



Balestra, Harr & Scherer, CPAs, Inc.

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

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PERRY COUNTY FINANCIAL CONDITION
PERRY COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2011
Fiscal Year Audited Under GAGAS: 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Perry County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

October 31, 2012

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FOR THE YEAR ENDED DECEMBER 31, 2011
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Independent Auditor's Report

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Perry County, Ohio (the County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of PerCo, Inc., a discretely presented component unit. The financial statements of PerCo, Inc. were audited by other auditors whose report thereon has been furnished to us and we base our opinion, insofar as it relates to the amounts included for PerCo, Inc., on the report of other auditors.

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

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Perry County, Ohio, as of December 31, 2011, and the respective changes in modified cash financial position, thereof and the respective budgetary comparisons for the General Fund, Job and Family Services Fund, Board of Developmental Disabilities Fund, Auto License and Gas Tax Fund, and the County Home Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 5, during 2011 Perry County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the County's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. The Schedule of Federal Awards Expenditures (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we and the other auditors applied to the basic financial statements. We and the other auditors also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we and the other auditors applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

September 28, 2012

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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, 2011. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- Net assets of governmental activities increased \$852,832. Net assets of the business-type activities decreased \$187,633.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$15,563,455, an increase of \$1,009,287 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 Assets - 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 assets changed during the most recent fiscal year. All changes in net assets 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 assets 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 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, 2011
Unaudited

Component Units - The County's financial statements include financial data of the Perry County Regional Airport Authority and PerCo, Inc. These component units are described in the notes to the financial statements. Component units are separate legal entities which may buy, sell, lease, and mortgage property in their own name and sue or be sued in their own name.

Fund Financial Statements

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

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

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

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

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

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

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Government-Wide Financial Analysis

Recall that the Statement of Net Assets looks at the County as a whole. Table 1 provides a summary of the County's net assets for 2011 compared to 2010.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Equity in Pooled Cash,						
Cash Equivalents and Investments	\$15,368,613	\$14,454,589	\$519,491	\$707,124	\$15,888,104	\$15,161,713
Cash in Segregated Accounts	72,226	50,244	0	0	72,226	50,244
Cash With Fiscal Agents	1,144,104	1,227,278	0	0	1,144,104	1,227,278
<i>Totals Assets</i>	<u>16,584,943</u>	<u>15,732,111</u>	<u>519,491</u>	<u>707,124</u>	<u>17,104,434</u>	<u>16,439,235</u>
Net Assets						
Restricted for:						
Capital Projects	194,860	318,054	0	0	194,860	318,054
Health	3,948,222	3,692,998	0	0	3,948,222	3,692,998
Public Works	2,693,794	2,588,096	0	0	2,693,794	2,588,096
Human Service	3,313,901	3,119,207	0	0	3,313,901	3,119,207
Debt Service	4,856	4,856	0	0	4,856	4,856
Unclaimed Monies	46,474	13,140	0	0	46,474	13,140
Other Purposes	2,503,156	2,749,932	0	0	2,503,156	2,749,932
Unrestricted	3,879,680	3,245,828	519,491	707,124	4,399,171	3,952,952
<i>Total Net Assets</i>	<u>\$16,584,943</u>	<u>\$15,732,111</u>	<u>\$519,491</u>	<u>\$707,124</u>	<u>\$17,104,434</u>	<u>\$16,439,235</u>

A portion of the County's net assets, \$12,705,263 or 74 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance, unrestricted net assets of \$4,399,171, or 26 percent, is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for the fiscal year ended December 31, 2011, and comparisons to fiscal year 2010.

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Table 2
Changes in Net Assets

	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activites	Activities		Activites	Activities	
	2011	2011	2011	2010	2010	2010
Receipts						
Program Receipts						
Charges for Services	\$4,640,401	\$1,155,047	\$5,795,448	\$4,245,616	\$1,011,935	\$5,257,551
Operating Grants, Contributions, and Interest	16,713,422	0	16,713,422	15,847,184	0	15,847,184
Capital Grants, Contributions, and Interest	0	209,715	209,715	0	219,037	219,037
<i>Total Program Receipts</i>	<u>21,353,823</u>	<u>1,364,762</u>	<u>22,718,585</u>	<u>20,092,800</u>	<u>1,230,972</u>	<u>21,323,772</u>
General Receipts and Transfers						
Property Taxes	5,896,876	0	5,896,876	5,122,711	0	5,122,711
Permissive Sales Taxes	3,014,241	0	3,014,241	2,534,803	0	2,534,803
Intergovernmental	912,865	0	912,865	968,146	0	968,146
Interest	79,507	0	79,507	115,634	0	115,634
Rent	134,694	0	134,694	134,694	0	134,694
Payment in Lieu of Taxes	216,455	0	216,455	77,383	0	77,383
Loan Proceeds	0	127,790	127,790	0	398,070	398,070
Miscellaneous	818,256	40,306	858,562	574,884	41,447	616,331
<i>Total General Receipts</i>	<u>11,072,894</u>	<u>168,096</u>	<u>11,240,990</u>	<u>9,528,255</u>	<u>439,517</u>	<u>9,967,772</u>
Transfers In	118,748	0	118,748	120,007	0	120,007
Repayment of Airport Authority Loan	1,800	0	1,800	33,113	0	33,113
<i>Total Receipts</i>	<u>32,547,265</u>	<u>1,532,858</u>	<u>34,080,123</u>	<u>29,774,175</u>	<u>1,670,489</u>	<u>31,444,664</u>
Program Disbursements						
General Government:						
Legislative and Executive	3,058,604	0	3,058,604	2,998,014	0	2,998,014
Judicial	1,617,123	0	1,617,123	1,503,449	0	1,503,449
Public Safety	4,642,786	0	4,642,786	4,481,512	0	4,481,512
Public Works	5,982,783	0	5,982,783	4,781,378	0	4,781,378
Health	5,456,923	0	5,456,923	4,748,583	0	4,748,583
Human Services	9,291,979	0	9,291,979	9,290,130	0	9,290,130
Community and Economic Development	664,198	0	664,198	396,713	0	396,713
Conservation and Recreation	261,648	0	261,648	271,354	0	271,354
Capital Outlay	241,759	0	241,759	402,575	0	402,575
Loan to Airport Authority	1,800	0	1,800	0	0	0
Debt Service:						
Principal	297,533	0	297,533	289,356	0	289,356
Interest and Fiscal Charges	177,297	0	177,297	189,290	0	189,290
Transfers Out	0	118,748	118,748	0	120,007	120,007
Water	0	694,511	694,511	0	569,440	569,440
Sewer	0	907,232	907,232	0	1,280,780	1,280,780
<i>Total Disbursements</i>	<u>31,694,433</u>	<u>1,720,491</u>	<u>33,414,924</u>	<u>29,352,354</u>	<u>1,970,227</u>	<u>31,322,581</u>
<i>Change in Net Assets</i>	<u>852,832</u>	<u>(187,633)</u>	<u>665,199</u>	<u>421,821</u>	<u>(299,738)</u>	<u>122,083</u>
Net Assets Beginning of Year	15,732,111	707,124	16,439,235	15,310,290	1,006,862	16,317,152
Net Assets End of Year	<u>\$16,584,943</u>	<u>\$519,491</u>	<u>\$17,104,434</u>	<u>\$15,732,111</u>	<u>\$707,124</u>	<u>\$16,439,235</u>

Perry County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Operating grants were the largest program receipts, accounting for \$16,713,422 or 51 percent of total governmental activities receipts. The major recipients of intergovernmental program receipts were the Job and Family Services, Auto License and Gasoline Tax, Mental Health, Children Services, and Board of Developmental Disabilities governmental departments.

Property tax receipts account for \$5,896,876 or 18 percent of total governmental activities receipts. Another major component of general governmental receipts was permissive sales taxes, which accounted for \$3,014,241 or 9 percent of total receipts.

The County's direct charges to users of governmental services made up \$4,640,401 or 14 percent of total governmental receipts. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Human services programs accounted for \$9,291,979, or 29 percent of total disbursements for governmental activities. Other major program disbursements for governmental activities include health programs, public safety programs, and public works programs, which accounted for \$5,456,923, \$4,642,786, and \$5,982,783, or 17 percent, 15 percent and 19 percent, respectively, of total disbursements.

Business-Type Activities

The net assets for business-type activities decreased \$187,633 during 2011. Charges for services accounted for \$1,155,047 or 75 percent of receipts. The remaining \$377,811, or 25 percent, of revenue represented the loan proceeds from OWDA, capital grants, and miscellaneous general receipts.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2011 and 2010. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted intergovernmental receipts.

Table 3
 Governmental Activities

	Total Cost of Services 2011	Net Cost (Gain) of Services 2011	Total Cost of Services 2010	Net Cost (Gain) of Services 2010
General Government:				
Legislative and Executive	\$3,058,604	\$1,360,245	\$2,998,014	\$1,369,381
Judicial	1,617,123	968,677	1,503,449	813,309
Public Safety	4,642,786	2,001,267	4,481,512	2,263,771
Public Works	5,982,783	93,129	4,781,378	(90,389)
Health	5,456,923	2,385,501	4,748,583	1,848,722
Human Services	9,291,979	2,351,454	9,290,130	2,072,353
Community and Economic Development	664,198	200,300	396,713	(170,168)
Conservation and Recreation	261,648	261,648	271,354	271,354
Capital Outlay	241,759	241,759	402,575	402,575
Principal Retirement	297,533	297,533	289,356	289,356
Interest and Fiscal Charges	177,297	177,297	189,290	189,290
Total Expenses	\$31,692,633	\$10,338,810	\$29,352,354	\$9,259,554

Perry County, Ohio
Management's Discussion and Analysis
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Charges for services, operating grants, and capital grants of \$21,353,823, or 67 percent of the total costs of services, are received and used to fund the general government disbursements of the County. The remaining \$10,338,810 in general government disbursements is funded by property taxes, permissive sales taxes, intergovernmental receipts, rental payments, interest, and miscellaneous receipts.

