499,784	\$1,483,377

The Northwood Park Sanitary Sewer Improvement Bonds were issued in 1999 for \$157,160 with a 6.00% interest rate. The Northwood Park Sanitary Sewer Improvement Bonds were issued to finance improvements to the sewer system for the Northwood Park subdivision. These bonds will be repaid through the collection of special assessments on the benefitting property owners in the debt service funds. The County is obligated to the extent of the remaining balance, if the property owners were to default.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The 2004 Tax Increment Financing Note was issued for \$970,000 with a 5.50% interest rate. This note was restructured in 2006 with an interest rate of 4.25% and a maturity in 2010. These notes are issued for financing of construction related to the reconstruction of Crites Road and U.S. 23. These notes will be repaid through Tax Increment Financing Debt Service Fund.

The Greenbriar Ditch Extension Bonds were issued in 2007 for \$110,000 with a 4.50% interest rate. These bonds were issued for the installation and repair of ditching on Greenbriar Road, and will be paid with special assessments from the Greenbriar Ditch Debt Service Fund. The County is obligated to the extent of the remaining balance, if the property owners were to default.

The Engineer's Note was issued in 2007 for \$56,800 with a 4.50% interest rate. This note was issued for the purchase of a hydraulic boom excavator. This note will be paid by the Engineer's Note Debt Service Fund.

The Agriculture Society's Note was issued in 2008 for \$38,000 with a 4.50% interest rate. This note was issued to purchase signs at the fairgrounds. This note was issued by the County Commissioners, but will be paid by the Agriculture Society per written agreement. The County is obligated to the extent of the remaining balance, if the Agriculture Society were to default.

The 2009 Tax Increment Financing Note was issued for \$225,000 with a 4.50% interest rate. These notes are issued for financing of a traffic flow study for the new constructed Crites Road. These notes will be repaid through Tax Increment Financing Debt Service Fund.

The Engineer's Note was issued in 2009 for \$80,100 with a 4.50% interest rate. This note was issued for the purchase of four Tiger Mowers. This note will be paid by the Engineer's Note Debt Service Fund.

The Engineer's Note was issued in 2009 for \$111,168 with a 4.50% interest rate. This note was issued for the purchase of five Four-Wheel Drive Utility Tractors. This note will be paid by the Engineer's Note Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan is related the Cromley Road Bridge Replacement Project. The loan will be paid in semi-annual installments of \$6,456, over 20 years. The debt is to be repaid from the Auto, License and Gas Tax Fund. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2009 for \$258,250.

The 2010 Tax Increment Financing Note was issued for \$350,000 with a 2.75% interest rate. This note was issued for financing the replacement sidewalks and street lights. This note will be repaid through Tax Increment Financing Debt Service Fund.

The Energy Saving Renovation Bonds were issued in 2010 for \$2,995,615 with a 3.920% interest rate. These bonds are issued for renovations of all County buildings for energy savings. These bonds will be repaid through the Energy Savings Debt Service Fund.

The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund, Job and Family Service Fund and other nonmajor special revenue funds. The amount of principal payments on the capital leases paid in 2010 amounted to \$31,470.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 9 - LONG-TERM OBLIGATIONS *(Continued)*

The following is a summary of the County's future principal and interest requirements for long-term obligations, including \$1,280,336 of interest:

For the Year Ended December 31,	Engineer's Note Hydraulic Boom Excavator	Agriculture Society's Note	TIF Traffic Flow Note	Engineer's Note Tiger Mowers	Engineer's Note Utility Tractors
2011	\$15,834	\$8,284	\$81,020	\$22,728	\$30,989
2012	0	7,942	40,010	21,827	30,989
2013	0	0	0	20,926	30,989
2014	0	0	0	0	0
2015	0	0	0	0	0
2016-2020	0	0	0	0	0
2021 -2025	0	0	0	0	0
2026-2030	0	0	0	0	0
Totals	<u>\$15,384</u>	<u>\$16,226</u>	<u>\$121,030</u>	<u>\$65,481</u>	<u>\$92,967</u>

