Audited Financial Statements

December 31, 2022

County of Perry

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
County of Perry
New Bloomfield, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Perry, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Perry, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Perry and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, as of January 1, 2022, the County of Perry adopted new accounting guidance, *GASB No. 87, Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Perry's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Perry's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Perry's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 9, budgetary comparison schedule – general fund on pages 49, and schedules related to pension and OPEB liabilities on pages 50 – 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Perry's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Pennsylvania Department of Human Services expenditures, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and Pennsylvania Department of Human Services expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024 on our consideration of County of Perry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Perry's internal control over financial reporting and compliance.

Smith Elliott Kearns & Company, LLC

Carlisle, Pennsylvania
June 27, 2024

As management of the County of Perry (the County), Pennsylvania, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the year ended December 31, 2022.

FINANCIAL HIGHLIGHTS

Financial highlights for the 2022 were:

- The County's total net position increased by $ 4,721,332 to $ 35,275,916 in 2022.
- The County's unrestricted net position was $ 21,173,173 at December 31, 2022.
- As of December 31, 2022, the County's governmental funds reported combined ending fund balances of $ 29,575,792, an increase of $ 6,434,008 from December 31, 2021. Approximately 50.5% of this total amount, $ 14,926,234, is available for spending at the County's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components:

(a) government-wide financial statements,
(b) fund financial statements, and
(c) notes to financial statements.

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

The statement of net position presents information for all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources. The County's net position is presented as the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items where cash flows will not result until future periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, human services, and conservation and development.

The government-wide financial statements include not only the County itself (known as the primary government), but also legally separate entities for which the County is financially accountable. Financial information for the County's component unit is reported blended with the financial information presented for the primary government.

The government-wide financial statements can be found on pages 10 and 11 of this report.

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.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund is considered to be a major fund. Data from the other 9 governmental funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget for its General Fund and State Highway Aid Fund. A budgetary comparison statement has been included in the required supplementary information section of this report for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 12 to 15 of this report.

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

The basic fiduciary funds financial statements can be found on pages 16 and 17 of this report.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 48 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's Employees' Retirement System, Other Post-Employment Benefits and the County's original and final budgeted revenues and expenditures versus actual revenues and expenditures. Required supplementary information can be found on pages 49 to 56 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. For the County, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $ 35,275,916 at the close of the most recent year.

Fifty percent (30.63%) of the County's net position reflects its investment in capital assets (e.g., buildings, land and site improvements, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Another portion of the County's net position ($ 3,297,616) represents resources that are subject to external restrictions on how they may be used. The remaining net position represents the excess of liabilities over spendable, unrestricted assets.

Table 1 (Statement of Net Position) provides a comparative summary of the County’s net position as of December 31:

TABLE 1
STATEMENTS OF NET POSITION

	Governmental Activities	
	2022	**2021**
Current and other assets	$ 37,080,622	$ 30,389,566
Noncurrent assets	11,591,815	11,554,303
Total assets	**48,672,437**	**41,943,869**
Deferred outflows of resources	**7,033,757**	**3,159,708**
Current liabilities	7,330,965	7,018,498
Noncurrent liabilities	9,516,520	4,130,115
Total liabilities	**16,847,485**	**11,148,613**
Deferred inflows of resources	**3,582,793**	**3,400,380**
Net assets		
Net investment in capital assets	10,805,127	11,543,253
Restricted	3,297,616	2,537,653
Unrestricted	21,173,173	16,473,678
Total net position	**$ 35,275,916**	**$ 30,554,584**

Net position is shown as restricted if it can only be used for a specific purpose. Net position of the nonmajor governmental funds is considered restricted. The remaining net position is invested in capital assets or unrestricted.

Table 2 (Statement of Activities) shows comparative changes in net position as a result of financial revenues and expenses for the years ended December 31, 2022 and 2021:

TABLE 2
STATEMENTS OF ACTIVITIES

	Governmental Activities	
	2022	**2021**
Revenues		
Program revenues		
Charges for services	$ 2,017,079	$ 2,001,283
Operating grants and contributions	19,697,294	17,545,701
Capital grants and contributions	643,736	312,393
General revenues		
Property and other taxes	13,687,862	13,868,306
Other	331,778	123,797
Total revenues	**36,377,749**	**33,851,480**
Expenses		
General government	7,139,898	5,227,220
Public safety	11,408,287	10,305,170
Highways and street	239,812	362,515
Human services	12,703,106	11,638,920
Conservation and development	165,314	80,952
Total expenses	**31,656,417**	**27,614,777**
Increase (decrease) in net position	**$ 4,721,332**	**$ 6,236,703**

Government-wide revenues for 2022 were primarily derived from operating grants and contributions at 54.2% and real estate tax collections at 37.6% of the total. Charges for services at 5.5% are the third largest source of revenue.

