



Dave Yost • Auditor of State

**Perry County
Perry County, Ohio**

**Modified Cash Financial Statements
For the Year Ended December 31, 2017**

Local Government Services Section

Perry County, Ohio
Modified Cash Statements
For the Year Ended December 31, 2017

Table of Contents

	<u>Page</u>
Table of Contents.....	1
Accountant’s Compilation Letter.....	3
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	13
Statement of Activities – Modified Cash Basis	14
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds.....	16
Statement of Modified Cash Receipts, Disbursements and Changes in Fund Balances – Governmental Funds	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund	20
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Job and Family Services Fund.....	21
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Board of Developmental Disabilities Fund	22
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Auto License and Gasoline Tax Fund	23
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – County Home Fund	24
Statement of Fund Net Position – Modified Cash Basis - Proprietary Funds.....	25
Statement of Modified Cash Receipts, Disbursements and Changes in Fund Net Position – Proprietary Funds	26

(continued)

Perry County, Ohio
Modified Cash Statements
For the Year Ended December 31, 2017

Table of Contents (continued)

Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	27
Statement of Net Position – Modified Cash Basis – Agency Funds.....	28
Notes to the Financial Statements.....	29



Dave Yost • Auditor of State

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

Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of Perry County, Ohio as of and for the fiscal year ended December 31, 2017, in accordance with the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34, and for determining that the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34 is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was not subject to our compilation engagement. We do not express an opinion, a conclusion, nor provide any assurance on such information.

DAVE YOST
Auditor of State

A handwritten signature in cursive script that reads "Unice S. Smith".

Unice S. Smith
Chief of Local Government Services

February 26, 2018

Local Government Services Section
88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4717 or 800-345-2519 Fax: 866-882-0004

www.ohioauditor.gov

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

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, 2017. 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 2017 are as follows:

- Net position of governmental activities increased \$3,052,937. Net position of the business-type activities increased \$92,036.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$19,929,148, an increase of \$3,020,762 from the prior year.

Using This Annual Financial Report

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

County-Wide Financial Statements

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

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

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

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

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

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

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

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Fund Financial Statements

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

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

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

Proprietary Funds - The County maintains 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, 2017
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 2017 compared to 2016.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Equity in Pooled Cash, Cash Equivalents and Investments	\$19,796,812	\$16,884,085	\$336,809	\$244,773	\$20,133,621	\$17,128,858
Cash in Segregated Accounts	1,588,857	1,560,709	0	0	1,588,857	1,560,709
Cash With Fiscal Agents	142,594	30,532	0	0	142,594	30,532
Totals Assets	\$21,528,263	\$18,475,326	\$336,809	\$244,773	\$21,865,072	\$18,720,099
Net Position						
Restricted	\$12,963,907	\$11,863,834	\$0	\$0	\$12,963,907	\$11,863,834
Unrestricted	8,564,356	6,611,492	336,809	244,773	8,901,165	6,856,265
Total Net Position	\$21,528,263	\$18,475,326	\$336,809	\$244,773	\$21,865,072	\$18,720,099

A portion of the County's net position, \$12,963,907 or 59 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance, unrestricted net position of \$8,901,165, or 41 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Table 2 shows the changes in net position for the year ended December 31, 2017, and comparisons to fiscal year 2016.

	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activites	Activities		Activites	Activities	
	2017	2017	2017	2016	2016	2016
Receipts						
Program Receipts:						
Charges for Services	\$5,793,858	\$1,691,551	\$7,485,409	\$5,236,122	\$1,510,872	\$6,746,994
Operating Grants, Contributions, and Interest	19,706,064	0	19,706,064	17,355,472	0	17,355,472
Capital Grants, Contributions, and Interest	1,393,105	12,276	1,405,381	975,293	32,372	1,007,665
Total Program Receipts	26,893,027	1,703,827	28,596,854	23,566,887	1,543,244	25,110,131
General Receipts and Transfers:						
Property Taxes	7,870,401	0	7,870,401	7,657,869	0	7,657,869
Permissive Sales Taxes	4,133,701	0	4,133,701	4,151,821	0	4,151,821
Intergovernmental	2,834,362	0	2,834,362	1,196,031	0	1,196,031
Interest	253,041	0	253,041	89,815	0	89,815
Miscellaneous	590,694	39,693	630,387	795,623	43,530	839,153
Loan Proceeds	0	61,249	61,249	0	65,328	65,328
Proceeds from Sale of Capital Assets	271,880	0	271,880	0	0	0
Total General Receipts	15,954,079	100,942	16,055,021	13,891,159	108,858	14,000,017
Advances In	0	92,700	92,700	0	185,950	185,950
Transfers In	103,612	0	103,612	107,350	0	107,350
Total Receipts	42,950,718	1,897,469	44,848,187	37,565,396	1,838,052	39,403,448
Program Disbursements						
General Government:						
Legislative and Executive	3,421,544	0	3,421,544	4,652,626	0	4,652,626
Judicial	2,079,671	0	2,079,671	2,012,002	0	2,012,002
Public Safety	6,429,047	0	6,429,047	5,909,647	0	5,909,647
Public Works	7,335,467	0	7,335,467	5,781,188	0	5,781,188
Health	5,676,193	0	5,676,193	6,448,954	0	6,448,954
Human Services	11,502,758	0	11,502,758	10,987,833	0	10,987,833
Community and Economic Development	1,342,766	0	1,342,766	450,061	0	450,061
Conservation and Recreation	253,344	0	253,344	321,224	0	321,224
Capital Outlay	1,442,430	0	1,442,430	1,232,563	0	1,232,563
Debt Service:						
Principal	282,404	0	282,404	567,789	0	567,789
Interest and Fiscal Charges	39,457	0	39,457	65,724	0	65,724
Sewer	0	904,171	904,171	0	873,996	873,996
Water	0	797,650	797,650	0	742,486	742,486
Total Disbursements	39,805,081	1,701,821	41,506,902	38,429,611	1,616,482	40,046,093
Advances Out	92,700	0	92,700	185,950	0	185,950
Transfers Out	0	103,612	103,612	0	107,350	107,350
Change in Net Position	3,052,937	92,036	3,144,973	(1,050,165)	114,220	(935,945)
Net Position Beginning of Year	18,475,326	244,773	18,720,099	19,525,491	130,553	19,656,044
Net Position End of Year	\$21,528,263	\$336,809	\$21,865,072	\$18,475,326	\$244,773	\$18,720,099

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Operating grants were the largest program receipts, accounting for \$19,706,064, or 46 percent of total governmental activities receipts. The major recipients of operating grants program receipts were the Job and Family Services, Engineer, Mental Health, Children Services, and Board of Developmental Disabilities governmental departments.

Property tax receipts account for \$7,870,401 or 18 percent of total governmental activities receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for \$4,133,701 or 10 percent of total receipts.

The County's direct charges to users of governmental services made up \$5,793,858 or 13 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 \$11,502,758 or 29 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include public works programs, public safety programs, and health programs, which accounted for \$7,335,467, \$6,429,047, and \$5,676,193, or 18 percent, 16 percent and 14 percent, respectively, of total disbursements.

Business-Type Activities

Charges for services were the largest program receipts, accounting for \$1,691,551, or 89 percent of receipts. The remaining \$205,918, or 11 percent, of revenue represented OWDA loan proceeds, miscellaneous general receipts, and an advance from the General Fund.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2017 and 2016. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted intergovernmental receipts.