The \$2,351,454 and \$2,385,501 in net cost of services for Human Services and Health demonstrate the costs of services that are not supported from state and federal resources.

Financial Analysis of County Funds

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

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

As of December 31, 2011, the County's governmental funds reported a combined ending fund balance of \$15,563,455, an increase of \$1,009,287 in comparison with the prior year.

The General Fund is the primary operating fund of the County. At the end of 2011, unassigned fund balance was \$2,259,426, while total fund balance was \$2,904,666. 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 35 percent to total General Fund disbursements, while total fund balance represents 45 percent of that same amount.

The fund balance of the County's General Fund increased \$734,727 during 2011. This increase was mainly due to the one-half percent increase in sales tax imposed by the County.

At the end of 2011, the Job and Family Services Special Revenue Fund had a fund balance of \$61,945, in comparison to a fund balance of \$208,233 at the end of 2010. This change is primarily due to a decrease in grant receipts during 2011. In addition, the Job and Family Services Special Revenue Fund received a transfer in the amount of \$180,233 from the General Fund.

At the end of 2011, the Board of Developmental Disabilities Special Revenue Fund had a fund balance of \$3,993,045, in comparison to a fund balance of \$3,648,408 at the end of 2010. This change is primarily due to an increase in grant receipts during 2011.

At the end of 2011, the Auto License and Gasoline Tax Special Revenue Fund had a fund balance of \$2,485,113, in comparison to a fund balance of \$2,765,601 at the end of 2010. This change is due to an increase in expenditures associated with County projects as a direct result of a decrease in state and federal grants pertaining to capital projects in 2011.

At the end of 2011, the County Home Special Revenue Fund had a fund balance of \$2,071,312, in comparison to a fund balance of \$1,769,107 at the end of 2010. This increase is primarily due to an increase in the amount of real estate taxes that were received in 2011.

Perry County, Ohio
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Unaudited

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, 2011, unrestricted net assets for the County's enterprise funds were \$519,491.

As of December 31, 2011, unrestricted net assets in the self-insurance program were \$1,021,488.

Budgetary Highlights

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

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

Capital Assets and Debt Administration

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

Long-Term Obligations - As of December 31, 2011, the County had total general obligation bonded debt outstanding of \$2,775,000 for the remodeling of the Jobs and Family Services building. The majority of the bonded debt is expected to be repaid through governmental activities, with a portion being paid by the water fund.

In addition to the bonded indebtedness, the County has a number of outstanding loans with government agencies in regards to water and sewer activities and capital lease/ purchase agreements with Johnson Controls. The total principal outstanding as of December 31, 2011, is \$14,391,123 for water and sewer activities. The repayment of these loans will be made through user fees and charges. The total principal outstanding as of December 31, 2011, is \$676,939 for the capital lease/ purchase agreements. See Note 13 for capital leases and Note 14 for additional information regarding the County's debt.

Perry County, Ohio
Management's Discussion and Analysis
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Unaudited

Economic Factors

The unemployment rate for the County is currently 10.2 percent, which is a decrease from 12 percent in 2010. Perry County has long been considered a manufacturing and agricultural County. The decrease in unemployment is due to the slowly increasing economic growth.

Real property values within the County have risen over the past several years, and are now at an all time high. While overall employment in the County has been steady, our industrial base within the County has been shrinking. Perry County's decade long investment in residential infrastructure is establishing it as a residential bedroom community of surrounding metropolitan counties. This has improved the tax base for schools, libraries, and local governments.

The various economic factors were considered in the preparation of the County's 2012 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

Requests for Information

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

Perry County, Ohio
Statement of Net Assets - Modified Cash Basis
 December 31, 2011

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	PerCo, Inc.	Perry County Regional Airport Authority
Assets					
Equity in Pooled Cash, Cash Equivalents and Investment:	\$15,368,613	\$519,491	\$15,888,104	\$0	\$15,833
Cash in Segregated Accounts	72,226	0	72,226	481,811	0
Cash With Fiscal Agents	1,144,104	0	1,144,104	0	0
<i>Total Assets</i>	<u>16,584,943</u>	<u>519,491</u>	<u>17,104,434</u>	<u>481,811</u>	<u>15,833</u>
Net Assets					
Restricted for:					
Capital Projects	194,860	0	194,860	0	0
Health	3,948,222	0	3,948,222	0	0
Public Works	2,693,794	0	2,693,794	0	0
Human Services	3,313,901	0	3,313,901	0	0
Debt Service	4,856	0	4,856	0	0
Unclaimed Monies	46,474	0	46,474	0	0
Other Purposes	2,503,156	0	2,503,156	0	0
Unrestricted	<u>3,879,680</u>	<u>519,491</u>	<u>4,399,171</u>	<u>481,811</u>	<u>15,833</u>
<i>Total Net Assets</i>	<u>\$16,584,943</u>	<u>\$519,491</u>	<u>\$17,104,434</u>	<u>\$481,811</u>	<u>\$15,833</u>

See accompanying notes to the basic financial statements

Perry County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2011

	Program Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$3,058,604	\$1,641,225	\$57,134	\$0
Judicial	1,617,123	580,681	67,765	0
Public Safety	4,642,786	201,181	2,440,338	0
Public Works	5,982,783	875,646	5,014,008	0
Health	5,456,923	450,577	2,620,845	0
Human Services	9,291,979	888,591	6,051,934	0
Community and Economic Development	664,198	2,500	461,398	0
Conservation and Recreation	261,648	0	0	0
Capital Outlay	241,759	0	0	0
Debt Service:				
Principal Retirement	297,533	0	0	0
Interest and Fiscal Charges	177,297	0	0	0
<i>Total Governmental Activities</i>	<u>31,692,633</u>	<u>4,640,401</u>	<u>16,713,422</u>	<u>0</u>
Business-Type Activities				
Sewer Fund	907,232	407,179	0	127,942
Water Fund	694,511	747,868	0	81,773
<i>Total Business-Type Activities</i>	<u>1,601,743</u>	<u>1,155,047</u>	<u>0</u>	<u>209,715</u>
<i>Total Primary Government</i>	<u>\$33,294,376</u>	<u>\$5,795,448</u>	<u>\$16,713,422</u>	<u>\$209,715</u>
<i>Component Unit:</i>				
PERCO, Inc.	\$894,738	\$533,577	\$133,888	\$0
Perry County Regional Airport Authority	50,681	0	44,782	0
<i>Total Component Unit</i>	<u>\$945,419</u>	<u>\$533,577</u>	<u>\$178,670</u>	<u>\$0</u>

General Receipts

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

Total General Receipts

Transfers
 Loan to Airport Authority
 Repayment of Airport Authority Loan

Total General Receipts and Other Financing Sources(Uses)

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts
and Changes in Net Assets

Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	PerCo, Inc.	Perry County Regional Airport Authority
(\$1,360,245)	\$0	(\$1,360,245)	\$0	\$0
(968,677)	0	(968,677)	0	0
(2,001,267)	0	(2,001,267)	0	0
(93,129)	0	(93,129)	0	0
(2,385,501)	0	(2,385,501)	0	0
(2,351,454)	0	(2,351,454)	0	0
(200,300)	0	(200,300)	0	0
(261,648)	0	(261,648)	0	0
(241,759)	0	(241,759)	0	0
(297,533)	0	(297,533)	0	0
(177,297)	0	(177,297)	0	0
<u>(10,338,810)</u>	<u>0</u>	<u>(10,338,810)</u>	<u>0</u>	<u>0</u>
0	(372,111)	(372,111)	0	0
0	135,130	135,130	0	0
<u>0</u>	<u>(236,981)</u>	<u>(236,981)</u>	<u>0</u>	<u>0</u>
<u>(10,338,810)</u>	<u>(236,981)</u>	<u>(10,575,791)</u>	<u>0</u>	<u>0</u>
0	0	0	(227,273)	0
0	0	0	0	(5,899)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(227,273)</u>	<u>(5,899)</u>
2,000,413	0	2,000,413	0	0
1,684,616	0	1,684,616	0	0
269,092	0	269,092	0	0
544,153	0	544,153	0	0
1,140,826	0	1,140,826	0	0
164,246	0	164,246	0	0
93,530	0	93,530	0	0
3,014,241	0	3,014,241	0	0
912,865	0	912,865	0	0
79,507	0	79,507	8,742	0
134,694	0	134,694	0	0
216,455	0	216,455	0	0
818,256	40,306	858,562	0	0
<u>0</u>	<u>127,790</u>	<u>127,790</u>	<u>0</u>	<u>0</u>
11,072,894	168,096	11,240,990	8,742	0
118,748	(118,748)	0	0	0
(1,800)	0	(1,800)	0	1,800
<u>1,800</u>	<u>0</u>	<u>1,800</u>	<u>0</u>	<u>(1,800)</u>
<u>11,191,642</u>	<u>49,348</u>	<u>11,240,990</u>	<u>8,742</u>	<u>0</u>
852,832	(187,633)	665,199	(218,531)	(5,899)
<u>15,732,111</u>	<u>707,124</u>	<u>16,439,235</u>	<u>700,342</u>	<u>21,732</u>
<u>\$16,584,943</u>	<u>\$519,491</u>	<u>\$17,104,434</u>	<u>\$481,811</u>	<u>\$15,833</u>