For the Year Ended December 31,	TIF Sidewalk and Street Lights	Energy Saving Renovation Bonds	OPWC Loan	Northwood Park Sanitary Sewer Improvement Bonds	Greenbriar Ditch Bonds	Totals
2011	\$181,060	\$296,482	\$12,913	\$13,580	\$23,978	\$686,868
2012	181,060	306,537	12,912	14,100	22,989	638,366
2013	0	304,678	12,913	13,560	0	383,066
2014	0	302,621	12,912	14,020	0	329,553
2015	0	295,370	12,912	13,420	0	321,702
2016-2020	0	1,445,493	64,563	54,260	0	1,564,316
2021 - 2025	0	1,259,571	64,562	0	0	1,324,133
2026 - 2030	0	0	51,651	0	0	51,651
Totals	<u>\$362,120</u>	<u>\$4,210,752</u>	<u>\$245,338</u>	<u>\$122,940</u>	<u>\$46,967</u>	<u>\$5,299,655</u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

In April 2008, Pickaway County signed a guarantee for \$500,000 loan through the Rural Industrial Park Loan Program offered through the Ohio Department of Development. The loan is the primary responsibility of Pickaway Progress Partnership or P³, the area's community improvement corporation. However in the event that P³ would default on the loan, the Ohio Department of Development would first try to sell the property and building. If a sale does not occur, the loan would then be the responsibility of the Village of Ashville and Pickaway County. The Village of Ashville would be obligated to a maximum of \$20,000 annually and the remainder would be the responsibility of Pickaway County. The loan is a fifteen year loan with no payments due until the first year of sale or leased occupancy of the building or in the fifth year of the loan, whichever comes first.

NOTE 10 - LOANS PAYABLE

The County's loan transactions for the year ending December 31, 2010, were as follows:

Purpose	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2009	Amount Due Within One Year
Business - Type Activities:					
<i>OPWC Loans</i>					
Darby Township Sewer Improvements, 0%	\$300,000	\$0	\$20,000	\$280,000	\$20,000
<i>OWDA Loans Payable</i>					
Darby Township Sewer Improvements, 0%	1,794,967	0	105,586	1,689,381	105,586
Darby Township Sewer Improvements, 0%	128,892	197,648	0	326,540	0
Business - Type Activities Loan Payable	\$2,223,859	\$197,648	\$125,586	\$2,295,588	\$125,586

The Ohio Public Works Commission (OPWC) Loan is related to improvements to the Darby Township Sanitary Sewer System. The loan will be paid in annual installments of \$20,000, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2005 for \$380,000.

The Ohio Water Development Authority (OWDA) Loan is related to improvements to the Darby Township Sanitary Sewer System. The OWDA has granted an original loan amount of \$1,624,478 and a supplementary loan amount of \$487,248, for a maximum loan amount of \$2,111,726 for this project. The loan will be repaid in semiannual installments of \$52,793 effective July 1, 2008, over 20 years for the original loan amount with the final installment payable on July 1, 2027. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt construction.

The Ohio Water Development Authority (OWDA) Loan is related to the Derby Area Sewer Collection Design Project. The OWDA has granted a loan in the amount of \$400,000 for this project. As of December 31, 2010, a repayment schedule for the loan has not been established, but the final payment is due by January 1, 2020. The debt is repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt construction.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. New leases are, in substance, capital purchases and are recorded as current expenditures and proceeds from capital leases on the fund financial statements. The capital lease obligations reflected above as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases.

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2010.

For the Year Ended December 31,	Capital Lease Obligations
2011	\$17,810
2012	13,616
2013	10,089
2014	2,408
2015	548
Total Minimum Lease Payments	44,471
Less: Amount Representing Interest	5,651
Present Value of Minimum Lease Payments	\$38,820

NOTE 12 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2005. Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 18.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 10. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 10.

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. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 12 - PROPERTY TAXES *(Continued)*

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes that were measurable and unpaid as of December 31, 2010. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2010 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2010, was \$3 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:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$144,753,870
Residential	719,602,750
Commercial	108,893,340
Industrial	23,439,450
Minerals	605,660
Public Utilities	17,192,590
<i>Personal Property:</i>	
General	1,255,220
Public Utilities	157,640,820
Total Assessed Values	\$1,173,383,700

NOTE 13 - PERMISSIVE SALES TAX

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a 1 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. In December 2001, the County Commissioners, by resolution, imposed an additional one-half 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. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is then drawn within five days. Proceeds of the tax were credited to the General Fund only. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2010 amounted to \$5,883,970.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 14 - ACCOUNTABILITY

The following funds had deficit fund balances as of December 31, 2009:

Non-major Special Revenue Funds:

