



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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PERRY COUNTY FINANCIAL CONDITION  
PERRY COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2013  
Fiscal Year Audited Under GAGAS: 2013





# Dave Yost • Auditor of State

Board of Commissioners  
Perry County  
P. O. Box 248  
New Lexington, Ohio 43764

We have reviewed the *Independent Auditor's Report* of Perry County prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2013. 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

September 9, 2014

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**PERRY COUNTY FINANCIAL CONDITION  
FOR THE YEAR ENDED DECEMBER 31, 2013  
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## **Balestra, Harr & Scherer, CPAs, Inc.**

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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### **Independent Auditor's Report**

Perry County  
P. O. Box 248  
New Lexington, Ohio 43764

To the Board of Commissioners:

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Perry County, Ohio, (the County), as of and for the year ended December 31, 2013, and the 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 preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of PerCo, Inc., one of the County's discretely presented component units, which represents 96.3%, 96.3% and 94.1% respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for PerCo, Inc., is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

In our opinion, based on our report and the report of other auditors, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Perry County, Ohio as of December 31, 2013, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Job and Family Services, Board of Developmental Disabilities, Auto License and Gasoline Tax, and County Home funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

### **Accounting Basis**

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

### **Other Matters**

#### *Supplemental and Other Information*

We audited to opine on the County's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards (the Schedule) also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the 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, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and 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 our report dated August 29, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
August 29, 2014

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*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, 2013. 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 2013 are as follows:

- Net position of governmental activities increased \$711,294. Net position of the business-type activities decreased \$214,929.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$17,237,001, an increase of \$639,860 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**  
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*Component Units* - The County's financial statements include financial data of the Perry County Regional Airport Authority and PerCo, Inc. These component units are described in the notes to the financial statements. Component units are separate legal entities which may buy, sell, lease, and mortgage property in their own name and sue or be sued in their own name.

***Fund Financial Statements***

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

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

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

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

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

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

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

**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 2013 compared to 2012.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012*	2013	2012	2013	2012*
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$16,953,021	\$16,119,045	\$102,051	\$316,980	\$17,055,072	\$16,436,025
Cash in Segregated Accounts	1,129,305	1,050,755	0	0	1,129,305	1,050,755
Cash With Fiscal Agents	305,803	507,035	0	0	305,803	507,035
<i>Totals Assets</i>	<u>\$18,388,129</u>	<u>\$17,676,835</u>	<u>\$102,051</u>	<u>\$316,980</u>	<u>\$18,490,180</u>	<u>\$17,993,815</u>
<b>Net Position</b>						
Restricted for:						
Capital Projects	\$409,206	\$273,167	\$0	\$0	\$409,206	\$273,167
Health	1,927,771	2,881,623	0	0	1,927,771	2,881,623
Public Works	3,054,812	2,824,730	0	0	3,054,812	2,824,730
Human Service	4,025,910	4,005,137	0	0	4,025,910	4,005,137
Real Estate Assessment	1,352,583	1,034,142	0	0	1,352,583	1,034,142
Judicial	470,965	470,965	0	0	470,965	470,965
Public Safety	1,208,635	1,021,253	0	0	1,208,635	1,021,253
Debt Service	15,206	7,403	0	0	15,206	7,403
Unclaimed Monies	63,896	49,201	0	0	63,896	49,201
Other Purposes	107,527	117,811	0	0	107,527	117,811
Unrestricted	5,751,618	4,991,403	102,051	316,980	5,853,669	5,308,383
<i>Total Net Position</i>	<u>\$18,388,129</u>	<u>\$17,676,835</u>	<u>\$102,051</u>	<u>\$316,980</u>	<u>\$18,490,180</u>	<u>\$17,993,815</u>

\* - Certain reclassifications have been made for consistency in reporting. There was no effect on net position.

A portion of the County's net position, \$12,636,511 or 69 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance, unrestricted net position of \$5,853,669, or 31 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net position for the fiscal year ended December 31, 2013, and comparisons to fiscal year 2012.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

Table 2  
Changes in Net Position

	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activites	Activities		Activites	Activities	
	2013	2013	2013	2012*	2012	2012*
<b>Receipts</b>						
<b>Program Receipts:</b>						
Charges for Services	\$4,757,312	\$1,316,083	\$6,073,395	\$4,416,100	\$1,329,542	\$5,745,642
Operating Grants, Contributions, and Interest	16,504,705	0	16,504,705	15,237,445	0	15,237,445
Capital Grants, Contributions, and Interest	1,252,179	284,344	1,536,523	533,664	249,253	782,917
<i>Total Program Receipts</i>	<u>22,514,196</u>	<u>1,600,427</u>	<u>24,114,623</u>	<u>20,187,209</u>	<u>1,578,795</u>	<u>21,766,004</u>
<b>General Receipts and Transfers:</b>						
Property Taxes	6,054,880	0	6,054,880	5,927,852	0	5,927,852
Permissive Sales Taxes	3,509,915	0	3,509,915	3,299,764	0	3,299,764
Intergovernmental	1,104,836	0	1,104,836	985,465	0	985,465
Interest	24,972	0	24,972	72,748	0	72,748
Payment in Lieu of Taxes	236,442	0	236,442	226,262	0	226,262
Miscellaneous	909,391	61,417	970,808	915,104	40,217	955,321
Loan Proceeds	72,022	949,726	1,021,748	0	622,448	622,448
<i>Total General Receipts</i>	<u>11,912,458</u>	<u>1,011,143</u>	<u>12,923,601</u>	<u>11,427,195</u>	<u>662,665</u>	<u>12,089,860</u>
Transfers In	105,968	0	105,968	105,968	0	105,968
Premium on Refunding Bonds	0	0	0	59,222	0	59,222
Refunding Bonds Issued	0	0	0	2,860,000	0	2,860,000
<i>Total Receipts</i>	<u>34,532,622</u>	<u>2,611,570</u>	<u>37,144,192</u>	<u>34,639,594</u>	<u>2,241,460</u>	<u>36,881,054</u>
<b>Program Disbursements</b>						
<b>General Government:</b>						
Legislative and Executive	3,016,693	0	3,016,693	3,022,956	0	3,022,956
Judicial	1,821,999	0	1,821,999	1,666,852	0	1,666,852
Public Safety	4,829,402	0	4,829,402	4,441,150	0	4,441,150
Public Works	6,539,378	0	6,539,378	5,424,627	0	5,424,627
Health	6,336,710	0	6,336,710	6,044,588	0	6,044,588
Human Services	9,622,343	0	9,622,343	8,560,878	0	8,560,878
<b>Community and Economic</b>						
Development	565,744	0	565,744	559,311	0	559,311
Conservation and Recreation	260,727	0	260,727	264,358	0	264,358
Urban Redevelopment and Housing	101,225	0	101,225	0	0	0
Capital Outlay	213,604	0	213,604	128,346	0	128,346
<b>Debt Service:</b>						
Principal	431,843	0	431,843	450,139	0	450,139
Interest and Fiscal Charges	81,660	0	81,660	65,275	0	65,275
Insurance Costs	0	0	0	79,095	0	79,095
Payment to Bond Escrow Agent	0	0	0	2,840,127	0	2,840,127
Transfers Out	0	105,968	105,968	0	105,968	105,968
Water	0	1,874,359	1,874,359	0	1,449,474	1,449,474
Sewer	0	846,172	846,172	0	888,529	888,529
<i>Total Disbursements</i>	<u>33,821,328</u>	<u>2,826,499</u>	<u>36,647,827</u>	<u>33,547,702</u>	<u>2,443,971</u>	<u>35,991,673</u>
<i>Change in Net Position</i>	<u>711,294</u>	<u>(214,929)</u>	<u>496,365</u>	<u>1,091,892</u>	<u>(202,511)</u>	<u>889,381</u>
Net Position Beginning of Year	17,676,835	316,980	17,993,815	16,584,943	519,491	17,104,434
Net Position End of Year	<u>\$18,388,129</u>	<u>\$102,051</u>	<u>\$18,490,180</u>	<u>\$17,676,835</u>	<u>\$316,980</u>	<u>\$17,993,815</u>

\* - Certain reclassifications have been made for consistency in reporting. There was no effect on net position.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

Operating grants were the largest program receipts, accounting for \$16,504,705, or 48 percent of total governmental activities receipts. The major recipients of intergovernmental program receipts were the Job and Family Services, Auto License and Gasoline Tax, Mental Health, Children Services, and Board of Developmental Disabilities governmental departments.

Property tax receipts account for \$6,054,880, or 18 percent of total governmental activities receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for \$3,509,915 or 10 percent of total receipts.

The County's direct charges to users of governmental services made up \$4,757,312 or 14 percent of total governmental receipts. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Human services programs accounted for \$9,622,343, 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 \$6,336,710, \$4,829,402, and \$6,539,378, or 19 percent, 14 percent and 19 percent, respectively, of total disbursements.

