



*PERRY COUNTY, OHIO*

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**SINGLE AUDIT**

**For the Year Ended December 31, 2016**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

County Commissioners  
Perry County  
P.O. Box 127  
105 North Main Street  
New Lexington, Ohio 43764

We have reviewed the *Independent Auditor's Report* of Perry County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 5, 2017

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**For the Year Ended December 31, 2016**

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Perry County, Ohio, (the County) as of and for the year ended December 31, 2016, and related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is acceptable for the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, and the respective changes in modified cash financial position and, where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Job and Family Services Fund, Board of Developmental Disabilities Fund, Auto License and Gas Fund and County Home Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

***Accounting Basis***

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

***Supplemental Information***

We conducted our audit to opine on the County's financial statements taken as a whole. The Schedule of Federal Awards Expenditures presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is the management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Information***

We applied no procedures to the Management's Discussion and Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2017 on our consideration of the Perry County, Ohio'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Perry County, Ohio's internal control over financial reporting and compliance.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 6, 2017

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The discussion and analysis of Perry County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

### **Financial Highlights**

Key financial highlights for 2016 are as follows:

- Net position of governmental activities decreased \$1,050,165. Net position of the business-type activities increased \$114,220.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$16,908,386, a decrease of \$975,815 from the prior year.

### **Using This Annual Financial Report**

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

### **County-Wide Financial Statements**

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

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

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

Both of the government-wide financial statements identify functions of Perry County that are principally supported by taxes and intergovernmental receipts (governmental activities).

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

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

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

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund; the Job and Family Services, Board of Developmental Disabilities, Auto License and Gasoline Tax, County Home Special Revenue Funds; and the Courthouse Improvements Capital Projects Fund.

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

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

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

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

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

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

Recall that the Statement of Net Position looks at the County as a whole. Table 1 provides a summary of the County's net position for 2016 compared to 2015.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Equity in Pooled Cash, Cash Equivalents and Investments	\$16,884,085	\$17,893,587	\$244,773	\$130,553	\$17,128,858	\$18,024,140
Cash in Segregated Accounts	1,560,709	1,591,069	0	0	1,560,709	1,591,069
Cash With Fiscal Agents	30,532	40,835	0	0	30,532	40,835
<i>Totals Assets</i>	<u>\$18,475,326</u>	<u>\$19,525,491</u>	<u>\$244,773</u>	<u>\$130,553</u>	<u>\$18,720,099</u>	<u>\$19,656,044</u>
<b>Net Position</b>						
Restricted	\$11,863,834	\$12,348,033	\$0	\$0	\$11,863,834	\$12,348,033
Unrestricted	6,611,492	7,177,458	244,773	130,553	6,856,265	7,308,011
<i>Total Net Position</i>	<u>\$18,475,326</u>	<u>\$19,525,491</u>	<u>\$244,773</u>	<u>\$130,553</u>	<u>\$18,720,099</u>	<u>\$19,656,044</u>

A portion of the County's net position, \$11,863,834 or 63 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance, unrestricted net position of \$6,856,265, or 37 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
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Table 2 shows the changes in net position for the year ended December 31, 2016, and comparisons to fiscal year 2015.

	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activites	Activities		Activites	Activities	
	2016	2016	2016	2015	2015	2015
<b>Receipts</b>						
<b>Program Receipts:</b>						
Charges for Services	\$5,236,122	\$1,510,872	\$6,746,994	\$4,983,766	\$1,385,411	\$6,369,177
Operating Grants, Contributions, and Interest	17,396,108	0	17,396,108	17,231,869	0	17,231,869
Capital Grants, Contributions, and Interest	975,293	32,372	1,007,665	1,857,057	0	1,857,057
<b>Total Program Receipts</b>	<b>23,607,523</b>	<b>1,543,244</b>	<b>25,150,767</b>	<b>24,072,692</b>	<b>1,385,411</b>	<b>25,458,103</b>
<b>General Receipts and Transfers:</b>						
Property Taxes	7,624,833	0	7,624,833	6,198,154	0	6,198,154
Permissive Sales Taxes	4,151,821	0	4,151,821	3,973,458	0	3,973,458
Intergovernmental	1,188,431	0	1,188,431	1,136,532	0	1,136,532
Interest	89,815	0	89,815	94,895	0	94,895
Payment in Lieu of Taxes	0	0	0	264,640	0	264,640
Miscellaneous	795,623	43,530	839,153	835,881	39,913	875,794
Loan Proceeds	0	65,328	65,328	40,800	0	40,800
<b>Total General Receipts</b>	<b>13,850,523</b>	<b>108,858</b>	<b>13,959,381</b>	<b>12,544,360</b>	<b>39,913</b>	<b>12,584,273</b>
Advances In	0	185,950	185,950	59,383	0	59,383
Transfers In	107,350	0	107,350	0	130,025	130,025
<b>Total Receipts</b>	<b>37,565,396</b>	<b>1,838,052</b>	<b>39,403,448</b>	<b>36,676,435</b>	<b>1,555,349</b>	<b>38,231,784</b>
<b>Program Disbursements</b>						
<b>General Government:</b>						
Legislative and Executive	4,652,626	0	4,652,626	3,408,921	0	3,408,921
Judicial	2,012,002	0	2,012,002	2,026,281	0	2,026,281
Public Safety	5,909,647	0	5,909,647	5,588,040	0	5,588,040
Public Works	5,781,188	0	5,781,188	6,965,617	0	6,965,617
Health	6,448,954	0	6,448,954	5,989,485	0	5,989,485
Human Services	10,987,833	0	10,987,833	10,501,095	0	10,501,095
<b>Community and Economic</b>						
Development	450,061	0	450,061	660,056	0	660,056
Conservation and Recreation	321,224	0	321,224	304,852	0	304,852
Urban Redevelopment and Housing	0	0	0	6,092	0	6,092
Capital Outlay	1,232,563	0	1,232,563	385,422	0	385,422
<b>Debt Service:</b>						
Principal	567,789	0	567,789	417,319	0	417,319
Interest and Fiscal Charges	65,724	0	65,724	63,746	0	63,746
Water	0	742,486	742,486	0	647,975	647,975
Sewer	0	873,996	873,996	0	830,557	830,557
<b>Total Disbursements</b>	<b>38,429,611</b>	<b>1,616,482</b>	<b>40,046,093</b>	<b>36,316,926</b>	<b>1,478,532</b>	<b>37,795,458</b>
Advances Out	185,950	0	185,950	0	59,383	59,383
Transfers Out	0	107,350	107,350	130,025	0	130,025
<b>Change in Net Position</b>	<b>(1,050,165)</b>	<b>114,220</b>	<b>(935,945)</b>	<b>229,484</b>	<b>17,434</b>	<b>246,918</b>
Net Position Beginning of Year	19,525,491	130,553	19,656,044	19,296,007	113,119	19,409,126
Net Position End of Year	\$18,475,326	\$244,773	\$18,720,099	\$19,525,491	\$130,553	\$19,656,044

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

Operating grants were the largest program receipts, accounting for \$17,396,108, or 46 percent of total governmental activities receipts. The major recipients of intergovernmental program receipts were the Job and Family Services, Engineer, Mental Health, Children Services, and Board of Developmental Disabilities governmental departments.

Property tax receipts account for \$7,624,833, or 20 percent of total governmental activities receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for \$4,141,821 or 11 percent of total receipts.

The County's direct charges to users of governmental services made up \$5,236,122 or 14 percent of total governmental receipts. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Human services programs accounted for \$10,987,833, or 29 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include health programs, public safety programs, and public works programs, which accounted for \$6,448,954, \$5,909,647, and \$5,781,188, or 17 percent, 15 percent and 15 percent, respectively, of total disbursements.

**Business-Type Activities**

The net position for business-type activities increased \$114,220 during 2016. Charges for services accounted for \$1,510,872, or 82 percent of receipts. The remaining \$327,180, or 18 percent, of revenue represented interest, OWDA loan proceeds, miscellaneous general receipts and an advance from the General Fund.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2016 and 2015. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted intergovernmental receipts.

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2016	2016	2015	2015
General Government:				
Legislative and Executive	\$4,652,626	\$2,687,504	\$3,408,921	\$1,547,267
Judicial	2,012,002	1,038,505	2,026,281	1,155,803
Public Safety	5,909,647	2,802,269	5,588,040	2,626,081
Public Works	5,781,188	(111,314)	6,965,617	44,704
Health	6,448,954	3,316,338	5,989,485	3,026,380
Human Services	10,987,833	2,834,025	10,501,095	2,550,995
Community and Economic Development	450,061	67,461	660,056	121,665
Conservation and Recreation	321,224	321,224	304,852	304,852
Urban Redevelopment and Housing	0	0	6,092	0
Capital Outlay	1,232,563	1,232,563	385,422	385,422
Principal Retirement	567,789	567,789	417,319	417,319
Interest and Fiscal Charges	65,724	65,724	63,746	63,746
<b>Total Expenses</b>	<b>\$38,429,611</b>	<b>\$14,822,088</b>	<b>\$36,316,926</b>	<b>\$12,244,234</b>

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Charges for services, operating grants, and capital grants of \$23,607,523, or 61 percent of the total costs of services, are received and used to fund the general government disbursements of the County. The remaining \$14,822,088 in general government disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, interest, transfers, and miscellaneous receipts.

The \$2,802,269, \$3,316,338, and \$2,834,025 in net cost of services for public safety, health, and human services demonstrate the costs of services that are not supported from State and federal resources.

### **Financial Analysis of County Funds**

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

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

As of December 31, 2016, the County's governmental funds reported a combined ending fund balance of \$16,908,386, a decrease of \$975,815 in comparison with the prior year.

The General Fund is the primary operating fund of the County. At the end of 2016, unassigned fund balance was \$2,779,649, while total fund balance was \$2,966,329. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 31 percent to total General Fund disbursements, while total fund balance represents 33 percent of that same amount.

The fund balance of the County's General Fund decreased \$474,109 during 2016. This decrease was mainly due to the net effect of the County's transfers and advances to other funds. Not all of the advances were repaid to the General Fund by December 31, 2016. Also playing a role in the General Fund decrease was the purchase of new County property.

At the end of 2016, the Job and Family Services Special Revenue Fund had a fund balance of \$448,535, in comparison to a fund balance of \$535,934 at the end of 2015. This decrease in fund balance was due to an increase in the amount of contracts to vendors during 2016.