Perry County, Ohio
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash, Cash Equivalents and Investments	\$2,858,192	\$61,945	\$2,848,941	\$2,485,113	\$2,071,312	\$3,975,148	\$14,300,651
Restricted Cash and Cash Equivalents	46,474	0	0	0	0	0	46,474
Cash in Segregated Accounts	0	0	0	0	0	72,226	72,226
Cash With Fiscal Agents	0	0	1,144,104	0	0	0	1,144,104
<i>Total Assets</i>	<u>\$2,904,666</u>	<u>\$61,945</u>	<u>\$3,993,045</u>	<u>\$2,485,113</u>	<u>\$2,071,312</u>	<u>\$4,047,374</u>	<u>\$15,563,455</u>
Fund Balances							
Nonspendable	\$46,474	\$0	\$0	\$0	\$0	\$0	\$46,474
Restricted	0	61,945	3,993,045	2,485,113	2,071,312	4,014,225	12,625,640
Committed	0	0	0	0	0	33,149	33,149
Assigned	598,766	0	0	0	0	0	598,766
Unassigned	2,259,426	0	0	0	0	0	2,259,426
<i>Total Fund Balances</i>	<u>\$2,904,666</u>	<u>\$61,945</u>	<u>\$3,993,045</u>	<u>\$2,485,113</u>	<u>\$2,071,312</u>	<u>\$4,047,374</u>	<u>\$15,563,455</u>

See accompanying notes to the basic financial statements

Perry County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Assets - Modified Cash Basis of Governmental Activities
December 31, 2011*

Total Governmental Fund Balances	\$15,563,455
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*Amounts reported for governmental activities in the
statement of net assets 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 assets.

1,021,488
<hr/>

Net Assets of Governmental Activities

\$16,584,943
<hr/> <hr/>

See accompanying notes to the basic financial statements

Perry County, Ohio
Statement of Modified Cash Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Other Governmental Funds	Total Governmental Funds
Receipts							
Property Taxes	\$2,000,413	\$0	\$1,684,616	\$0	\$1,140,826	\$1,071,021	\$5,896,876
Sales Taxes	3,014,241	0	0	0	0	0	3,014,241
Payment in Lieu of Taxes	216,455	0	0	0	0	0	216,455
Charges for Services	889,019	525,930	325,192	9,600	142,610	1,825,322	3,717,673
Licenses and Permits	2,558	0	0	0	0	299,202	301,760
Fines and Forfeitures	291,206	0	0	6,610	0	210,665	508,481
Intergovernmental	830,033	3,723,961	2,567,282	4,653,707	177,814	5,785,977	17,738,774
Interest	77,827	0	0	0	0	0	77,827
Rent	0	0	0	0	0	134,694	134,694
Miscellaneous	49,290	56,047	516,038	0	127	196,754	818,256
<i>Total Receipts</i>	<u>7,371,042</u>	<u>4,305,938</u>	<u>5,093,128</u>	<u>4,669,917</u>	<u>1,461,377</u>	<u>9,523,635</u>	<u>32,425,037</u>
Disbursements							
Current:							
General Government:							
Legislative and Executive	2,233,381	0	0	0	0	778,235	3,011,616
Judicial	1,347,545	0	0	0	0	243,028	1,590,573
Public Safety	2,027,763	0	0	0	0	2,579,229	4,606,992
Public Works	0	0	0	4,950,405	0	1,018,772	5,969,177
Health	113,637	0	4,748,491	0	0	592,943	5,455,071
Human Services	303,402	4,632,459	0	0	1,159,172	3,163,601	9,258,634
Community and Economic Development	12,500	0	0	0	0	651,698	664,198
Conservation and Recreation	261,648	0	0	0	0	0	261,648
Capital Outlay	0	0	0	0	0	241,759	241,759
Debt Service:							
Principal Retirement	81,467	0	0	0	0	216,066	297,533
Interest and Fiscal Charges	24,918	0	0	0	0	152,379	177,297
<i>Total Disbursements</i>	<u>6,406,261</u>	<u>4,632,459</u>	<u>4,748,491</u>	<u>4,950,405</u>	<u>1,159,172</u>	<u>9,637,710</u>	<u>31,534,498</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>964,781</u>	<u>(326,521)</u>	<u>344,637</u>	<u>(280,488)</u>	<u>302,205</u>	<u>(114,075)</u>	<u>890,539</u>
Other Financing Sources (Uses)							
Advances In	388,204	0	0	0	0	345,807	734,011
Advances Out	(345,807)	0	0	0	0	(388,204)	(734,011)
Transfers In	0	180,233	0	0	0	210,966	391,199
Transfers Out	(272,451)	0	0	0	0	0	(272,451)
Loan to Airport Authority	(1,800)	0	0	0	0	0	(1,800)
Repayment of Airport Authority Loan	1,800	0	0	0	0	0	1,800
<i>Total Other Financing Sources (Uses)</i>	<u>(230,054)</u>	<u>180,233</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>168,569</u>	<u>118,748</u>
<i>Net Change in Fund Balances</i>	<u>734,727</u>	<u>(146,288)</u>	<u>344,637</u>	<u>(280,488)</u>	<u>302,205</u>	<u>54,494</u>	<u>1,009,287</u>
<i>Fund Balances Beginning of Year - Restated (See Note 5)</i>							
	<u>2,169,939</u>	<u>208,233</u>	<u>3,648,408</u>	<u>2,765,601</u>	<u>1,769,107</u>	<u>3,992,880</u>	<u>14,554,168</u>
<i>Fund Balances End of Year</i>	<u>\$2,904,666</u>	<u>\$61,945</u>	<u>\$3,993,045</u>	<u>\$2,485,113</u>	<u>\$2,071,312</u>	<u>\$4,047,374</u>	<u>\$15,563,455</u>

See accompanying notes to the basic financial statements

Perry County, Ohio

*Reconciliation of the Statement of Modified Cash Receipts, Disbursements and Changes in Fund Balances
of Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2011*

Net Change in Fund Balances - Governmental Funds \$1,009,287

*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.

(156,455)

Change in Net Assets of Governmental Activities

\$852,832

See accompanying notes to the basic financial statements

Perry County, Ohio
*Statement of Receipts, Disbursements and Changes in
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$1,760,439	\$1,760,439	\$2,000,413	\$239,974
Sales Taxes	2,450,000	2,450,000	3,014,241	564,241
Payment in Lieu of Taxes	60,000	60,000	216,455	156,455
Charges for Services	923,464	923,464	889,019	(34,445)
Licenses and Permits	970	970	2,558	1,588
Fines and Forfeitures	345,700	345,700	291,206	(54,494)
Intergovernmental	829,423	829,423	839,074	9,651
Interest	100,000	100,000	72,826	(27,174)
Miscellaneous	2,020	2,020	49,290	47,270
<i>Total Receipts</i>	<u>6,472,016</u>	<u>6,472,016</u>	<u>7,375,082</u>	<u>903,066</u>
Disbursements				
Current:				
General Government:				
Legislative and Executive	2,269,605	2,372,085	2,299,538	72,547
Judicial	1,301,301	1,363,110	1,351,731	11,379
Public Safety	1,993,827	2,055,012	2,027,793	27,219
Public Works - Intergovernmental	0	0	12,500	(12,500)
Health	116,607	118,806	114,087	4,719
Human Services	320,103	323,647	310,365	13,282
Conservation and Recreation	189,752	189,752	261,648	(71,896)
Debt Service:				
Principal Retirement	89,162	133,267	81,467	51,800
Interest and Fiscal Charges	91,411	95,892	24,918	70,974
<i>Total Disbursements</i>	<u>6,371,768</u>	<u>6,651,571</u>	<u>6,484,047</u>	<u>167,524</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>100,248</u>	<u>(179,555)</u>	<u>891,035</u>	<u>1,070,590</u>
Other Financing Sources (Uses)				
Advances In	0	0	388,204	388,204
Advance Out	0	0	(345,807)	(345,807)
Transfers Out	(342,741)	(344,605)	(272,451)	72,154
Loan to Airport Authority	0	0	(1,800)	(1,800)
Repayment of Airport Authority Loan	0	0	1,800	1,800
<i>Total Other Financing Sources (Uses)</i>	<u>(342,741)</u>	<u>(344,605)</u>	<u>(230,054)</u>	<u>114,551</u>
<i>Net Change in Fund Balance</i>	<u>(242,493)</u>	<u>(524,160)</u>	<u>660,981</u>	<u>1,185,141</u>
<i>Fund Balance Beginning of Year (Restated, see Note 5)</i>	1,884,864	1,884,864	1,884,864	0
Prior Year Encumbrances Appropriated	156,465	156,465	156,465	0
<i>Fund Balance End of Year</i>	<u>\$1,798,836</u>	<u>\$1,517,169</u>	<u>\$2,702,310</u>	<u>\$1,185,141</u>