Road and Bridge	\$2,368
COPS Grants	3,018
Diversion Program	31
Dog & Kennel	16,649
JAG/ARRA	4,973
VOCA Grant	3,452
Crime Victims Assistance	3,989
ECDS Marketer	3,512
Non-major Enterprise Fund	1,305

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

NOTE 15 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2010, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Coverages provided by the program are as follows:

Property:

Buildings & Contents (\$100,000 annual aggregate pool limit for flood and earthquake)	\$83,696,112
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Liability:

General Liability	\$1,000,000
Excess Liability	5,000,000
Law Enforcement	1,000,000
Automobile	1,000,000
Uninsured/Underinsured Motorist	250,000
Faithful Performance and Employee Bond	1,000,000
Boiler and Machinery (each accident)	100,000,000

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 15 - RISK MANAGEMENT *(Continued)*

Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

The County participates in the Workers' Compensation Program provided by the State of Ohio. During 2010, the County belonged to a pool with 63 other Ohio counties (County Commissioners Association of Ohio) for a workers' compensation group-rating program. The County joined this group plan to achieve lower workers' compensation rates.

The County purchases health, dental and vision insurances through the Franklin County Cooperative Health Benefits Program (FCCHBP). Insurance purchased through the FCCHBP is not considered limited risk health insurance. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS

A. Ohio Public Employees Retirement System

All Pickaway County employees, who are not certified teachers with the Board of Developmental Disabilities (PCBDD), participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement's 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 plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members of state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

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.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional and Combined Plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2010, the members of all three plans, except those in law enforcement, were required to contribute 10.1% of their annual covered salaries. Members participating in the Traditional Plan who were in law enforcement contributed 11.1% of their annual covered salaries and members in public safety contributed 10.5%. The employer contribution rate for pension benefits for 2010 was 14.0%, except for those plan members in law enforcement or public safety. For those classifications, the employer pension contributions were 17.87% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

The County's required contributions for pension obligations to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$1,306,461, \$1,142,144 and \$1,098,693 respectively; 94.87% has been contributed for 2010, and 100% has been contributed for 2009 and 2008. Of the 2010 amount, \$44,889 was unpaid at December 31, 2010 and is recorded as a liability in the basic financial statements.

B. State Teachers Retirement System of Ohio

The Pickaway County Board of and Developmental Disabilities contributes for all certified teachers to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, OH 43215-3771 or by visiting the STRS Ohio website 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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2002, were given the option of making a onetime irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2002.

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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 10% of their annual covered salary and the County is required to contribute 14% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the fiscal years ended December 31, 2010, 2009, and 2008 were \$20,668, \$26,157, and \$24,881, respectively. These contributions were equal to the required contributions for each of these years.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2010 none of the elected officials had elected social security.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care benefits as required by Ohio Revised Code to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. Health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate 2010 was 8.91% of covered payroll for all employees, except those in law enforcement and public safety. The employer contribution rate for law enforcement and public safety was 17.87%. The portion of the County's contributions allocated to health care for member in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for member in the Combined plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of 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. The County's required contributions that were allocated to fund postemployment benefits with OPERS for the years ended December 31, 2010, 2009, 2008 were \$718,214, \$882,698, and \$1,056,114 respectively.

OPERS's Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The 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.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

At year-end, the number of active contributing participants in the Traditional and Combined Plans was 357,584. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actual accrual liability. OPERS's net assets available for payment of benefits at December 31, 2009, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCCPP) with an effective date of January 1, 2007. In addition to the HCCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCCPP, member and employer contribution rates increased January 1st of each year from 2006 to 2008, which will allow additional funds to be allocated to the health care plan. Rates for law enforcement and public safety employers increased over a six year period beginning January 1, 2006 with a final rate increase on January 1, 2011. These rate increases allow additional funds to be allocated to the health care plan.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 17 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Ohio Revised Code, the State Teachers Retirement System Board (STRS Board) has discretionary authority over how much, if any, of the associated 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.

STRS Ohio issues a stand-alone financial report. Interested parties may requested additional information or a copy of the *Comprehensive Annual Financial Report* by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877 or by visiting the STRS Ohio web site at www.strsoh.org.

Funding Policy – Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to postemployment health care for the years ended Jun 30, 2010, 2009 and 2008. The 14% employer contribution rate is the maximum rate established under Ohio law.