At the end of 2016, the Board of Developmental Disabilities Special Revenue Fund had a fund balance of \$623,368, in comparison to a fund balance of \$581,524 at the end of 2015. This increase is primarily due to the Board of Developmental Disabilities keeping expenditures in line with revenues.

At the end of 2016, the Auto License and Gasoline Tax Special Revenue Fund had a fund balance of \$3,189,037, in comparison to a fund balance of \$2,980,471 at the end of 2015. This change is due to a decrease in revenue and expenditures associated with County capital projects during 2016.

At the end of 2016, the County Home Special Revenue Fund had a fund balance of \$2,614,109, in comparison to a fund balance of \$2,692,996 at the end of 2015. This decrease is primarily due to an increase in payments for equipment during 2016.

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At the end of 2016, Courthouse Improvements Capital Projects Fund had a fund balance of \$2,020,930 in comparison to a fund balance of \$1,969,660 at the end of 2015. This increase is due to the net effect of an increase in payments for the aging courthouse, while the County transferred \$500,000 from the General Fund during 2016.

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

As of December 31, 2016, unrestricted net position for the County's Water Enterprise Fund was \$206,841. This is a \$76,288 increase from 2015. This net increase in net position was the result of an increase in the proceeds of OWDA Loans.

As of December 31, 2016, unrestricted net position for the County's Sewer Enterprise Fund was \$37,932. This is a \$37,932 increase from 2015, as the fund had a \$0 unrestricted net position as of December 31, 2015. This increase in net position was the result of an increase in charges for services to customers and an increase in advances from the General Fund.

As of December 31, 2016, unrestricted net position in the self-insurance program was \$1,566,940. This is a \$74,350 decrease from 2015. This decrease in net position was the result of an increase in claims.

### **Budgetary Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Board of County Commissioners adopts a permanent annual operating budget for the County on or about January 1.

For the General Fund, the only changes from the original budget to the final budget were in appropriations, which were increased \$2,314,276. This increase in appropriations was mainly due to an increase in what was budgeted for transfers out and an increase in what was budgeted for legislative and executive expenditures. Fluctuations in growth and diversity have typically not occurred in Perry County, allowing department managers the ability to consistently predict receipts and disbursements.

### **Capital Assets and Debt Administration**

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

*Long-Term Obligations* - As of December 31, 2016, the County had total general obligation refunded bonded debt outstanding of \$1,490,000 for the remodeling of the Jobs and Family Services building. The majority of the bonded debt is expected to be repaid through governmental activities, with a portion being paid by the Water Enterprise Fund.

In addition to the bonded indebtedness, the County has a capital lease/purchase agreement with Johnson Controls. The total principal outstanding as of December 31, 2016, is \$14,150 for the capital lease/purchase agreement. The County also has a number of outstanding loans with government agencies in regards to water and sewer activities. The total principal outstanding as of December 31, 2016, is \$12,719,528. The repayment



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of these loans will be made through user fees and charges. See Note 13 for capital leases and Note 14 for additional information regarding the County's debt.

**Economic Factors**

The unemployment rate for the County in 2016 was 6.0 percent, which represents a decrease from 6.5 percent in 2015. The decrease in unemployment is due to the economic growth seen in Perry County as well as in surrounding counties. The construction of Family Dollar and Dollar General stores throughout the County have played a role in providing a boost to the tax base for schools, libraries, and local governments.

Real property values within the County have increased in recent years. Vacant land sales remain steady and home sales are increasing throughout the County.

The various economic factors were considered in the preparation of the County's 2016 budget and they will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Drew Cannon, Perry County Auditor, PO Box 127, New Lexington, Ohio 43764.

# Basic Financial Statements

**Perry County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
 December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$16,884,085	\$244,773	\$17,128,858
Cash in Segregated Accounts	1,560,709	0	1,560,709
Cash With Fiscal Agents	30,532	0	30,532
<i>Total Assets</i>	<u>\$18,475,326</u>	<u>\$244,773</u>	<u>\$18,720,099</u>
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$49,824	\$0	\$49,824
Health	671,564	0	671,564
Public Works	3,247,504	0	3,247,504
Human Services	4,828,564	0	4,828,564
Real Estate Assessment	1,259,349	0	1,259,349
Judicial	508,627	0	508,627
Public Safety	1,080,139	0	1,080,139
Unclaimed Monies	51,932	0	51,932
Other Purposes	166,331	0	166,331
Unrestricted	6,611,492	244,773	6,856,265
<i>Total Net Position</i>	<u>\$18,475,326</u>	<u>\$244,773</u>	<u>\$18,720,099</u>

See accompanying notes to the basic financial statement:

**Perry County, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2016*

	Cash Disbursements	Program Receipts		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$4,652,626	\$1,849,212	\$115,910	\$0
Judicial	2,012,002	818,390	155,107	0
Public Safety	5,909,647	299,418	2,227,129	580,831
Public Works	5,781,188	1,114,327	4,383,713	394,462
Health	6,448,954	359,684	2,772,932	0
Human Services	10,987,833	795,091	7,358,717	0
Community and Economic Development	450,061	0	382,600	0
Conservation and Recreation	321,224	0	0	0
Capital Outlay	1,232,563	0	0	0
Debt Service:				
Principal Retirement	567,789	0	0	0
Interest and Fiscal Charges	65,724	0	0	0
<i>Total Governmental Activities</i>	<u>38,429,611</u>	<u>5,236,122</u>	<u>17,396,108</u>	<u>975,293</u>
<b>Business-Type Activities</b>				
Sewer Fund	873,996	724,323	0	0
Water Fund	742,486	786,549	0	32,372
<i>Total Business-Type Activities</i>	<u>1,616,482</u>	<u>1,510,872</u>	<u>0</u>	<u>32,372</u>
<b>Totals</b>	<u>\$40,046,093</u>	<u>\$6,746,994</u>	<u>\$17,396,108</u>	<u>\$1,007,665</u>

**General Receipts**

Property Taxes Levied for:  
 General Purposes  
 Board of Developmental Disabilities  
 Community Mental Health  
 Children Services  
 County Home  
 Senior Center  
 Sales Taxes Levied for General Purposes  
 Grants and Entitlements not Restricted to Specific Programs  
 Interest  
 Miscellaneous  
 Proceeds of OWDA Loans

*Total General Receipts*

Transfers  
 Advances

*Total General Receipts and Other Financing Sources(Uses)*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$2,687,504)	\$0	(\$2,687,504)
(1,038,505)	0	(1,038,505)
(2,802,269)	0	(2,802,269)
111,314	0	111,314
(3,316,338)	0	(3,316,338)
(2,834,025)	0	(2,834,025)
(67,461)	0	(67,461)
(321,224)	0	(321,224)
(1,232,563)	0	(1,232,563)
(567,789)	0	(567,789)
(65,724)	0	(65,724)
(14,822,088)	0	(14,822,088)
0	(149,673)	(149,673)
0	76,435	76,435
0	(73,238)	(73,238)
(14,822,088)	(73,238)	(14,895,326)
2,362,237	0	2,362,237
2,484,963	0	2,484,963
293,127	0	293,127
1,086,064	0	1,086,064
1,221,942	0	1,221,942
176,500	0	176,500
4,151,821	0	4,151,821
1,188,431	0	1,188,431
89,815	0	89,815
795,623	43,530	839,153
0	65,328	65,328
13,850,523	108,858	13,959,381
107,350	(107,350)	0
(185,950)	185,950	0
13,771,923	187,458	13,959,381
(1,050,165)	114,220	(935,945)
19,525,491	130,553	19,656,044
<u>\$18,475,326</u>	<u>\$244,773</u>	<u>\$18,720,099</u>

**Perry County, Ohio**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2016*

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Courthouse Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Equity in Pooled Cash and								
Cash Equivalents	\$2,914,397	\$448,535	\$592,836	\$3,189,037	\$2,614,109	\$2,020,930	\$5,003,955	\$16,783,799
Restricted Cash and								
Cash Equivalents	51,932	0	0	0	0	0	0	51,932
Cash in Segregated Accounts	0	0	0	0	0	0	42,123	42,123
Cash With Fiscal Agents	0	0	30,532	0	0	0	0	30,532
<i>Total Assets</i>	<u>\$2,966,329</u>	<u>\$448,535</u>	<u>\$623,368</u>	<u>\$3,189,037</u>	<u>\$2,614,109</u>	<u>\$2,020,930</u>	<u>\$5,046,078</u>	<u>\$16,908,386</u>
<b>Fund Balances</b>								
Nonspendable	\$51,932	\$0	\$0	\$0	\$0	\$0	\$0	\$51,932
Restricted	0	448,535	623,368	3,189,037	2,614,109	0	4,936,853	11,811,902
Committed	12,422	0	0	0	0	2,020,930	109,225	2,142,577
Assigned	122,326	0	0	0	0	0	0	122,326
Unassigned	2,779,649	0	0	0	0	0	0	2,779,649
<i>Total Fund Balances</i>	<u>\$2,966,329</u>	<u>\$448,535</u>	<u>\$623,368</u>	<u>\$3,189,037</u>	<u>\$2,614,109</u>	<u>\$2,020,930</u>	<u>\$5,046,078</u>	<u>\$16,908,386</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities - Modified Cash Basis  
December 31, 2016*