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2017	2017	2016	2016
General Government:				
Legislative and Executive	\$3,421,544	\$1,549,655	\$4,652,626	\$2,687,504
Judicial	2,079,671	968,320	2,012,002	1,038,505
Public Safety	6,429,047	3,359,599	5,909,647	2,802,269
Public Works	7,335,467	(157,323)	5,781,188	(111,314)
Health	5,676,193	2,674,841	6,448,954	3,340,479
Human Services	11,502,758	2,580,277	10,987,833	2,850,520
Community and Economic Development	1,342,766	(80,950)	450,061	67,461
Conservation and Recreation	253,344	253,344	321,224	321,224
Capital Outlay	1,442,430	1,442,430	1,232,563	1,232,563
Principal Retirement	282,404	282,404	567,789	567,789
Interest and Fiscal Charges	39,457	39,457	65,724	65,724
Total Expenses	\$39,805,081	\$12,912,054	\$38,429,611	\$14,862,724

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Charges for services, operating grants, and capital grants of \$26,893,027, or 68 percent of the total costs of services, are received and used to fund the general government disbursements of the County. The remaining \$12,912,054 in general government disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, interest, transfers, and miscellaneous receipts.

Net cost of services demonstrates the costs of services that are not supported by program receipts. During 2017, all program disbursements, with the exception of public works and community and economic development, had insufficient program revenues for operations and were supported by general receipts.

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, 2017, the County's governmental funds reported a combined ending fund balance of \$19,929,148, an increase of \$3,020,762 in comparison with the prior year.

The General Fund is the primary operating fund of the County. At the end of 2017, unassigned fund balance was \$5,299,750, while total fund balance was \$5,738,855. 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 63 percent to total General Fund disbursements, while total fund balance represents 68 percent of that same amount.

The fund balance of the County's General Fund increased \$2,772,526 during 2017. This increase was mainly due to the net effect of a decrease in the General Fund's transfers to other funds and an increase in revenue provided by the Medicaid Sales Tax Transition Credit. The decrease in General Fund's transfers is primarily due to a one time transfer to the Courthouse Improvements Fund during 2016.

At the end of 2017, the Job and Family Services Special Revenue Fund had a fund balance of \$364,242, in comparison to a fund balance of \$448,535 at the end of 2016. This decrease in fund balance was due to an increase in the amount of contracts with vendors during 2017.

At the end of 2017, the Board of Developmental Disabilities Special Revenue Fund had a fund balance of \$1,177,435, in comparison to a fund balance of \$623,368 at the end of 2016. This increase in fund balance was primarily due to a decrease in the amount of contracts with vendors during 2017.

At the end of 2017, the Auto License and Gasoline Tax Special Revenue Fund had a fund balance of \$3,243,374, in comparison to a fund balance of \$3,189,037 at the end of 2016. This increase is primarily due to the fund keeping expenditures in line with revenues.

At the end of 2017, the County Home Special Revenue Fund had a fund balance of \$2,617,995, in comparison to a fund balance of \$2,614,109 at the end of 2016. This increase is primarily due the County Home Fund keeping expenditures in line with revenues.

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

At the end of 2017, Courthouse Improvements Capital Projects Fund had a fund balance of \$1,020,687 in comparison to a fund balance of \$2,020,930 at the end of 2016. This decrease is due to payments on facility projects during 2017.

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, 2017, unrestricted net position for the County's Sewer Enterprise Fund was \$113,634. This is a \$75,702 increase from 2016. This net increase in net position was the result of an increase in the proceeds of OWDA Loans and capital grants.

As of December 31, 2017, unrestricted net position for the County's Water Enterprise Fund was \$223,175. This is a \$16,334 increase from 2016. This net increase in net position was the result of an increase in charges for services related to an increase in tap in fees.

As of December 31, 2017, unrestricted net position in the self-insurance program was \$1,599,115. This is a \$32,175 increase from 2016. This increase in net position was the result of a decrease in claims.

Budgetary Highlights

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

For the General Fund, total receipts increased from the original budget to the final budget in the amount of \$207,634, which was due to an increase in receipts estimated for donations. Total disbursements for the General Fund increased from the original budget to the final budget in the amount of \$716,884. This increase in appropriations was mainly due to an increase in what was budgeted for legislative and executive and public safety expenditures. Fluctuations in growth and diversity have typically not occurred in Perry County, allowing department managers the ability to consistently predict receipts and disbursements.

Capital Assets and Debt Administration

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

Long-Term Obligations - As of December 31, 2017, the County had total general obligation refunded bonded debt outstanding of \$1,215,000. These bonds were issued for the acquiring and improving of a building to house the Human Services Department, renovating the Jobs and Family Services building, acquiring the Perry County Airport, and improving the water supply and water works of the Northern Perry County Water and Sewer District. This bonded debt is to be repaid through governmental activities.

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

In addition to the bonded indebtedness, the County has a capital lease/purchase agreement with Johnson Controls. The total principal outstanding as of December 31, 2017, is \$6,746 for the capital lease/purchase agreement. The County also has a number of outstanding loans with government agencies in regards to water and sewer activities. The total principal outstanding as of December 31, 2017, is \$12,297,035. The repayment of these loans will be made through user fees and charges. See Note 12 for capital leases and Note 13 for additional information regarding the County's debt.

Economic Factors

The unemployment rate for the County in 2017 was 5.8 percent, which represents a decrease from 6.0 percent in 2016. The decrease in unemployment is due to the economic growth seen in Perry County as well as in surrounding counties.

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

The various economic factors were considered in the preparation of the County's 2017 budget and they will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

Requests for Information

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

Basic Financial Statements

Perry County, Ohio
Statement of Net Position - Modified Cash Basis
 December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$19,796,812	\$336,809	\$20,133,621
Cash in Segregated Accounts	1,588,857	0	1,588,857
Cash With Fiscal Agents	142,594	0	142,594
<i>Total Assets</i>	<u>\$21,528,263</u>	<u>\$336,809</u>	<u>\$21,865,072</u>
Net Position			
Restricted for:			
Capital Projects	\$110,659	\$0	\$110,659
Health	1,240,613	0	1,240,613
Public Works	3,402,922	0	3,402,922
Human Services	5,198,982	0	5,198,982
Real Estate Assessment	1,212,641	0	1,212,641
Judicial	653,746	0	653,746
Public Safety	825,631	0	825,631
Debt Service	9,196	0	9,196
Unclaimed Monies	49,571	0	49,571
Other Purposes	259,946	0	259,946
Unrestricted	<u>8,564,356</u>	<u>336,809</u>	<u>8,901,165</u>
<i>Total Net Position</i>	<u>\$21,528,263</u>	<u>\$336,809</u>	<u>\$21,865,072</u>

See accompanying notes to the basic financial statements

See accountant's compilation report

Perry County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2017

	Cash Disbursements	Charges for Services	Program Receipts	
			Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
Governmental Activities				
General Government:				
Legislative and Executive	\$3,421,544	\$1,871,889	\$0	\$0
Judicial	2,079,671	853,058	258,293	0
Public Safety	6,429,047	258,079	2,651,359	160,010
Public Works	7,335,467	1,646,177	4,923,905	922,708
Health	5,676,193	354,990	2,646,362	0
Human Services	11,502,758	809,665	7,944,338	168,478
Community and Economic Development	1,342,766	0	1,281,807	141,909
Conservation and Recreation	253,344	0	0	0
Capital Outlay	1,442,430	0	0	0
Debt Service:				
Principal Retirement	282,404	0	0	0
Interest and Fiscal Charges	39,457	0	0	0
<i>Total Governmental Activities</i>	<u>39,805,081</u>	<u>5,793,858</u>	<u>19,706,064</u>	<u>1,393,105</u>
Business-Type Activities				
Sewer Fund	904,171	815,924	0	10,000
Water Fund	797,650	875,627	0	2,276
<i>Total Business-Type Activities</i>	<u>1,701,821</u>	<u>1,691,551</u>	<u>0</u>	<u>12,276</u>
Totals	<u>\$41,506,902</u>	<u>\$7,485,409</u>	<u>\$19,706,064</u>	<u>\$1,405,381</u>