**Business-Type Activities**

The net position for business-type activities decreased \$214,929 during 2013. Charges for services accounted for \$1,316,083 or 50 percent of receipts. The remaining \$1,295,487, or 50 percent, of revenue represented the loan proceeds from the Ohio Water Development Authority and the Ohio Public Works Commission, capital grants, and miscellaneous general receipts.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2013 and 2012. 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 (Gain) of Services	Total Cost of Services	Net Cost (Gain) of Services
	2013	2013	2012	2012*
General Government:				
Legislative and Executive	\$3,016,693	\$1,273,163	\$3,022,956	\$1,205,731
Judicial	1,821,999	1,058,525	1,666,852	967,594
Public Safety	4,829,402	2,266,388	4,441,150	2,226,947
Public Works	6,539,378	(238,276)	5,424,627	(214,572)
Health	6,336,710	3,531,238	6,044,588	3,607,768
Human Services	9,622,343	2,392,154	8,560,878	1,738,061
Community and Economic Development	565,744	36,288	559,311	1,624
Conservation and Recreation	260,727	260,727	264,358	264,358
Urban Redevelopment and Housing	101,225	(182)	0	0
Capital Outlay	213,604	213,604	128,346	128,346
Principal Retirement	431,843	431,843	450,139	450,139
Interest and Fiscal Charges	81,660	81,660	65,275	65,275
Issuance Costs	0	0	79,095	79,095
<b>Total Disbursements</b>	<b>\$33,821,328</b>	<b>\$11,307,132</b>	<b>\$30,707,575</b>	<b>\$10,520,366</b>

\* - Certain reclassifications were made for consistency in reporting. There was no effect on net position.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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Charges for services, operating grants, and capital grants of \$22,514,196, or 67 percent of the total costs of services, are received and used to fund the general government disbursements of the County. The remaining \$11,307,132 in general government disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, interest, payments in lieu of taxes, loan proceeds, and miscellaneous receipts.

The \$2,392,154 and \$3,531,238 in net cost of services for human services and health 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, 2013, the County's governmental funds reported a combined ending fund balance of \$17,237,001, an increase of \$639,860 in comparison with the prior year.

The General Fund is the primary operating fund of the County. At the end of 2013, unassigned fund balance was \$4,427,271, while total fund balance was \$4,577,614. 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 61 percent to total General Fund disbursements, while total fund balance represents 63 percent of that same amount.

The fund balance of the County's General Fund increased \$760,254 during 2013. This increase was mainly due to the County receiving more in sales tax and casino revenue in 2013 compared to 2012.

At the end of 2013, the Job and Family Services Special Revenue Fund had a fund balance of \$179,136, in comparison to a fund balance of \$342,749 at the end of 2012. This change is primarily due to a decrease in grant receipts combined with an increase in overall expenditures during 2013 in the amount of \$336,446. In addition, the Job and Family Services Special Revenue Fund received a transfer in the amount of \$184,839 from the General Fund.

At the end of 2013, the Board of Developmental Disabilities Special Revenue Fund had a fund balance of \$2,077,753, in comparison to a fund balance of \$3,034,891 at the end of 2012. For the second straight year, the overall expenditures have exceeded receipts by over \$950,000.

At the end of 2013, the Auto License and Gasoline Tax Special Revenue Fund had a fund balance of \$2,843,475, in comparison to a fund balance of \$2,767,443 at the end of 2012. This change is due to an increase in expenditures associated with County projects as a direct result of an increase in State and federal grants pertaining to capital projects in 2013.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
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At the end of 2013, the County Home Special Revenue Fund had a fund balance of \$2,459,510, in comparison to a fund balance of \$2,238,919 at the end of 2012. This increase is primarily due the County Home keeping expenditures in line with revenues. There was a slight increase in both the revenues and expenditures in 2013 compared to the prior year.

*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, 2013, unrestricted net position for the County's enterprise funds were \$102,051.

As of December 31, 2013, unrestricted net position in the self-insurance program were \$1,151,128.

### **Budgetary Highlights**

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

For the General Fund, changes from the original budget to the final budget have been minimal. Fluctuations in growth and diversity have typically not occurred in Perry County, allowing department managers the ability to consistently predict receipts and disbursements.

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

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

*Long-Term Obligations* - As of December 31, 2013, the County had total general obligation refunded bonded debt outstanding of \$2,315,000 for the remodeling of the Jobs and Family Services building. The majority of the bonded debt is expected to be repaid through governmental activities, with a portion being paid by the water fund.

In addition to the bonded indebtedness, the County has a number of outstanding loans with government agencies in regards to water and sewer activities and capital lease/ purchase agreements with Johnson Controls. The total principal outstanding as of December 31, 2013, is \$14,465,284 for water and sewer activities. The repayment of these loans will be made through user fees and charges. The total principal outstanding as of December 31, 2013, is \$491,289 for the capital lease/ purchase agreements. See Note 13 for capital leases and Note 14 for additional information regarding the County's debt.

**Perry County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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**Economic Factors**

The unemployment rate for the County is currently 9.3 percent, which is a decrease from 9.5 percent in 2012. Perry County has long been considered a manufacturing and agricultural County. The decrease in unemployment is due to the slowly increasing economic growth.

Real property values within the County have risen over the past several years, but Perry County has also been more conservative in their values than neighboring counties that had to reduce their values five to ten percent during the last reappraisal. Our vacant land sales have stayed steady as compared to home sales that dwindled during the recent recession as they had over all of Ohio. Perry County is a residential bedroom community of surrounding metropolitan areas due to its history of investment in residential infrastructure. This has improved the tax base for schools, libraries, and local governments.

The various economic factors were considered in the preparation of the County's 2013 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Teresa Stevenson, Perry County Auditor, PO Box 248, New Lexington, Ohio 43764.

**Perry County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
 December 31, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	PerCo, Inc.	Perry County Regional Airport Authority
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$16,953,021	\$102,051	\$17,055,072	\$0	\$12,998
Cash in Segregated Accounts	1,129,305	0	1,129,305	334,534	0
Cash With Fiscal Agents	305,803	0	305,803	0	0
<i>Total Assets</i>	<u>\$18,388,129</u>	<u>\$102,051</u>	<u>\$18,490,180</u>	<u>\$334,534</u>	<u>\$12,998</u>
<b>Net Position</b>					
Restricted for:					
Capital Projects	\$409,206	\$0	\$409,206	\$0	\$0
Health	1,927,771	0	1,927,771	0	0
Public Works	3,054,812	0	3,054,812	0	0
Human Services	4,025,910	0	4,025,910	0	0
Real Estate Assessment	1,352,583	0	1,352,583	0	0
Judicial	470,965	0	470,965	0	0
Public Safety	1,208,635	0	1,208,635	0	0
Debt Service	15,206	0	15,206	0	0
Unclaimed Monies	63,896	0	63,896	0	0
Other Purposes	107,527	0	107,527	0	0
Unrestricted	5,751,618	102,051	5,853,669	334,534	12,998
<i>Total Net Position</i>	<u>\$18,388,129</u>	<u>\$102,051</u>	<u>\$18,490,180</u>	<u>\$334,534</u>	<u>\$12,998</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2013*

	Program Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$3,016,693	\$1,725,688	\$17,842	\$0
Judicial	1,821,999	620,165	143,309	0
Public Safety	4,829,402	196,211	2,269,034	97,769
Public Works	6,539,378	1,043,225	4,580,019	1,154,410
Health	6,336,710	332,344	2,473,128	0
Human Services	9,622,343	839,179	6,391,010	0
Community and Economic Development	565,744	500	528,956	0
Conservation and Recreation	260,727	0	0	0
Urban Redevelopment and Housing	101,225	0	101,407	0
Capital Outlay	213,604	0	0	0
Debt Service:				
Principal Retirement	431,843	0	0	0
Interest and Fiscal Charges	81,660	0	0	0
<i>Total Governmental Activities</i>	33,821,328	4,757,312	16,504,705	1,252,179
<b>Business-Type Activities</b>				
Sewer Fund	846,172	641,667	0	0
Water Fund	1,874,359	674,416	0	284,344
<i>Total Business-Type Activities</i>	2,720,531	1,316,083	0	284,344
<i>Total Primary Government</i>	\$36,541,859	\$6,073,395	\$16,504,705	\$1,536,523
<i>Component Units:</i>				
PERCO, Inc.	\$571,531	\$490,862	\$44,558	\$0
Perry County Regional Airport Authority	21,125	0	34,025	0
<i>Total Component Units</i>	\$592,656	\$490,862	\$78,583	\$0