**Total Governmental Fund Balances** \$16,908,386

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

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

1,566,940

**Net Position of Governmental Activities**

\$18,475,326

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Modified Cash Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Courthouse Improvements	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>								
Property Taxes	\$2,362,237	\$0	\$2,484,963	\$0	\$1,221,942	\$0	\$1,555,691	\$7,624,833
Sales Taxes	4,151,821	0	0	0	0	0	0	4,151,821
Charges for Services	1,374,434	375,156	207,215	248,320	132,780	0	1,907,110	4,245,015
Licenses and Permits	2,249	0	0	0	0	0	361,076	363,325
Fines and Forfeitures	316,771	0	0	8,304	0	0	224,493	549,568
Intergovernmental	1,341,643	4,729,968	2,742,349	4,272,938	138,961	0	6,325,994	19,551,853
Interest	89,188	0	0	3,089	0	0	0	92,277
Rent	0	0	0	0	0	0	78,214	78,214
Contributions and Donations	0	0	0	0	0	0	4,890	4,890
Miscellaneous	174,308	0	473,707	8	35	0	147,565	795,623
<i>Total Receipts</i>	<u>9,812,651</u>	<u>5,105,124</u>	<u>5,908,234</u>	<u>4,532,659</u>	<u>1,493,718</u>	<u>0</u>	<u>10,605,033</u>	<u>37,457,419</u>
<b>Disbursements</b>								
Current:								
General Government:								
Legislative and Executive	3,287,475	0	0	0	0	0	1,345,617	4,633,092
Judicial	1,708,566	0	0	0	0	0	288,048	1,996,614
Public Safety	2,809,167	0	0	0	0	0	3,079,957	5,889,124
Public Works	0	0	0	4,324,093	0	0	1,450,079	5,774,172
Health	137,004	0	5,866,390	0	0	0	444,753	6,448,147
Human Services	408,921	5,352,491	0	0	1,572,605	0	3,637,107	10,971,124
Community and Economic Development	87,298	0	0	0	0	0	362,763	450,061
Conservation and Recreation	321,224	0	0	0	0	0	0	321,224
Other	5,000	0	0	0	0	0	0	5,000
Capital Outlay	0	0	0	0	0	448,730	783,833	1,232,563
Debt Service:								
Principal Retirement	270,070	0	0	0	0	0	297,719	567,789
Interest and Fiscal Charges	20,064	0	0	0	0	0	45,660	65,724
<i>Total Disbursements</i>	<u>9,054,789</u>	<u>5,352,491</u>	<u>5,866,390</u>	<u>4,324,093</u>	<u>1,572,605</u>	<u>448,730</u>	<u>11,735,536</u>	<u>38,354,634</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>757,862</u>	<u>(247,367)</u>	<u>41,844</u>	<u>208,566</u>	<u>(78,887)</u>	<u>(448,730)</u>	<u>(1,130,503)</u>	<u>(897,215)</u>
<b>Other Financing Sources (Uses)</b>								
Advances In	611,575	0	0	0	0	0	370,106	981,681
Advances Out	(568,637)	0	0	0	0	0	(598,994)	(1,167,631)
Transfers In	0	159,968	0	0	0	500,000	722,291	1,382,259
Transfers Out	(1,274,909)	0	0	0	0	0	0	(1,274,909)
Total Other Financing Sources (Uses)	<u>(1,231,971)</u>	<u>159,968</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>493,403</u>	<u>(78,600)</u>
<i>Net Change in Fund Balances</i>	<u>(474,109)</u>	<u>(87,399)</u>	<u>41,844</u>	<u>208,566</u>	<u>(78,887)</u>	<u>51,270</u>	<u>(637,100)</u>	<u>(975,815)</u>
<i>Fund Balances Beginning of Year</i>	<u>3,440,438</u>	<u>535,934</u>	<u>581,524</u>	<u>2,980,471</u>	<u>2,692,996</u>	<u>1,969,660</u>	<u>5,683,178</u>	<u>17,884,201</u>
<i>Fund Balances End of Year</i>	<u>\$2,966,329</u>	<u>\$448,535</u>	<u>\$623,368</u>	<u>\$3,189,037</u>	<u>\$2,614,109</u>	<u>\$2,020,930</u>	<u>\$5,046,078</u>	<u>\$16,908,386</u>

See accompanying notes to the basic financial statements



**Perry County, Ohio**  
*Reconciliation of the Statement of Modified Cash Receipts, Disbursements and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2016*

**Net Change in Fund Balances - Governmental Funds** (975,815)

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

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net disbursements of the internal service fund is allocated among the governmental activities.

(74,350)

**Change in Net Position of Governmental Activities**

(\$1,050,165)

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Receipts, Disbursements and Changes in  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$2,230,000	\$2,230,000	\$2,362,237	\$132,237
Sales Taxes	3,850,000	3,850,000	4,151,821	301,821
Charges for Services	1,123,548	1,123,548	1,374,434	250,886
Licenses and Permits	2,000	2,000	2,249	249
Fines and Forfeitures	302,000	302,000	316,771	14,771
Intergovernmental	1,199,500	1,199,500	1,349,243	149,743
Interest	35,000	35,000	133,846	98,846
Miscellaneous	113,950	113,950	174,308	60,358
<i>Total Receipts</i>	<u>8,855,998</u>	<u>8,855,998</u>	<u>9,864,909</u>	<u>1,008,911</u>
<b>Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	2,576,377	3,716,541	3,316,513	400,028
Judicial	1,796,148	1,841,539	1,735,010	106,529
Public Safety	2,972,802	2,914,553	2,843,814	70,739
Health	143,495	151,767	137,372	14,395
Human Services	449,868	457,321	438,750	18,571
Community and Economic Development	85,050	25,889	89,298	(63,409)
Conservation and Recreation	206,224	206,224	321,224	(115,000)
Other	0	5,000	5,000	0
Debt Service:				
Principal Retirement	270,070	270,070	270,070	0
Interest and Fiscal Charges	20,064	20,064	20,064	0
<i>Total Disbursements</i>	<u>8,520,098</u>	<u>9,608,968</u>	<u>9,177,115</u>	<u>431,853</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>335,900</u>	<u>(752,970)</u>	<u>687,794</u>	<u>1,440,764</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	611,575	611,575
Advance Out	0	0	(591,424)	(591,424)
Transfers Out	(389,937)	(1,615,343)	(1,274,909)	340,434
<i>Total Other Financing Sources (Uses)</i>	<u>(389,937)</u>	<u>(1,615,343)</u>	<u>(1,254,758)</u>	<u>360,585</u>
<i>Net Change in Fund Balance</i>	(54,037)	(2,368,313)	(566,964)	1,801,349
<i>Fund Balance Beginning of Year</i>	3,183,172	3,183,172	3,183,172	0
Prior Year Encumbrances Appropriated	152,870	152,870	152,870	0
<i>Fund Balance End of Year</i>	<u>\$3,282,005</u>	<u>\$967,729</u>	<u>\$2,769,078</u>	<u>\$1,801,349</u>

See accompanying notes to the basic financial statement:

**Perry County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Job and Family Services Fund  
For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Charges for Services	\$0	\$309,715	\$375,156	\$65,441
Intergovernmental	6,170,000	7,731,852	4,836,853	(2,894,999)
Miscellaneous	5,000	5,000	0	(5,000)
<i>Total Receipts</i>	<u>6,175,000</u>	<u>8,046,567</u>	<u>5,212,009</u>	<u>(2,834,558)</u>
<b>Disbursements</b>				
Current:				
Human Services	<u>6,283,403</u>	<u>6,995,254</u>	<u>5,434,256</u>	<u>1,560,998</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(108,403)	1,051,313	(222,247)	(1,273,560)
<b>Other Financing Source</b>				
Transfers In	<u>160,003</u>	<u>160,003</u>	<u>159,968</u>	<u>(35)</u>
<i>Net Change in Fund Balance</i>	51,600	1,211,316	(62,279)	(1,273,595)
<i>Fund Balance Beginning of Year</i>	320,046	320,046	320,046	0
Prior Year Encumbrances Appropriated	<u>109,003</u>	<u>109,003</u>	<u>109,003</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$480,649</u></u>	<u><u>\$1,640,365</u></u>	<u><u>\$366,770</u></u>	<u><u>(\$1,273,595)</u></u>

See accompanying notes to the basic financial statement

**Perry County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Board of Developmental Disabilities Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$1,800,977	\$2,252,765	\$2,484,963	\$232,198
Charges for Services	217,391	217,391	207,215	(10,176)
Intergovernmental	2,688,743	2,799,688	2,747,753	(51,935)
Miscellaneous	<u>483,500</u>	<u>507,235</u>	<u>473,707</u>	<u>(33,528)</u>
<i>Total Receipts</i>	5,190,611	5,777,079	5,913,638	136,559
<b>Disbursements</b>				
Current:				
Health	<u>5,881,148</u>	<u>6,122,682</u>	<u>6,030,344</u>	<u>92,338</u>
<i>Net Change in Fund Balance</i>	(690,537)	(345,603)	(116,706)	228,897
<i>Fund Balance Beginning of Year</i>	342,524	342,524	342,524	0
Prior Year Encumbrances Appropriated	<u>128,672</u>	<u>128,672</u>	<u>128,672</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$219,341)</u></u>	<u><u>\$125,593</u></u>	<u><u>\$354,490</u></u>	<u><u>\$228,897</u></u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Auto License and Gasoline Tax Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Charges for Services	\$322,000	\$322,000	\$248,320	(\$73,680)
Fines and Forfeitures	18,000	18,000	8,304	(9,696)
Intergovernmental	4,091,462	4,091,462	4,272,938	181,476
Interest	5,000	5,000	3,089	(1,911)
Miscellaneous	45,000	45,000	8	(44,992)
<i>Total Receipts</i>	4,481,462	4,481,462	4,532,659	51,197
<b>Disbursements</b>				
Current:				
Public Works	4,506,754	4,708,265	4,340,178	368,087
<i>Net Change in Fund Balance</i>	(25,292)	(226,803)	192,481	419,284
<i>Fund Balance Beginning of Year</i>	2,955,179	2,955,179	2,955,179	0
Prior Year Encumbrances Appropriated	25,292	25,292	25,292	0
<i>Fund Balance End of Year</i>	<u>\$2,955,179</u>	<u>\$2,753,668</u>	<u>\$3,172,952</u>	<u>\$419,284</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Receipts, Disbursements and Changes in  
in Fund Balance - Budget and Actual (Budget Basis)  
County Home Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$1,173,311	\$1,173,311	\$1,221,942	\$48,631
Charges for Services	165,000	165,000	132,780	(32,220)
Intergovernmental	144,970	144,970	141,958	(3,012)
Miscellaneous	0	0	35	35
<i>Total Receipts</i>	1,483,281	1,483,281	1,496,715	13,434
<b>Disbursements</b>				
Current:				
Human Services	1,538,057	1,804,878	1,582,410	222,468
<i>Net Change in Fund Balance</i>	(54,776)	(321,597)	(85,695)	235,902
<i>Fund Balance Beginning of Year</i>	2,604,238	2,604,238	2,604,238	0
Prior Year Encumbrances Appropriated	34,500	34,500	34,500	0
<i>Fund Balance End of Year</i>	<u>\$2,583,962</u>	<u>\$2,317,141</u>	<u>\$2,553,043</u>	<u>\$235,902</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Fund Net Position - Modified Cash Basis*  
*Proprietary Funds*  
*December 31, 2016*