General Receipts

Property Taxes Levied for:

- General Purposes
- Board of Developmental Disabilities
- Community Mental Health
- Children Services
- County Home
- Senior Center

Sales Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Interest

Miscellaneous

Loan Revenue

Proceeds from Sale of Capital Assets

Total General Receipts

Transfers

Advances

Total General Receipts and Other Financing Sources(Uses)

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

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

Net (Disbursements) Receipts
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$1,549,655)	\$0	(\$1,549,655)
(968,320)	0	(968,320)
(3,359,599)	0	(3,359,599)
157,323	0	157,323
(2,674,841)	0	(2,674,841)
(2,580,277)	0	(2,580,277)
80,950	0	80,950
(253,344)	0	(253,344)
(1,442,430)	0	(1,442,430)
(282,404)	0	(282,404)
(39,457)	0	(39,457)
(12,912,054)	0	(12,912,054)
0	(78,247)	(78,247)
0	80,253	80,253
0	2,006	2,006
(12,912,054)	2,006	(12,910,048)
2,402,498	0	2,402,498
2,559,068	0	2,559,068
313,984	0	313,984
1,133,059	0	1,133,059
1,268,848	0	1,268,848
192,944	0	192,944
4,133,701	0	4,133,701
2,834,362	0	2,834,362
253,041	0	253,041
590,694	39,693	630,387
0	61,249	61,249
271,880	0	271,880
15,954,079	100,942	16,055,021
103,612	(103,612)	0
(92,700)	92,700	0
15,964,991	90,030	16,055,021
3,052,937	92,036	3,144,973
18,475,326	244,773	18,720,099
\$21,528,263	\$336,809	\$21,865,072

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

Perry County, Ohio
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
 December 31, 2017

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home
Assets					
Equity in Pooled Cash and Cash Equivalents	\$5,689,284	\$364,242	\$1,034,841	\$3,243,374	\$2,617,995
Restricted Cash and Cash Equivalents	49,571	0	0	0	0
Cash in Segregated Accounts	0	0	0	0	0
Cash With Fiscal Agents	0	0	142,594	0	0
Total Assets	<u>\$5,738,855</u>	<u>\$364,242</u>	<u>\$1,177,435</u>	<u>\$3,243,374</u>	<u>\$2,617,995</u>
Fund Balances					
Nonspendable	\$49,571	\$0	\$0	\$0	\$0
Restricted	0	364,242	1,177,435	3,243,374	2,617,995
Committed	0	0	0	0	0
Assigned	389,534	0	0	0	0
Unassigned	5,299,750	0	0	0	0
Total Fund Balances	<u>\$5,738,855</u>	<u>\$364,242</u>	<u>\$1,177,435</u>	<u>\$3,243,374</u>	<u>\$2,617,995</u>

Total Governmental Fund Balances **\$19,929,148**

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. 1,599,115

Net Position of Governmental Activities **\$21,528,263**

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

<u>Courthouse Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$1,020,687	\$5,731,317	\$19,701,740
0	0	49,571
0	35,243	35,243
0	0	142,594
<u>\$1,020,687</u>	<u>\$5,766,560</u>	<u>\$19,929,148</u>
\$0	\$0	\$49,571
0	5,511,290	12,914,336
1,020,687	255,270	1,275,957
0	0	389,534
0	0	5,299,750
<u>\$1,020,687</u>	<u>\$5,766,560</u>	<u>\$19,929,148</u>

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

Perry County, Ohio
Statement of Modified Cash Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home
Receipts					
Property Taxes	\$2,402,498	\$0	\$2,559,068	\$0	\$1,268,848
Sales Taxes	4,133,701	0	0	0	0
Charges for Services	1,358,178	386,225	194,775	247,967	140,855
Licenses and Permits	2,622	0	0	0	0
Fines and Forfeitures	310,742	0	0	7,359	0
Intergovernmental	2,897,174	5,155,943	2,614,378	5,200,018	143,485
Interest	245,439	0	0	4,554	0
Rent	0	0	0	0	0
Donations	177,337	0	0	0	3,700
Miscellaneous	139,875	1,607	264,583	6	0
Total Receipts	11,667,566	5,543,775	5,632,804	5,459,904	1,556,888
Disbursements					
Current:					
General Government:					
Legislative and Executive	2,525,770	0	0	0	0
Judicial	1,756,160	0	0	0	0
Public Safety	3,240,297	0	0	0	0
Public Works	0	0	0	5,405,567	0
Health	144,624	0	5,078,737	0	0
Human Services	360,041	5,830,727	0	0	1,553,002
Community and Economic Development	116,019	0	0	0	0
Conservation and Recreation	253,344	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Disbursements	8,396,255	5,830,727	5,078,737	5,405,567	1,553,002
Excess of Receipts Over (Under) Disbursement:	3,271,311	(286,952)	554,067	54,337	3,886
Other Financing Sources (Uses)					
Proceeds from the Sale of Capital Assets	271,880	0	0	0	0
Advances In	586,919	0	179,936	0	0
Advances Out	(696,140)	0	(179,936)	0	0
Transfers In	0	202,659	0	0	0
Transfers Out	(661,444)	0	0	0	0
Total Other Financing Sources (Uses)	(498,785)	202,659	0	0	0
Net Change in Fund Balances	2,772,526	(84,293)	554,067	54,337	3,886
Fund Balances Beginning of Year	2,966,329	448,535	623,368	3,189,037	2,614,109
Fund Balances End of Year	\$5,738,855	\$364,242	\$1,177,435	\$3,243,374	\$2,617,995

Net Change in Fund Balances - Governmental Funds

\$3,020,762

*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.

32,175

Change in Net Position of Governmental Activities

\$3,052,937

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

Courthouse Improvements	Other Governmental Funds	Total Governmental Funds
\$0	\$1,639,987	\$7,870,401
0	0	4,133,701
0	2,472,877	4,800,877
0	321,780	324,402
0	245,204	563,305
0	7,732,010	23,743,008
0	0	249,993
0	105,274	105,274
0	4,932	185,969
347	184,276	590,694
<u>347</u>	<u>12,706,340</u>	<u>42,567,624</u>
0	900,645	3,426,415
0	328,402	2,084,562
0	3,196,028	6,436,325
0	1,931,811	7,337,378
0	453,089	5,676,450
0	3,764,353	11,508,123
0	1,226,747	1,342,766
0	0	253,344
1,000,590	441,840	1,442,430
0	282,404	282,404
0	39,457	39,457
<u>1,000,590</u>	<u>12,564,776</u>	<u>39,829,654</u>
<u>(1,000,243)</u>	<u>141,564</u>	<u>2,737,970</u>
0	0	271,880
0	423,504	1,190,359
0	(406,983)	(1,283,059)
0	562,397	765,056
0	0	(661,444)
<u>0</u>	<u>578,918</u>	<u>282,792</u>
<u>(1,000,243)</u>	<u>720,482</u>	<u>3,020,762</u>
<u>2,020,930</u>	<u>5,046,078</u>	<u>16,908,386</u>
<u>\$1,020,687</u>	<u>\$5,766,560</u>	<u>\$19,929,148</u>