Total expenses for all programs in 2022 were $ 31,422,941. The expenses reflect the delivery of a wide range of services, with the largest being human services at 40.4%. The second largest program is public safety at 36.3%.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to demonstrate compliance with finance-related 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 a County's net resources available for spending at the end of the year.

As of the end of the current year, the County's governmental funds reported combined ending fund balances of $ 29,575,792, an increase of $ 6,434,008 from the prior year. The County's governmental funds reported an unassigned fund balance of $ 14,926,234, assigned fund balances of $ 10,912,492, committed fund balances of $ 233,326, and nonspendable fund balances of $ 130,883. The remainder of fund balance is restricted to indicate that it is not available for general use by the County as there are external constraints applied to the funds. Restricted fund balances totaled $ 3,372,857, which is restricted for use in various federal and state funded programs.

The General Fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the General Fund was $ 14,926,234, while total fund balance was $ 26,532,997. The fund balance of the County's General Fund increased by $ 5,562,830 during 2022.

General Fund Budgetary Highlights

During the year, there were no changes or amendments made to the original General Fund budget. The General Fund revenues and expenditures on the statement of revenues, expenditures, and changes in fund balances - governmental funds includes combined revenue and expenditures for the County's General Fund, Human Service Block Grant Fund, C&Y Student Independent Living Fund, and Victims' Rights and Service Act Fund. However, the County only budgets for the General Fund itself. A reconciliation between the revenues and expenditures on the statement of revenues, expenditures, and changes in fund balances - governmental funds and the budgetary comparison schedule for the General Fund is provided on page 46 of this report. Some key points about the budget are:

- Original budgeted revenues were less than budgeted expenditures by ($ 410,695). The actual revenues were greater than expenditures and transfers out by $ 5,562,830.

- Budgetary estimates were less than actual revenues by $ 9,841,904. Expenditures were more than budgeted estimates by $ 3,680,911 while other financing sources and (uses) were less than budget by $ 261,618. This resulted in a positive budget variance of $ 5,899,375.

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2022 amounts to $ 11,591,815 (net of accumulated depreciation and debt issued to acquire capital assets). This investment in capital assets includes buildings, equipment, land and site improvements, and vehicles.

TABLE 3
CAPITAL ASSETS - NET OF DEPRECIATION

	2022	2021
Land	$ 70,590	$ 70,590
Buildings	2,215,470	2,368,140
Equipment	1,916,585	2,115,071
Land and site improvements	6,520,503	6,883,105
Vehicles	93,703	117,397
Right to uses assets buildings	547,169	-
Right to use assets towers	227,795	-
Total Capital Assets	$ 11,591,815	$ 11,554,303

Additional information on the County's capital assets can be found in Note 6 of the financial statements.

Debt Management

The County had no outstanding debt during the year ended December 31, 2022.

Economic Factors and Next Year's Budgets and Rates

- Expenses: $ 26,557,487
- Revenue: $ 26,557,487
- Use of prior year surplus to fund excess of expenditures over revenue

These factors are considered in preparing the County's annual budgets.

Contacting the County Financial Management

This financial report is designed to provide a general overview of the County's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brandi Clendenin, County of Perry, P.O. Box 37, New Bloomfield, Pennsylvania 17068.