**General Receipts**

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

*Total General Receipts*

Transfers

*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

Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	PerCo, Inc.	Perry County Regional Airport Authority
(\$1,273,163)	\$0	(\$1,273,163)	\$0	\$0
(1,058,525)	0	(1,058,525)	0	0
(2,266,388)	0	(2,266,388)	0	0
238,276	0	238,276	0	0
(3,531,238)	0	(3,531,238)	0	0
(2,392,154)	0	(2,392,154)	0	0
(36,288)	0	(36,288)	0	0
(260,727)	0	(260,727)	0	0
182	0	182	0	0
(213,604)	0	(213,604)	0	0
(431,843)	0	(431,843)	0	0
(81,660)	0	(81,660)	0	0
<u>(11,307,132)</u>	<u>0</u>	<u>(11,307,132)</u>	<u>0</u>	<u>0</u>
0	(204,505)	(204,505)	0	0
<u>0</u>	<u>(915,599)</u>	<u>(915,599)</u>	<u>0</u>	<u>0</u>
0	(1,120,104)	(1,120,104)	0	0
<u>(11,307,132)</u>	<u>(1,120,104)</u>	<u>(12,427,236)</u>	<u>0</u>	<u>0</u>
0	0	0	(36,111)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,900</u>
0	0	0	(36,111)	12,900
2,177,863	0	2,177,863	0	0
1,691,030	0	1,691,030	0	0
277,657	0	277,657	0	0
550,426	0	550,426	0	0
1,161,775	0	1,161,775	0	0
166,129	0	166,129	0	0
30,000	0	30,000	0	0
3,509,915	0	3,509,915	0	0
1,104,836	0	1,104,836	0	0
24,972	0	24,972	3,340	0
236,442	0	236,442	0	0
909,391	61,417	970,808	0	0
72,022	949,726	1,021,748	0	0
<u>11,912,458</u>	<u>1,011,143</u>	<u>12,923,601</u>	<u>3,340</u>	<u>0</u>
<u>105,968</u>	<u>(105,968)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>12,018,426</u>	<u>905,175</u>	<u>12,923,601</u>	<u>3,340</u>	<u>0</u>
711,294	(214,929)	496,365	(32,771)	12,900
<u>17,676,835</u>	<u>316,980</u>	<u>17,993,815</u>	<u>367,305</u>	<u>98</u>
<u>\$18,388,129</u>	<u>\$102,051</u>	<u>\$18,490,180</u>	<u>\$334,534</u>	<u>\$12,998</u>

**Perry County, Ohio**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
 Governmental Funds  
 December 31, 2013

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Investments	\$4,513,718	\$179,136	\$1,771,950	\$2,843,475	\$2,459,510	\$5,038,344	\$16,806,133
Restricted Cash and Cash Equivalents	63,896	0	0	0	0	0	63,896
Cash in Segregated Accounts	0	0	0	0	0	61,169	61,169
Cash With Fiscal Agents	0	0	305,803	0	0	0	305,803
<i>Total Assets</i>	<u>\$4,577,614</u>	<u>\$179,136</u>	<u>\$2,077,753</u>	<u>\$2,843,475</u>	<u>\$2,459,510</u>	<u>\$5,099,513</u>	<u>\$17,237,001</u>
<b>Fund Balances</b>							
Nonspendable	\$63,896	\$0	\$0	\$0	\$0	\$0	\$63,896
Restricted	0	179,136	2,077,753	2,843,475	2,459,510	5,012,741	12,572,615
Committed	0	0	0	0	0	86,772	86,772
Assigned	86,447	0	0	0	0	0	86,447
Unassigned	4,427,271	0	0	0	0	0	4,427,271
<i>Total Fund Balances</i>	<u>\$4,577,614</u>	<u>\$179,136</u>	<u>\$2,077,753</u>	<u>\$2,843,475</u>	<u>\$2,459,510</u>	<u>\$5,099,513</u>	<u>\$17,237,001</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position - Modified Cash Assets of Governmental Activities  
December 31, 2013*

**Total Governmental Fund Balances** \$17,237,001

*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.

1,151,128

**Net Position of Governmental Activities**

\$18,388,129

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, 2013*

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property Taxes	\$2,177,863	\$0	\$1,691,030	\$0	\$1,161,775	\$1,024,212	\$6,054,880
Sales Taxes	3,509,915	0	0	0	0	0	3,509,915
Payment in Lieu of Taxes	236,442	0	0	0	0	0	236,442
Charges for Services	838,971	402,177	215,619	291,884	159,665	1,903,765	3,812,081
Licenses and Permits	2,189	0	0	0	0	311,966	314,155
Fines and Forfeitures	326,585	0	0	6,557	0	190,324	523,466
Intergovernmental	1,164,715	3,487,589	2,443,122	4,963,355	129,304	6,672,708	18,860,793
Interest	24,651	0	0	927	0	0	25,578
Rent	0	0	0	0	0	107,610	107,610
Miscellaneous	140,957	992	652,773	0	50	114,619	909,391
<i>Total Receipts</i>	<u>8,422,288</u>	<u>3,890,758</u>	<u>5,002,544</u>	<u>5,262,723</u>	<u>1,450,794</u>	<u>10,325,204</u>	<u>34,354,311</u>
<b>Disbursements</b>							
Current:							
General Government:							
Legislative and Executive	2,446,302	0	0	0	0	584,457	3,030,759
Judicial	1,478,467	0	0	0	0	358,268	1,836,735
Public Safety	2,549,843	0	0	0	0	2,297,467	4,847,310
Public Works	0	0	0	5,186,691	0	1,360,862	6,547,553
Health	107,220	0	5,959,682	0	0	270,582	6,337,484
Human Services	340,888	4,239,210	0	0	1,230,203	3,827,496	9,637,797
Community and Economic Development	25,250	0	0	0	0	540,494	565,744
Conservation and Recreation	260,727	0	0	0	0	0	260,727
Urban Redevelopment and Housing	0	0	0	0	0	101,225	101,225
Capital Outlay	0	0	0	0	0	213,604	213,604
Debt Service:							
Principal Retirement	87,583	0	0	0	0	344,260	431,843
Interest and Fiscal Charges	18,804	0	0	0	0	62,856	81,660
<i>Total Disbursements</i>	<u>7,315,084</u>	<u>4,239,210</u>	<u>5,959,682</u>	<u>5,186,691</u>	<u>1,230,203</u>	<u>9,961,571</u>	<u>33,892,441</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,107,204</u>	<u>(348,452)</u>	<u>(957,138)</u>	<u>76,032</u>	<u>220,591</u>	<u>363,633</u>	<u>461,870</u>
<b>Other Financing Sources (Uses)</b>							
Note Proceeds	0	0	0	0	0	72,022	72,022
Advances In	147,895	0	0	0	0	135,862	283,757
Advances Out	(135,862)	0	0	0	0	(147,895)	(283,757)
Transfers In	0	184,839	0	0	0	280,112	464,951
Transfers Out	(358,983)	0	0	0	0	0	(358,983)
<i>Total Other Financing Sources (Uses)</i>	<u>(346,950)</u>	<u>184,839</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>340,101</u>	<u>177,990</u>
<i>Net Change in Fund Balances</i>	<u>760,254</u>	<u>(163,613)</u>	<u>(957,138)</u>	<u>76,032</u>	<u>220,591</u>	<u>703,734</u>	<u>639,860</u>
<i>Fund Balances Beginning of Year</i>	<u>3,817,360</u>	<u>342,749</u>	<u>3,034,891</u>	<u>2,767,443</u>	<u>2,238,919</u>	<u>4,395,779</u>	<u>16,597,141</u>
<i>Fund Balances End of Year</i>	<u>\$4,577,614</u>	<u>\$179,136</u>	<u>\$2,077,753</u>	<u>\$2,843,475</u>	<u>\$2,459,510</u>	<u>\$5,099,513</u>	<u>\$17,237,001</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 - Modified Cash Basis  
For the Year Ended December 31, 2013*

**Net Change in Fund Balances - Governmental Funds** \$639,860

*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.