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

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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property Taxes	\$2,320,000	\$2,320,000	\$2,391,868	\$71,868
Sales Taxes	3,900,000	3,900,000	4,133,701	233,701
Charges for Services	1,216,555	1,201,175	1,358,178	157,003
Licenses and Permits	1,775	1,775	2,622	847
Fines and Forfeitures	247,500	289,500	310,742	21,242
Intergovernmental	1,187,000	1,187,000	1,390,072	203,072
Interest	80,000	80,000	203,472	123,472
Donations	0	177,034	177,337	303
Miscellaneous	10,000	13,980	139,875	125,895
Total Receipts	8,962,830	9,170,464	10,107,867	937,403
Disbursements				
Current:				
General Government:				
Legislative and Executive	2,728,578	2,877,929	2,627,277	250,652
Judicial	1,844,892	1,867,483	1,784,062	83,421
Public Safety	2,787,740	3,347,794	3,264,653	83,141
Health	150,796	152,968	144,624	8,344
Human Services	420,672	422,752	405,672	17,080
Community and Economic Development	121,489	102,125	116,019	(13,894)
Conservation and Recreation	189,875	189,875	298,875	(109,000)
Total Disbursements	8,244,042	8,960,926	8,641,182	319,744
Excess of Receipts Over Disbursements	718,788	209,538	1,466,685	1,257,147
Other Financing Sources (Uses)				
Advances In	0	0	586,919	586,919
Advance Out	0	0	(696,140)	(696,140)
Transfers Out	(748,191)	(763,173)	(661,444)	101,729
Proceeds from Sale of Capital Assets	0	0	271,880	271,880
Total Other Financing Sources (Uses)	(748,191)	(763,173)	(498,785)	264,388
Net Change in Fund Balance	(29,403)	(553,635)	967,900	1,521,535
Fund Balance Beginning of Year	2,769,078	2,769,078	2,769,078	0
Prior Year Encumbrances Appropriated	122,326	122,326	122,326	0
Fund Balance End of Year	\$2,862,001	\$2,337,769	\$3,859,304	\$1,521,535

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

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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$350,000	\$350,000	\$286,505	(\$63,495)
Intergovernmental	6,210,000	5,493,129	5,155,943	(337,186)
Miscellaneous	2,000	1,700	1,607	(93)
<i>Total Receipts</i>	<u>6,562,000</u>	<u>5,844,829</u>	<u>5,444,055</u>	<u>(400,774)</u>
Disbursements				
Current:				
Human Services	<u>6,721,565</u>	<u>6,025,415</u>	<u>5,888,827</u>	<u>136,588</u>
<i>Excess of Receipts Under Disbursements</i>	(159,565)	(180,586)	(444,772)	(264,186)
Other Financing Source				
Transfers In	<u>159,864</u>	<u>202,659</u>	<u>202,659</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	299	22,073	(242,113)	(264,186)
<i>Fund Balance Beginning of Year</i>	366,770	366,770	366,770	0
Prior Year Encumbrances Appropriated	<u>81,765</u>	<u>81,765</u>	<u>81,765</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$448,834</u>	<u>\$470,608</u>	<u>\$206,422</u>	<u>(\$264,186)</u>

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

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$2,387,000	\$2,427,500	\$2,543,567	\$116,067
Charges for Services	194,020	194,020	194,775	755
Intergovernmental	2,762,830	2,722,330	2,484,640	(237,690)
Miscellaneous	168,224	168,224	264,583	96,359
<i>Total Receipts</i>	5,512,074	5,512,074	5,487,565	(24,509)
Disbursements				
Current:				
Health	5,335,813	5,535,813	5,181,797	354,016
<i>Excess of Receipts Over (Under) Disbursements</i>	176,261	(23,739)	305,768	329,507
Other Financing Sources				
Advances In	0	0	179,936	179,936
Advance Out	0	0	(179,936)	(179,936)
<i>Total Other Financing Sources</i>	0	0	0	179,936
<i>Net Change in Fund Balance</i>	176,261	(23,739)	305,768	329,507
<i>Fund Balance Beginning of Year</i>	354,490	354,490	354,490	0
<i>Prior Year Encumbrances Appropriated</i>	163,954	163,954	163,954	0
<i>Fund Balance End of Year</i>	<u>\$694,705</u>	<u>\$494,705</u>	<u>\$824,212</u>	<u>\$329,507</u>

See accompanying notes to the basic financial statements

See accountant's compilation report

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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$372,000	\$372,000	\$247,967	(\$124,033)
Fines and Forfeitures	16,000	16,000	7,359	(8,641)
Intergovernmental	4,095,000	6,117,785	5,200,018	(917,767)
Interest	4,000	4,000	4,554	554
Miscellaneous	<u>0</u>	<u>0</u>	<u>6</u>	<u>6</u>
<i>Total Receipts</i>	4,487,000	6,509,785	5,459,904	(1,049,881)
Disbursements				
Current:				
Public Works	<u>4,503,085</u>	<u>7,714,921</u>	<u>5,465,697</u>	<u>2,249,224</u>
<i>Net Change in Fund Balance</i>	(16,085)	(1,205,136)	(5,793)	1,199,343
<i>Fund Balance Beginning of Year</i>	3,172,952	3,172,952	3,172,952	0
Prior Year Encumbrances Appropriated	<u>16,085</u>	<u>16,085</u>	<u>16,085</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,172,952</u>	<u>\$1,983,901</u>	<u>\$3,183,244</u>	<u>\$1,199,343</u>

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

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$1,173,311	\$1,245,500	\$1,260,695	\$15,195
Charges for Services	170,000	170,000	140,855	(29,145)
Intergovernmental	144,970	72,781	143,485	70,704
Donations	0	0	3,700	3,700
<i>Total Receipts</i>	<u>1,488,281</u>	<u>1,488,281</u>	<u>1,548,735</u>	<u>60,454</u>
Disbursements				
Current:				
Human Services	<u>1,546,661</u>	<u>1,716,961</u>	<u>1,574,478</u>	<u>142,483</u>
<i>Net Change in Fund Balance</i>	(58,380)	(228,680)	(25,743)	202,937
<i>Fund Balance Beginning of Year</i>	2,553,043	2,553,043	2,553,043	0
Prior Year Encumbrances Appropriated	<u>9,805</u>	<u>9,805</u>	<u>9,805</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,504,468</u></u>	<u><u>\$2,334,168</u></u>	<u><u>\$2,537,105</u></u>	<u><u>\$202,937</u></u>

See accompanying notes to the basic financial statements

See accountant's compilation report

Perry County, Ohio
Statement of Fund Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2017

	Business-Type Activities			Governmental
	Sewer Enterprise Fund	Water Enterprise Fund	Total Enterprise Funds	Activity- Internal Service Fund
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$113,634	\$223,175	\$336,809	\$45,501
Cash in Segregated Accounts	0	0	0	1,553,614
Total Assets	\$113,634	\$223,175	\$336,809	\$1,599,115
Net Position				
Unrestricted	\$113,634	\$223,175	\$336,809	\$1,599,115
Total Net Position	\$113,634	\$223,175	\$336,809	\$1,599,115