COUNTY OF PERRY
Statement of Net Position
December 31, 2022

	Primary Government Governmental Activities	Discretely Presented Component Unit Conservation District
ASSETS		
Current Assets		
Cash and cash equivalents	$ 33,288,065	$ 902,904
Receivables		
Taxes	781,964	-
Other	2,764,386	152,009
Inventories	1,408	-
Due from discretely presented component unit	115,324	-
Prepaid expenses	129,475	130
Total current assets	37,080,622	1,055,043
Noncurrent Assets		
Capital assets not being depreciated		
Land	70,590	-
Capital assets net of accumulated depreciation/amortization		
Buildings and improvements	2,215,470	-
Equipment	1,916,585	90,875
Land improvements	6,520,503	-
Vehicles	93,703	-
Right-to-use assets - buildings	547,169	-
Right-to-use assets - towers	227,795	-
Total noncurrent assets	11,591,815	90,875
TOTAL ASSETS	48,672,437	1,145,918
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to net pension liability	6,887,263	-
Deferred outflows related to OPEB	146,494	-
Total deferred outflows	7,033,757	-
Total Assets and Deferred Outflows of Resources	$ 55,706,194	$ 1,145,918
LIABILITIES		
Current liabilities		
Accounts payable	$ 1,981,314	$ 177
Due to primary government	-	115,324
Accrued salaries and benefits/withholdings	876,871	-
Unearned revenue	3,942,622	283,291
Portion due or payable within one year		
Lease obligations	187,158	-
Compensated absences	343,000	-
Total current liabilities	7,330,965	398,792
Noncurrent liabilities		
Portion due or payable after one year		
Lease obligations	599,530	-
Compensated absences	787,725	-
Net pension liability	7,146,939	-
OPEB liability	982,326	-
Total noncurrent liabilities	9,516,520	-
TOTAL LIABILITIES	16,847,485	398,792
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	2,729,769	-
Deferred outflows related to OPEB	853,024	-
Total deferred outflows	3,582,793	-
NET POSITION		
Net investment in capital assets	10,805,127	90,875
Restricted	3,297,616	373,182
Unrestricted	21,173,173	283,069
TOTAL NET POSITION	35,275,916	747,126
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 55,706,194	$ 1,145,918

County of Perry
Statement of Activities
Year Ended December 31, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Discretely Presented Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Conservation District**
Primary government:						
Governmental activities:						
General government	$ 6,906,422	$ 864,457	$ 5,050,827	$ 505,610	$ (485,528)	$ -
Public safety	11,408,287	1,148,845	2,561,282	-	(7,698,160)	-
Highways and streets	239,812	-	267,420	136,084	163,692	-
Human services	12,703,106	3,777	11,810,169	2,042	(887,118)	-
Conservation and development	165,314	-	7,596	-	(157,718)	-
Total primary government	$ 31,422,941	$ 2,017,079	$ 19,697,294	$ 643,736	(9,064,832)	-
Discretely presented component unit:						
Conservation District	$ 865,443	$ 79,122	$ 653,055	$ -	-	(133,266)
General revenues						
Property taxes					13,550,845	-
Per capita taxes					124,113	-
Other taxes					12,904	-
Investment earnings					254,261	1,690
Refund of prior year revenue					(233,476)	-
Unrestricted grants and contributions					-	25,610
Miscellaneous revenues					77,517	62,731
Total general revenues					13,786,164	90,031
Change in net position					4,721,332	(43,235)
Net position - beginning					30,554,584	790,361
Net position - ending					$ 35,275,916	$ 747,126

COUNTY OF PERRY
Balance Sheet - Governmental Funds
December 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 29,263,576	$ 4,024,489	$ 33,288,065
Due from other governments	2,612,253	164,871	2,777,124
Taxes receivable, net	781,964	-	781,964
Due from other funds	2,767	49,222	51,989
Due from discretely presented component unit	115,324	-	115,324
Inventories	1,408	-	1,408
Prepaid expenditures	93,501	35,974	129,475
Total assets	$ 32,870,793	$ 4,274,556	$ 37,145,349
LIABILITIES			
Accounts payable	$ 1,811,727	$ 169,587	$ 1,981,314
Accrued wages, benefits and withholdings	871,399	5,472	876,871
Unearned revenue	2,950,647	1,004,713	3,955,360
Due to other funds	-	51,989	51,989
Total liabilities	5,633,773	1,231,761	6,865,534
DEFERRED INFLOWS OF RESOURCES			
Unavailable tax revenue	704,023	-	704,023
Total deferred inflows of resources	704,023	-	704,023
FUND BALANCES			
Nonspendable	94,909	35,974	130,883
Restricted	366,036	3,006,821	3,372,857
Committed	233,326	-	233,326
Assigned	10,912,492	-	10,912,492
Unassigned	14,926,234	-	14,926,234
Total fund balances	26,532,997	3,042,795	29,575,792
Total liabilities, deferred inflows of resources, and fund balances	$ 32,870,793	$ 4,274,556	$ 37,145,349