	Business-Type Activities			Governmental
	Sewer	Water	Total	Activity-
	<u>Enterprise Fund</u>	<u>Enterprise Fund</u>	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$37,932	\$206,841	\$244,773	\$48,354
Cash in Segregated Accounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,518,586</u>
<i>Total Assets</i>	<u><u>\$37,932</u></u>	<u><u>\$206,841</u></u>	<u><u>\$244,773</u></u>	<u><u>\$1,566,940</u></u>
<b>Net Position</b>				
Unrestricted	<u>\$37,932</u>	<u>\$206,841</u>	<u>\$244,773</u>	<u>\$1,566,940</u>
<i>Total Net Position</i>	<u><u>\$37,932</u></u>	<u><u>\$206,841</u></u>	<u><u>\$244,773</u></u>	<u><u>\$1,566,940</u></u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Modified Cash Receipts, Disbursements and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2016*

	Business-Type Activities			Governmental
	Sewer Enterprise Fund	Water Enterprise Fund	Total Enterprise Funds	Activity- Internal Service Fund
<b>Operating Receipts</b>				
Charges for Services	\$724,323	\$786,549	\$1,510,872	\$4,700,762
Interest	0	0	0	627
Miscellaneous	1,655	2,340	3,995	0
<i>Total Operating Receipts</i>	<u>725,978</u>	<u>788,889</u>	<u>1,514,867</u>	<u>4,701,389</u>
<b>Operating Disbursements</b>				
Personal Services	97,304	131,997	229,301	0
Contractual Services	135,543	23,187	158,730	461,232
Materials and Supplies	71,552	26,384	97,936	0
Claims	0	0	0	4,314,507
Capital Outlay	84,360	275,485	359,845	0
Other	1,650	4,723	6,373	0
<i>Total Operating Disbursements</i>	<u>390,409</u>	<u>461,776</u>	<u>852,185</u>	<u>4,775,739</u>
<i>Operating Income (Loss)</i>	<u>335,569</u>	<u>327,113</u>	<u>662,682</u>	<u>(74,350)</u>
<b>Non-Operating Receipts and Disbursements</b>				
Other Non-Operating Revenue	0	39,535	39,535	0
Capital Grants	0	32,372	32,372	0
Proceeds of OWDA Loans	0	65,328	65,328	0
Debt Service:				
Principal Retirement	(284,512)	(225,502)	(510,014)	0
Interest and Fiscal Charges	(199,075)	(55,208)	(254,283)	0
<i>Total Non-Operating Receipts and Disbursements</i>	<u>(483,587)</u>	<u>(143,475)</u>	<u>(627,062)</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>(148,018)</u>	<u>183,638</u>	<u>35,620</u>	<u>(74,350)</u>
Advance In	221,318	0	221,318	0
Advance Out	(35,368)	0	(35,368)	0
Transfers Out	0	(107,350)	(107,350)	0
<i>Change in Net Position</i>	<u>37,932</u>	<u>76,288</u>	<u>114,220</u>	<u>(74,350)</u>
<i>Net Position Beginning of Year</i>	<u>0</u>	<u>130,553</u>	<u>130,553</u>	<u>1,641,290</u>
<i>Net Position End of Year</i>	<u><u>\$37,932</u></u>	<u><u>\$206,841</u></u>	<u><u>\$244,773</u></u>	<u><u>\$1,566,940</u></u>

See accompanying notes to the basic financial statement:



**Perry County, Ohio**  
*Statement of Cash Flows - Modified Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2016*

	Business-Type Activities			Governmental Activities
	Sewer Enterprise Fund	Water Enterprise Fund	Total Enterprise Funds	Internal Service Fund
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$724,323	\$786,549	\$1,510,872	\$0
Cash Received from Transactions with Other Funds	0	0	0	4,700,762
Cash Payments for Employee Services and Benefits	(97,304)	(131,997)	(229,301)	0
Cash Payments for Claims	0	0	0	(4,314,507)
Cash Payments to Suppliers for Goods and Services	(293,105)	(329,779)	(622,884)	(461,232)
Other Operating Receipts	1,655	2,340	3,995	0
Other Non-Operating Revenues	0	39,535	39,535	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>335,569</u>	<u>366,648</u>	<u>702,217</u>	<u>(74,977)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Advances From Other Funds	221,318	0	221,318	0
Advances to Other Funds	(35,368)	0	(35,368)	0
Transfers To Other Funds	0	(107,350)	(107,350)	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>185,950</u>	<u>(107,350)</u>	<u>78,600</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital Grants	0	32,372	32,372	0
Proceeds of OWDA Loans	0	65,328	65,328	0
Principal Paid on Debt	(284,512)	(225,502)	(510,014)	0
Interest and Fiscal Charges Paid on Debt	(199,075)	(55,208)	(254,283)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(483,587)</u>	<u>(183,010)</u>	<u>(666,597)</u>	<u>0</u>
<b>Cash Flows from Investing Activities:</b>				
Investment Earnings	0	0	0	627
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	37,932	76,288	114,220	(74,350)
<i>Cash and Cash Equivalents Beginning of Year</i>	0	130,553	130,553	1,641,290
<i>Cash and Cash Equivalents End of Year</i>	<u>\$37,932</u>	<u>\$206,841</u>	<u>\$244,773</u>	<u>\$1,566,940</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
<i>Operating Income (Loss)</i>	\$335,569	\$327,113	\$662,682	(\$74,350)
Adjustments:				
Other Non-Operating Revenues	0	39,535	39,535	0
Interest Earnings	0	0	0	(627)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$335,569</u>	<u>\$366,648</u>	<u>\$702,217</u>	<u>(\$74,977)</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
*Agency Funds*  
*December 31, 2016*

**Assets**

Equity in Pooled Cash and Cash Equivalents	\$3,904,775
Cash and Cash Equivalents in Segregated Accounts	<u>517,083</u>

<i>Total Assets</i>	<u><u>\$4,421,858</u></u>
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**Net Position**

Restricted for:

District Board of Health	\$2,692,339
Undivided Tax	846,358
Sheriff	394,937
Family and Children First Council	159,879
Housing Trust	122,794
County Court	122,146
Payroll	63,658
Appalachian Regional Safety Council	10,975
Ohio Election Commission	6,508
Soil and Water Conservation	92
Local Government	1,446
Workforce Investment Act Area 14	<u>726</u>

Total Net Position	<u><u>\$4,421,858</u></u>
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See accompanying notes to the financial statements

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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**Note 1 – Reporting Entity**

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Perry County, this includes the Perry County Board of Developmental Disabilities (BDD), Perry County Home, Children Services Board, and departments and activities that are directly operated by the elected County officials.

**B. Component Units**

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organizations governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. In the past, the County has reported the Perry County Regional Airport Authority and PerCo, Inc. as component units. However, with the implementation of Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus", the county determined it is not misleading to exclude both component units as they do not have a measurable influence on the County's financial statements for the year.

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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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

***Perry County Health Department*** The Department is governed by the Board of Health which oversees the operation of the Department and is elected by a regional advisory council comprising township trustees, mayors of participating municipalities, and one County Commissioner. The council adopts its own budget and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with State and federal grants applied for by the District.

***Perry County Family and Children First Council*** The Perry County Family and Children First Council is created under Ohio Revised Code Section 121.37. Permanent members of the Council are those individuals, public officials, and organizations that are mandated per Ohio Rev. Code Section 121.37. The Council may include additional permanent or temporary members from any local public or private agency or group that funds, advocates, or provides services to children. Currently, the Council is made up of representatives from the Mental Health and Recovery Services Board, the County Children Services Board, the County Juvenile Court, the County Health Department, the County Board of Developmental Disabilities, each school district within the County, the County Department of Humans Services, the Regional Office of Department of Youth Services, the City of New Lexington, the County Board of Commissioners, the County Head Start Agency, the County's Early Intervention Collaborative, and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. The Council's revenues will consist of operating grants along with pooled funding from other government sources. During 2016, the County made no contributions to the Council. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management.

The County participates in seven jointly governed organizations, two joint ventures, and one insurance purchasing pool. These organizations are presented in Notes 17 through 19 to the basic financial statements. These organizations are:

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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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

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

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the County's accounting policies.

**A. Basis of Presentation**

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

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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

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

B. Fund Accounting

The County uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in self-balancing group of accounts. The County classifies each fund as either governmental, proprietary, or fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the County's major governmental funds:

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

Job and Family Services – This fund accounts for various federal and state grants as well as transfers from the General Fund restricted 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 assistance for the mentally handicapped and developmentally disabled. A county-wide property tax levy, along with federal and state grants, provides the revenues for this fund.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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Auto License and Gasoline Tax – This fund accounts for State levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to County road and bridge repair/improvements programs.

County Home – To account for revenues for room and board as well as property taxes used to administer and operate the County Home.

Courthouse Improvements – To account for monies transferred from the General Fund in accordance with Section 5705.13 (C), Revised Code, for the Design-Build Renovations for the Perry County Courthouse.

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

Proprietary Funds

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

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

Sewer – This fund accounts for sanitary sewer services provided to individual and commercial users within the County. The costs of providing these services are financed primarily through user charges.

Water – The Water Fund is used to account for the revenues generated from the charges for distribution of water to the residential and commercial users of the County. The costs of providing these services are financed primarily through user charges.

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

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

C. Basis of Accounting

The County's financial statements are prepared using the modified cash basis of accounting. (See Note 5) Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

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

D. Budgetary Process

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

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

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

E. Cash and Cash Equivalents

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

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

Cash that is held by Mid Eastern Ohio Regional Council of Governments (MEORC) is recorded as "Cash with Fiscal Agents." (See Note 17)

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.



**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2016, the County invested in nonnegotiable certificates of deposit, negotiable certificates of deposit, money market mutual funds, federal agency securities, municipal bonds, and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 amounted to \$89,188, which includes \$76,523 assigned from other County funds.

#### F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted.

#### G. Inventory and Prepaid Items

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

#### H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

#### I. Interfund Receivables/Payables

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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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J. Accumulated Leave

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

K. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. Interfund Transactions

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

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

M. Long-Term Obligations

The County's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither 'other financing source' or 'capital outlay' are reported at inception. Lease payments are reported when paid.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (County resolutions).

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commission remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue, therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners through resolutions or by State statute. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors,

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grantors, or laws or regulations of other governments. Net position restricted for other purposes include activities related to urban redevelopment and housing and community development projects.

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

**Note 3 – Changes in Accounting Principles**

For fiscal year 2016, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants,” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the County’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 76 identifies – in the context of the current governmental financial reporting environment – the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the County’s financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The County participates in STAR Ohio, which implemented GASB Statement No. 79 for 2016. The County incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the County’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

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**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is (are) outstanding year end encumbrances, unreported cash and advances out. Encumbrances are treated as expenditures (budgetary basis) rather than as a restriction or assignment of fund balance (cash basis). Fair market value adjustments, unreported cash, including cash held in agency funds on behalf of County fund are reported on the statement of modified receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis. Advances out are operating transactions (budget) as opposed to balance sheet transactions (cash basis).