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

Perry County, Ohio
Statement of Modified Cash Receipts, Disbursements and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities			Governmental
	Sewer	Water	Total	Activity-
	Enterprise Fund	Enterprise Fund	Enterprise Funds	Internal Service Fund
Operating Receipts				
Charges for Services	\$815,924	\$875,627	\$1,691,551	\$4,672,627
Interest	0	0	0	7,602
Miscellaneous	0	158	158	0
<i>Total Operating Receipts</i>	<u>815,924</u>	<u>875,785</u>	<u>1,691,709</u>	<u>4,680,229</u>
Operating Disbursements				
Personal Services	63,476	141,045	204,521	0
Contractual Services	121,578	16,200	137,778	557,597
Materials and Supplies	74,997	35,525	110,522	0
Claims	0	0	0	4,090,457
Capital Outlay	150,571	354,735	505,306	0
Other	9,303	4,358	13,661	0
<i>Total Operating Disbursements</i>	<u>419,925</u>	<u>551,863</u>	<u>971,788</u>	<u>4,648,054</u>
<i>Operating Income</i>	<u>395,999</u>	<u>323,922</u>	<u>719,921</u>	<u>32,175</u>
Non-Operating Receipts and Disbursements				
Other Non-Operating Revenue	0	39,535	39,535	0
Capital Grants	10,000	2,276	12,276	0
Proceeds of OWDA Loans	61,249	0	61,249	0
Debt Service:				
Principal Retirement	(290,881)	(192,861)	(483,742)	0
Interest and Fiscal Charges	(193,365)	(52,926)	(246,291)	0
<i>Total Non-Operating Receipts and Disbursements</i>	<u>(412,997)</u>	<u>(203,976)</u>	<u>(616,973)</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>(16,998)</u>	<u>119,946</u>	<u>102,948</u>	<u>32,175</u>
Advance In	92,700	0	92,700	0
Transfers Out	0	(103,612)	(103,612)	0
<i>Change in Net Position</i>	<u>75,702</u>	<u>16,334</u>	<u>92,036</u>	<u>32,175</u>
<i>Net Position Beginning of Year</i>	<u>37,932</u>	<u>206,841</u>	<u>244,773</u>	<u>1,566,940</u>
<i>Net Position End of Year</i>	<u>\$113,634</u>	<u>\$223,175</u>	<u>\$336,809</u>	<u>\$1,599,115</u>

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

Perry County, Ohio
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities			Governmental Activities
	Sewer Enterprise Fund	Water Enterprise Fund	Total Enterprise Funds	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$815,924	\$875,627	\$1,691,551	\$0
Cash Received from Transactions with Other Funds	0	0	0	4,672,627
Cash Payments for Employee Services and Benefits	(63,476)	(141,045)	(204,521)	0
Cash Payments for Claims	0	0	0	(4,090,457)
Cash Payments to Suppliers for Goods and Services	(356,449)	(410,818)	(767,267)	(557,597)
Other Operating Receipts	0	158	158	0
Other Non-Operating Revenues	0	39,535	39,535	0
<i>Net Cash Provided by Operating Activities</i>	<u>395,999</u>	<u>363,457</u>	<u>759,456</u>	<u>24,573</u>
Cash Flows from Noncapital Financing Activities:				
Advances From Other Funds	92,700	0	92,700	0
Transfers To Other Funds	0	(103,612)	(103,612)	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>92,700</u>	<u>(103,612)</u>	<u>(10,912)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:				
Capital Grants	10,000	2,276	12,276	0
Proceeds of OWDA Loans	61,249	0	61,249	0
Principal Paid on Debt	(290,881)	(192,861)	(483,742)	0
Interest and Fiscal Charges Paid on Debt	(193,365)	(52,926)	(246,291)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(412,997)</u>	<u>(243,511)</u>	<u>(656,508)</u>	<u>0</u>
Cash Flows from Investing Activities:				
Investment Earnings	0	0	0	7,602
<i>Net Increase in Cash and Cash Equivalents</i>	75,702	16,334	92,036	32,175
<i>Cash and Cash Equivalents Beginning of Year</i>	37,932	206,841	244,773	1,566,940
<i>Cash and Cash Equivalents End of Year</i>	<u>\$113,634</u>	<u>\$223,175</u>	<u>\$336,809</u>	<u>\$1,599,115</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
<i>Operating Income</i>	\$395,999	\$323,922	\$719,921	\$32,175
Adjustments:				
Other Non-Operating Revenues	0	39,535	39,535	0
Interest Earnings	0	0	0	(7,602)
<i>Net Cash Provided by Operating Activities</i>	<u>\$395,999</u>	<u>\$363,457</u>	<u>\$759,456</u>	<u>\$24,573</u>

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

Perry County, Ohio
Statement of Net Position - Modified Cash Basis
Agency Funds
December 31, 2017

Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,009,008
Cash and Cash Equivalents in Segregated Accounts	<u>385,393</u>
Total Assets	<u><u>\$5,394,401</u></u>
Net Position	
Restricted for:	
District Board of Health	\$3,505,894
Undivided Tax	969,351
Family and Children First Council	249,631
Sheriff	246,889
County Court	138,504
Housing Trust	126,145
Soil and Water Conservation	54,689
Ohio Election Commission	54,433
Payroll	46,488
Local Government	1,450
Workforce Investment Act Area 14	<u>927</u>
Total Net Position	<u><u>\$5,394,401</u></u>

See accompanying notes to the financial statements
See accountant's compilation report

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

Note 1 – Reporting Entity

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

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

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

A. Primary Government

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

B. Component Units

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

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

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

Perry County Family and Children First Council The Perry County Family and Children First Council is created under Ohio Revised Code Section 121.37. Permanent members of the Council are those individuals, public officials, and organizations that are mandated per Ohio Rev. Code Section 121.37. The Council may include additional permanent or temporary members from any local public or private agency or group that funds, advocates, or provides services to children. Currently, the Council is made up of representatives from the Mental Health and Recovery Services Board, the County Children Services Board, the County Juvenile Court, the County Health Department, the County Board of Developmental Disabilities, each school district within the County, the County Department of Humans Services, the Regional Office of Department of Youth Services, the City of New Lexington, the County Board of Commissioners, the County Head Start Agency, the County's Early Intervention Collaborative, and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. The Council's revenues will consist of operating grants along with pooled funding from other government sources. During 2017, the County made no contributions to the Council. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management.

The County participates in seven jointly governed organizations, two joint ventures, and one insurance purchasing pool. These organizations are presented in Notes 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 and Children First Council
- Local Workforce Investment Board
- Corrections Commission of Southeastern Ohio
- Fairfield, Hocking, Licking, and Perry Multi-County Juvenile Detention System
- County Risk Sharing Authority, Inc. (CORSA)

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

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.

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

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

B. Fund Accounting

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

Governmental Funds

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

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

Job and Family Services – This fund accounts for various federal and state grants as well as transfers from the General Fund restricted to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

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.

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

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

Proprietary Funds

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

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

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

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

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

C. Basis of Accounting

The County's financial statements are prepared using the modified cash basis of accounting. (See Note 4) Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

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

D. Budgetary Process

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

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

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

E. Cash and Cash Equivalents

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

Cash that is held by Mid Eastern Ohio Regional Council of Governments (MEORC) is recorded as “Cash with Fiscal Agents.” (See Note 16)

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

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

During 2017, the County invested in nonnegotiable certificates of deposit, negotiable certificates of deposit, money market checking accounts, federal agency securities, and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 amounted to \$245,439, which includes \$204,892 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.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Pensions

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

L. Interfund Transactions

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

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

M. Long-Term Obligations

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

N. Fund Balance

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners through resolutions or by State statute. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners assigned fund balance to cover a gap between estimated revenue and appropriations in 2018’s appropriated budget.