71,434

**Change in Net Position of Governmental Activities**

\$711,294

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, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$1,984,700	\$1,984,700	\$2,177,863	\$193,163
Sales Taxes	3,020,000	3,020,000	3,509,915	489,915
Payment in Lieu of Taxes	260,413	260,413	236,442	(23,971)
Charges for Services	766,393	766,393	838,971	72,578
Licenses and Permits	2,470	2,470	2,189	(281)
Fines and Forfeitures	292,900	292,900	326,585	33,685
Intergovernmental	999,750	999,750	1,193,685	193,935
Interest	100,000	100,000	47,850	(52,150)
Miscellaneous	96,520	96,520	140,957	44,437
<i>Total Receipts</i>	<u>7,523,146</u>	<u>7,523,146</u>	<u>8,474,457</u>	<u>951,311</u>
<b>Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	2,626,182	2,638,862	2,550,167	88,695
Judicial	1,533,080	1,594,713	1,492,363	102,350
Public Safety	2,420,451	2,704,940	2,597,354	107,586
Community and Economic Development	25,250	25,250	25,250	0
Health	130,143	131,721	118,652	13,069
Human Services	380,851	387,787	384,619	3,168
Conservation and Recreation	178,752	260,727	260,727	0
Debt Service:				
Principal Retirement	87,583	87,583	87,583	0
Interest and Fiscal Charges	18,804	18,804	18,804	0
<i>Total Disbursements</i>	<u>7,401,096</u>	<u>7,850,387</u>	<u>7,535,519</u>	<u>314,868</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>122,050</u>	<u>(327,241)</u>	<u>938,938</u>	<u>1,266,179</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	147,895	147,895
Advance Out	0	(148,612)	(135,862)	12,750
Transfers Out	(184,839)	(366,742)	(358,983)	7,759
<i>Total Other Financing Sources (Uses)</i>	<u>(184,839)</u>	<u>(515,354)</u>	<u>(346,950)</u>	<u>168,404</u>
<i>Net Change in Fund Balance</i>	(62,789)	(842,595)	591,988	1,434,583
<i>Fund Balance Beginning of Year</i>	3,482,557	3,482,557	3,482,557	0
Prior Year Encumbrances Appropriated	196,682	196,682	196,682	0
<i>Fund Balance End of Year</i>	<u>\$3,616,450</u>	<u>\$2,836,644</u>	<u>\$4,271,227</u>	<u>\$1,434,583</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)  
Job and Family Services Fund  
For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Receipts</b>				
Charges for Services	\$490,000	\$490,000	\$402,177	(\$87,823)
Intergovernmental	4,057,500	4,269,500	3,487,589	(781,911)
Miscellaneous	5,000	5,000	992	(4,008)
<i>Total Receipts</i>	4,552,500	4,764,500	3,890,758	(873,742)
<b>Disbursements</b>				
Current:				
Human Services	4,805,939	5,269,507	4,337,185	932,322
<i>Excess of Receipts Under Disbursements</i>	(253,439)	(505,007)	(446,427)	58,580
<b>Other Financing Source</b>				
Transfers In	184,574	184,574	184,839	265
<i>Net Change in Fund Balance</i>	(68,865)	(320,433)	(261,588)	58,845
<i>Fund Balance Beginning of Year</i>	188,994	188,994	188,994	0
Prior Year Encumbrances Appropriated	153,755	153,755	153,755	0
<i>Fund Balance End of Year</i>	<u>\$273,884</u>	<u>\$22,316</u>	<u>\$81,161</u>	<u>\$58,845</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)*  
*Board of Developmental Disabilities Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$1,749,832	\$1,749,832	\$1,691,030	(\$58,802)
Charges for Services	290,655	231,855	215,619	(16,236)
Intergovernmental	2,551,656	1,965,330	2,464,305	498,975
Miscellaneous	1,674,026	1,726,948	652,773	(1,074,175)
<i>Total Receipts</i>	6,266,169	5,673,965	5,023,727	(650,238)
<b>Disbursements</b>				
Current:				
Health	6,294,508	7,503,141	6,239,521	1,263,620
<i>Net Change in Fund Balance</i>	(28,339)	(1,829,176)	(1,215,794)	613,382
<i>Fund Balance Beginning of Year</i>	2,681,287	2,681,287	2,681,287	0
Prior Year Encumbrances Appropriated	254,334	254,334	254,334	0
<i>Fund Balance End of Year</i>	<u>\$2,907,282</u>	<u>\$1,106,445</u>	<u>\$1,719,827</u>	<u>\$613,382</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, 2013*

	<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	\$326,500	\$326,500	\$291,884	(\$34,616)
Fines and Forfeitures	18,000	18,000	6,557	(11,443)
Intergovernmental	4,102,000	4,502,000	4,963,355	461,355
Interest	45,000	45,000	927	(44,073)
<i>Total Receipts</i>	4,491,500	4,891,500	5,262,723	371,223
<b>Disbursements</b>				
Current:				
Public Works	4,720,367	5,277,367	5,289,730	(12,363)
<i>Net Change in Fund Balance</i>	(228,867)	(385,867)	(27,007)	358,860
<i>Fund Balance Beginning of Year</i>	2,592,614	2,592,614	2,592,614	0
Prior Year Encumbrances Appropriated	174,829	174,829	174,829	0
<i>Fund Balance End of Year</i>	<u>\$2,538,576</u>	<u>\$2,381,576</u>	<u>\$2,740,436</u>	<u>\$358,860</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$1,193,550	\$1,193,550	\$1,161,775	(\$31,775)
Charges for Services	150,000	150,000	159,665	9,665
Intergovernmental	1,312,900	1,312,900	143,661	(1,169,239)
Miscellaneous	100	100	50	(50)
<i>Total Receipts</i>	2,656,550	2,656,550	1,465,151	(1,191,399)
<b>Disbursements</b>				
Current:				
Human Services	1,419,537	1,419,537	1,251,847	167,690
<i>Net Change in Fund Balance</i>	1,237,013	1,237,013	213,304	(1,023,709)
<i>Fund Balance Beginning of Year</i>	2,145,763	2,145,763	2,145,763	0
Prior Year Encumbrances Appropriated	25,890	25,890	25,890	0
<i>Fund Balance End of Year</i>	<u>\$3,408,666</u>	<u>\$3,408,666</u>	<u>\$2,384,957</u>	<u>(\$1,023,709)</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2013*

	Business-Type Activities			Governmental Activity-
	Sewer Enterprise Fund	Water Enterprise Fund	Total	Internal Service Fund
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Investments	\$8,117	\$93,934	\$102,051	\$82,992
Cash in Segregated Accounts	0	0	0	1,068,136
<i>Total Assets</i>	<u>\$8,117</u>	<u>\$93,934</u>	<u>\$102,051</u>	<u>\$1,151,128</u>
<b>Net Position</b>				
Unrestricted	\$8,117	\$93,934	\$102,051	\$1,151,128
<i>Total Net Position</i>	<u>\$8,117</u>	<u>\$93,934</u>	<u>\$102,051</u>	<u>\$1,151,128</u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2013*

	Business-Type Activities			Governmental Activity- Internal Service Fund
	Sewer Enterprise Fund	Water Enterprise Fund	Total	
<b>Operating Receipts</b>				
Charges for Services	\$641,667	\$674,416	\$1,316,083	\$4,129,147
Interest	0	0	0	321
Miscellaneous	314	805	1,119	0
<i>Total Operating Receipts</i>	<u>641,981</u>	<u>675,221</u>	<u>1,317,202</u>	<u>4,129,468</u>
<b>Operating Disbursements</b>				
Personal Services	96,167	98,974	195,141	0
Contractual Services	131,264	19,869	151,133	462,602
Materials and Supplies	50,294	18,820	69,114	0
Claims	0	0	0	3,595,432
Capital Outlay	96,882	1,144,253	1,241,135	0
Other	273	4,931	5,204	0
Debt Service:				
Principal Retirement	252,521	533,659	786,180	0
Interest and Fiscal Charges	218,771	53,853	272,624	0
<i>Total Operating Disbursements</i>	<u>846,172</u>	<u>1,874,359</u>	<u>2,720,531</u>	<u>4,058,034</u>
<i>Operating Income (Loss)</i>	<u>(204,191)</u>	<u>(1,199,138)</u>	<u>(1,403,329)</u>	<u>71,434</u>
<b>Non-Operating Receipts</b>				
Other Non-Operating Revenue	20,764	39,534	60,298	0
Capital Grants	0	284,344	284,344	0
Proceeds of Loans	6,564	943,162	949,726	0
<i>Total Non-Operating Receipts</i>	<u>27,328</u>	<u>1,267,040</u>	<u>1,294,368</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>(176,863)</u>	<u>67,902</u>	<u>(108,961)</u>	<u>71,434</u>
Transfers Out	0	(105,968)	(105,968)	0
<i>Change in Net Position</i>	<u>(176,863)</u>	<u>(38,066)</u>	<u>(214,929)</u>	<u>71,434</u>
<i>Net Position Beginning of Year</i>	<u>184,980</u>	<u>132,000</u>	<u>316,980</u>	<u>1,079,694</u>
<i>Net Position End of Year</i>	<u><u>\$8,117</u></u>	<u><u>\$93,934</u></u>	<u><u>\$102,051</u></u>	<u><u>\$1,151,128</u></u>

See accompanying notes to the basic financial statements

**Perry County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
*Agency Funds*  
*December 31, 2013*

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,921,126
Cash and Cash Equivalents in Segregated Accounts	<u>325,509</u>
<i>Total Assets</i>	<u><u>\$3,246,635</u></u>
 <b>Net Position</b>	
Restricted for:	
District Board of Health	\$1,739,200
Undivided Tax	876,180
Sheriff	223,502
County Court	102,007
Payroll	93,842
Family and Children First Council	93,229
Housing Trust	73,184
Local Government	29,039
Workforce Investment Act (WIA) Area 14	14,122
Ohio Election Commission	<u>2,330</u>
 Total Net Position	 <u><u>\$3,246,635</u></u>

See accompanying notes to the financial statements

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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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.