The County's contributions allocated to fund postemployment health care benefits with STRS Ohio for the years ended December 31, 2010, 2009, 2008 were \$1,590, \$2,012, and \$1,914 respectively; 100% has been contributed for each of the three years.

NOTE 18 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT

A. Measurement Focus and Basis of Accounting

Pickaway County Airport Authority uses fund accounting to report on their operations and uses the cash basis of accounting.

B. Budgetary Basis of Accounting

Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary financial records.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 18 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT
(Continued)

C. Capital Assets

Property and equipment for the component unit is stated at historical cost and is updated for the costs of additions and retirements during the year. Donated fixed assets have been recorded at the fair market value at the date of the gift.

The assets for Pickaway County Airport are depreciated on a straight line basis using the following estimated useful lives:

Category	Pickaway County Airport
Buildings and Improvements	30-40 years
Infrastructure	10-60 years

A summary of changes in capital assets for the Pickaway County Airport during 2010 were as follows:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
<i>Non-Depreciable Capital Assets:</i>				
Land	218,036	0	0	218,036
Construction in Progress	51,947	65,246	(117,193)	0
Total Non-Depreciable Capital Assets	269,983	65,246	(117,193)	218,036
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	924,555	117,193	0	1,041,748
Infrastructure	545,128	0	0	545,128
Total Depreciable Capital Assets	1,469,683	117,193	0	1,586,876
<i>Accumulated Depreciation:</i>				
Buildings	(240,402)	(23,114)	0	(263,516)
Infrastructure	(42,847)	(12,815)	0	(55,662)
Total Accumulated Depreciation	(283,249)	(35,929)	0	(319,178)
Depreciable Capital Assets, Net	1,186,434	81,264	0	1,267,698
Capital Assets, Net	\$1,456,417	\$146,510	(\$117,193)	\$1,485,734

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. Berger Hospital

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2010, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

B. Paint Valley Mental Health Alcohol and Drug Addiction Board

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2010, Pickaway County did not make any contributions to the program.

C. Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District

The County is a member of the Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989, as required by the Ohio Revised Code.

The Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Ross County Auditor and Treasurer, and the Ross County Commissioners budget and finance the District with board approval. A twenty-nine member policy committee, comprised of seven members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a twenty-three member Technical Advisory Council (members appointed by the policy committee). The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

D. County Risk Sharing Authority (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2010 was \$252,661.

E. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2010, the County contributed \$250 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

NOTE 20 - RELATED ORGANIZATIONS

A. Pickaway County Park District

The Park District received a reimbursement grant from the Clean Ohio Trails Fund in an amount not to exceed \$155,550. The County agreed to expense monies to the Park District to fund the project and reimburse the County when grant monies were received. In 2010, the County expensed \$45,646 to the Park District and received \$23,983. Currently the Park District still owes the County \$21,663.

B. Pickaway County District Public Library

The Pickaway County District Public Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the District Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members. No subsidies are provided by the County.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 21 - CONTINGENT LIABILITIES

In June 2011, the County received notification from the Ohio Department of Taxation that the County had received an over payment of \$308,000 of use tax in 2010. The amount is to be repaid over a period of 24 months by a portion of the over payment, plus interest, being reduced from the County's monthly receipt of use tax from the Department of Taxation.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial condition.