See accompanying notes to the basic financial statements

Perry County, Ohio
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Job and Family Services Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Charges for Services	\$420,000	\$526,500	\$525,930	(\$570)
Intergovernmental	4,553,602	3,945,193	3,725,916	(219,277)
Miscellaneous	56,398	56,731	56,047	(684)
<i>Total Receipts</i>	5,030,000	4,528,424	4,307,893	(220,531)
Disbursements				
Current:				
Human Services	5,273,803	4,711,503	4,690,012	21,491
<i>Excess of Receipts Under Disbursements</i>	(243,803)	(183,079)	(382,119)	(242,022)
Other Financing Source				
Transfers In	190,000	180,300	180,233	(67)
<i>Net Change in Fund Balance</i>	(53,803)	(2,779)	(201,886)	(199,107)
<i>Fund Balance Beginning of Year</i>	109,975	109,975	109,975	0
Prior Year Encumbrances Appropriated	96,303	96,303	96,303	0
<i>Fund Balance End of Year</i>	<u>\$152,475</u>	<u>\$203,499</u>	<u>\$4,392</u>	<u>(\$199,107)</u>

See accompanying notes to the basic financial statements

Perry County, Ohio
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$1,444,347	\$1,444,347	\$1,684,616	\$240,269
Charges for Services	384,695	384,695	325,192	(59,503)
Intergovernmental	1,630,396	1,630,396	2,567,021	936,625
Miscellaneous	261,000	261,000	516,038	255,038
<i>Total Receipts</i>	3,720,438	3,720,438	5,092,867	1,372,429
Disbursements				
Current:				
Health	4,245,852	5,176,027	4,950,153	225,874
<i>Excess of Receipts Over (Under) Disbursements</i>	(525,414)	(1,455,589)	142,714	1,598,303
Other Financing Sources				
Transfers In	100,000	200,000	0	(200,000)
<i>Net Change in Fund Balance</i>	(425,414)	(1,255,589)	142,714	1,598,303
<i>Fund Balance Beginning of Year (Restated see Note 5)</i>	3,402,091	3,402,091	3,402,091	0
Prior Year Encumbrances Appropriated	165,113	165,113	165,113	0
<i>Fund Balance End of Year</i>	<u>\$3,141,790</u>	<u>\$2,311,615</u>	<u>\$3,709,918</u>	<u>\$1,598,303</u>

See accompanying notes to the basic financial statements

Perry County, Ohio
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Auto License and Gasoline Tax Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$28,000	\$28,000	\$9,600	(\$18,400)
Fines and Forfeitures	18,000	18,000	6,610	(11,390)
Intergovernmental	4,402,000	4,402,000	4,653,707	251,707
Interest	45,000	45,000	0	(45,000)
<i>Total Receipts</i>	4,493,000	4,493,000	4,669,917	176,917
Disbursements				
Current:				
Public Works	5,253,910	5,616,875	5,097,925	518,950
<i>Net Change in Fund Balance</i>	(760,910)	(1,123,875)	(428,008)	(342,033)
<i>Fund Balance Beginning of Year (Restated see Note 5)</i>	2,057,229	2,057,229	2,057,229	0
Prior Year Encumbrances Appropriated	708,372	708,372	708,372	0
<i>Fund Balance End of Year</i>	<u>\$2,004,691</u>	<u>\$1,641,726</u>	<u>\$2,337,593</u>	<u>(\$342,033)</u>

See accompanying notes to the basic financial statements

Perry County, Ohio
*Statement of Receipts, Disbursements and Changes in
in Fund Balance - Budget and Actual (Budget Basis)*
County Home Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$1,005,741	\$1,005,741	\$1,140,826	\$135,085
Charges for Services	182,000	182,000	142,610	(39,390)
Intergovernmental	168,209	168,209	177,965	9,756
Miscellaneous	180	180	127	(53)
<i>Total Receipts</i>	1,356,130	1,356,130	1,461,528	105,398
Disbursements				
Current:				
Human Services	1,401,495	1,401,495	1,210,012	191,483
<i>Net Change in Fund Balance</i>	(45,365)	(45,365)	251,516	296,881
<i>Fund Balance Beginning of Year</i>	1,633,592	1,633,592	1,633,592	0
Prior Year Encumbrances Appropriated	80,078	80,078	80,078	0
<i>Fund Balance End of Year</i>	<u>\$1,668,305</u>	<u>\$1,668,305</u>	<u>\$1,965,186</u>	<u>\$296,881</u>

See accompanying notes to the basic financial statements

Perry County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities			Governmental Activity-
	Sewer Enterprise Fund	Water Enterprise Fund	Total	Internal Service Fund
Assets				
Current Assets:				
Equity in Pooled Cash, Cash Equivalents and Investments	\$368,676	\$150,815	\$519,491	\$1,021,488
<i>Total Assets</i>	<i>368,676</i>	<i>150,815</i>	<i>519,491</i>	<i>1,021,488</i>
Net Assets				
Unrestricted	368,676	150,815	519,491	1,021,488
<i>Total Net Assets</i>	<i>\$368,676</i>	<i>\$150,815</i>	<i>\$519,491</i>	<i>\$1,021,488</i>

See accompanying notes to the basic financial statements

Perry County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities			Governmental
	Sewer Enterprise Fund	Water Enterprise Fund	Total	Activity- Internal Service Fund
Operating Receipts				
Charges for Services	\$407,179	\$747,868	\$1,155,047	\$0
Charges for Services - Health Benefits	0	0	0	3,501,610
Interest	0	0	0	1,680
<i>Total Operating Receipts</i>	<u>407,179</u>	<u>747,868</u>	<u>1,155,047</u>	<u>3,503,290</u>
Operating Disbursements				
Personal Services	75,735	41,630	117,365	0
Contractual Services	100,429	15,215	115,644	0
Contractual Services - Health Benefits	0	0	0	238,413
Materials and Supplies	36,387	27,778	64,165	0
Claims - Health Benefits	0	0	0	3,421,332
Capital Outlay	178,791	255,087	433,878	0
Other	10,292	9,290	19,582	0
Debt Service:				
Principal Retirement	269,386	277,377	546,763	0
Interest and Fiscal Charges	236,212	68,134	304,346	0
<i>Total Operating Disbursements</i>	<u>907,232</u>	<u>694,511</u>	<u>1,601,743</u>	<u>3,659,745</u>
<i>Operating Gain (Loss)</i>	<u>(500,053)</u>	<u>53,357</u>	<u>(446,696)</u>	<u>(156,455)</u>
Non-Operating Receipts				
Other Non-Operating Revenue	753	39,553	40,306	0
Capital Grants	127,942	81,773	209,715	0
Proceeds of Loans	127,790	0	127,790	0
<i>Total Non-Operating Receipts</i>	<u>256,485</u>	<u>121,326</u>	<u>377,811</u>	<u>0</u>
<i>Income (Loss) Before Transfers and Advances</i>	<u>(243,568)</u>	<u>174,683</u>	<u>(68,885)</u>	<u>(156,455)</u>
Transfers Out	<u>0</u>	<u>(118,748)</u>	<u>(118,748)</u>	<u>0</u>
<i>Change in Net Assets</i>	<u>(243,568)</u>	<u>55,935</u>	<u>(187,633)</u>	<u>(156,455)</u>
<i>Net Assets Beginning of Year</i>	<u>612,244</u>	<u>94,880</u>	<u>707,124</u>	<u>1,177,943</u>
<i>Net Assets End of Year</i>	<u><u>\$368,676</u></u>	<u><u>\$150,815</u></u>	<u><u>\$519,491</u></u>	<u><u>\$1,021,488</u></u>

See accompanying notes to the basic financial statements

Perry County, Ohio
Statement of Fiduciary Net Assets - Modified Cash Basis
Agency Funds
December 31, 2011

Assets	
Equity in Pooled Cash, Cash Equivalents and Investments	\$2,568,053
Cash and Cash Equivalents in Segregated Accounts	<u>162,533</u>
<i>Total Assets</i>	<u><u>\$2,730,586</u></u>
Net Assets	
Restricted for:	
District Board of Health	\$1,238,848
Undivided Tax	878,406
Payroll	206,386
Family and Children First Council	149,829
County Court	99,050
Housing Trust	89,359
Sheriff	63,483
Ohio Election Commission	3,010
Local Government	1,249
Soil and Water Conservation	<u>966</u>
Total Net Assets	<u><u>\$2,730,586</u></u>

See accompanying notes to the financial statements

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

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. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County, and are significant in amount to the County.

Discretely Presented Component Units

The component unit column on the financial statements identifies the financial data of the County's component units, the Perry County Regional Airport Authority and PerCo, Inc. These are reported separately to emphasize that they are legally separate from the County. Information about these component units is presented in Notes 20 and 21 to the basic financial statements.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

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

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

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

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

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

under the "Education of the Handicapped Act Amendments of 1986;" and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. The Council's revenues will consist of operating grants along with pooled funding from other government sources. In 2011, the County made no contributions to the Council. Continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

C. Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the modified cash basis of accounting, the County does not report assets for equity interests in joint ventures. The Corrections Commission of Southeastern Ohio (the "Commission") is a joint venture of which Athens, Hocking, Morgan, and Perry counties are members. The Commission is a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission was established to use the authority common to the members to develop, construct, operate, and administer a multi-county correctional center to augment county jail programs and facilities.