**Discretely Presented Component Units**

The component unit column on the financial statements identifies the financial data of the County's component units, the Perry County Regional Airport Authority and PerCo, Inc. These are reported separately to emphasize that they are legally separate from the County. Information about these component units is presented in Notes 21 and 22 to the basic financial statements.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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

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

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

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

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

***Perry County Family, Adult, & Children First Council*** The Perry County Family, Adult, and Children First Council is created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Perry County Alcohol, Drug Addiction, and Mental Health Board; Health Commissioner of the Perry Department of Health; Director of the Perry County Human Services; Director of the Children Services Department; Superintendent of the Perry County Board of Development Disabilities; the Perry County Juvenile Court Judge; Superintendent of New Lexington City Schools; Superintendent of Perry County Board of Education; a representative of the City of New Lexington; Chair of the Perry County Commissioners; State Department of Youth Services regional representative; representative from the County Head Start Agencies; a representative of the County's early intervention collaboration established pursuant to the federal early intervention program operated

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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under the "Education of the Handicapped Act Amendments of 1986;" and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. The Council's revenues will consist of operating grants along with pooled funding from other government sources. In 2013, the County made no contributions to the Council. Continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

The County participates in seven jointly governed organizations, two joint ventures, and one insurance purchasing pool. These organizations are presented in Notes 16 through 18 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, Adult, 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)

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 Note 2 C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. 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.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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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.

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.

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

Fund Financial Statements

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

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

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

B. Fund Accounting

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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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Governmental Funds

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

General - The General Fund accounts for 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 federal, state, and local monies used to provide general relief and to pay providers of medical assistance and social services.

Board of Developmental Disabilities – This fund accounts for assistance for the mentally handicapped and developmentally disabled. A county-wide property tax levy, along with federal and state grants, provides the revenues for this fund.

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

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

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

Proprietary Funds

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

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

Sewer – This fund accounts for sanitary sewer services provided to 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.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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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 in 2013. Agency funds are purely custodial and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

E. Cash and Investments

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 Investments."

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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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 (See Note 16) is recorded as "Cash with Fiscal Agents."

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. The County did not have any investments that were not purchased from the pool as of December 31, 2013.

Monies held by the proprietary funds are considered cash equivalents as each of these funds has access to monies in the cash management pool without regard to the maturity date of any investments.

During 2013, the County invested in nonnegotiable 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 is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on December 31, 2013.

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 2013 amounted to \$24,651, which includes \$19,139 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, 2013*

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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. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits, respectively.

L. Interfund Activity

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.

***Restricted*** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. 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).

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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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. 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 amount have been lawfully appropriated.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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, 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 are available.

#### **Note 3 – Change in Accounting Principles**

For 2013, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB 14 and 34.” GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity

**Perry County, Ohio**  
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display and disclosure requirements. These changes were incorporated in the County's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

**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 and unreported cash. Encumbrances are treated as expenditures (budgetary basis) rather than as a restriction or assignment of fund balance (cash basis). 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.

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	\$760,254	(\$163,613)	(\$957,138)	\$76,032	\$220,591
Beginning of Year:					
GASB 31 Adjustment	5,292	0	0	0	0
Unrecorded Cash	1,743	0	0	0	0
Agency Fund Distribution	131,086	0	99,270	0	0
End of Year:					
GASB 31 Adjustment	17,170	0	0	0	0
Unrecorded Cash	(1,014)	0	0	0	67,266
Agency Fund Distribution	(102,108)	0	(78,087)	0	(52,909)
Encumbrances	(220,435)	(97,975)	(279,839)	(103,039)	(21,644)
Budget Basis	<u>\$591,988</u>	<u>(\$261,588)</u>	<u>(\$1,215,794)</u>	<u>(\$27,007)</u>	<u>\$213,304</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.

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

	<u>Excess</u>
Auto License and Gasoline Fund:	
Public Works	(\$184,452)

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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	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Unclaimed monies	\$63,896	\$0	\$0	\$0	\$0	\$0	\$63,896
<i>Total Nonspendable</i>	<u>63,896</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>63,896</u>
<u>Restricted for:</u>							
County Home Operations	0	0	0	0	2,459,510	0	2,459,510
Job and Family Services Operations	0	179,136	0	0	0	0	179,136
Public Works	0	0	0	2,843,475	0	211,337	3,054,812
Board of Developmental Disabilities Operations	0	0	2,077,753	0	0	0	2,077,753
Mental Health Operations	0	0	0	0	0	172,111	172,111
Dog and Kennel Operations	0	0	0	0	0	64,652	64,652
Senior Center Operations	0	0	0	0	0	463,719	463,719
Capital Improvements	0	0	0	0	0	22,461	22,461
Debt Service	0	0	0	0	0	15,206	15,206
Public Safety	0	0	0	0	0	1,208,635	1,208,635
Other Human Services	0	0	0	0	0	52,625	52,625
Child Support	0	0	0	0	0	633,217	633,217
Court Operations	0	0	0	0	0	470,965	470,965
Community Development	0	0	0	0	0	56,494	56,494
Children Services Operations	0	0	0	0	0	288,736	288,736
Real Estate Assessments	0	0	0	0	0	1,352,583	1,352,583
<i>Total Restricted</i>	<u>0</u>	<u>179,136</u>	<u>2,077,753</u>	<u>2,843,475</u>	<u>2,459,510</u>	<u>5,012,741</u>	<u>12,572,615</u>
<u>Committed to:</u>							
Capital Improvements	0	0	0	0	0	86,772	86,772
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,772</u>	<u>86,772</u>
<u>Assigned to:</u>							
Purchases on Order	86,447	0	0	0	0	0	86,447
<i>Total Assigned</i>	<u>86,447</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,447</u>
<u>Unassigned:</u>							
	<u>4,427,271</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,427,271</u>
<b>Total Fund Balances</b>	<u><u>\$4,577,614</u></u>	<u><u>\$179,136</u></u>	<u><u>\$2,077,753</u></u>	<u><u>\$2,843,475</u></u>	<u><u>\$2,459,510</u></u>	<u><u>\$5,099,513</u></u>	<u><u>\$17,237,001</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, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal 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;
  - Bankers acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase.

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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. Other than corporate notes, commercial paper, and bankers' acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee, 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 \$245,350 in undeposited cash on hand which is included in the financial statements of the County as part of "Equity in Pooled Cash and Investments."

***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 \$305,803. 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, \$14,473,510 of the County's bank balance of \$17,945,941 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.

**Perry County, Ohio**  
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**Investments.** As of December 31, 2013, the County had the following investments:

	Fair Value	Maturity	Bond Ratings	Rating Agency
Federal National Mortgage Association	\$991,730	3/13/2018	Aaa	Moody's
Money Market Mutual Funds	597,130	7 Days	n/a	n/a
City of Lancaster, Ohio Street Improvement Bond Anticipation Notes	215,588	10/9/2014	Aa3	Moody's
Greene County, Ohio General Obligation Bonds	704,326	12/1/2014	Aa2	Moody's
Greene County, Ohio General Obligation Bonds	772,146	12/1/2015	Aa2	Moody's
City of Marion, Ohio Various Purpose Bonds	304,578	12/1/2014	Aa2	Moody's
West Geauga, Ohio Local School District Bonds	302,510	12/1/2017	Aa3	Moody's
STAR Ohio	4,555	53 Days	AAAm	Standard and Poor's
<b>Total</b>	<b><u>\$3,892,563</u></b>			

**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.

**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 following is the County's allocation as of December 31, 2013:

Investment Issuer	Percentage of Investments
Federal National Mortgage Association Note	25.48%
Money Market Mutual Funds	15.34
City of Lancaster, Ohio Street Improvement Bond Anticipation Notes	5.54
Greene County, Ohio General Obligation Bonds	18.09
Greene County, Ohio General Obligation Bonds	19.84
City of Marion, Ohio Various Purpose Bonds	7.82
West Geauga, Ohio Local School District Bonds	7.77
STAR Ohio	0.12

**Perry County, Ohio**  
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**Note 8 – Permissive Sales and Use Tax**

The County Commissioners, by resolution, imposed a two percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Proceeds of the tax are credited to the General Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the State Auditor. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

**Note 9 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Real property taxes which are levied in 2013 are collected in and intended to finance 2014. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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 2013 represent the collection of 2012 taxes. Public utility property taxes received in 2013 became a lien on December 31, 2012, were levied after October 1, 2013, 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, 2013, was \$17.90 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2013 property tax receipts were based are as follows:

Real Property	\$518,580,290
Public Utility Tangible Personal Property	<u>90,691,720</u>
Total Assessed Value	<u><u>\$609,272,010</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.