COUNTY OF PERRY
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022

Total fund balances - governmental funds		$ 29,575,792
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities on the Statement of Net Position.		
Cost of assets	27,747,379	
Accumulated depreciation	(16,155,564)	11,591,815
Certain receivables are not available to pay current period expenditures and therefore are not reported in the fund financial statements, but are reported in governmental activities on the Statement of Net Position.		704,023
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities on the Statement of Net Position. Long-term liabilities and related deferred inflows and outflows of resources consist of:		
Compensated absences	(1,130,725)	
Lease obligations	(786,688)	
Net pension liability	(7,146,939)	
OPEB liability	(982,326)	
Deferred outflows related to net pension liability	6,887,263	
Deferred outflows related to OPEB liability	146,494	
Deferred inflows related to net pension liability	(2,729,769)	
Deferred inflows related to OPEB liability	(853,024)	(6,595,714)
Net position of governmental activities in the Statement of Net Position		$ 35,275,916

COUNTY OF PERRY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 13,458,107	$ -	$ 13,458,107
Per capita taxes	124,113	-	124,113
Licenses and permits	9,770	-	9,770
Fines and forfeitures	30,378	-	30,378
Investment earnings	234,888	5,228	240,116
Intergovernmental revenue	16,115,119	4,257,063	20,372,182
Charges for services	1,858,232	37,118	1,895,350
Total revenues	31,830,607	4,299,409	36,130,016
EXPENDITURES			
General government	10,018,602	202,358	10,220,960
Public safety	6,474,325	1,232,078	7,706,403
Highways and streets	-	80,575	80,575
Health and human services	9,463,397	1,779,258	11,242,655
Conservation and development	43,817	323,117	366,934
Total expenditures	26,000,141	3,617,386	29,617,527
OTHER FINANCING SOURCES (USES)			
Miscellaneous income	80,395	74,600	154,995
Refund of prior year revenue	(203,031)	(30,445)	(233,476)
Interfund transfers in (out)	(145,000)	145,000	-
Total other financing sources (uses)	(267,636)	189,155	(78,481)
Net change in fund balances	5,562,830	871,178	6,434,008
Fund balances - beginning	20,970,167	2,171,617	23,141,784
Fund balances - ending	$ 26,532,997	$ 3,042,795	$ 29,575,792

County of Perry
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2022

Net change in fund balances - total governmental funds		$ 6,434,008
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. Sales of capital assets are reported based upon cash received in the governmental funds, in contrast, the net gain or loss on sale which reflects the net book value of capital assets sold is reported in the Statement of Activities. This is the amount by which capital outlays differed in the current period.		
Depreciation/Amortization expense	(1,142,463)	
Capital outlays	210,027	(932,436)
Governmental funds do not present certain revenues unless they are "available" to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. Because certain taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues changed by this amount this year.		92,738
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid of:		
Compensated absences		129,385
Lease obligations		183,260
OPEB liability and related deferred outflows		(35,750)
Net pension liability and related deferred outflows and inflows		(1,149,873)
Change in net position of governmental activities		$ 4,721,332

COUNTY OF PERRY
Statement of Fiduciary Net Position
December 31, 2022

	Pension Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	$ 1,451,811	$ 1,135,365
Accrued interest receivable	78,336	-
Investments		
Mutual funds	2,729,815	-
Fixed income	12,129,092	-
Exchange traded funds	3,563,367	
Equities	12,129,014	-
Total assets	$ 32,081,435	$ 1,135,365
LIABILITIES		
Due to other governments	$ -	$ 196,330
NET POSITION		
Assets held in trust for pension benefits	32,081,435	-
Restricted net position	-	939,035
Total net position	32,081,435	939,035
Total liabilities and net position	$ 32,081,435	$ 1,135,365

COUNTY OF PERRY
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2022

	Pension Trust Fund	Custodial Fund
ADDITIONS		
Contributions		
Employer	$ 783,291	$ -
Plan members	668,538	-
Other	-	250
Fees	-	2,185,519
Collected on behalf of beneficiary	-	1,297,934
Taxes	-	7,439,153
Commissions	-	157,828
Investment earnings (losses)	(4,151,773)	1,733
Total additions	(2,699,944)	11,082,417
DEDUCTIONS		
Benefit payments, including refunds of member contributions	2,295,185	-
Payment to/on behalf of beneficiary	-	10,711,576
Health and human services	-	83,678
Administrative expenses	1,788	4,137
Total deductions	2,296,973	10,799,391
Change in net position	(4,996,917)	283,026
Net position - beginning	37,078,352	656,009
Net position - ending	$ 32,081,435	$ 939,035

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

The County of Perry (the County), Pennsylvania, is a County of the Sixth Class of the Commonwealth of Pennsylvania, organized under and existing pursuant to "The County Code": Act of August 9, 1955, P.L. 323, No. 101 as amended. A three-member Board of Commissioners, each elected at large for a four-year term, governs the County as its executive and legislative officers. Other officials elected at large for four-year terms include: the Clerk of Courts, Coroner, District Attorney, Prothonotary, Recorder of Deeds, Register of Wills, Sheriff, and Treasurer. The Commissioners are empowered to appoint various officials including the Solicitor, Chief Clerk, Public Defender, and various departmental directors.