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

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home
Cash Basis	(\$474,109)	(\$87,399)	\$41,844	\$208,566	(\$78,887)
Beginning of Year:					
GASB 31 Adjustment	12,730	0	0	0	0
Unrecorded Cash	7,064	106,885	30,142	0	0
Agency Fund					
Distribution	107,389	0	80,186	0	54,258
End of Year:					
GASB 31 Adjustment	33,109	0	0	0	0
Unrecorded Cash	(8,245)	0	0	0	0
Agency Fund					
Distribution	(99,789)	0	(104,924)	0	(51,261)
Advance Out	(22,787)				
Encumbrances	(122,326)	(81,765)	(163,954)	(16,085)	(9,805)
Budget Basis	<u>(\$566,964)</u>	<u>(\$62,279)</u>	<u>(\$116,706)</u>	<u>\$192,481</u>	<u>(\$85,695)</u>

**Note 5 – Compliance**

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

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**Note 6 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Courthouse Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>								
Unclaimed monies	\$51,932	\$0	\$0	\$0	\$0	\$0	\$0	\$51,932
<u>Restricted for:</u>								
County Home Operations	0	0	0	0	2,614,109	0	0	2,614,109
Job and Family Services Operations	0	448,535	0	0	0	0	0	448,535
Public Works	0	0	0	3,189,037	0	0	58,467	3,247,504
Board of Developmental Disabilities Operations	0	0	623,368	0	0	0	0	623,368
Mental Health Operations	0	0	0	0	0	0	26,748	26,748
Dog and Kennel Operations	0	0	0	0	0	0	21,448	21,448
Senior Center Operations	0	0	0	0	0	0	291,652	291,652
Capital Improvements	0	0	0	0	0	0	49,824	49,824
Public Safety	0	0	0	0	0	0	1,080,139	1,080,139
Other Human Services	0	0	0	0	0	0	101,937	101,937
Child Support	0	0	0	0	0	0	842,519	842,519
Court Operations	0	0	0	0	0	0	508,627	508,627
Community Development	0	0	0	0	0	0	68,056	68,056
Children Services Operations	0	0	0	0	0	0	628,087	628,087
Real Estate Assessments	0	0	0	0	0	0	1,259,349	1,259,349
<i>Total Restricted</i>	<u>0</u>	<u>448,535</u>	<u>623,368</u>	<u>3,189,037</u>	<u>2,614,109</u>	<u>0</u>	<u>4,936,853</u>	<u>11,811,902</u>
<u>Committed to:</u>								
Capital Improvements	12,422	0	0	0	0	2,020,930	109,225	2,142,577
<u>Assigned to:</u>								
Purchases on Order	122,326	0	0	0	0	0	0	122,326
<u>Unassigned:</u>								
	<u>2,779,649</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,779,649</u>
<b>Total Fund Balances</b>	<u><u>\$2,966,329</u></u>	<u><u>\$448,535</u></u>	<u><u>\$623,368</u></u>	<u><u>\$3,189,037</u></u>	<u><u>\$2,614,109</u></u>	<u><u>\$2,020,930</u></u>	<u><u>\$5,046,078</u></u>	<u><u>\$16,908,386</u></u>

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**Note 7 – Deposits and Investments**

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

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

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

1. United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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 deposits or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;

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- Bankers acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase.
10. Fifteen percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
  11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency of instrumentality, and/or highly rated commercial paper; and
  12. One percent of the County's average portfolio in debt interest rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation of debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Cash on Hand.*** At year end, the County had \$27,779 in undeposited cash on hand which is included in the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

***Cash with Fiscal Agents.*** At year end, the County's BDD Special Revenue Fund had Cash with Fiscal Agents held by MEORC in the amount of \$30,532. This money cannot be disclosed by risk because it is co-mingled with other counties' monies.

***Deposits.*** Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,798,795 of the County's bank balance of \$17,243,293 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.



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**Investments.** The fair value of these investments is not materially different than measurement value. As of December 31, 2016, the County had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Rating	Rating Agency	Percent of Total Investments
Net Asset Value Per Share: STAR Ohio	\$2,007,095	51.6 days	AAAm	Standard and Poor's	30.81%
Fair Value:					
City of Lancaster, Ohio Storm Water Improvement Bond Anticipation Notes	331,099	3/29/2017	n/a	Moody's	5.08%
City of Riverside, Ohio Building Acquisition Bond Anticipation Notes	499,565	4/21/2017	n/a	Moody's	7.67%
Federal Farm Credit Bank Bonds	744,128	1/28/2019	Aaa	Moody's	11.43%
Federal Home Loan Bank Bonds	482,851	11/30/2021	Aaa	Moody's	7.41%
Federal Home Loan Mortgage Corporation Notes	981,890	10/28/2021	Aaa	Moody's	15.07%
Federal National Mortgage Association Notes	1,170,666	7/26/2018	Aaa	Moody's	17.97%
Money Market Mutual Funds	151,488	7 Days	n/a	n/a	2.33%
West Geauga, Ohio Local School District Bonds	145,397	12/1/2017	Aa2	Moody's	2.23%
<b>Total</b>	<b><u>\$6,514,179</u></b>				<b><u>100.00%</u></b>

For 2016, Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application," was effective. These GASB pronouncements had no effect on beginning net position. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2016. All of the County's investments measured at fair value are valued using other significant observable inputs (Level 2 inputs).

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses caused by rising interest rates, the County's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the County's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The Treasurer cannot make investments which he does not reasonably believe can be held until the maturity date.

**Credit Risk.** The County has no investment policy that would further limit its investment choices other than what has been approved by State statute.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating services. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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**Concentration of Credit Risk.** Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

**Note 8 – Permissive Sales and Use Tax**

The County Commissioners, by resolution, imposed a 1.50 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Proceeds of the tax are credited to the General Fund. Vendor collections of the permissive sales tax are paid into the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget Management the amount of the tax to be returned to the County. The Tax Commissioner’s certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

**Note 9 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility property tax revenues received in 2016 represent the collection of 2015 taxes. Public utility property taxes received in 2016 became a lien on December 31, 2015, were levied after October 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The full tax rate for all County operations for the year ended December 31, 2016, was \$18.70 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2016 property tax receipts were based are as follows:

Real Property	\$543,912,823
Public Utility Tangible Personal Property	113,791,250
Total Assessed Value	<u><u>\$657,704,073</u></u>

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

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**Note 10 – Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the County contract with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. Coverage provided by CORSA is as follows:

	<u>Coverage</u>	<u>Deductible</u>
General Liability	\$1,000,000	\$2,500
Law Enforcement Liability	1,000,000	2,500
Automobile Liability	1,000,000	2,500
Errors and Omissions Liability	1,000,000	2,500
Cyber Liability	1,000,000	2,500
Excess Liability	5,000,000	0
Property	64,124,279	2,500
Equipment Breakdown	100,000,000	2,500
Crime	1,000,000	2,500
Uninsured Motorists Liability	250,000	0
Medical Professional Liability	3,000,000	0

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

For 2016, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker’s compensation group rating plan (Plan). The Plan is intended to achieve lower workers’ compensation rates while establishing safer working conditions and environments for the participants. The workers’ compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers’ compensation premium to the State based on the rate for the Plan rather than the county’s individual rate.

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

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

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

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

**Note 11 – Defined Benefit Retirement Plans**

***Net Pension Liability***

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the County’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the County’s obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution was \$1,536,402 for 2016.

***Net Pension Liability***

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.09494091%
Prior Measurement Date	0.09657800%
Change in Proportionate Share	-0.00163709%
Proportionate Share of the Net Pension Liability	\$16,444,963

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage Inflation		3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent	including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees		3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018,	then 2.8 percent, simple
Investment Rate of Return		8 percent
Actuarial Cost Method		Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit

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component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
<b>Total</b>	<b>100.00 %</b>	<b>5.27 %</b>

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability	\$26,200,843	\$16,444,963	\$8,216,186

**Changes between Measurement Date and Report Date**

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the County’s net pension liability is expected to be significant.



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**Note 12 – Postemployment Benefits**

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to the OPERS is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, state and local government employers contributed 14 percent of covered payroll and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2016, the portion of employer contributions allocated to health care for members in the Traditional Pension and the Combined Plan was 2 percent.

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 the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014, were \$252,721, \$255,984, and \$234,618, respectively. The full amount has been contributed for all three years.

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Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Note 13 – Capital Leases – Lessee Disclosure**

In prior years, the County entered into capitalized leases in order to provide equipment and services in order to update the efficiency of County facilities. These leases met the criteria of a capital lease as defined by the Statement of Financial Accounting Standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statements of modified cash receipts, disbursements, and changes in fund balances for governmental funds.

On April 18, 2008, the County entered into a Lease/ Purchase Agreement with Johnson Controls in the amount of \$875,271 to be repaid over ten years with an interest rate of 5.26 percent. This agreement was entered into to provide equipment and services in order to update the efficiency of County facilities. The County made principal payments during 2016 of \$270,070, which retired the lease obligation.