**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 2013, the County contract with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. Coverage provided by CORSA is as follows:

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	<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
Excess Liability	5,000,000	0
Property	53,750,238	2,500
Equipment Breakdown	100,000,000	2,500
Crime	1,000,000	2,500
Uninsured Motorists Liability	250,000	0
Medical Professional Liability	6,000,000	0

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 2013, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

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

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

**Perry County, Ohio**  
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**Note 11 – Defined Benefit Pension Plans**

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20.0 percent per year). Under the Member Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by 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 Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10.0 percent of covered payroll for members in State and local divisions. The Ohio Revised Code authorizes OPERS to calculate employee contribution rates for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percentage not to exceed two percent. For the year ended December 31, 2013, members in state and local divisions contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rates for public safety and law enforcement increased to 12.0 percent and 13.0 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

The County's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.1 percent of covered payroll. The portion of employers contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2.0 percent employer for both plans, as recommended by the OPERS Actuary.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011, were \$1,583,203, \$1,167,098, and \$1,145,420, respectively. For 2013, 91.8 percent has been contributed. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$12,950 made by the County and \$9,250 made by plan members.

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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 and 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 2013, state and local government employers contributed 14.0 percent of covered payroll and public safety 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 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011, were \$121,448, \$456,639, and \$450,622, respectively. For 2013, 91.8 percent has been contributed. The full amount has been contributed for 2012 and 2011.

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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 recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 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%. 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 2013 of \$87,583. The annual lease requirements to maturity are as follows:

Year Ended December 31,	Principal	Interest
2014	\$90,811	\$15,576
2015	94,158	12,229
2016	97,628	8,758
2017	101,221	5,160
2018	71,221	1,455
Total	\$455,039	\$43,178

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 2013 of \$7,238. The annual lease requirements to maturity are as follows:

Year Ended December 31,	Principal	Interest
2014	\$6,422	\$1,464
2015	7,331	1,271
2016	7,688	915
2017	8,061	542
2018	6,748	154
Total	\$36,250	\$4,346

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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 12/31/2012	Additions	Deductions	Principal Outstanding 12/31/2013	Amount Due Within One Year
<b>Governmental Activities</b>					
<u>General Obligation Bonds:</u>					
2012 - Various Purpose Improvement Refunding					
Bonds - 2.0%-3.0%	\$2,580,000	\$0	\$265,000	\$2,315,000	\$260,000
Capital Lease/ Purchase Agreement					
County Buildings - 5.26%	542,622	0	87,583	455,039	90,811
Children Services - 7.02%	43,488	0	7,238	36,250	6,422
Total Capital Leases	586,110	0	94,821	491,289	97,233
<u>Ohio Water Development Authority Loan:</u>					
Home Sewer Treatment System					
Repair/Replacement - 0.00%	0	72,022	72,022	0	0
Total Governmental Activities	\$3,166,110	\$72,022	\$431,843	\$2,806,289	\$357,233
<b>Business-Type Activities</b>					
<u>Ohio Public Works Commission Loans:</u>					
1994 Thornport Water Project - 2.00%	\$108,498	\$0	\$42,751	\$65,747	\$43,611
2002 Water Systems Improvement Project - 2.00%	51,800	0	2,993	48,807	3,053
2002 Sanitary Sewer Improvements II Project - 2.00%	185,929	0	10,744	175,185	10,960
2009 Thornport-Thornville Wastewater					
Improvements Project - 0.00%	331,587	5,619	11,240	325,966	11,240
2011 Waterline Extension Phase II - 0.00%	341,919	58,081	0	400,000	0
Total Ohio Public Works Commission Loans	1,019,733	63,700	67,728	1,015,705	68,864
<u>Ohio Water Development Authority Loans:</u>					
1998 Buckeye Lake Water Lines - 5.76%	40,043	0	40,043	0	0
2000 Water Line Construction - 6.41%	77,642	0	4,466	73,176	4,757
2000 Robinwood Estates Sewer Improvements - 6.03%	42,648	0	2,241	40,407	2,378
2000 Crown Wehrle Sewer Improvements - 6.03%	22,976	0	1,208	21,768	1,281
2001 Water Meter Installation - 1.50%	202,285	0	9,275	193,010	9,415
2002 Ceramic Road Area Sewers - 1.00%	533,467	0	23,570	509,897	23,806
2003 Northern Perry Sewers Phase I - 1.00%	830,490	0	35,727	794,763	36,086
2004 Waterline Extension - 1.00%	381,302	0	15,192	366,110	15,344
2004 Waterline Extension Phase 1B - 1.00%	395,852	0	15,022	380,830	15,173
2005 Waterline Extension Phase 1C - 1.00%	2,376,549	0	88,081	2,288,468	88,964
2007 Sewer Extension Phase II - 1.50%	7,122,066	0	167,791	6,954,275	186,566
2007 BORWD Waterline Extension - 1.00%	950,485	0	31,492	918,993	31,808
2010 Sewer System Design - 0.00%	258,012	945	0	258,957	0
2012 Waterline Extensions Phase II -					
0.00% and 2.00%	48,188	660,081	59,344	648,925	0
2013 Waterline Extensions Phase II - 0.00%	0	225,000	225,000	0	0
Total Ohio Water Development Authority Loans	13,282,005	886,026	718,452	13,449,579	415,578
Total Business-Type Activities	\$14,301,738	\$949,726	\$786,180	\$14,465,284	\$484,442

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

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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
2014	\$260,000	\$55,475
2015	275,000	50,275
2016	290,000	44,775
2017	275,000	38,975
2018	300,000	33,475
2019-2021	915,000	54,200
Total	<u>\$2,315,000</u>	<u>\$277,175</u>

**Ohio Water Development Authority (OWDA) Loans – Water Pollution Control Loan Special Revenue Fund**

The Ohio Water Development Authority (OWDA) Home Sewer Treatment System Loan relates to a repair/replacement project that was mandated by the Ohio Environmental Protection Agency. The loan was repaid through principal forgiveness.

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

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

The Ohio Public Works Commission (OPWC) Water 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. This loan has not entered repayment and no amortization schedule was available. As of December 31, 2013, \$400,000 in principal remained outstanding on the loan.

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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
2014	\$46,664	\$2,059
2015	25,248	1,121
2016	3,177	837
2017	3,241	773
2018	3,306	708
2019-2023	17,555	2,516
2024-2027	15,363	699
Total	\$114,554	\$8,713

**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
2014	\$22,200	\$3,449
2015	22,420	3,229
2016	22,645	3,004
2017	22,874	2,775
2018	23,108	2,541
2019-2023	119,215	9,030
2024-2028	111,326	2,509
2029-2033	56,201	0
2034-2038	56,201	0
2039-2042	44,961	0
Total	\$501,151	\$26,537

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

The Ohio Water Development Authority (OWDA) Buckeye Lake Water Lines Loan relates to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$42,343, including interest, over twenty years. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Water Line Construction Loan relates to the extension of water lines of the water system. This loan will be repaid in semiannual installments of \$4,686, including interest, over twenty five years. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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. 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. 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, 2013, no amortization schedule has been established. Also, part of the Waterline Extension Phase II project is the loan program in which the proceeds received each year from OWDA are forgiven within the same year by OWDA; therefore, as of yearend there is no outstanding balance for this loan program.

The County has pledged future water customer revenues, net of specified operating expenses, to repay \$4,869,511 in OWDA loans issued from 1999 to 2013. 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 \$5,417,922. Principal and interest payments for the current year were \$538,790, net revenues were \$655,414, and total revenues were \$1,942,261.

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

Year Ended December 31,	Principal	Interest
2014	\$165,461	\$46,643
2015	167,430	44,674
2016	169,436	42,669
2017	171,480	40,623
2018	173,566	38,538
2019-2023	900,653	159,866
2024-2028	917,994	105,029
2029-2033	932,204	56,899
2034-2038	602,008	13,367
2039	20,355	102
Total	\$4,220,587	\$548,410

**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. 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. 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. 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. The County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Sewer Extension Phase II Loan relates to a project for the installation of sewage lines located in the Buckeye Lake vicinity and the sewage will be sent to the Crown Wehrle Wastewater Treatment Plant. As of December 31, 2013, the County had drawn down \$7,674,906 and made principal payments in the amount of \$720,631. As of December 31, 2013, \$6,954,275 in principal remained outstanding on the loan. This loan will be repaid over thirty years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Sewer System Design relates to a project for the installation of sewage lines located in the Moore's Junction area. As of December 31, 2013, the County had drawn down \$258,957 which still was outstanding at December 31, 2013. 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.