The Commissioners are responsible for administration of the fiscal affairs of the County, managing County-owned buildings, supervising purchases, managing voter registration and elections, and keeping records of all proceedings. The major offices and departments that are responsible to the Commissioners are the Children and Youth Services Department, Transportation, Aging, Emergency Management Agency, Planning Commission, and Department of Veterans Affairs. The Commissioners are also responsible for the operations of the County prison and sit as the Board of Assessment and Appeals and the Board of Elections.

The County participates in several multi-county associations for the administration of certain programs. These include the Drug and Alcohol Program, the Job Training Partnership Program, and the Office of Human Resources, which administers a number of state and federal grant programs in the social service area.

Reporting Entity

Consistent with the guidance issued by the Governmental Accounting Standards Board (GASB), the County evaluated the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity based on financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the County reviewed the applicability of the following criteria.

The County is financially accountable for:

- Organizations that make up the legal County entity.

- If County officials appoint a voting majority of the legally separate organization's governing body and the County is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County as defined below:

  Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

  Financial Benefit or Burden - Exists if the County (a) is entitled to the organization's resources, (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of or provide support to the organization, or (c) is obligated in some manner for the debt of the organization.

  Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget without approval by the County.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Based on the foregoing criteria, the reporting entity includes all organizations for which the County is financially accountable or for which there is a significant relationship. Specific information on the nature of the various potential component units, and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in the County's financial statements, are provided in the following paragraphs.

Discretely Presented Component Units

In accordance with accounting principles generally accepted in the United States of America, the financial statements of the following entity has been included in the financial reporting entity of the County as a discretely presented component unit:

Perry County Conservation District

The Perry County Conservation District (the District) was formed by the County Commissioners in 1949, pursuant to the Conservation District Law of the Commonwealth to manage the conservation of natural resources in the County. The District's Board of Directors is appointed by the County Commissioners. Commonwealth law gives the County certain powers to supervise and direct the operations of the District. Employees of the District are County employees.

Complete and more detailed financial statements for the component unit can be obtained from the District's administrative office as follows:

Perry County Conservation District
P.O. Box 36
New Bloomfield, PA 17068

The County had a receivable from the District totaling $ 115,324 at December 31, 2022.

Joint Venture

Capital Area Behavioral Health Collaborative, Inc. is a private, not-for-profit company formed out of the collaboration among Cumberland, Dauphin, Lancaster, Lebanon, and Perry Counties' programs of Mental Health and Drug and Alcohol. The County participates in Pennsylvania's innovative mandatory managed care program for Medical Assistance consumers, the HealthChoices Behavioral Health Program. The program is designed to improve access and quality of care for Medical Assistance consumers throughout Pennsylvania.

Related Organizations

The Board of Commissioners appoint the Board of Directors of Perry Human Services, Inc., Cumberland/Perry MR-IDD, and Perry County Economic Development Corporation. These are independent entities that select management staff, set user charges, establish budgets, and control all aspects of their daily activities. Accountability by the County does not extend beyond appointment of the Board of Directors; therefore, these organizations are excluded from the reporting entity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The County uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the County are grouped into the categories of governmental and fiduciary.

Governmental Funds

Governmental Funds are those through which most governmental functions of the County are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

The County reports the following major governmental funds:

General Fund

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property and earned income taxes, and state and federal subsidies. Many of the more important activities of the County, including instruction, administration, and certain noninstructional services are accounted for in this fund. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

The County reports the following non-major governmental funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted, committed, or assigned revenues should be the foundation for a special revenue fund. The County has the following non-major special revenue funds:

- 911 Public Safety Fund – is used to accountant for activity related to implementing, expanding, upgrading, and operating the County's emergency 911 communications system.
- Aging Fund – is used to account for specific revenue sources related to the provisions of aging services that are restricted to expenditures for those specified purposes.
- Liquid Fuels Fund – is used to account for the proceeds and disposition of state liquid fuels entitlements that are legally restricted to expenditures for specific purposes, primarily building and maintaining local roads and bridges.
- Food Bank Fund – is used to accountant for activity related to providing meals to residents in need throughout the County. As of October 2020, the Food Bank operations are no longer administered by the County, however passthrough funding is still administered by the County.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Governmental Funds (Continued)