PICKAWAY COUNTY

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

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	049080-05-P4-2009/2010	10.553	\$ 4,515
National School Lunch Program	049080-LL-P4-2009/2010	10.555	6,914
<i>Total Child Nutrition Cluster:</i>			<u>11,429</u>
<i>Passed through Ohio Department of Job and Family Services</i>			
<i>SNAP Cluster:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1011-11-5006/G-1011-11-5007	10.561	403,851
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Recovery	G-1011-11-5006/G-1011-11-5007	10.561	16,431
<i>Total SNAP Cluster:</i>			<u>420,282</u>
Total U.S. Department of Agriculture			<u>431,711</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grant	B-F-09-1-CH-1	14.228	133,127
Community Development Block Grant	B-C-08-1CH-1	14.228	34,184
Community Development Block Grant	B-F-08-060-1	14.228	15,400
Community Development Block Grant	B-F-06-060-1	14.228	5,200
<i>Total - Community Development Block Grant</i>			<u>187,911</u>
HOME Investment Partnership Program	B-C-08-1CH-2	14.239	68,910
Neighborhood Stabilization Program (Recovery Act Funded)	B-Z-08-066-1	14.256	86,459
Total U.S. Department of Housing and Urban Development			<u>343,280</u>
<u>U.S. Department of Justice</u>			
<i>Passed through Ohio Department of Criminal Justice Services:</i>			
ARRA - Violence Against Women Act	2009-AR-VA5-1220	16.588	16,957
<i>Passed through Ohio Department of Criminal Justice Services:</i>			
	2009-RA-C01-2039		
	2009-RA-C01-2056		
ARRA- Eward Byrne Memorial Justice Assistance Grant (JAG)	2009-RA-C01-2058	16.803	98,729
ARRA- Eward Byrne Memorial Justice Assistance Grant (JAG) Program- Grants to Units of Local Government	2010-SB-B9-2684	16.804	5,032
<i>Passed through Ohio Office of Attorney General</i>			
Crime Victim Assistance	2009VAGENE095T	16.575	64,756
Crime Victim Assistance	2009SAGENE095T	16.575	5,324
Crime Victim Assistance	2011VAGENE095	16.575	23,233
Crime Victim Assistance	2011SAGENE095	16.575	1,119
<i>Total - Crime Victim Assistance</i>			<u>94,432</u>
Total U.S. Department of Justice			<u>215,150</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through Ohio Department of Homeland Security:</i>			
Homeland Security Grant Program	2009-SS-T9-0089	97.067	28,789
Total U.S. Department of Homeland Security			<u>28,789</u>

PICKAWAY COUNTY

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

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<i>Passed through Ohio Department of Education:</i>			
<i>Special Education Cluster</i>			
Special Education Grants to States	066191-6BSF-2009/2010	84.027	23,456
Special Education Preschool Grants	066191-PGS1-2009/2010	84.173	7,675
ARRA - Special Education Grants to States	066191-6BSF-2009/2010	84.391	1,827
ARRA - Special Education Preschool Grants	066191-6BSF-2009/2010	84.392	132
Total - Special Education Cluster			<u>33,090</u>
<i>Passed through Ohio Department of Health:</i>			
<i>Special Education Grants for Infants and Families Cluster</i>			
Special Education Grants for Infants and Families	31-6400-083	84.181	26,173
ARRA - Special Education Grants for Infants and Families	31-6400-083	84.393	35,060
Total - Special Education Grants for Infants and Families			<u>61,233</u>
Total U.S. Department of Education			<u>94,323</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant	G-1011-11-5006/G1011-11-5007	93.667	25,976
Medical Assistance Program	G-1011-11-5006/G1011-11-5007	93.778	28,616
ARRA- Medical Assistance Program	G-1011-11-5006/G1011-11-5007	93.778	9,228
Total Medical Assistance Program			<u>37,844</u>
<i>Passed through Ohio Department of Secretary of State</i>			
Voting Access for Individuals with Disabilities_Grants to States	06-SOS-HHS-65	93.617	2,545
<i>Passed through Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	31-6400-083	93.556	35,355
Child Welfare Services State Grant	31-6400-083	93.645	74,610
Foster Care Title IV-E	G-1011-11-5006/G1011-11-5007	93.658	219,075
ARRA - Foster Care Title IV-E	G-1011-11-5006/G1011-11-5007	93.658	13,072
Total - Foster Care Title IV-E			<u>232,147</u>
Adoption Assistance	G-1011-11-5006/G1011-11-5007	93.659	80,548
Child Abuse and Neglect State Grants	31-6400-083	93.669	1,980
Chaffee Foster Care Independence Program	31-6400-83	93.674	3,588
Temporary Assistance for Needy Families Cluster			
Temporary Assistance for Needy Families (TANF)	G-1011-11-5006/G1011-11-5007	93.558	1,235,764
ARRA- Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	G-1011-11-5006/G1011-11-5007	93.714	147,136
Total Temporary Assistance for Needy Families			<u>1,382,900</u>
<i>Child Care Cluster</i>			
Child Care and Development Block Grant	G-1011-11-5006/G1011-11-5007	93.575	5,467
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5006/G1011-11-5007	93.596	32,020
Total Child Care Cluster			<u>37,487</u>
Social Service Block Grant	G-1011-11-5006/G1011-11-5007	93.667	439,101
Child Support Enforcement	G-1011-11-5006/G1011-11-5007	93.563	455,183
ARRA - Child Support Enforcement	G-1011-11-5006/G1011-11-5007	93.563	217,022
Total - Child Support			<u>672,205</u>
State Children's Insurance Program	G-1011-11-5006/G1011-11-5007	93.767	3,064
Medical Assistance Program	G-1011-11-5006/G1011-11-5007	93.778	138,211
Total U.S. Department of Health and Human Services			<u>3,167,561</u>