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The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$8,580,066 in OWDA loans issued from 2001 to 2013. 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 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 \$11,654,472. Principal and interest payments for the current year were \$445,643, net revenues were \$294,429, and total revenues were \$669,309.

The OWDA loans listed above, except for the Wastewater Treatment Design Loan, are included in the following amortization schedule. The Wastewater Treatment Design Loan is not included below 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
2014	\$250,117	\$209,485
2015	255,906	203,696
2016	261,867	197,734
2017	268,007	191,592
2018	274,334	185,267
2019-2023	1,473,541	824,466
2024-2028	1,639,843	636,101
2029-2033	1,820,880	425,931
2034-2038	1,705,267	192,021
2039	371,348	8,112
Total	\$8,321,110	\$3,074,405

**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 \$11,432,006 and the unvoted debt margin was \$3,792,926 at December 31, 2013.

**Note 15 – Transfers and Advances**

At December 31, 2013, the Other Nonmajor Governmental Funds owed the General Fund \$110,989 due to lags between the dates transactions recorded in the accounting system and payments between funds were made.

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Advances for the year ended December 31, 2013, consisted of the following:

	Advance from		
Advance to	General	Other Nonmajor Governmental	Total
General	\$0	\$147,895	\$147,895
Other Nonmajor Governmental	135,862	0	135,862
<b>Total</b>	<b>\$135,862</b>	<b>\$147,895</b>	<b>\$283,757</b>

Also, short term loans were advanced from the General Fund to the Homeland Security, Emergency Management Grant Special Revenue Funds, and to the Juvenile Capital Projects Fund.

Interfund transfers for the year ended December 31, 2013, consisted of the following:

	Transfer from		
Transfer to	General Fund	Water Fund	Total
Major Funds:			
Job and Family Services	\$184,839	\$0	\$184,839
Other Non-Major Governmental Funds	174,144	105,968	280,112
<b>Total All Funds</b>	<b>\$358,983</b>	<b>\$105,968</b>	<b>\$464,951</b>

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. Transfers from the General Fund to the Job and Family Services fund were for the County's mandated share. Transfers from the General Fund to other governmental funds are to help support those funds. Transfers from the Water Fund to other governmental funds were for debt service.

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**Note 16 – 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. It serves Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The Council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The Council has total control over budgeting, personnel, and all other financial matters. During 2013, the Council received \$350 in membership fees from Perry County. The continued existence of the Project is not dependent on the County's continued participation and no equity interest exists.

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

The Buckeye Hills-Hocking Valley Regional Development District (District) serves Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The District was created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is governed by a fifteen member board of directors. The board is composed of one member from the City of Marietta and one from the City of Athens, one elected official from each of the participating Counties, and the remaining members are private citizens appointed by the respective political bodies based upon population. The board has total control over budgeting, personnel, and all other financial matters. The District receives Title III monies directly. Currently, a portion of the Title III monies are distributed to the O'Neill Senior Citizens Center Corporation, a private not-for-profit corporation. The County contributed \$4,106 to the District during 2013. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

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

The County is a member of the Coshocton-Fairfield-Licking-Perry Solid Waste District (District). The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code. The District is governed and operated through three groups. A twelve-member board of directors, composed of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no additional contributions from the County are anticipated. A twenty-one member policy committee, composed of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council, whose members are appointed by the policy committee. The continued existence of the District is not dependent upon the County's continued participation. No equity interest exists and no debt is outstanding. During 2013, the County had no payments to the District.

**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

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serves Coshocton, Guernsey, Morgan, Perry, Muskingum, Noble, and Perry Counties and operates under the direction of an eighteen-member appointed Board. Each participating county has agreed to levy a tax within their county to assist in the operation of the Board. The Board also directly receives state and federal funding for its operations. Although the Muskingum County Auditor and 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 continued existence of the Board is not dependent upon the County's continued participation and no equity interest exists.

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

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

F. Perry County Family, Adult, and Children First Council

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

G. Local Workforce Investment Board

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

This is accomplished by bringing together business, education, and labor leaders to access workforce needs of employers and training/education needs of job seekers. The LWIB is also charged with establishing fiscal control and fund account procedures to ensure the proper disbursement of an accounting for all funds received through the Workforce Investment Act. The LWIB board consists of 27 members representing the following counties: Athens, Hocking, Meigs, Perry and Vinton. Each county has a minimum of one Chief Elected Official (CEO) and his/her appointees to the board. Appointees of the CEO are local business leaders, educators, as well as State mandated representatives from the respective county. In 2013, the County made no contributions to LWIB. Continued existence of the LWIB is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding.

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**Note 17 – 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, and Perry counties are members. The Commission is a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission was established to use the authority common to the members to develop, construct, operate, and administer a multi-county correctional center to augment county jail programs and facilities.

The Commission was established by the Board of County Commissioners of Athens, Hocking, Morgan, and Perry counties. The Commission is directed by one commissioner from each participating county, along with the sheriff and the presiding judge of the court of common pleas of each participating county. Any of these may name other representatives to fulfill this duty. The presiding judge for Hocking County chose to neither participate nor name a representative so there were 11 directors of the Commission in 2013. Each member county is financially responsible for a portion of the capital and operating budget as follows: Athens County represents 43 percent, Perry County represents 25 percent, Hocking County represents 19 percent, and Morgan County represents 13 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 contributions for 2013 are as follows: Fairfield County contributed 42 percent, Licking County contributed 42 percent, Hocking County contributed 8 percent, and Perry County contributed 8 percent.

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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 18 – Insurance Purchasing Pool**

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

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

**Note 19 – Contingencies**

**A. Grants**

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

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2013.

**B. Litigation**

The County is currently not under any pending litigation.

**Note 20 – 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:

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General Fund	\$220,435
Job and Family Services	97,975
Board of Developmental Disabilities	279,839
Auto License and Gasoline Tax	103,039
County Home	21,644
Nonmajor Governmental Funds	373,673
Water Fund	18,792
Sewer Fund	21,995
Total	<u><u>\$1,137,392</u></u>

**Note 21 – Perry County Regional Airport Authority**

The following are the Perry County Regional Airport Authority (the Authority) notes to the financial statements for the year ended December 31, 2013:

**A. Summary of Significant Accounting Policies**

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

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

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

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

**B. Cash and Cash Equivalents**

At December 31, 2013, the carrying amount of the Authority's deposits was \$12,998 and the bank balance was \$12,998. The bank balance was covered by federal depository insurance.

**Note 22 – PerCo, Inc**

The following are the PerCo, Inc. notes to the financial statements for the year ended December 31, 2013:

**A. Summary of Significant Accounting Policies**

**Nature of Activities**

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

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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

Basis of Accounting

The financial statements of the Organization have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized.

Under this method of accounting, the Organization has not recognized as revenues contributions of land, buildings, and equipment or services which might otherwise meet the recognition criteria of U.S. generally accepted accounting principles. The Organization also utilizes volunteer and donated services in many of its activities, the value of which is not reflected in the financial statements.

Income Taxes

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

B. Cash

As of December 31, 2013, cash consisted of the following:

	<u>2013</u>
Cash checking account - Peoples National Bank	\$77,635
Certificates of Deposit	<u>256,899</u>
Total Cash	<u><u>\$334,534</u></u>

At times, cash and cash equivalents bank balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. Management has not experienced any losses and does not believe there is any significant market risk associated with such balances.

The Organization established a checking account in January 2006 held at Peoples National Bank and is acting in an agency capacity to Perry County Board of Developmental Disabilities in order to assist disabled persons and their families. Perry County Board of Developmental Disabilities holds and writes checks to approved recipients based on certain criteria and replenishes funds by request of the Ohio State Auditor. The Director of the Organization and the Superintendent of Perry County Board of Developmental Disabilities have the authority to sign checks. During 2013, deposits totaled \$91,560 and disbursements totaled \$92,242. Since the Organization is only the custodian of the checking account and does not control the activity in the account, the activity is not included in the statements of cash receipts and disbursements.

C. Concentrations

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

The Organization received 41 percent of its cash receipts during 2013 from a recycling contract with Perry County.

**Perry County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2013*

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D. Construction in Progress

The Organization is collaborating on a research and development project that is currently under construction. This project consists of building a bio-digester which turns food waste to energy and is intended to be utilized by the PerCo, Inc. greenhouses to save energy costs. Furthermore, once the bio-digester is complete and operational then the Organization can provide similar bio-digester equipment to other local companies for the purpose of providing work to enrollees.

E. Subsequent Events

Management has evaluated subsequent events through April 29, 2014, the date that the financial statements were available to be issued.

During January 2014, the Board of Directors voted to discontinue expenditures from the Organization for the development of the bio-digester. The estimated financial effect has not been determined.