On September 19, 2008, the County entered into a Lease/ Purchase Agreement on behalf of Children Services with Johnson Controls in the amount of \$68,110 to be repaid over ten years with an interest rate of 7.02%. This agreement was entered into to provide equipment and services in order to update the efficiency of their facilities. The County made principal payments during 2016 of \$7,719. The annual lease requirements to maturity are as follows:

Year Ended December 31,	Principal	Interest
2017	\$7,403	\$482
2018	6,747	154
Total	<u>\$14,150</u>	<u>\$636</u>

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**Note 14 – Long-Term Obligations**

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

	Principal Outstanding 12/31/2015	Additions	Deductions	Principal Outstanding 12/31/2016	Amount Due Within One Year
<b>Governmental Activities</b>					
<u>General Obligation Bonds:</u>					
2012 - Various Purpose Improvement Refunding					
Bonds - 2.0%-3.0%	\$1,780,000	\$0	\$290,000	\$1,490,000	\$275,000
Capital Lease/ Purchase Agreement					
County Buildings - 5.26%	270,070	0	270,070	0	0
Children Services - 7.02%	21,869	0	7,719	14,150	7,403
Total Capital Leases	291,939	0	277,789	14,150	7,403
Total Governmental Activities	<u>\$2,071,939</u>	<u>\$0</u>	<u>\$567,789</u>	<u>\$1,504,150</u>	<u>\$282,403</u>
<b>Business-Type Activities</b>					
<u>Ohio Public Works Commission Loans:</u>					
2002 Water Systems Improvement Project - 2.00%	\$42,639	\$0	\$3,177	\$39,462	\$3,241
2002 Sanitary Sewer Improvements II Project - 2.00%	153,045	0	11,405	141,640	11,634
2009 Thornport-Thornville Wastewater Improvements Project - 0.00%	297,865	0	11,240	286,625	11,240
2011 Waterline Extension Phase II - 0.00%	43,743	0	1,535	42,208	1,535
Total Ohio Public Works Commission Loans	<u>537,292</u>	<u>0</u>	<u>27,357</u>	<u>509,935</u>	<u>27,650</u>
<u>Ohio Water Development Authority Loans:</u>					
2000 Water Line Construction - 6.41%	63,352	0	5,397	57,955	5,749
2000 Robinwood Estates Sewer Improvements - 6.03%	35,505	0	2,678	32,827	2,842
2000 Crown Wehrle Sewer Improvements - 6.03%	19,127	0	1,443	17,684	1,531
2001 Water Meter Installation - 1.50%	174,038	0	9,701	164,337	9,847
2002 Ceramic Road Area Sewers - 1.00%	462,046	0	24,286	437,760	24,529
2003 Northern Perry Sewers Phase I - 1.00%	722,230	0	36,813	685,417	37,182
2004 Waterline Extension - 1.00%	335,268	0	15,653	319,615	15,810
2004 Waterline Extension Phase 1B - 1.00%	350,332	0	15,479	334,853	15,634
2005 Waterline Extension Phase 1C - 1.00%	2,109,648	0	90,757	2,018,891	91,666
2007 Sewer Extension Phase II - 1.50%	6,576,179	0	196,647	6,379,532	201,923
2007 BORWD Waterline Extension - 1.00%	855,058	0	32,449	822,609	32,774
2010 Sewer System Design - 0.00%	258,957	0	0	258,957	0
2012 Waterline Extensions Phase II - 0.00% and 2.00%	665,182	0	18,982	646,200	0
2016 Scioto Youth Camp Waterline Extension - 0%	0	65,328	32,372	32,956	0
Total Ohio Water Development Authority Loans	<u>12,626,922</u>	<u>65,328</u>	<u>482,657</u>	<u>12,209,593</u>	<u>439,487</u>
Total Business-Type Activities	<u>\$13,164,214</u>	<u>\$65,328</u>	<u>\$510,014</u>	<u>\$12,719,528</u>	<u>\$467,137</u>

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The Various Purpose Improvement Bonds were originally issued in 2001 in the amount of \$4,550,000, which consist of \$2,995,000 in Serial Bonds and \$1,555,000 in Term Bonds. These bonds were issued for the purpose of paying the costs of acquiring and improving a building to house personnel and functions of the Human Services Department for \$460,000; to renovate the building to house personnel and functions of the Job and Family Services Department for \$2,600,000; and to acquire the Perry County Airport and improve the water supply and water works of the Northern Perry County Sewer District for \$1,490,000. These bonds were issued for a twenty year period with a final maturity date of December 1, 2021. The bonds are collateralized by the taxing authority of the County. These bonds were refunded in 2012.

On April 18, 2012, the County issued \$2,860,000 of Various Purpose Improvement Refunding Bonds to retire \$2,775,000 of the 2001 Various Purpose Improvement Bonds. The refunding bonds were issued for a ten year period with a final maturity at December 1, 2021. The \$2,860,000 bond issue consists of serial bonds which were issued at a premium in the amount of \$59,222 and issuance costs of \$79,095.

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

Year Ended December 31,	Principal	Interest
2017	\$275,000	\$38,975
2018	300,000	33,475
2019	300,000	26,725
2020	290,000	17,725
2021	325,000	9,750
Total	<u>\$1,490,000</u>	<u>\$126,650</u>

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

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

The Ohio Public Works Commission (OPWC) Waterline Extension Phase II Project Loan was entered into in 2011 for the purpose of financing an extension to the County's waterlines. The loan will be repaid in semiannual installments of \$767, including interest, over 30 years. This loan is collateralized by utility receipts. The County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

Year Ended December 31,	Principal	Interest
2017	\$4,776	\$773
2018	4,841	708
2019	4,908	641
2020	4,976	574
2021	5,045	505
2022-2026	26,309	1,436
2027-2031	11,629	59
2032-2036	7,674	0
2037-2041	7,674	0
2042-2044	3,838	0
Total	\$81,670	\$4,696

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

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

The Ohio Public Works Commission (OPWC) Thornport – Thornville Wastewater Improvements Project Loan was entered into in 2009 in the amount of \$337,206 for the purpose of financing improvements to the sewer system. This loan will be repaid in semiannual installments of \$5,620 over twenty years and the County has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

Year Ended December 31,	Principal	Interest
2017	\$22,874	\$3,004
2018	23,107	2,541
2019	23,346	2,303
2020	23,590	2,059
2021	23,838	1,811
2022-2026	123,092	5,153
2027-2031	70,396	213
2032-2036	56,201	0
2037-2041	56,201	0
2042	5,620	0
Total	\$428,265	\$17,084

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

The Ohio Water Development Authority (OWDA) Water Line Construction Loan relates to the extension of water lines of the water system. This loan will be repaid in semiannual installments of \$4,686, including interest, over twenty five years. In 2004, OWDA lowered the principal amount of this loan by \$6,493. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements. In 2005, late fees of \$79 were added to the total principal amount of this loan and subsequently paid within in the year.

The Ohio Water Development Authority (OWDA) Water Meter Installation Loan relates to a loan to install water meters in the Northern Perry County Water District. This loan will be paid in semiannual installments of \$6,138, including interest, over thirty years. In 2004, late fees of \$51 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) Waterline Extension Phase II Loan relates to the extension of waterlines. A portion of this loan was repaid through principal forgiveness. The remaining portion of the loan will be repaid in semiannual installments over thirty years. The County has agreed to set utility rates sufficient to cover the debt service requirements of this note. As of December 31, 2016, the County had drawn down \$646,200. As of December 31, 2016, no amortization schedule has been established.

The Ohio Water Development Authority (OWDA) Scioto Youth Camp Waterline Extension Loan relates to the extension of Waterlines. A portion of this loan was repaid through principal forgiveness. The remaining portion of the loan will be repaid in semiannual installments over thirty years. The County has agreed to set utility rates sufficient to cover the debt service requirements of this note. As of December 31, 2016, no amortization schedule has been established.

The County has pledged future water customer revenues, net of specified operating expenses, to repay \$5,114,362 in OWDA loans issued from 2000 to 2016. Proceeds from these loans provided financing for various water projects. The loans are payable solely from customer net revenues and are payable through 2039. Net revenues include all revenues received by the water utility less all operating expenses. Annual principal and interest payments on the loans are compared to net future revenues are not estimable but are expected to be less than net revenues in year the loans are outstanding. The total principal and interest remaining to be paid on the loans is \$4,132,592. Principal and interest payments for the current year were \$275,161, net revenues were \$464,348, and total revenues were \$926,124.

The OWDA loans listed above, except for the Waterline Extension Phase II Loan and Scioto Youth Camp Waterline Extension Loan, are included in the following amortization schedule. The Waterline Extension Phase II Loan and Scioto Youth Camp Waterline Extension Loan are not included as OWDA has not established a payment schedule. Amortization of the above debt, including interest, is scheduled as follows, except for those OWDA notes without payment schedules:

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Year Ended December 31,	Principal	Interest
2017	\$171,480	\$40,623
2018	173,566	38,538
2019	175,694	36,410
2020	177,865	34,239
2021	180,083	32,021
2022-2026	915,767	126,002
2027-2031	937,539	76,115
2032-2036	885,489	28,867
2037-2039	100,777	1,517
Total	\$3,718,260	\$414,332

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

The Ohio Water Development Authority (OWDA) Robinwood Estates Sewer Improvement Loan relates to a project to reline the sanitary sewers serving the Robinwood Estates Subdivision. This loan will be repaid in semiannual installments of \$2,390, including interest, over twenty five years. In 2004, late fees of \$37 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) Ceramic Road Area Sewers Loan relates to a project to construct a conventional gravity collection system and sewage treatment plant in the Ceramic Road area. This loan will be repaid in semiannual installments of \$14,423, including interest, over thirty years. In 2005, late fees of \$66 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Northern Perry Sewers Phase I Loan relates to the construction of collection sewers to serve the northern part of the County surrounding Thornport. This loan will be repaid in semiannual installments of \$21,972, including interest, over the next twenty nine years. In 2005, late fees of \$101 were added to the total principal amount of this loan and subsequently paid within in the year. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Sewer Extension Phase II Loan relates to a project for the installation of sewage lines located in the Buckeye Lake vicinity and the sewage will be sent to the Crown Wehrle Wastewater Treatment Plant. This loan will be repaid in semiannual installments of \$189,729, including interest, over the next thirty years. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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The Ohio Water Development Authority (OWDA) Sewer System Design relates to a project for the installation of sewage lines located in the Moore's Junction area. As of December 31, 2016, the County had drawn down \$258,957 which still was outstanding at December 31, 2016. This loan will be repaid over thirty years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule is available at this time.

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$8,826,739 in OWDA loans issued from 2001 to 2016. Proceeds from these loans provided financing for various water projects. The loans are payable solely from customer net revenues and are payable through 2040. Net revenues include all revenues received by the sewer utility less all operating expenses. Annual principal and interest payments on the loans are compared to net future revenues are not estimable but are expected to be less than net revenues in year the loans are outstanding. The total principal and interest remaining to be paid on the loans is \$10,056,896. Principal and interest payments for the current year were \$457,938, net revenues were \$230,561, and total revenues were \$725,978.

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

Year Ended December 31,	Principal	Interest
2017	\$268,007	\$191,592
2018	274,334	185,267
2019	280,853	178,748
2020	287,571	172,031
2021	294,495	165,107
2022-2026	1,576,609	733,635
2027-2031	1,747,904	533,923
2032-2036	1,740,667	287,778
2037-2039	1,082,780	55,595
Total	\$7,553,220	\$2,503,676

**Capital Leases**

Capital leases will be paid from the General Fund and Children's Services Special Revenue Fund.