The Commission was established by the Board of County Commissioners of Athens, Hocking, Morgan, and Perry counties. The Commission is directed by one commissioner from each participating county, along with the sheriff and the presiding judge of the court of common pleas of each participating county. Any of these may name other representatives to fulfill this duty. The presiding judge for Hocking County chose to neither participate nor name a representative so there were 11 directors of the Commission in 2011. Each member county is responsible for a portion of the capital and operating budget as follows:

Athens County	42.46%	Perry County	25.14%
Hocking County	18.99%	Morgan County	13.41%

Complete financial statements of the Commission may be obtained from its administrative office.

The County participates in several jointly governed organizations and a public entity risk pool. These organizations are presented in Notes 16 and 17 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
- 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, 2011

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:

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The County does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. 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 assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

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

The statement of net assets-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, 2011

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

Fund Financial Statements

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

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

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

B. Fund Accounting

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

Governmental Funds

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

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

Job and Family Services – This fund accounts for federal, state, and local monies used to provide general relief and to pay providers of medical assistance and social services.

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

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

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

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

Proprietary Funds

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

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

Sewer – This fund accounts for sanitary sewer services provided to County individual and commercial users. 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 assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County did not have any trust funds in 2011. Agency funds are purely custodial and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

The financial statements follow the cash basis of accounting except for the modification of investments as described in Note 2E. The basis of accounting is a basis of accounting other than generally accepted accounting principles. 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. Because the County reports investments in the financial statements, the basis of accounting is modified cash.

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

D. Budgetary Process

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

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

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

E. Cash, Cash Equivalents and Investments

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

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

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

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

Investments with an original maturity of three months or less at the time of purchase are classified as cash equivalents. Investments with an initial maturity of more than three are classified as investments. Due to the pooling of assets described above, all investments owned by the County are reported in the financial statements as "Cash, Cash Equivalents, and 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.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

During 2011, the County invested in nonnegotiable certificates of deposit, money market savings account, federal agency securities, money market mutual funds, and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on December 31, 2011.

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 2011 amounted to \$77,827, which includes \$65,515 assigned from other County funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

L. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. 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 revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. 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 Reserves

The County reserves those portions of fund balance which are legally segregated for a specific future use, or which do not represent available, expendable resources, and therefore are not available for appropriation or expenditure. Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if any. Unclaimed monies held in the General fund are legally required to be maintained intact.

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.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes 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, the 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 are 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 or a County official delegated that authority by resolution or by State Statute.

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

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

O. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use, either, through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the activities of the County's courts and Sheriff's Office. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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

Perry County, Ohio
Notes to the Basic Financial Statements
 December 31, 2011

Note 3 – 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 assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

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

	Excess
General Fund:	
Public Works - Intergovernmental	(\$12,500)
Conservation and Recreation	(71,896)

Note 4 – Budgetary Basis of Accounting

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

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

	General	Job and Family Services	Board of Developmental Disabled	Auto License and Gasoline Tax	County Home
Cash Basis	\$734,727	(\$146,288)	\$344,637	(\$280,488)	\$302,205
Unreported Cash:					
Beginning of Year	26,766	1,955	2,214	0	1,535
End of Year	(22,540)	0	0	0	0
Agency Fund Distribution:					
Beginning of Year	101,844	0	78,990	0	53,902
End of Year	(102,030)	0	(81,465)	0	(55,286)
Encumbrances	(77,786)	(57,553)	(201,662)	(147,520)	(50,840)
Budget Basis	\$660,981	(\$201,886)	\$142,714	(\$428,008)	\$251,516

Perry County, Ohio
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Note 5 – Changes in Accounting Principles and Restatement of Prior Year Balances

A. Changes in Accounting Principles

For 2011, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

B. Restatement of Prior Year Balances

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Other Nonmajor Governmental	Total
Fund Balance at December 31, 2010	\$2,081,025	\$208,233	\$3,511,838	\$2,588,096	\$1,769,107	\$4,395,869	\$14,554,168
GASB 54	88,914	0	136,570	177,505	0	(402,989)	0
Adjusted Fund Balance at December 31, 2010	\$2,169,939	\$208,233	\$3,648,408	\$2,765,601	\$1,769,107	\$3,992,880	\$14,554,168

Due to the implementation of GASB Statement No. 54, certain funds were reclassified, causing a restatement to the beginning budgetary balances.

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Note 6 – Fund Balances

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

Fund Balances	General	Job and Family Services	Board of Developmental Disabilities	Auto License and Gasoline Tax	County Home	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Unclaimed monies	\$46,474	\$0	\$0	\$0	\$0	\$0	\$46,474
<i>Total Nonspendable</i>	<u>46,474</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,474</u>
<u>Restricted for:</u>							
Count Home Operations	0	0	0	0	2,071,312	0	2,071,312
Job and Family Services Operations	0	61,945	0	0	0	0	61,945
Public Works	0	0	0	2,485,113	0	208,681	2,693,794
Board of Developmental Disabilites Operations	0	0	3,993,045	0	0	0	3,993,045
Mental Health Operations	0	0	0	0	0	28,616	28,616
Dog and Kennel Operations	0	0	0	0	0	72,616	72,616
Senior Center Operations	0	0	0	0	0	477,926	477,926
Capital Improvements	0	0	0	0	0	15,656	15,656
Bond Retirement	0	0	0	0	0	4,856	4,856
Public Safety	0	0	0	0	0	1,147,590	1,147,590
Other Human Services	0	0	0	0	0	75,738	75,738
Child Support	0	0	0	0	0	44,540	44,540
Court Operations	0	0	0	0	0	470,929	470,929
Community Development	0	0	0	0	0	42,018	42,018
Children Servies Operations	0	0	0	0	0	656,533	656,533
Real Estate Assessments	0	0	0	0	0	768,526	768,526
<i>Total Restricted</i>	<u>0</u>	<u>61,945</u>	<u>3,993,045</u>	<u>2,485,113</u>	<u>2,071,312</u>	<u>4,014,225</u>	<u>12,625,640</u>
<u>Committed to:</u>							
Capital Improvements	0	0	0	0	0	33,149	33,149
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,149</u>	<u>33,149</u>
<u>Assigned to:</u>							
2012 Appropriations	520,980	0	0	0	0	0	520,980
Other purposes	77,786	0	0	0	0	0	77,786
<i>Total Assigned</i>	<u>598,766</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>598,766</u>
<u>Unassigned:</u>							
	<u>2,259,426</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,259,426</u>
Total Fund Balances	<u><u>\$2,904,666</u></u>	<u><u>\$61,945</u></u>	<u><u>\$3,993,045</u></u>	<u><u>\$2,485,113</u></u>	<u><u>\$2,071,312</u></u>	<u><u>\$4,047,374</u></u>	<u><u>\$15,563,455</u></u>

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Note 7 – Deposits and Investments

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

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

Inactive deposits are public deposits that the County has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and

Perry County, Ohio
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7. The State Treasurer's investment pool (STAROhio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twentyfive percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which both the obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

The County may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the County.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the County has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

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, the County's bank balance was \$15,048,453. Of the bank balance, \$2,542,499 was covered by Federal depository insurance and \$12,505,954 was exposed to custodial credit risk because it was uninsured and uncollateralized. This does not include \$1,144,104 in Cash with Fiscal Agents which is held by MEORC which cannot be disclosed by risk because it is co-mingled with other Counties' moneys.

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

Investments

Investments are disclosed at fair value and are reported on the financial statements at cost basis. As of December 31, 2011, the County had the following investments:

	Fair Value	Maturity
Federal Home Loan Mortgage Corp	\$1,002,690	December 28, 2015
Money Market Mutual Funds	1,590,989	7 Days
Federal National Mortgage Association	1,002,820	October 3, 2016
STAROhio	374,377	57 days
Total Portfolio	\$3,970,876	

Interest Rate Risk The County does not have an investment policy that addresses interest risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. STAROhio carries a rating of AAA by Moody’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that would further limit its investment choices. The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation carry a rating of AAA by Moody’s.

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’s investment policy places no limit on the amount it may invest in any one issuer. The following is the County’s allocation as of December 31, 2011:

Investment Issuer	Percentage of Investments
Federal National Mortgage Association Note	25.25%
Federal Home Loan Mortgage Corp	25.25
Money Markets	40.07
STAROhio	9.43

Note 8 – Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 2 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Proceeds of the tax are credited to the General Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the State Auditor. The Tax Commissioner’s certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Perry County, Ohio
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Note 9 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2011, was \$17.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$483,787,620
Public Utility Tangible Personal Property	<u>90,975,300</u>
Total Assessed Value	<u><u>\$574,762,920</u></u>

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

Note 10 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the County contract with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. Coverage provided by CORSA is as follows:

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	<u>Coverage</u>	<u>Deductible</u>
General Liability	\$1,000,000	\$2,500
Law Enforcement Liability	1,000,000	2,500
Automobile Liability	1,000,000	2,500
Errors and Omissions Liability	1,000,000	2,500
Excess Liability	5,000,000	0
Property	49,849,953	2,500
Equipment Breakdown	100,000,000	2,500
Crime	1,000,000	2,500
Uninsured Motorists Liability	250,000	0
Medical Professional Liability	6,000,000	0
Bridges	403,117	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 2010, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2011, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

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

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

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Note 11 – Defined Benefit Pension Plans

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability and survivor benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The County's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$1,145,420, \$1,017,404, and \$844,568, respectively; 100 percent has been contributed for all three years. Contributions to the Member-Directed Plan for 2011 were \$6,625 made by the County and \$4,732 made by plan members.