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

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 – Budgetary Basis of Accounting

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

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

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home
Cash Basis	\$2,772,526	(\$84,293)	\$554,067	\$54,337	\$3,886
Net Adjustment for					
Revenue	(33,109)	0	0	0	0
Beginning of Year:					
Unrecorded Cash	8,245	0	0	0	0
Agency Fund					
Distribution	99,789	0	104,924	0	51,261
End of Year:					
Unrecorded Cash	(17,103)	(99,720)	(129,738)	0	0
Agency Fund					
Distribution	(1,617,521)	0	(120,425)	0	(59,414)
Encumbrances	(244,927)	(58,100)	(103,060)	(60,130)	(21,476)
Budget Basis	<u>\$967,900</u>	<u>(\$242,113)</u>	<u>\$305,768</u>	<u>(\$5,793)</u>	<u>(\$25,743)</u>

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

Note 4 – Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net 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.

Note 5 – 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:

This space intentionally left blank.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

Fund Balances	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Courthouse Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>								
Unclaimed monies	\$49,571	\$0	\$0	\$0	\$0	\$0	\$0	\$49,571
<u>Restricted for:</u>								
Count Home Operations	0	0	0	0	2,617,995	0	0	2,617,995
Job and Family Services Operations	0	364,242	0	0	0	0	0	364,242
Auto License and Gasoline Tax	0	0	0	3,243,374	0	0	0	3,243,374
Public Transportation	0	0	0	0	0	0	159,548	159,548
Board of Developmental Disabilities Operations	0	0	1,177,435	0	0	0	0	1,177,435
Mental Health Operations	0	0	0	0	0	0	30,531	30,531
Dog and Kennel Operations	0	0	0	0	0	0	32,647	32,647
Senior Center Operations	0	0	0	0	0	0	230,627	230,627
Capital Improvements	0	0	0	0	0	0	110,659	110,659
Debt Service	0	0	0	0	0	0	9,196	9,196
Public Safety Operations	0	0	0	0	0	0	449,386	449,386
Corrections Operations	0	0	0	0	0	0	376,245	376,245
Other Human Services	0	0	0	0	0	0	87,249	87,249
Child Support	0	0	0	0	0	0	1,053,477	1,053,477
Court Operations	0	0	0	0	0	0	653,746	653,746
Community Development	0	0	0	0	0	0	174,372	174,372
Children Services Operations	0	0	0	0	0	0	930,966	930,966
Real Estate Assessments	0	0	0	0	0	0	1,212,641	1,212,641
Total Restricted	0	364,242	1,177,435	3,243,374	2,617,995	0	5,511,290	12,914,336
<u>Committed to:</u>								
Capital Improvements	0	0	0	0	0	1,020,687	255,270	1,275,957
<u>Assigned to:</u>								
2018 Appropriations	144,607	0	0	0	0	0	0	144,607
Purchases on Order	244,927	0	0	0	0	0	0	244,927
Total Assigned	389,534	0	0	0	0	0	0	389,534
Unassigned:	5,299,750	0	0	0	0	0	0	5,299,750
Total Fund Balances	\$5,738,855	\$364,242	\$1,177,435	\$3,243,374	\$2,617,995	\$1,020,687	\$5,766,560	\$19,929,148

Note 6 – Deposits and Investments

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. 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 or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided 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 either securities or cash, equal value for equal value;
9. Up to forty percent of the County's average portfolio in either of the following
 - a. 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.
 - b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided 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. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

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

Cash on Hand. At year end, the County had \$487,191 in undeposited cash on hand which is included in the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

Cash with Fiscal Agents. At year end, the County's Board of Developmental Disabilities Special Revenue Fund had Cash with Fiscal Agents held by MEORC in the amount of \$142,594. 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, \$4,859,156 of the County's bank balance of \$22,012,182 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 the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Two of the County's four financial institutions are in the process of joining OPCS; however, at December 31, 2017, the financial institutions still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

Investments. The fair value of these investments is not materially different than measurement value. As of December 31, 2017, the County had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Rating	Rating Agency	Percent of Total Investments
Net Asset Value Per Share: STAR Ohio	\$2,028,614	52.1 days	AAAm	Standard and Poor's	36.76%
Fair Value:					
Federal National Mortgage Association Notes	1,174,360	7/26/2018	Aaa	Moody's	21.28%
Federal Farm Credit Bank Bonds	744,885	1/28/2019	Aaa	Moody's	13.50%
Federal Home Loan Mortgage Corporation Notes	985,710	10/28/2021	Aaa	Moody's	17.86%
Federal Home Loan Bank Bonds	484,850	11/30/2021	Aaa	Moody's	8.79%
Federal Home Loan Bank Bonds	99,640	7/26/2022	Aaa	Moody's	1.81%
Total	<u><u>\$5,518,059</u></u>				<u><u>100.00%</u></u>

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2017. Investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs). All of the County's investments measured at fair value are valued using other significant observable inputs (Level 2 inputs).

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

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

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

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 See accountant's compilation report

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

Note 7 – Permissive Sales and Use Tax

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

Note 8 – Property Taxes and Tax Abatements

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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 2017 represent the collection of 2016 taxes. Public utility property taxes received in 2017 became a lien on December 31, 2016, were levied after October 1, 2017, 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, 2017, was \$18.70 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2016 property tax receipts were based are as follows:

Real Property	\$545,976,600
Public Utility Tangible Personal Property	123,072,040
Total Assessed Value	<u>\$669,048,640</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.

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

B. Tax Abatements

Pursuant to Ohio Revised Code Chapter 5709, the County has established an Enterprise Zone property tax abatement to encourage real estate renovation with Ludowici Roof Tile, Inc. This abatement was obtained through an application by the property owner, including proof that the improvements have been made and equals a 10 percent increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient's tax bill. The amount of the collection year 2017 taxes abated was \$37,599.

Note 9 – 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 2017, the County contract with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. Coverage provided by CORSA is as follows:

	<u>Coverage</u>	<u>Deductible</u>
General Liability	\$1,000,000	\$2,500
Law Enforcement Liability	1,000,000	2,500
Automobile Liability	1,000,000	2,500
Errors and Omissions Liability	1,000,000	2,500
Excess Liability	5,000,000	0
Property	71,944,961	2,500
Equipment Breakdown	100,000,000	2,500
Crime	1,000,000	2,500
Uninsured Motorists Liability	250,000	0
Medical Professional Liability	3,000,000	0

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

For 2017, 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.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

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.

Note 10 – Defined Benefit Retirement Plans

Net Pension Liability

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

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

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

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

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

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

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

	State and Local	Law Enforcement
2017 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	**
 2017 Actual Contribution Rates		
Employer:		
Pension	13.0 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

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

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

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

The County's contractually required contribution was \$1,752,283 for 2017.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.09669774%
Prior Measurement Date	0.09494091%
Change in Proportionate Share	0.00175683%
Proportionate Share of the Net Pension Liability	\$21,958,414

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
County's proportionate share of the net pension liability	\$33,546,382	\$21,958,414	\$12,301,887

Note 11 – Postemployment Benefits

Plan Description - The 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 defined contribution plan.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary 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. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

Substantially all of the County's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$133,084, \$252,721, and \$255,984, respectively. The full amount has been contributed for all three years.

Note 12 – Capital Leases – Lessee Disclosure

In prior years, the County entered into a capitalized lease in order to provide equipment and services in order to update the efficiency of County facilities. This lease 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 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 2017 of \$7,404. The remaining future long-term minimum lease payment required under the capital leases is \$6,746, as of December 31, 2017.

This space intentionally left blank.