Special Revenue Funds (Continued)

- Emergency Response Fund – is used to account for activity related to providing emergency services to residents of the County.
- Human Services Fund – is used to account for activity related to the Home Rehabilitation Grant that the County receives.
- Farmland Preservation Fund – is used to account for activity related to preservation of farms throughout the County.
- Restricted Grant Fund – is used to account for the proceeds of specific revenue sources from grants used to finance specific activities as required by law or administrative regulation obtained by the County for the governmental activities.
- Community Development Block Grant Fund – is used to account for community development block grants received and the program funds are restricted to be used to fight urban blight and decay through structural rehabilitation of area homes and businesses and community improvement projects.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial 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 reports the following fiduciary funds:

***Pension Trust Fund* -** is used to account for assets held for the County's pension plan, which is funded by employer and employee contributions. This fund accounts for fiduciary resources legally held in trust for the receipt and distribution of retirement benefits.

***Custodial Funds* -** are used to account for assets held for the benefit of others, with the County having no equity or ownership in the assets.

Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. The County currently does not have any business-type activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements - Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific County expenditures is recognized when the related expenditures are incurred and the related revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as a liability until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing food services, including charges for meals and the costs of food, salaries and benefits, depreciation, insurance premiums, and other expenses, Federal and State subsidies are considered non-operating revenues as no exchange transaction occurs. There were no proprietary funds at December 31, 2022.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand deposits, petty cash, savings, money market accounts, and certificates of deposit with original maturities of three months or less. Investments include certificates of deposit with original maturities greater than three months. Investments are stated at market value. Accrued interest is included with other receivables on the balance sheet and statement of net position.

The County invests in funds with the Pennsylvania INVEST program (PA INVEST) and the Pennsylvania Local Government Investments Trust (PGLIT). PA INVEST and PLGIT operate and are authorized under the Intergovernmental Cooperation Act of 1972. Investments in these funds have daily liquidity and are valued at amortized cost which equals market value.

These funds invest in federal securities backed by the full faith and credit of the United States Government, in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth, and certificates of deposit which are insured by the Federal Insurance Corporation, or which are collateralized as provided by law of Act 72 of 1971.

Accounts, Grants, and Taxes Receivable

Accounts, grants, and taxes receivable are reported net of an allowance for uncollectible amounts, as applicable. Accounts, grants, and taxes receivable are evaluated for collectability and an allowance is established, as necessary, based on the best information available and in an amount that management believes is adequate. Accounts, grants, and taxes receivable are written off when deemed uncollectible.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventory in the General Fund consists of expendable supplies (valued at cost) held for consumption. The supplies are recorded as an expenditure when used.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/expenditures.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value as of the date received. The County maintains a capitalization threshold of $ 5,000. The County does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	Governmental Activities Estimated Lives
Building and improvements	5 - 40 years
Equipment	2 - 100 years
Land improvements	5 - 100 years
Vehicles	5 - 8 years
Right-to-use assets – buildings	3 - 5 years
Right-to-use assets – towers	23 – 41 years

Leases

During the year ended December 31, 2022, the County adopted GASB 87 for the reporting of leases.

The County is a lessee for noncancellable lease of buildings and towers. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the County determines the (1) discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate when the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and right-to-use asset if certain changes occur that are expected to significantly affect the amount of the lease liability.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County has various amounts related to OPEB and pension liabilities. These amounts will be amortized in future periods.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County's deferred inflows of resources consist of various amounts related to OPEB and pension liabilities (on the statement of net position) and unavailable tax revenue (on the balance sheet for governmental funds).

Unearned Grant Revenues

Unearned grant revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts are measurable but are not available.

Interfund Activity/Internal Balances

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity/Internal Balances (Continued)

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund and Highway Aid Fund on a modified accrual basis of accounting.

The County Code dictates specific procedures relative to adoption of the County's budget and reporting of its financial statements, specifically:

1. The County, before levying taxes, is required to prepare an operating budget for the succeeding fiscal year.
2. The Board of Commissioners may make transfers of funds appropriated to any particular item of expenditure by legislative action. The final budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
3. Supplemental budget appropriations to the General Fund budget are the result of program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency, and frequently result in supplementary budget appropriations.