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Note 12 – Postemployment Benefits

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local government employers contributed 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$450,622, \$658,945, and \$547,012, respectively; 100 percent has been contributed for all three years.

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

Note 13 – Capital Leases – Lessee Disclosure

In prior years, the County entered into capitalized leases in order to provide equipment and services in order to update the efficiency of County facilities. These leases met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statements of modified cash receipts, disbursements, and changes in fund balances for governmental funds.

On April 18, 2008, the County entered into a Lease/ Purchase Agreement with Johnson Controls in the amount of \$875,271 to be repaid over ten years with an interest rate of 5.26%. This agreement was entered into to provide equipment and services in order to update the efficiency of County facilities. The County made principal payments during 2011 of \$81,467. The annual lease requirements to maturity are as follows:

Year Ended December 31,	Capital Lease/ Purchase Agreement	Interest
2012	\$84,469	\$21,917
2013	87,583	18,804
2014	90,811	15,576
2015	94,158	12,229
2016	97,628	8,758
2017-2018	172,442	22,599
Total	\$627,091	\$99,883

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 2011 of \$6,066. The annual lease requirements to maturity are as follows:

Year Ended December 31,	Capital Lease/ Purchase Agreement	Interest
2012	\$6,360	\$2,243
2013	6,669	1,935
2014	6,992	1,611
2015	7,331	1,271
2016	7,688	915
2017-2018	14,808	965
Total	\$49,848	\$8,940

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Note 14 – Long-Term Obligations

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

	Principal Outstanding 12/31/2010	Additions	Deductions	Principal Outstanding 12/31/2011	Amount Due Within One Year
Governmental Activities					
<u>General Obligation Bonds:</u>					
2001 - Various Purpose Improvement Bonds - 3.6%-5.1%	\$2,985,000	\$0	\$210,000	\$2,775,000	\$220,000
Capital Lease/ Purchase Agreement					
County Buildings - 5.26%	708,558	0	81,467	627,091	84,469
Children Services - 7.02%	55,914	0	6,066	49,848	6,360
Total Capital Leases	764,472	0	87,533	676,939	90,829
Total Governmental Activities	<u>\$3,749,472</u>	<u>\$0</u>	<u>\$297,533</u>	<u>\$3,451,939</u>	<u>\$310,829</u>
Business-Type Activities					
<u>Ohio Public Works Commission Loans:</u>					
1994 Thornport Water Project - 2.00%	\$191,490	\$0	\$41,083	\$150,407	\$41,909
2002 Water Systems Improvement Project - 2.00%	57,610	0	2,876	54,734	2,934
2002 Sanitary Sewer Improvements II Project - 2.00%	206,786	0	10,325	196,461	10,532
2009 Thornport-Thornville Wastewater Improvements Project - 0.00%	272,346	0	0	272,346	0
Total Ohio Public Works Commission Loans	<u>728,232</u>	<u>0</u>	<u>54,284</u>	<u>673,948</u>	<u>55,375</u>
<u>Ohio Water Development Authority Loans:</u>					
1998 Buckeye Lake Water Lines - 5.76%	191,585	0	73,650	117,935	77,892
2000 Water Line Construction - 6.41%	85,772	0	3,937	81,835	4,193
2000 Robinwood Estates Sewer Improvements - 6.03%	46,750	0	1,990	44,760	2,112
2000 Crown Wehrle Sewer Improvements - 6.03%	25,186	0	1,072	24,114	1,138
2001 Water Meter Installation - 1.50%	220,425	0	9,002	211,423	9,138
2002 Ceramic Road Area Sewers - 1.00%	579,907	0	23,104	556,803	23,336
2003 Northern Perry Sewers Phase I - 1.00%	900,885	0	35,022	865,863	35,373
2004 Waterline Extension - 1.00%	411,235	0	14,892	396,343	15,041
2004 Waterline Extension Phase 1B - 1.00%	425,451	0	14,726	410,725	14,873
2005 Waterline Extension Phase 1 C - 1.00%	2,550,097	0	86,341	2,463,756	87,207
2007 Sewer Extension Phase II - 1.50%	7,450,799	51,015	197,873	7,303,941	0
2007 BORWD Waterline Extension - 1.00%	1,012,535	0	30,870	981,665	31,180
2010 Sewer System Design - 0.00%	181,237	76,775	0	258,012	0
Total Ohio Water Development Authority Loans	<u>14,081,864</u>	<u>127,790</u>	<u>492,479</u>	<u>13,717,175</u>	<u>301,483</u>
Total Business-Type Activities	<u>\$14,810,096</u>	<u>\$127,790</u>	<u>\$546,763</u>	<u>\$14,391,123</u>	<u>\$356,858</u>

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.

Perry County, Ohio
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The term bonds maturing on December 1, 2021, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2017	\$280,000
2018	295,000
2019	310,000
2020	325,000
2021	345,000

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

<u>Year Ended December 31,</u>	<u>General Obligation Bonds</u>	<u>Interest</u>
2012	\$220,000	\$140,393
2013	230,000	130,493
2014	245,000	118,418
2015	255,000	105,555
2016	270,000	92,805
2017-2021	<u>1,555,000</u>	<u>246,075</u>
Total	<u><u>\$2,775,000</u></u>	<u><u>\$833,739</u></u>

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

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

The Ohio Public Works Commission (OPWC) Water System 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.

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

Year Ended December 31,	Ohio Public Works Commission	Interest
2012	\$44,843	\$3,880
2013	45,744	2,978
2014	46,664	2,059
2015	25,250	1,121
2016	3,177	837
2017-2021	16,871	3,201
2022-2026	18,636	1,436
2027	3,956	59
Total	\$205,141	\$15,571

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 \$619,800 for the purpose of financing improvements to the sewer system. As of December 31, 2011, the County had drawn down \$272,346. This loan will be repaid 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 remaining Ohio Public Works Commission Sanitary Sewer Improvements II Project Loans are as follows:

Year Ended December 31,	Ohio Public Works Commission	Interest
2012	\$10,532	\$3,877
2013	10,744	3,665
2014	10,960	3,449
2015	11,180	3,229
2016	11,405	3,004
2017-2021	60,555	11,489
2022-2026	66,891	5,154
2027-2028	14,194	213
Total	\$196,461	\$34,080

Perry County, Ohio
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Ohio Water Development Authority (OWDA) Loans – Water Enterprise Fund

The Ohio Water Development Authority (OWDA) Buckeye Lake Water Lines Loan relates to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$42,343, including interest, over twenty years. In 2005, late fees of \$173 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) 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 \$21 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 \$13 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 County has pledged future customer revenues, net of specified operating expenses, to repay \$4,663,682 in OWDA loans issued from 1998 to 2007. 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 other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues in future years; however, in 2011, principal and interest payments exceeded net revenues. The total principal and interest remaining to be paid on the loans is \$5,325,353. Principal and interest payments for the current year were \$345,511, net revenues were \$174,683 and total revenues were \$869,194.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

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

Year Ended December 31,	Ohio Water Development Authority Loans	Interest
2012	\$239,524	\$62,483
2013	203,571	50,875
2014	165,461	46,643
2015	167,430	44,674
2016	169,436	42,669
2017-2021	878,687	181,832
2022-2026	915,767	126,002
2027-2031	937,540	76,115
2032-2036	885,489	28,867
2037-2039	100,777	1,511
Total	\$4,663,682	\$661,671

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 \$10 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 \$27 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 \$41 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.

Perry County, Ohio
Notes to the Basic Financial Statements
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The Ohio Water Development Authority (OWDA) Sewer Extension Phase II Loan relates to a project for the installation of sewage lines located in the Buckeye Lake vicinity and the sewage will be sent to the Crown Wehrle Wastewater Treatment Plant. As of December 31, 2011, the County had drawn down \$7,674,906 and made principal payments in the amount of \$370,965. This loan will be repaid over thirty years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Ohio Water Development Authority (OWDA) Sewer System Design relates to a project for the installation of sewage lines located in the Moore's Junction area. As of December 31, 2011, the County had drawn down \$258,012. This loan will be repaid over thirty years and the County has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The County has pledged future customer revenues, net of specified operating expenses, to repay \$1,491,540 in OWDA loans issued from 1998 to 2007. Proceeds from these loans provided financing for various sewer projects. The loans are payable solely from customer net revenues and are payable through 2033. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 15 percent of net revenues in future years; however, in 2011, principal and interest payments exceeded net revenues. The total principal and interest remaining to be paid on the loans is \$1,689,900. Principal and interest payments for the current year were \$505,598, net revenues were (\$243,568), and total revenues were \$663,664.

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

Year Ended December 31,	Ohio Water Development Authority Loans	Interest
2012	\$61,959	\$18,185
2013	62,745	17,397
2014	63,551	16,593
2015	64,376	15,768
2016	65,220	14,923
2017-2021	339,519	61,198
2022-2026	356,704	36,661
2027-2031	347,827	16,119
2032-2033	129,639	1,516
Total	\$1,491,540	\$198,360

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 shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The County's total debt margin was \$11,596,487 and the unvoted debt margin was \$8,821,487 at December 31, 2011.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

Note 15 – Transfers and Advances

At December 31, 2011, the Other Nonmajor Governmental Funds owed the General Fund \$117,349 due to lags between the dates transactions recorded in the accounting system and payments between funds were made.