**Perry County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2013*

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<b>U.S. Department of Agriculture</b>				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5411	10.561	\$322,602	\$0
			322,602	0
<i>Passed through the Ohio Department of Education:</i>				
Nutrition Cluster:				
School Breakfast Program	05PU	10.553	11,359	0
National School Lunch Program	LLP4	10.555	17,702	0
Total Nutrition Cluster			29,061	0
Child and Adult Care Food Program	N/A	10.558	3,497	0
<b>Total U.S. Department of Agriculture</b>			<b>355,160</b>	<b>0</b>
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed through the Ohio Department of Development:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Formula Allocation Program	BF-11-ICG-1	14.228	32,298	0
Formula Allocation Program	BC-11-ICG-1	14.228	364,017	0
Formula Allocation Program	BF-12-ICG-1	14.228	101,715	0
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			498,030	0
<b>Total U.S. Department of Housing and Urban Development</b>			<b>498,030</b>	<b>0</b>
<b>U.S. Department of Labor</b>				
<i>Passed through the Workforce Investment Act, Area 14:</i>				
Workforce Investment Act Cluster				
WIA Adult Program	N/A	17.258	32,667	0
WIA Youth Activities	N/A	17.259	98,915	0
WIA Dislocated Workers	N/A	17.278	56,538	0
Total Workforce Investment Act Cluster			188,120	0
<b>Total U.S. Department of Labor</b>			<b>188,120</b>	<b>0</b>
<b>U.S. Department of Transportation</b>				
<i>Direct Program:</i>				
Airport Improvement Program		20.106	6,453	0
<i>Federal Highway Administration</i>				
<i>Passed through the Ohio Department of Transportation:</i>				
Highway Planning and Construction	PID # 93896	20.205	5,820	0
Formula Grant for Other Than Urbanized Areas	RPT #0064-032-122	20.509	34,094	0
Formula Grant for Other Than Urbanized Areas	RPT #0064-033-132	20.509	37,685	0
Formula Grant for Other Than Urbanized Areas	RPT #4064-033-131	20.509	488,060	0
Formula Grant for Other Than Urbanized Areas	RPT #4064-032-121	20.509	108,005	0
			673,664	0
<i>Passed through the Ohio Department of Public Safety:</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	20.703	3,440	0
<b>Total U.S. Department of Transportation</b>			<b>683,557</b>	<b>0</b>
<b>U.S. Department of Education</b>				
<i>Passed through the Ohio Department of Health:</i>				
Special Education-Grants for Infants and Families	N/A	84.181	65,965	0
			65,965	0
<b>Total U.S. Department of Education</b>			<b>65,965</b>	<b>0</b>
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through the Secretary of State</i>				
Voting Access for Individuals with Disabilities_Grants to States	N/A	93.617	215	0
<i>Passed through the Area on Ageing:</i>				
Title III-B, Grants Supportive Services and Senior Centers	N/A	93.044	83,044	0
Title III-C-1, Nutrition Services	N/A	93.045	23,140	0
Title III-C-2, Nutrition Services	N/A	93.045	46,540	0
			69,680	0
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667	37,116	0
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Promoting Safe and Stable Families	G-1415-11-5411	93.556	42,762	0
Child Support Enforcement	N/A	93.563	679,423	0
Community Based Child Abuse Prevention Grants	G-1415-11-5411	93.590	706	0
Child Welfare Services State Grants	G-1415-11-5411	93.645	52,273	0
Foster Care Title IV-E	N/A	93.658	604,864	0
Adoption Assistance	N/A	93.659	227,921	0
Social Services Block Grant	G-1415-11-5411	93.667	147,452	0
Chafee Foster Care Independence Program	G-1415-11-5411	93.674	19,777	0
State Children's Insurance Program	G-1415-11-5411	93.767	1,561	0
			1,776,739	0

(Continued)

**Perry County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2013*

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
Child Care Development Fund Cluster:				
Child Care and Development Block Grant	G-1415-11-5411	93.575	43,210	0
Total Child Care Development Fund Cluster			<u>43,210</u>	<u>0</u>
TANF Cluster:				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Temporary Assistance for Needy Families (TANF) State Programs	G-1415-11-5411	93.558	1,337,335	0
Total TANF Cluster			<u>1,337,335</u>	<u>0</u>
Medicaid Cluster:				
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Medical Assistance Program	N/A	93.778	159,901	0
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Medical Assistance Program	G-1415-11-5411	93.778	653,808	0
Total Medicaid Cluster			<u>813,709</u>	<u>0</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>4,161,048</b>	<b>0</b>
<b>Corporation for National and Community Service</b>				
<i>Direct Program:</i>				
Retired and Senior Volunteer Program		94.002	27,653	0
<b>Total Corporation for National and Community Service</b>			<b>27,653</b>	<b>0</b>
<b>U.S. Department of Homeland Security</b>				
<i>Passed through the Ohio Emergency Management Agency:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR-4077	97.036	23,193	0
<i>State Homeland Security Program - SHSP</i>				
State Homeland Security Program - SHSP	EMW-2011-SS-00070	97.067	27,056	0
Total State Homeland Security Program			<u>27,056</u>	<u>0</u>
<i>Emergency Management Performance Grants:</i>				
Emergency Management Performance Grants	EMW-2013-EP-00060-S01	97.042	47,003	0
Emergency Management Performance Grants	EMW-2012-EP-00004-S01	97.042	56,302	0
Total Emergency Management Performance Grants			<u>103,305</u>	<u>0</u>
<b>Total U.S. Department of Homeland Security</b>			<b>153,554</b>	<b>0</b>
<b>Total Federal Expenditures</b>			<b><u>\$6,133,087</u></b>	<b><u>\$0</u></b>

N/A - pass through entity number not available

See accompanying notes to the schedule of expenditures of federal awards.

**Perry County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2013*

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NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial programs of Perry County, Ohio. The County reporting entity is defined in Note 1 of the County's basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the Schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards has been prepared on a basis of cash disbursements; consequently, expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 3 – REVOLVING LOAN FUNDS

The County has established revolving loan programs 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 for these loans to the County, passed 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 or property and equipment and by guarantees. At December 31, 2013, the gross amount of loans outstanding under this program was \$42,971.

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.

NOTE 6 – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

During the calendar year, the County Board of Developmental Disabilities (DODD) received a notice of a liability owed to the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA#93.778) in the amount of \$1,229. The Cost Report liability was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This liability is not listed on the County's Schedule of Expenditures of Federal Awards since the liability was invoiced by the Ohio Department of Disabilities.

**Perry County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards (continued)*  
*For the Year Ended December 31, 2013*

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NOTE 7 – CHILD NUTRITION CLUSTER

Program regulations do not require the County to maintain separate inventory records for purchases 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 2013.

NOTE 8 – 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.



## Balestra, Harr & Scherer, CPAs, Inc.

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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Perry County  
P. O. Box 248  
New Lexington, Ohio 43764

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Perry County, (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2014 wherein we noted the County uses the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our report refers to other auditors who audited the financial statements of PerCo, Inc., one of the County's discretely presented component units, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

#### **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 material weaknesses. However, unidentified material weaknesses may exist.

### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

### **Entity's Response to Findings**

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

### **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 under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
August 29, 2014



# Balestra, Harr & Scherer, CPAs, Inc.

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## Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Perry County  
P. O. Box 248  
New Lexington, Ohio 43764

To the Board of Commissioners:

### Report on Compliance for Each Major Federal Program

We have audited Perry County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Perry County's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* section of the accompanying schedule of findings identifies the County's major federal programs.

#### Management's Responsibility

The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination on the County's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Perry County complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

### **Report on Internal Control Over Compliance**

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

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.

Piketon, Ohio

August 29, 2014

**Perry County, Ohio**  
**Schedule of Findings**  
**OMB Circular A-133 Section §.505**  
**December 31, 2013**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program CFDA# 10.561 Child Support Enforcement CFDA #93.563 Foster Care Title IV-E CFDA# 93.658
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Perry County, Ohio**  
**Schedule of Findings**  
***OMB Circular A-133 Section §.505***  
**December 31, 2013**

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

**Finding 2013-001**

**Noncompliance Citation - Annual Financial Report**

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38 Ohio Admin. Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements and notes omitting assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. The County should prepare its annual financial report in accordance with generally accepted accounting principles.

**Official's Response**

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

**3. FINDINGS FOR FEDERAL AWARDS**

None.

Perry County, Ohio

Schedule of Prior Audit Findings  
OMB Circular A-133 Section §.315(b)  
December 31, 2013

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2012-001	ORC Section 117.38 – Cash basis annual financial reporting	No	Reissued as finding 2013-001



# Dave Yost • Auditor of State

## PERRY COUNTY FINANCIAL CONDITION

### PERRY COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 23, 2014