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

Note 13 – Long-Term Obligations

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

	Principal Outstanding 12/31/2016	Additions	Deductions	Principal Outstanding 12/31/2017	Amount Due Within One Year
Governmental Activities					
<u>General Obligation Bonds:</u>					
2012 - Various Purpose Improvement Refunding Bonds - 2.0%-3.0%	\$1,490,000	\$0	\$275,000	\$1,215,000	\$300,000
Capital Lease/ Purchase Agreement Children Services - 7.02%	14,150	0	7,404	6,746	6,746
Total Governmental Activities	\$1,504,150	\$0	\$282,404	\$1,221,746	\$306,746
Business-Type Activities					
<u>Ohio Public Works Commission Loans:</u>					
2002 Water Systems Improvement Project - 2.00%	\$39,462	\$0	\$3,241	\$36,221	\$3,306
2002 Sanitary Sewer Improvements II Project - 2.00%	141,640	0	11,634	130,006	11,868
2009 Thornport-Thornville Wastewater Improvements Project - 0.00%	286,625	0	11,240	275,385	11,240
2011 Waterline Extension Phase II - 0.00%	42,208	0	1,535	40,673	1,535
Total Ohio Public Works Commission Loans	509,935	0	27,650	482,285	27,949
<u>Ohio Water Development Authority Loans:</u>					
2000 Water Line Construction - 6.41%	57,955	0	5,749	52,206	6,123
2000 Robinwood Estates Sewer Improvements - 6.03%	32,827	0	2,842	29,985	3,016
2000 Crown Wehrle Sewer Improvements - 6.03%	17,684	0	1,531	16,153	1,625
2001 Water Meter Installation - 1.50%	164,337	0	9,847	154,490	9,995
2002 Ceramic Road Area Sewers - 1.00%	437,760	0	24,529	413,231	24,775
2003 Northern Perry Sewers Phase I - 1.00%	685,417	0	37,182	648,235	37,555
2004 Waterline Extension - 1.00%	319,615	0	15,810	303,805	15,969
2004 Waterline Extension Phase 1B - 1.00%	334,853	0	15,634	319,219	15,791
2005 Waterline Extension Phase 1C - 1.00%	2,018,891	0	91,666	1,927,225	92,585
2007 Sewer Extension Phase II - 1.50%	6,379,532	0	201,923	6,177,609	207,363
2007 BORWD Waterline Extension - 1.00%	822,609	0	32,774	789,835	33,103
2010 Wastewater Treatment System Design - 0.00%	258,957	61,249	0	320,206	0
2012 Waterline Extensions Phase II - 0.00% and 2.00%	646,200	0	15,394	630,806	0
2016 Scioto Youth Camp Waterline Extension - 0%	32,956	0	1,211	31,745	0
Total Ohio Water Development Authority Loans	12,209,593	61,249	456,092	11,814,750	447,900
Total Business-Type Activities	\$12,719,528	\$61,249	\$483,742	\$12,297,035	\$475,849

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

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

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

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

Year Ended December 31,	Principal	Interest
2018	\$300,000	\$33,475
2019	300,000	26,725
2020	290,000	17,725
2021	325,000	9,750
Total	<u>\$1,215,000</u>	<u>\$87,675</u>

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

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

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
2018	\$4,841	\$708
2019	4,908	641
2020	4,976	574
2021	5,045	505
2022	5,115	434
2023-2027	26,685	1,061
2028-2032	7,674	0
2033-2037	7,674	0
2038-2042	7,674	0
2043-2044	2,302	0
Total	\$76,894	\$3,923

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
2018	\$23,108	\$2,541
2019	23,346	2,303
2020	23,590	2,059
2021	23,838	1,811
2022	24,091	1,558
2023-2027	124,435	3,808
2028-2032	56,201	0
2033-2037	56,201	0
2038-2042	50,581	0
Total	\$405,391	\$14,080

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

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

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

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

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

The Ohio Water Development Authority (OWDA) Waterline Extension Phase II Loan relates to the extension of waterlines. A portion of this loan was repaid through principal forgiveness. The remaining portion of the loan will be repaid in semiannual installments over thirty years. The County has agreed to set utility rates sufficient to cover the debt service requirements of this note. As of December 31, 2017, the County had drawn down \$1,000,317. As of December 31, 2017, no amortization schedule has been established.

The Ohio Water Development Authority (OWDA) Scioto Youth Camp Waterline Extension Loan relates to the extension of Waterlines. A portion of this loan was repaid through principal forgiveness. The remaining portion of the loan will be repaid in semiannual installments over thirty years. The County has agreed to set utility rates sufficient to cover the debt service requirements of this note. As of December 31, 2017, the County had drawn down \$32,956, net of loan forgiveness. As of December 31, 2017, no amortization schedule has been established.

The County has pledged future water customer revenues, net of specified operating expenses, to repay \$5,114,362 in OWDA loans issued from 2000 to 2017. 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 \$3,920,486. Principal and interest payments for the current year were \$240,238, net revenues were \$365,733, and total revenues were \$917,596.

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

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

Year Ended December 31,	Principal	Interest
2018	\$173,566	\$38,538
2019	175,694	36,410
2020	177,865	34,239
2021	180,083	32,021
2022	182,348	29,755
2023-2027	917,088	115,306
2028-2032	934,911	66,465
2033-2037	744,456	20,363
2038-2039	60,769	609
Total	<u>\$3,546,780</u>	<u>\$373,706</u>

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

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

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

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

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

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, 2017, the County had drawn down \$320,206, which still was outstanding at December 31, 2017. This loan will be repaid over thirty years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2017, no amortization schedule has been established.

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$8,826,739 in OWDA loans issued from 2001 to 2017. 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 \$9,557,112. Principal and interest payments for the current year were \$458,595, net revenues were \$467,248, and total revenues were \$887,173.

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

Year Ended December 31,	Principal	Interest
2018	\$274,334	\$185,267
2019	280,853	178,748
2020	287,571	172,031
2021	294,495	165,107
2022	301,631	157,969
2023-2027	1,607,853	675,446
2028-2032	1,790,953	470,283
2033-2037	1,715,362	240,293
2038-2039	732,161	26,755
Total	\$7,285,213	\$2,271,899

Capital Leases

Capital leases will be paid from the Children's Services Special Revenue Funds.

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 \$14,020,412 and the unvoted debt margin was \$5,484,682 at December 31, 2017.

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2017

Note 14 – Transfers and Advances

At December 31, 2017, the Sewer and Other Non-major Governmental Funds owed the General Fund \$758,749 due to grant monies and OWDA loan proceeds not being received prior to disbursements being made.

Advances for the year ended December 31, 2017, consisted of the following:

Advance to	Advance from			Total
	General	Board of Developmental Disabilities	Other Non-major Governmental	
General	\$0	\$179,936	\$406,983	\$586,919
Board of Developmental Disabilities	179,936	0	0	\$179,936
Other Non-major Governmental	423,504	0	0	\$423,504
Sewer Enterprise Fund	92,700	0	0	\$92,700
Total	\$696,140	\$179,936	\$406,983	\$1,283,059

Interfund transfers for the year ended December 31, 2017, consisted of the following:

Transfer to	Transfer from		Total
	General Fund	Water Enterprise Fund	
Major Funds:			
Job and Family Services	\$202,659	\$0	\$202,659
Other Non-Major Governmental Funds	458,785	103,612	562,397
Total All Funds	\$661,444	\$103,612	\$765,056

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.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

Note 15 – 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:

General Fund	\$244,927
Job and Family Services	58,100
Board of Developmental Disabilities	103,060
Auto License and Gasoline Tax	60,130
County Home	21,476
Courthouse Improvements	13,060
Nonmajor Governmental Funds	634,187
Water Fund	49,621
Sewer Fund	19,242
Total	<u>\$1,203,803</u>

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. The Project serves Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a representative chosen jointly by the county commissioners and Soil and Water Conservation Districts of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The council exercises total control over the operations of the Project including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the council. During 2017, the Council received \$400 in membership fees from Perry County. Financial information can be obtained by contacting the Project at 344 Muskingum Drive – Suite A, Marietta, Ohio 45750.