Advances for the year ended December 31, 2011, consisted of the following:

	Advance from		
		Other Nonmajor Governmental	
Advance to	General Fund	Governmental	Total
General	\$0	\$388,204	\$388,204
Other Nonmajor Governmental	345,807	0	345,807
Total	<u>\$345,807</u>	<u>\$388,204</u>	<u>\$734,011</u>

Also, short term loans were advanced from the General Fund to the Senior Center, Common Pleas Court, Homeland Security, Emergency Management Grant Special Revenue Funds, the GIS Capital Projects Fund, and to the Perry County Regional Airport Authority Component Unit.

Interfund transfers for the year ended December 31, 2011, consisted of the following:

	Transfer from		
	General Fund	Water Fund	
Transfer to			Total
Major Funds:			
Job and Family Services	\$180,233	\$0	\$180,233
Other Non-Major Governmental Funds	92,218	118,748	210,966
Total All Funds	<u>\$272,451</u>	<u>\$118,748</u>	<u>\$391,199</u>

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

Note 16 – Jointly Governed Organizations

A. Buckeye Hills Resource Conservation and Development Project

The Buckeye Hills Resource Conservation and Development Project was organized to lead local efforts directed toward improving social and economic conditions of the Buckeye Hills RC&D Area through development, conservation, and proper use of all the resources of the area. It serves Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The Council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The Council has total control over budgeting, personnel, and all other financial matters. During 2011, the Council received \$0 in administrative fees from Perry County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

B. Buckeye Hills-Hocking Valley Regional Development District

The Buckeye Hills-Hocking Valley Regional Development District serves Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The District was created to foster a cooperative effort in regional planning, programming, and the implementing of regional plans and programs. The District is governed by a fifteen member board of directors. The board is composed of one member from the City of Marietta and one from the City of Athens, one elected official from each of the participating Counties, and the remaining members are private citizens appointed by the respective political bodies based upon population. The board has total control over budgeting, personnel, and all other financial matters. The District receives Title III monies directly. Currently, a portion of the Title III monies are distributed to the O'Neill Senior Citizens Center Corporation, a private not-for-profit corporation. The County contributed \$4,106 to the District during 2011. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

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

The County is a member of the Coshocton-Fairfield-Licking-Perry Solid Waste District (the District). The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code. The District is governed and operated through three groups. A twelve-member board of directors, composed of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no additional contributions from the County are anticipated. A twenty-one member policy committee, composed of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council, whose members are appointed by the policy committee.

The continued existence of the District is not dependent upon the County's continued participation. No equity interest exists and no debt is outstanding.

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D. Mental Health and Recovery Services Board of Muskingum County

The Mental Health and Recovery Services Board of Muskingum County (the 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, Perry, Muskingum, Noble, and Perry Counties and operates under the direction of an eighteen-member appointed Board. Each participating county has agreed to levy a tax within their county to assist in the operation of the Board. The Board also directly receives state and federal funding for its operations. Although the Muskingum County Auditor and Muskingum County Treasurer are responsible for fiscal control of the resources of the Board, the Board is responsible for budgeting and accounting for the resources at its disposal. Membership on the Board is based upon Ohio law. The continued existence of the Board is not dependent upon the County's continued participation and no equity interest exists.

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

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

F. Perry County Family and Children First Council

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

G. Local Workforce Investment Board

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

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 Board consists of 27 members representing the following counties: Athens, Hocking, Meigs, Perry and Vinton. Each county has a minimum of one Chief Elected Official (CEO) and his/her appointees to the board. Appointees of the CEO are local business leaders, educators, as well as State mandated representatives from the respective county. In 2011, the County made no contributions to the Board. Continued existence of the Board is not dependent upon the County's continued participation, no equity interest exists, and no debt is outstanding.

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

The Fairfield, Hocking, Licking, and Perry Multi-County Juvenile Detention System (the System) is a statutorily created political subdivision of the State. The operation of the System 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 System by budgeting, appropriating, contracting and designating management. The joint board of commissioners appoints a board of twelve trustees to operate the System. The System's continued existence is dependent upon the County's participation. The County has an ongoing financial responsibility and an equity interest exists. Should the County withdraw, upon the recommendation of the County Juvenile Court Judge, it may sell or lease its interest in the System to another participating county.

Note 17 – Insurance Purchasing Pools

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

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

Note 18 – Contingencies

A. Grants

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

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2011.

B. Litigation

The County is currently not under any pending litigation.

Note 19 – Subsequent Event

On April 4, 2012, the County refinanced \$2,860,000 in General Obligation Various Purpose Improvement Bonds. The original bonds were issued in 2001 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.

Note 20 – Perry County Regional Airport Authority

The following are the Perry County Regional Airport Authority (the Authority) notes to the financial statements for the year ended December 31, 2011:

A. Summary of Significant Accounting Policies

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

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

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

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

B. Cash, Cash Equivalents and Investments

At December 31, 2011, the carrying amount of the Authority's deposits was \$15,833 and the bank balance was \$15,833. The bank balance was covered by federal depository insurance.

Perry County, Ohio
Notes to the Basic Financial Statements
December 31, 2011

Note 21 – PerCo, Inc

The following are the PerCo, Inc. notes to the financial statements for the year ended December 31, 2011:

A. Nature of Activities

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

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

B. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Organization have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statement are not included in the financial statement.

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

C. Cash

As of December 31, 2011 and 2010, cash consisted of the following:

	<u>2011</u>	<u>2010</u>
Cash checking account - Peoples National Bank	\$235,289	\$462,215
Certificates of Deposit	246,522	238,127
Total Cash	<u>\$481,811</u>	<u>\$700,342</u>

At December 31, 2011 and 2010, the amount of \$0 and \$220,746, respectively, was in excess of the FDIC insurance limit of \$250,000.

PerCo established a checking account in January 2006 held at Peoples National Bank and is acting in an agency capacity to Perry County Board of Developmental Disabilities in order to assist disabled persons and their families. Perry County Board of Developmental Disabilities holds and writes checks to approved recipients based on certain criteria and replenishes funds by request of the Ohio State Auditor. The Director of PerCo and the Superintendent of Perry County Board of Developmental Disabilities have the authority to sign checks.

Perry County, Ohio
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During 2011, deposits totaled \$76,584 and disbursements totaled \$77,280. During 2010, deposits totaled \$85,273 and disbursements totaled \$83,929. During 2009, deposits totaled \$80,132 and disbursements totaled \$82,117. Since PerCo is only the custodian of the checking account and does not control the activity in the account, the activity is not included in the statements of cash receipts and disbursements.

D. Concentrations

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

In addition, PerCo received 36% and 34% of its cash receipts during 2011 and 2010, respectively, from a recycling contract with Perry County. During 2011 and 2010, a grant was also received from the Solid Waste District for the recycling expansion building which accounted for 20% and 26%, respectively, of the cash receipts.

Perry County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1011-11-5096	10.561	\$344,595	\$0
			<u>344,595</u>	<u>0</u>
<i>Passed through the Ohio Department of Education:</i>				
Nutrition Cluster:				
School Breakfast Program	05PU	10.553	11,194	0
National School Lunch Program	LLP4	10.555	17,165	937
			<u>28,359</u>	<u>937</u>
Total Nutrition Cluster				
Child and Adult Care Food Program	N/A	10.558	3,466	0
			<u>3,466</u>	<u>0</u>
Total U.S. Department of Agriculture			376,420	937
U.S. Department of Housing and Urban Development				
<i>Passed through the Ohio Department of Development:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Formula Allocation Program	BF-09-059-1	14.228	280,610	0
Formula Allocation Program	BF-10-1CG-1	14.228	115,811	0
			<u>396,421</u>	<u>0</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Total U.S. Department of Housing and Urban Development			396,421	0
U.S. Department of Labor				
<i>Passed through the Workforce Investment Act, Area 14:</i>				
WIA National Emergency Grants				
	N/A	17.277	19,638	0
			<u>19,638</u>	<u>0</u>
Employment Service Cluster:				
Local Veterans' Employment Representative Program	N/A	17.804	15,299	0
			<u>15,299</u>	<u>0</u>
Workforce Investment Act Cluster				
WIA Adult Program	N/A	17.258	100,145	0
WIA Adult - Admin	N/A	17.258	4,489	0
WIA Adult Program - ARRA	N/A	17.258	28,065	0
WIA Youth Activities	N/A	17.259	225,102	0
WIA Youth - Admin	N/A	17.259	23,422	0
WIA Dislocated Workers	N/A	17.260	89,392	0
WIA Dislocated Workers - Admin	N/A	17.260	11,393	0
WIA Dislocated Workers - ARRA	N/A	17.260	22,438	0
			<u>504,446</u>	<u>0</u>
Total Workforce Investment Act Cluster				
Total U.S. Department of Labor			539,383	0
U.S. Department of Transportation				
<i>Direct Program:</i>				
Airport Improvement Program		20.106	32,282	0
			<u>32,282</u>	<u>0</u>
<i>Federal Highway Administration</i>				
<i>Passed through the Ohio Department of Transportation:</i>				
Highway Planning and Construction	PID # 87270	20.205	23,345	0
Highway Planning and Construction	PID # 88209	20.205	21,500	0
Formula Grant for Other Than Urbanized Areas	N/A	20.509	490,801	0
Formula Grant for Other Than Urbanized Areas - ARRA	PID # 85875	20.509	36,682	0
			<u>572,328</u>	<u>0</u>
<i>Passed through the Ohio Department of Public Safety:</i>				
Location Based Response System	GG-2010-64-00-00898-00	20.610	15,000	0
			<u>15,000</u>	<u>0</u>
Total U.S. Department of Transportation			619,610	0
U.S. Department of Education				
<i>Passed through the State Department of Education:</i>				
Special Education-Grants for Infants and Families	N/A	84.181	34,149	0
Special Education-Grants for Infants and Families - ARRA	N/A	84.393	9,110	0
			<u>43,259</u>	<u>0</u>
Total U.S. Department of Education			43,259	0
U.S. Election Assistance Commission				
<i>Passed through the Secretary of State:</i>				
Help America Vote Act Requirements Payments	N/A	90.401	810	0
			<u>810</u>	<u>0</u>
Total U.S. Election Assistance Commission			810	0