**Debt Margin**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to \$6,000,000 plus two and one-half percent of the amount of the tax valuation in excess of \$300,000,000. The County's total debt margin was \$13,452,602 and the unvoted debt margin was \$5,087,041 at December 31, 2016.



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**Note 15 – Transfers and Advances**

At December 31, 2016, the Sewer and Other Nonmajor Governmental Funds owed the General Fund \$412,153 due to lags between the dates transactions recorded in the accounting system and payments between funds were made.

Advances for the year ended December 31, 2016, consisted of the following:

Advance to	Advance from			Total
	General	Other Nonmajor Governmental	Sewer Enterprise Fund	
General	\$0	\$576,207	\$35,368	\$611,575
Other Nonmajor				
Governmental	347,319	22,787	0	370,106
Sewer Enterprise Fund	221,318	0		221,318
Total	\$568,637	\$598,994	\$35,368	\$1,202,999

Also, short term loans were advanced from the General Fund to the Juvenile Capital Projects Fund and the Sewer Enterprise Fund.

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Transfer to	Transfer from		Total
	General Fund	Water Enterprise Fund	
Major Funds:			
Job and Family Services	\$159,968	\$0	\$159,968
Other Non-Major			
Governmental Funds	1,114,941	107,350	1,222,291
Total All Funds	\$1,274,909	\$107,350	\$1,382,259

**Note 16 – Significant Commitments**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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General Fund	\$122,326
Job and Family Services	81,765
Board of Developmental Disabilities	163,954
Auto License and Gasoline Tax	16,085
County Home	9,805
Nonmajor Governmental Funds	487,287
Water Fund	27,634
Sewer Fund	23,246
Total	<u><u>\$932,102</u></u>

**Note 17 – Jointly Governed Organizations**

**A. Buckeye Hills Resource Conservation and Development Project**

The Buckeye Hills Resource Conservation and Development Project (Project) was organized to lead local efforts directed toward improving social and economic conditions of the Buckeye Hills RC&D Area through development, conservation, and proper use of all the resources of the area. The Project serves Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a representative chosen jointly by the county commissioners and Soil and Water Conservation Districts of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The council exercises total control over the operations of the Project including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the council. During 2016, the Council received \$400 in membership fees from Perry County. Financial information can be obtained by contacting the Project at 344 Muskingum Drive – Suite A, Marietta, Ohio 45750.

**B. Buckeye Hills-Hocking Valley Regional Development District**

The Buckeye Hills-Hocking Valley Regional Development District (District) serves Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is currently governed by a thirty five member board of directors, with the number of directors changing with each official U.S. Census of Population. The Board is composed of city, county, and private citizen representation. Representation is currently the mayor of each city maintaining membership and one county commissioner from each county maintaining membership, with additional public official representation and private citizens appointed by the respective political bodies based upon population. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The District receives Title III monies directly. During 2016, the County contributed \$4,106 to the District. Financial information can be obtained by contacting the Buckeye Hills-Hocking Valley Regional Development District office at 1400 Pike Street, Marietta, Ohio 45750.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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

The County is a member of the Coshocton-Fairfield-Licking-Perry Solid Waste District (District). The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code. The District is governed and operated through three groups. A twelve member board of directors, composed of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no additional contributions from the County are anticipated. A twenty-five member policy committee, composed of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council, whose members are appointed by the policy committee. The continued existence of the District is not dependent upon the County's continued participation. Each participant's degree of control is limited to its representation on the Board. During 2016, the County had no payments to the District. Financial information can be obtained by contacting the Coshocton-Fairfield-Licking-Perry Solid Waste District office at 675 Price Road, Newark, Ohio 43055.

D. Mental Health and Recovery Services Board of Muskingum County

The Mental Health and Recovery Services Board of Muskingum County (Board) provides alcohol, drug addiction and mental health services and programs, primarily through contracts with private and public agencies. The Board also provides forensic evaluation services to adult felony courts, and residential services to youth experiencing emotional problems which prevent them from living at home. The Board serves Coshocton, Guernsey, Morgan, Muskingum, Noble, and Perry Counties and operates under the direction of a fourteen member appointed Board. Each participating county has agreed to levy a tax within their county to assist in the operation of the Board. The Board also directly receives state and federal funding for its operations. Although the Muskingum County Auditor and Muskingum County Treasurer are responsible for fiscal control of the resources of the Board, the Board is responsible for budgeting and accounting for the resources at its disposal. Membership on the Board is based upon Ohio law. The Board exercises total control over the operations of the Program including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. During 2016, the County only contributed tax revenue money. Financial information can be obtained by contacting the Board at 1205 Newark Road, Zanesville, Ohio 43701.

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

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves eighteen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. The Council is made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and state grants. The Board exercises total control over the operations of the MEORC including budgeting, contracting, appropriating, and designating management. Each participant's degree of control is limited to its representation on the Board. The County reports cash with fiscal agent in the amount of \$30,532 for monies held by the organization. During 2016, the County made no contributions to MEORC. Financial information can be obtained by contacting the Mid East Ohio Regional Council at 1 Avalon Road, Mt. Vernon, Ohio 43050.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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**F. Perry County Family and Children First Council**

The Perry County Family and Children First Council (Council) is a jointly governed organization created under Ohio Rev. Code Section 121.37. Permanent members of the Council are those individuals, public officials, and organizations that are mandated per Ohio Rev. Code Section 121.37. The Council may include additional permanent or temporary members from any local public or private agency or group that funds, advocates, or provides services to children. Currently, the Council is made up of representatives from the Mental Health and Recovery Services Board, the County Children Services Board, the County Juvenile Court, the County Health Department, the County Board of Developmental Disabilities, each school district within the County, the County Department of Humans Services, the Regional Office of Department of Youth Services, the City of New Lexington, the County Board of Commissioners, the County Head Start Agency, the County's Early Intervention Collaborative, and at least three individuals representing the interests of families in the County. The Perry County Auditor serves as the fiscal agent for the Council. The Perry Board of Development Disabilities serves as the administrative agent for the Council. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. During 2016, the County made no contributions to the Council. Financial information can be obtained by contacting the Council at P.O. Box 895, Logan, Ohio 43138.

**G. Local Workforce Investment Board**

The Area #14 Local Workforce Investment Board (LWIB) was established July 1, 2004, to aid in the integration of Ohio's workforce development, pursuant to House Bill 470 and the Federal Workforce Investment Act of 1998. This is accomplished by bringing together business, education, and labor leaders to access workforce needs of employers and training/education needs of job seekers. The LWIB is also charged with establishing fiscal control and fund account procedures to ensure the proper disbursement of an accounting for all funds received through the Workforce Investment Act. The LWIB board consists of 19 members representing the following counties: Athens, Meigs, and Perry. Each county has a minimum of one Chief Elected Official (CEO) and his/her appointees to the board. Appointees of the CEO are local business leaders, educators, as well as State mandated representatives from the respective county. The Board exercises total control over the operations of the Board including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. During 2016, the County made no payments to the Board. Financial information can be obtained by contacting the Board at 184 North Lancaster St, Records Center, Suite 209, Athens, Ohio 45701.

**Note 18 – Joint Ventures**

**A. Corrections Commission of Southeastern Ohio**

The Corrections Commission of Southeastern Ohio (the "Commission") is a joint venture of which Athens, Hocking, Morgan, Perry and Vinton counties are members. The Commission is a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission was established to use the authority common to the members to develop, construct, operate, and administer a multi-county correctional center to augment county jail programs and facilities.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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The Commission is directed by one commissioner from each participating county, along with the sheriff and the presiding judge of the court of common pleas of each participating county. Any of these may name other representatives to fulfill this duty. Each county is obligated to provide financial support to this entity through per diem charges and assessments that are based on the number of beds contractually assigned to each county in proportion to the total number of beds of all participating counties. Each member county is financially responsible for a portion of the capital and operating budget. During 2016, the financial responsibility was as follows: Athens County represents 33 percent, Hocking County represents 26 percent, Morgan County represents 7 percent, Perry County represents 22 percent, and Vinton County represents 12 percent.

Complete financial statements can be obtained from the Corrections Commission of Southeastern Ohio, 16677 Riverside Drive, Nelsonville, Ohio 45764. Under the modified cash basis of accounting, the County does not report assets for equity interests in joint ventures.

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

The Fairfield, Hocking, Licking, and Perry Multi-County Juvenile Detention System (District) is a statutorily created political subdivision of the State. The District is a joint venture operated by Fairfield, Hocking, Licking and Perry Counties for the purpose of providing a detention home to treat juvenile offenders and their families in a community setting in such a manner as to reduce the probability of the youth reentering the juvenile justice system. Basic to the philosophy of the District is the idea that every young person is an individual who is unique and worthy of respect. The operation of the District is controlled by a joint board of commissioners consisting of three commissioners from each participating county. The joint board of commissioners exercises total control over the operation of the District, including budgeting, appropriation, contracting, and designating management. The joint board of commissioners appoints a board of twelve trustees to operate the District. The District is not accumulating significant financial resources or experiencing fiscal stress that would cause additional financial benefit to, or burden on, the counties involved.

Each county will be contributing to the District in the form of a local share as a match for the grant revenues from the Ohio Department of Youth Services. The contribution will be based on the number of children from each county who are maintained in the home during the year. In addition to the initial contribution, there will be an annual contribution by each county for operational expenses. The counties are responsible for all major capital improvements based on population of each county. The District's continued existence is dependent upon the County's participation. The County has an ongoing financial responsibility and an equity interest exists. If the County would withdraw, upon the recommendation of the County Juvenile Court Judge, it may sell or lease their interest in the District to another participating county. Each member county made contributions as follows: Fairfield County contributed 41 percent, Licking County contributed 41 percent, Perry County contributed 8 percent, and Hocking County contributed 10 percent.

Complete financial information can be obtained from the Fairfield, Hocking, Licking, and Perry Multi-County Juvenile Detention District, 923 Liberty Drive, Lancaster, Ohio 43130. Under the modified cash basis of accounting, the County does not report assets for equity interests in joint ventures.

**Note 19 – Insurance Purchasing Pool**

The County Risk Sharing Authority, Inc. (CORSA) is a shared risk pool among sixty-five 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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2016*

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contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes 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. Requests for financial information should be directed to the CORSA Managing Director, County Risk Sharing Authority, Inc., 209 East State Street, Columbus, Ohio, 43215.