PICKAWAY COUNTY

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

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<i>Passed through Ohio Department of Secretary of State</i>			
Help America Vote Act Requirements Payments	06-SOS-HHS-65	90.401	819
Total U.S. Election Assistance Commission			<u>819</u>
<u>U.S. Department of Transportation</u>			
<i>Received Directly from Federal Agency</i>			
Airport Improvement Program	n/a	20.106	72,608
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction	n/a	20.205	3,948,120
Total - Highway Planning and Construction			<u>3,948,120</u>
<i>Passed through Ohio Department of Public Safety</i>			
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	HVEO-2010-65-00-00-00549-00	20.600	364
State and Community Highway Safety	HVEO-2010-65-00-00-00333-00	20.600	12,135
Special Projects Liaison Program	CG-2010-65-00-00-00251-00	20.600	56,570
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2010-65-00-00-00549-00	20.601	364
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2010-65-00-00-00333-00	20.601	12,135
Total - Highway Safety Cluster			<u>81,568</u>
State Traffic Safety Information System Improvement Grants	CG-2010-65-00-00-00931-00	20.610	4,560
State Traffic Safety Information System Improvement Grants	CG-2011-65-00-00-00523-00	20.610	1,056
Total- State Traffic Safety Information System Improvement Grants			<u>5,616</u>
Total U.S. Department of Transportation			<u>4,107,912</u>
<u>U.S. Department of Labor</u>			
<i>Passed through Area 20/21 Workforce Investment Board</i>			
Admin - Work Investment Act- Adult	31-6400-83	17.258	13,110
Work Investment Act- Adult	31-6400-83	17.258	206,711
ARRA -Admin - Work Investment Act- Adult	31-6400-83	17.258	2,474
ARRA - Work Investment Act- Adult	31-6400-83	17.258	51,841
Total- Adult			<u>274,136</u>
Admin - Work Investment Act- Youth	31-6400-83	17.259	210,871
Work Investment Act- Youth	31-6400-83	17.259	9,522
ARRA-Admin-Work Investment Act- Youth	31-6400-83	17.259	1,054
ARRA - Work Investment Act- Youth	31-6400-83	17.259	52,619
Total - Youth			<u>274,066</u>
Work Investment Act- Dislocated Worker	31-6400-83	17.278	35,887
Admin - Work Investment Act- Dislocated Worker	31-6400-83	17.260	5,446
Work Investment Act- Dislocated Worker	31-6400-83	17.260	125,095
ARRA - Work Investment Act- Dislocated Worker	31-6400-83	17.260	62,027
ARRA- Rapid Response	31-6400-83	17.260	10,012
ARRA- Ohio Learning Accounts	31-6400-83	17.260	20,694
Wait List Reduction	31-6400-83	17.278	19,012
ARRA- Project Hire	31-6400-83	17.260	28,740
Total - Dislocated Worker			<u>306,913</u>
Total U.S. Department of Labor			<u>855,115</u>
Total Federal Awards Expenditures			<u>\$ 9,244,660</u>

The accompanying notes to this schedule are an integral part of this schedule.

PICKAWAY COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Pickaway County (the County's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting, except expenditures passed through the Ohio Department of Job and Family Services, which are presented on the accrual basis.

NOTE B - SUBRECIPIENTS

The County passes certain federal awards received from the Department of Human Services and the Area 20/21 Workforce Investment Act Board to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash, except expenditures passed through [list pass-through agency] are presented on an accrual basis.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and those subrecipients achieve the award's performance goals.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. 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 Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by liens on the property.

Activity in the CDBG revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010	\$0
Loans made	88,474
Loan principal repaid	0
Ending loans receivable balance as of December 31, 2010	\$88,474
Cash balance on hand in the revolving loan fund as of December 31, 2010	\$77,499
Administrative costs expended during 2010	0

PICKAWAY COUNTY

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

**NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS
(Continued)**

The table above reports gross loans receivable. For projects of \$15,000 or less, 80% is forgiven in five years and 20% remains as a lien until the property changes hands. A project of \$15,001 or more has a 10 year forgiveness of the 80% and 20% as a lien.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE F – CHILD CARE CLUSTER

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Pickaway 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-1011-11-5098	\$193,344	\$41,074	\$152,270

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

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Pickaway County, Ohio (the County) as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 6, 2011.