(continued)

Perry County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. Department of Health and Human Services				
<i>Passed through the Area on Ageing:</i>				
Title III-B, Grants Supportive Services and Senior Centers	N/A	93.044	56,547	0
Title III-C-1, Nutrition Services	N/A	93.045	27,822	0
Title III-C-2, Nutrition Services	N/A	93.045	53,118	0
			80,940	0
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667	37,970	0
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Promoting Safe and Stable Families	G-1011-11-5096	93.556	49,391	0
Child Support Enforcement	N/A	93.563	396,427	0
Community Based Child Abuse Prevention Grants	G-1011-11-5096	93.590	2,047	0
Child Welfare Services State Grants	G-1011-11-5096	93.645	35,696	0
Foster Care Title IV-E	N/A	93.658	163,276	0
Adoption Assistance	N/A	93.659	177,359	0
Social Services Block Grant	G-1011-11-5096	93.667	89,174	0
Chafee Foster Care Independence Program	G-1011-11-5096	93.674	15,026	0
State Children's Insurance Program	G-1011-11-5096	93.767	4,689	0
			933,085	0
<i>Child Care Development Fund Cluster:</i>				
Child Care and Development Block Grant	G-1011-11-5096	93.575	33,799	0
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5096	93.596	37,806	0
Total Child Care Development Fund Cluster			71,605	0
<i>TANF Cluster:</i>				
Temporary Assistance for Needy Families (TANF) State Programs - <i>Passed through Department of of DD</i>	N/A	93.558	74,778	0
Temporary Assistance for Needy Families (TANF) State Programs - <i>Passed through Department of Job and Family Services</i>	G-1011-11-5096	93.558	1,571,924	0
Total TANF Cluster			1,646,702	0
<i>Medicaid Cluster:</i>				
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Medical Assistance Program - ARRA	N/A	93.778	29,580	0
Medical Assistance Program	N/A	93.778	758,128	0
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Medical Assistance Program	G-1011-11-5096	93.778	579,952	0
Total Medicaid Cluster			1,367,660	0
Total U.S. Department of Health and Human Services			4,194,509	0
Corporation for National and Community Service				
<i>Direct Program:</i>				
Retired and Senior Volunteer Program		94.002	35,686	0
Total Corporation for National and Community Service			35,686	0
U.S. Department of Homeland Security				
<i>Passed through the Ohio Emergency Management Agency:</i>				
State Homeland Security Program	2008-GE-T8-0025	97.067	6,650	0
State Homeland Security Program	2008-GE-T8-0025	97.067	52,495	0
State Homeland Security Program	2010-SS-T0-0012	97.067	50,361	0
State Homeland Security Program	2009-SS-T9-0089	97.067	40,038	0
Total State Homeland Security Program			149,544	0
<i>Emergency Management Performance Grants:</i>				
Emergency Management Performance Grants	2009-EM-E8-0002	97.042	140,000	0
Emergency Management Performance Grants	2011-EP-00003-S01	97.042	14,840	0
Emergency Management Performance Grants	2010-EP-00-0003	97.042	38,177	0
Total Emergency Management Performance Grants			193,017	0
Total U.S. Department of Homeland Security			342,561	0
Total Federal Expenditures			\$6,548,659	\$937

N/A - pass through entity number not available

See accompanying notes to the schedule of federal awards expenditures.

Perry County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2011

NOTE 1 – GENERAL

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

NOTE 2 – BASIS OF ACCOUNTING

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

NOTE 3 – REVOLVING LOAN FUNDS

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

These loans are collateralized by mortgages or property and equipment and by guarantees. At December 31, 2011, the gross amount of loans outstanding under this program was \$33,515.

NOTE 4 – FOOD SERVICES PROGRAMS

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

NOTE 5 – MATCHING REQUIREMENTS

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

NOTE 6 – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

During the calendar year, the County received a deferred payment from the Ohio Department of Developmental Disabilities (DODD) for the Medicaid program (CFDA#93.778) in the amount of \$442,868. The deferred payment was for Medicaid Administrative Claiming (MAC) and Waiver Administrative Claiming (WAC) expenses the County incurred in prior reporting periods due to an increase of federal funding received by DODD to reimburse these expenses and also due to changes in the County's Medicaid Eligibility Rate (MER) for certain activity codes within MAC/WAC. This revenue is not listed on the County's Schedule of Federal Awards since the underlying expenses occurred in prior reporting periods.

NOTE 7 – CHILD NUTRITION CLUSTER

Program regulations do not require the County to maintain separate inventory records for purchases food and food received from the United States Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Perry County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2011

NOTE 8 – WORKFORCE INVESTMENT ACT

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



Balestra, Harr & Scherer, CPAs, Inc.

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

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

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

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Perry County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2012 wherein we noted that the County uses a comprehensive accounting basis other than generally accepted accounting principles and also implemented GASB Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of PerCo, Inc. as described in our opinion on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

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

We did note a certain matter not requiring inclusion in this report that we reported the County's management in a separate letter dated September 28, 2012.

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
September 28, 2012



Balestra, Harr & Scherer, CPAs, Inc.

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www.bhscpas.com

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

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

To the Board of Commissioners:

Compliance

We have audited the compliance of Perry County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Perry County's major federal programs for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Perry County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings lists this instance as Finding 2011-002.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2011-02. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
September 28, 2012

Perry County, Ohio
Schedule of Findings
OMB Circular A-133 Section §.505
December 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants Formula Allocation Program; CFDA# 14.228 Workforce Investment Act Cluster: WIA Adult Program CFDA# 17.258; WIA Adult Program – ARRA CFDA# 17.258; WIA Youth Activities CFDA# 17.259; WIA Dislocated Workers CFDA# 17.260; WIA Dislocated Workers – ARRA CFDA#17.260 Formula Grant for Other Than Urbanized Areas CFDA# 20.509 Formula Grant for Other Than Urbanized Areas – ARRA CFDA# 20.509 Temporary Assistance for Needy Families (TANF) State Programs CFDA# 93.558 Medicaid Cluster: Medical Assistance Program CFDA# 93.778; Medical Assistance Program – ARRA CFDA# 93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Perry County, Ohio
Schedule of Findings
OMB Circular A-133 Section §.505
December 31, 2011

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

Finding 2011-001

Noncompliance Citation - Annual Financial Report

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

Official's Response

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

Perry County, Ohio
Schedule of Findings
OMB Circular A-133 Section §.505
December 31, 2011

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2011-002
CFDA Title and Number	Community Development Block Grant – CFDA #14.228
Federal Award Number/Year	2011
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Significant Deficiency/Noncompliance Citation – Cash Management

Office of Housing and Community Partnership Financial Management Rules and Regulations, Section (A)(3)(f), states the grantees must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days.

Drawdowns were not expended within 15 days to a fund balance of less than \$5,000 for all drawdowns of grant funding received during the audit period. Disbursements were made up to several months after the 15 day limitation had expired resulting in noncompliance.

The County should implement controls to ensure drawdowns are appropriate and enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt.

Clients Response:

From this point forward we will seek advances to offset the “draw” time frame.

PERRY COUNTY FINANCIAL CONDITION
December 31, 2011

CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §315(c)

Corrective Action Plan for Finding 2011-002:

Finding Control Number: 2011-002

Summary of Finding: The County's drawdowns for the Community Development Block Grant, CFDA#14.228 were not expended within 15 days to a fund balance of less than \$5,000 for all of the drawdowns of grant funding received during the audit period. Also, for the same program, disbursements were made up to several months after the 15 day limitation had expired.

Statement of Concurrence: The County is aware of Finding 2011-002 and agrees that the finding as stated is correct.

Corrective Action: In the future the County will seek advances to offset the "draw" time frame.

Contact Person: The official responsible for completing the corrective action is listed below:

Glenn Crippen
Grant Coordinator
Phone: (740) 767-4500
Email: crippen@hapcap.org

Perry County, Ohio

Schedule of Prior Audit Findings
OMB Circular A-133 Section §.315(b)
December 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-001	ORC Section 117.38 – Cash basis annual financial reporting	No	Reissued as finding 2011-001



Dave Yost • Auditor of State

PERRY COUNTY FINANCIAL CONDITION

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 13, 2012