During 2022, the County overspent the budgeted expenditures of the general fund, which is a violation of the County Code, but is not expected to result in any negative implications to the County.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the disclosure of those items, if any, at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts, deferred charge on debt refunding, as well as prepaid bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The deferred charge on debt refunding is reported as deferred outflows of resources. Prepaid bond insurance costs are reported as an asset while other bond issuance costs are expensed at the time the debt is issued.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and original issue discounts or premiums are reported as other financing sources or uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

Retirement Plans

The County has established a defined benefit pension plan for the benefit of substantially all full-time employees. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Compensated Absences

It is the County's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. Upon resignation after ten years or more of service, an employee is entitled to 25% of unused sick pay, or 75% upon retirement. Upon termination, all employees will be compensated for unused vacation time. These amounts are not reported as expenditures in the governmental funds because they are not expected to be paid with available financial resources. Instead, the liability is reported in the government-wide financial statements.

Net Position – Government-Wide/Proprietary Funds

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets or related debt also should be included in this component of net position.

Restricted: This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. These restrictions could include constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

Unrestricted: This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance – Governmental Funds

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and long-term amount of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

Restricted: This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the Board of Commissioners. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than in the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the Board of Commissioners or the Chief Fiscal Officer that is authorized to assign amounts to be used for specific purposes. As detailed in its Fund Balance Policy, the Board of Commissioners or the Chief Fiscal Officer has the authority to make assignments of fund balance. Thus, these assignments would be made or changed by formal action of the Board. The assignment of fund balance cannot result in a negative unassigned fund balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds (Continued)

Unassigned: This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The General Fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and assigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

The Perry County Conservation District had restricted net position/fund balance of $ 373,182/ $ 264,826 for the Clean Water Fund and $ 140,335 of assigned fund balance for the No Till Drill Program Fund at December 31, 2022.

Policy Regarding Order of Spending

When fund balance resources are available for a specific purpose in multiple classifications, the County's policy is to use restricted resources first and then apply unrestricted resources in the following order: committed, assigned and unassigned. This order of spending may be altered per board approval.

Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the County's taxpayers are program revenues. Amounts reported as program revenues include (a) charges to customers or applicants for goods and services or privileges provided, (b) operating grants and contributions, and (c) capital grants and contributions, including special assessments. All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

NOTE 2 CASH AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits (certificates of deposit). The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The County is permitted to invest its funds in the following types of investments:

- U.S. Treasury bills.
- Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions.
- Shares of an investment company registered under the Investment Company Act of 1940.
- General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
- Commercial paper, defined in Section 1706 as investment grade corporate promissory obligations.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

When making investments, the County can combine monies from more than one fund under the County's control for the purchase of a single investment and join with other political subdivisions and municipal authorities in the purchase of a single investment.

The deposit and investment policy of the County adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, certificates of deposit, or repurchase agreements.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of December 31, 2022, the County had a bank balance of $ 23,224,838. Of this balance, $ 862,632 is covered by FDIC insurance and the remaining balance of $ 22,171,717 was exposed to custodial credit risk because the collateral securities held by the bank's agents are not in the County's name. In addition, the County's pension fund investment account holds cash and cash equivalents totaling $ 1,451,811, which are not insured or guaranteed.

The Perry County Conservation District (the District) deposits as of December 31, 2022, had a bank balance of $ 907,323. Of this balance, $ 250,000 is covered by FDIC insurance and the remaining balance of $ 657,323 was exposed to custodial credit risk because the collateral securities held by the bank's agents are not in the District's name.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the standards outlined in Act 72, the various banks utilized by the County have pledged collateral on a pooled basis on behalf of the County and all other governmental depositors in the respective financial institutions.

Interest Rate Risk in Debt Securities

The County does not have a formal written policy that limits investment maturities. The following details the fiduciary fund investment maturities for the debt and equity securities maintained by the County:

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
US government agency obligations	$ 6,435,200	$ -	$ 1,132,624	$ 1,309,375	$ 3,993,201
Municipal bonds	2,655,685	32,834	1,854,433	632,762	135,656
Brokered certificates of deposit	777,127	-	674,488	-	102,639
Mutual Funds - Equities	6,293,182	6,293,182	-	-	-
Stock	12,129,014	12,129,014	-	-	-
Commercial paper	2,261,080	18,927	648,164	-	1,593,989
	$ 30,551,288	$ 18,473,957	$ 4,309,709	$ 1,942,137	$ 5,825,485

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk - Investments

As of December 31, 2022, the County governmental funds had the following investments:

		Carrying Value	Standard and Poor's Credit Quality Rating
PA Local Government Investment Trust I Class	$	12,284	AAAm
PA Local Government Investment Trust I Prime		10,197,595	AAAm
PA Treasurer's INVEST Daily Pool		40,697	AAAm
	$	10,250,576	

Included in cash and cash equivalents on the statement of net position are pooled investments in the Pennsylvania Treasurer's INVEST Program for Local Governments (PA INVEST) of $ 40,697. These amounts are invested by PA INVEST directly in a portfolio of securities which are held by a third-party custodian and are basically mutual funds that consist of short-term money market instruments seeking to maintain a constant net value of $ 1 per share.