**Note 20 – Contingencies**

**A. Grants**

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 the terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

**B. Litigation**

The County is currently in a lawsuit. Although management cannot presently determine the outcome of this lawsuit, they believe the resolution of these matters will not materially adversely affect the County's financial condition.

**PERRY COUNTY FINANCIAL CONDITION**  
**Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2016**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Passed through to Subrecipients	Disbursements
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed through the Ohio Department of Job &amp; Family Services</i>				
State Admin Matching Grants for Food Stamp Program	G-1415-11-5411	10.561	\$0	\$339,143
<i>Passed through the Ohio Department of Education</i>				
Nutrition Cluster:				
School Breakfast Program	05PU	10.553	0	12,073
National School Lunch Program	LLP4	10.555	0	23,230
Child Nutrition Discretionary Grants Limited Availability	122325	10.579	0	32,283
Total Nutrition Cluster			<u>0</u>	<u>67,586</u>
Child and Adult Care Food Program	(1)	10.558	0	1,164
Total US Department of Agriculture			0	407,893
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<i>Passed through the Ohio Department of Development/State's Program</i>				
Community Development Block Grants:				
Formula Allocation Program	BF-16-1CG-1	14.228	0	30,400
Formula Allocation Program	BC-15-1CG-1	14.228	0	93,160
Formula Allocation Program	BC-12-1CG-2	14.228	0	27,258
Total Community Development Block Grants			<u>0</u>	<u>150,818</u>
Total U.S. Department of Housing and Urban Development			0	150,818
<b><u>U.S. Department of Labor</u></b>				
<i>Passed through WIA Area 14:</i>				
Workforce Initiative Allocation - Local - Adult	(1)	17.258	0	54,056
Workforce Initiative Allocation - Local - Youth Activities	(1)	17.259	0	100,254
Workforce Initiative Allocation - Local - Dislocated Workers	(1)	17.278	0	40,100
Total Workforce Initiative Allocation Cluster			<u>0</u>	<u>194,410</u>
Total U.S. Department of Labor			0	194,410
<b><u>U.S. Department of Transportation</u></b>				
<i>Direct Program:</i>				
Airport Improvement Program	(2)	20.106	0	14,870
Total Airport Improvement Program			<u>0</u>	<u>14,870</u>
<i>Federal Highway Administration</i>				
<i>Passed through Ohio Department of Transportation</i>				
Formula Grant for Rural Areas		20.509	0	639,979
<i>Passed through Ohio Department of Public Safety</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grant	HM-HMP-0502-15-01-00	20.703	960	960
Total U.S. Department of Transportation			960	655,809
<b><u>U.S. Department of Education</u></b>				
<i>Passed through the State Department of Education</i>				
Special Education-Grants for Infants and Families	(1)	84.181	0	63,509
Total U.S. Department of Education			0	63,509

**PERRY COUNTY FINANCIAL CONDITION**  
**Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2016**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Passed through to Subrecipients	Disbursements
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Passed through the aaa8 Area Agency on Ageing</i>				
Title III-B, Grants for Supportive Services and Senior Centers	(1)	93.044	0	53,139
Total Title III-B			0	53,139
Title III-C-1, Nutrition Services	(1)	93.045	0	45,016
NSIP	(1)	93.053	0	25,863
Total Title III-C			0	70,879
<i>Passed through the Ohio Department of Job &amp; Family Services</i>				
Social Services Block Grant	(1)	93.667	0	236,470
<i>Passed through the Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	(1)	93.667	0	30,149
Social Services Block Grant	(1)	93.667	0	32,920
Total Social Service Block Grant			0	299,539
<i>Passed through the Ohio Department of Job &amp; Family Services</i>				
Promoting Safe and Stable Families	G-1415-11-5411	93.556	0	58,065
Child Support Enforcement	(1)	93.563	0	516,722
Child Welfare Services State Grant	G-1415-11-5411	93.645	0	57,200
Foster Care Title VI-E	(1)	93.658	0	106,886
Adoption Assistance Title VI-E	(1)	93.659	0	297,173
Federal Chaffee	G-1415-11-5411	93.674	0	3,101
			0	1,039,147
Child Care Development Fund Cluster:				
Child Care Development Block Grant	G-1415-11-5411	93.575	0	70,594
Total CCDF Cluster			0	70,594
Temporary Assistance for Needy Families Cluster:				
Temporary Assistance for Needy Families (TANF) State Programs	G-1415-11-5411	93.558	848,147	1,508,056
Total TANF Cluster			848,147	1,508,056
Medicare Cluster:				
<i>Passed through the Ohio Department of Developmental Disabilities</i>				
Medical Assistance Program	(1)	93.778	0	192,943
<i>Passed through the Ohio Department of Job &amp; Family Services</i>				
Medical Assistance Program - NET & PRST	G-1415-11-5411	93.778	0	894,662
Total Medicare Cluster			0	1,087,605
Total U.S. Department of Health and Human Services			848,147	4,128,959
<b><u>Corporation for National and Community Service</u></b>				
<i>Direct Program:</i>				
Retired and Senior Volunteer Program	OPE1-P74-0P0-22319-4101	94.002	0	38,154
Total Corporation for National and Community Service			0	38,154
<b><u>U.S. Department of Homeland Security</u></b>				
<i>Passed through the Ohio Emergency Management Agency</i>				
Emergency Management Performance Grant	2014-EP-00004-S01	97.042	56,544	56,544
Total Federal Expenditures			\$905,651	\$5,696,096

(1) - Passthrough entity number not available

(2) - Direct from the federal government

See accompanying notes to the schedule of federal awards expenditures.



**PERRY COUNTY**

*Notes to the Schedule of Federal Awards Expenditures  
For the year ended December 31, 2016*

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**NOTE 1 - GENERAL**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Perry County, Ohio (the County) under programs of the federal government for the fiscal year ended December 31, 2016. The information on this schedule is prepared in accordance with the requirements for Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**NOTE 2 - BASIS OF ACCOUNTING**

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

**NOTE 3 - REVOLVING LOAN FUNDS**

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

These loans are collateralized by mortgages of property and equipment and by guarantees. At December 31, 2016, the gross amount of loans outstanding under this program was \$48,508.

**NOTE 4 - FOOD SERVICES PROGRAMS**

The Department of Developmental Disabilities received federal assistance through the School Breakfast, National School Lunch and Donated Food programs. The School Breakfast and National School Lunch programs are reimbursing in nature and revenues are considered expended when received. The above departments are allowed a selection from a pool of foods, when available, under the Food Distribution Program.

**NOTE 5 - MATCHING REQUIREMENTS**

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

**PERRY COUNTY**

*Notes to the Schedule of Federal Awards Expenditures  
For the year ended December 31, 2016*

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**NOTE 6 - CHILD NUTRITION CLUSTER**

Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the United States Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received. There were no commodities received during 2016.

**NOTE 7 - WORKFORCE INVESTMENT ACT**

The Workforce Investment Act requires recipients to account for this activity on an accrual basis. The activity on this Schedule is reported on a cash basis.

**Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards***

Board of Commissioners  
Perry County, Ohio  
121 W Brown Street  
New Lexington, OH 43764

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Perry County, Ohio (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 6, 2017, wherein we noted the County's financial statements have been prepared on the modified cash basis of accounting rather than the generally accepted accounting principles.

**Internal Control over Financial Reporting**

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of internal control deficiencies, resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider a material weakness. However, unidentified material weaknesses may exist.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2016-001.

### **Entity's Response to Finding**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. The County's response is not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 6, 2017

**Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program  
and on Internal Control over Compliance Required by the *Uniform Guidance***

Board of Commissioners  
Perry County, Ohio  
121 W Brown Street  
New Lexington, OH 43764

**Report on Compliance for Each Major Federal Program**

We have audited the Perry County, Ohio (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). These standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the County's major federal programs. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each of the Major Federal Programs***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could directly and materially affect each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended December 31, 2016.

Board of Commissioners  
Perry County, Ohio  
Independent Auditor's Report on Compliance with Requirements  
Applicable For Each Major Program and on Internal Control over  
Compliance Required by the Uniform Guidance

**Report on Internal Control over Compliance**

Management of Perry County, Ohio is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could directly and materially affect a major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed for expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with an applicable compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over compliance with an applicable compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be a material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 6, 2017

**PERRY COUNTY, OHIO**  
*Schedule of Findings*  
For the Year Ended December 31, 2016

**A. SUMMARY OF AUDITOR'S RESULTS**

<b>1. Type of Financial Statement Opinion</b>	Unmodified
<b>2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>3. Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>4. Was there any material noncompliance reported at the financial statement level (GAGAS)?</b>	Yes
<b>5. Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>6. Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>7. Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>8. Are there any reportable findings under 2 CFR§ 201 .516(a)?</b>	No
<b>9. Major Programs (list):</b>	Temporary Assistance for Needy Families – CFDA #93.558 Food Stamp Program - CFDA#10.561 Formula Grants for Rural Areas - CFDA#20.509
<b>10. Dollar Threshold: Type A/B Programs</b>	Type A: >\$750,000 Type B: All Other Programs
<b>11. Low Risk Auditee under 2 CFR§ 200 .520?</b>	No

**PERRY COUNTY, OHIO**  
*Schedule of Findings*  
*For the Year Ended December 31, 2016*

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

**Finding Number 2016-001**

**Annual Financial Report - Noncompliance Citation**

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

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

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

**Officials Response**

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

**C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



**PERRY COUNTY, OHIO**  
*Schedule of Prior Audit Findings*  
*For the Year Ended December 31, 2016*

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<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>			
2015-001	Ohio Admin Code Section 117-22-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	Not Corrected	Re-issued in current Schedule of Audit Findings as item 2016-001.

**Perry County, Ohio**  
 Corrective Action Plan  
 2 CFR § 200.511(c)  
 For the Year Ended December 31, 2016

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<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Contact Person</b>
2016-001	<p>The County does not report on the GAAP basis due to financial concerns. With the current economic conditions, which includes reductions in funding sources, and the County's current financial position, we have determined that the benefit of reporting on the GAAP basis does not outweigh the expense of having our consultant prepare a GAAP report instead of the cash report, as well as the additional audit expense that would exist with preparing a GAAP report. At this time, the County does not anticipate filing on a GAAP basis in the near future. If financial conditions improve the County will consider preparing GAAP basis financial reports in the future.</p>	No estimated date	<p>Drew Cannon, Auditor</p> <p>County Commissioners:            James O'Brian, President            Ben Carpenter, Member            Dave Freriks, Member</p>



# Dave Yost • Auditor of State

PERRY COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 18, 2017