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

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



Dave Yost
Auditor of State

September 6, 2011



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

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

Compliance

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

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

In our opinion, the Pickaway County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2010-002.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2010-002. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Dave Yost
Auditor of State

September 6, 2011

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #17.258, 17.259, 17.260, 17.278 – ARRA/Workforce Investment Act Cluster CFDA #14.228 – Community Development Block Grant CFDA #20.205 – Highway Planning & Construction CFDA #93.558 and 93.714 – ARRA/Temporary Assistance for Needy Families CFDA #93.563 – ARRA/Child Support Enforcement
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

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

FINDING NUMBER 2010-001

Material Weakness - Financial Statement Adjustments

Sound financial reporting is the responsibility of the County Auditor and the Board of Commissioners and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Twenty-one modifications or audit adjustments and reclassifications (ranging in amounts from \$2,280 to \$550,477) were posted to the County's basic financial statements to accurately reflect account balances reported. Errors included incorrect revenue classifications, incorrect allocation of interest earnings, overstatement of intergovernmental receivables/revenue, overstatement of accrued wages payable, and improper revenue recognition on the modified accrual financial statements. The County's financial statements have been adjusted to accurately reflect these adjustments and reclassifications. In addition there were twelve adjustments and reclassifications that were inconsequential to the overall financial statements of the County and were not posted to the financial statements.

Although the County has implemented various controls over financial reporting, the need to issue audit adjustments suggests controls may not be effective or may not be operating as management intended.

We recommend the County analyze controls currently in place over financial reporting and determine the controls are functioning as intended and are adequate to reduce the risk of reporting incomplete or inaccurate financial information within the financial statements.

Officials' Response:

The County will continue to monitor the controls we have in place over financial reporting and will determine if there are changes necessary to avoid these adjustments in future audits.

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2010-002

Material Non-Compliance/Significant Deficiency - Cash Management – Fifteen Day Rule

Finding Number	2010-002
CFDA Title and Number	#14.228
Federal Award Number / Year	B-F-09-1-CH-1 B-C-08-1CH-1
Federal Agency	U.S. Department of Housing & Urban Development
Pass-Through Agency	Ohio Department of Development

24 C.F.R. Section 85.21(c) states Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. **Ohio Department of Development, Office of Housing and Community Partnership’s Financial Management Rules and Regulations Handbook, Section (A)(3)(f)**, further requires grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

In 2010 the County did not disburse federal cash received from drawdown requests within the 15 day requirement for six of the nine Community Development Block Grant draw downs it received, ranging in amount between \$10,400 and \$29,100; these funds were held between 36 to 69 days.

The County has controls in place over the collection of receipts and payment of expenditures, however these controls did not prevent non-compliance.

Although the County held the monies for more than the allowable 15 day period, funds were deposited in a non-interest bearing account.

We recommend the County adhere to the guidance provided in the Ohio Department of Development, Office of Housing and Community Partnership’s Financial Management Rules and Regulations Handbook, and ensure compliance with these requirements. Such a system of cash management will allow the County to disburse grant cash drawdowns to a balance of less than \$5,000 within fifteen days of receipt.

Officials’ Response and Corrective Action Plan:

The County has instituted a number of controls concerning the payment and authorization of these disbursements and believes that they will be sufficient to alleviate this deficiency and ensure compliance in future audits.

Anticipated Completion Date: September 13, 2011
 Responsible Contact: Bradley Lutz, Commissioner’s Office

PICKAWAY COUNTY

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-001	Finding for Recovery- Former Dog Warden- Monies collected but not deposited into County Treasury.	Yes	
2009-002	Financial Statement Adjustments- Material Weakness- adjustments were made to the financial statements plus various immaterial adjustments were noted.	No	Re-Issued as Finding #2010-001
2009-003	Cash Management- Material Non-Compliance/Significant Deficiency- The County did not have controls in place to ensure compliance with the 15 Day Rule related to its CDBG grants.	No	Re-Issued as Finding #2010-002



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PICKAWAY COUNTY FINANCIAL CONDITION

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 29, 2011**