B. Buckeye Hills-Hocking Valley Regional Development District

The Buckeye Hills-Hocking Valley Regional Development District (District) serves Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is currently governed by a thirty five member board of directors, with the number of directors changing with each official U.S. Census of Population. The Board is composed of city, county, and private citizen representation. Representation is currently the mayor of each city maintaining membership and one county commissioner from each county maintaining membership, with additional public official representation and private citizens appointed by the respective political bodies based upon population. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

its representation on the Board. The District receives Title III monies directly. During 2017, the County paid \$59,106 to the District. Financial information can be obtained by contacting the Buckeye Hills-Hocking Valley Regional Development District office at 1400 Pike Street, Marietta, Ohio 45750.

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

The County is a member of the Coshocton-Fairfield-Licking-Perry Solid Waste District (District). The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code. The District is governed and operated through three groups. A twelve member board of directors, composed of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no additional contributions from the County are anticipated. A twenty-five member policy committee, composed of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council, whose members are appointed by the policy committee. The continued existence of the District is not dependent upon the County's continued participation. Each participant's degree of control is limited to its representation on the Board. During 2017, the County had no payments to the District. Financial information can be obtained by contacting the Coshocton-Fairfield-Licking-Perry Solid Waste District office at 675 Price Road, Newark, Ohio 43055.

D. Mental Health and Recovery Services Board of Muskingum County

The Mental Health and Recovery Services Board of Muskingum County (Board) provides alcohol, drug addiction and mental health services and programs, primarily through contracts with private and public agencies. The Board also provides forensic evaluation services to adult felony courts, and residential services to youth experiencing emotional problems which prevent them from living at home. The Board serves Coshocton, Guernsey, Morgan, Muskingum, Noble, and Perry Counties and operates under the direction of a fourteen member appointed Board. Each participating county has agreed to levy a tax within their county to assist in the operation of the Board. The Board also directly receives state and federal funding for its operations. Although the Muskingum County Auditor and Muskingum County Treasurer are responsible for fiscal control of the resources of the Board, the Board is responsible for budgeting and accounting for the resources at its disposal. Membership on the Board is based upon Ohio law. The Board exercises total control over the operations of the Program including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. During 2017, the County only contributed tax revenue money. Financial information can be obtained by contacting the Board at 1205 Newark Road, Zanesville, Ohio 43701.

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

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves eighteen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. The Council is made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and state grants. The Board exercises total control over the operations of the MEORC including budgeting, contracting, appropriating, and designating management. Each participant's degree of control is limited to its representation on the Board. The County reports cash with fiscal agent in the amount of \$142,594 for monies held by the organization. During 2017, the County made no contributions to MEORC. Financial information can be obtained by contacting the Mid East Ohio Regional Council at 1 Avalon Road, Mt. Vernon, Ohio 43050.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

F. Perry County Family and Children First Council

The Perry County Family and Children First Council (Council) is a jointly governed organization created under Ohio Rev. Code Section 121.37. Permanent members of the Council are those individuals, public officials, and organizations that are mandated per Ohio Rev. Code Section 121.37. The Council may include additional permanent or temporary members from any local public or private agency or group that funds, advocates, or provides services to children. Currently, the Council is made up of representatives from the Mental Health and Recovery Services Board, the County Children Services Board, the County Juvenile Court, the County Health Department, the County Board of Developmental Disabilities, each school district within the County, the County Department of Humans Services, the Regional Office of Department of Youth Services, the City of New Lexington, the County Board of Commissioners, the County Head Start Agency, the County's Early Intervention Collaborative, and at least three individuals representing the interests of families in the County. The Perry County Auditor serves as the fiscal agent for the Council. The Perry Board of Development Disabilities serves as the administrative agent for the Council. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. During 2017, the County made no contributions to the Council. Financial information can be obtained by contacting the Council at P.O. Box 895, Logan, Ohio 43138.

G. Local Workforce Investment Board

The Area #14 Local Workforce Investment Board (LWIB) was established July 1, 2004, to aid in the integration of Ohio's workforce development, pursuant to House Bill 470 and the Federal Workforce Investment Act of 1998. This is accomplished by bringing together business, education, and labor leaders to access workforce needs of employers and training/education needs of job seekers. The LWIB is also charged with establishing fiscal control and fund account procedures to ensure the proper disbursement of an accounting for all funds received through the Workforce Investment Act. The LWIB board consists of 19 members representing the following counties: Athens, Meigs, and Perry. Each county has a minimum of one Chief Elected Official (CEO) and his/her appointees to the board. Appointees of the CEO are local business leaders, educators, as well as State mandated representatives from the respective county. The Board exercises total control over the operations of the Board including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. During 2017, the County made no payments to the Board. Financial information can be obtained by contacting the Board at 184 North Lancaster St, Records Center, Suite 209, Athens, Ohio 45701.

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

The Commission is directed by one commissioner from each participating county, along with the sheriff and the presiding judge of the court of common pleas of each participating county. Any of these may name other representatives to fulfill this duty. Each county is obligated to provide financial support to this entity through per diem charges and assessments that are based on the number of beds contractually assigned to each county in proportion to the total number of beds of all participating counties. Each member county is financially responsible for a portion of the capital and operating budget. During 2017, the financial responsibility was as follows: Athens County represents 28 percent, Hocking County represents 27 percent, Morgan County represents 6 percent, Perry County represents 27 percent, and Vinton County represents 12 percent.

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

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

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

Each county will be contributing to the District in the form of a local share as a match for the grant revenues from the Ohio Department of Youth Services. The contribution will be based on the number of children from each county who are maintained in the home during the year. In addition to the initial contribution, there will be an annual contribution by each county for operational expenses. The counties are responsible for all major capital improvements based on population of each county. The District's continued existence is dependent upon the County's participation. The County has an ongoing financial responsibility and an equity interest exists. If the County would withdraw, upon the recommendation of the County Juvenile Court Judge, it may sell or lease their interest in the District to another participating county. Each member county made contributions as follows: Fairfield County contributed 47 percent, Licking County contributed 36 percent, Perry County contributed 10 percent, and Hocking County contributed 7 percent.

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2017

Note 18 – Insurance Purchasing Pool

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only County Commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. Requests for financial information should be directed to the CORSA Managing Director, County Risk Sharing Authority, Inc., 209 East State Street, Columbus, Ohio, 43215.

Note 19 – Contingencies

A. Grants

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

B. Litigation

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

Note 20 - Subsequent Events

On February 22, 2018, the Perry County Commissioners approved a resolution providing for the issuance and sale of notes in the maximum principal amount of \$ 1,100,000.00, in anticipation of the issuance of bonds, for the purpose of paying the costs of renovating, reconstructing and otherwise improving the existing Children's Services building, together with all necessary appurtenances thereto.

Page 18 - Financial Reporting Fund

The County has entered into a contract with the State of Ohio for the purchase of a certain amount of goods and services. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis.

The County has entered into a contract with the State of Ohio for the purchase of a certain amount of goods and services. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis.

This page intentionally left blank.

Page 19 - Financial Reporting Fund

A. Assets

The County has entered into a contract with the State of Ohio for the purchase of a certain amount of goods and services. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis.

B. Liabilities

The County has entered into a contract with the State of Ohio for the purchase of a certain amount of goods and services. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis.

Page 20 - Financial Reporting Fund

The County has entered into a contract with the State of Ohio for the purchase of a certain amount of goods and services. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis. The contract is for a period of 12 months and the goods and services are to be provided on a monthly basis.