Included in cash and cash equivalents on the statement of net position are investments in Pennsylvania Local Government Investment Trust (PLGIT), which is used as the County's main checking account. PLGIT operates like a money market and seeks to maintain a stable net asset value of $ 1 per share. At December 31, 2022, the County held $ 12,284 in the PLGIT-Class portfolio and $ 10,197,595 in the PLGIT-Prime portfolio. PLGIT portfolio funds are invested in United States Treasury bills; obligations, participations, or other instruments of any Federal agency, instrumentality or United States government-sponsored enterprise; deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund; obligations guaranteed or insured by the United States of America, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the Commonwealth; and repurchase agreements involving United States Government and agency obligations.

Investments in PA INVEST and PLGIT are subject to income, market and credit risk related to the potential for decline in current income, the potential for a decline in market value and the potential that an issuer of securities held in the investment portfolios of the fund would fail to make timely payments of principal and interest payments, respectively.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk – Investments (Continued)

The County does not have a formal written investment policy that limits its investment choices to certain credit ratings. As of December 31, 2022, the County's fiduciary fund investments in debt securities were rated by Moody's and Standard & Poor's as follows:

Rating	Percentage of Total
A1	2.90%
A2	8.97%
A3	3.82%
Aa1	0.47%
Aa2	2.44%
Aa3	0.85%
Aaa	16.14%
Baa1	5.41%
Baa2	3.65%
Baa3	2.45%
NR	52.90%
	100.00%

Policies Followed at PLGIT and PA INVEST

PLGIT and PA INVEST are not registered with the Securities and Exchange Commission (SEC); however, PLGIT and PA INVEST follow investment procedures similar to those followed by SEC registered money market funds. There is no regulatory oversight for the pools which are governed by the Board of Trustees. The County's investments in PLGIT AND PA INVEST are valued at amortized cost, which approximates fair value and is determined by the pools' share price.

The County has no limitations or restrictions on withdrawals on accounts held at PLGIT or PA INVEST.

Foreign Currency Risk

The County does not have a formal policy to limit foreign currency risk with the exception of its Pension Funds. The County Pension Fund Investment policy prohibits the buying and selling of foreign securities, not registered through an SEC filing, or not denominated in U.S. dollars, except for managers hired specifically for international investments. Risk of loss arises from changes in currency exchange rates. The County had no exposure to foreign currency risk as of December 31, 2022.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments - Fair Value Measurements

Generally accepted accounting principles define fair value, describe a framework for measuring fair value, and require disclosure about fair value measurements. Recurring fair value investments are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded, and reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Represented by quoted prices available in an active market. Level 1 securities include treasury securities, mortgage products, and exchange traded equities and mutual funds.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. government agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, and swap agreements and life insurance contracts.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement including the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and those with internally developed values.

The following is a description of the valuation methodologies used for instruments measured at fair value on the statement of net position, as well as the general classifications of such instruments pursuant to the valuation hierarchy:

US Government Agency Obligations

Government obligations consist of agency securities, including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation. These investments are generally valued at the most recent price of the equivalent yield quotes for such securities, or those of comparable maturity, quality, and type. Such investments are generally classified within Level 2 of the valuation hierarchy.

Commercial Paper

Commercial paper consists of various corporations. These investments are generally valued at the most recent price of the equivalent yield quotes for such securities, or those of comparable maturity, quality, and type. Such investments are generally classified as Level 2 of the valuation hierarchy.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments - Fair Value Measurements (Continued)

Municipal Bonds

The fair value of municipal bonds is estimated using similar bonds available on the open market. Such investments are generally classified as Level 2 of the valuation hierarchy.

Brokered Certificates of Deposit

The fair value of brokered certificates of deposit are estimated using a discounted cash flow calculation that applies to interest rates currently being offered for deposits of similar remaining maturities to a schedule of aggregated expected maturities of such deposits. Such investments are classified within Level 2 of the valuation hierarchy.

Stock and Mutual Funds – Equities

Stock and mutual funds – equities are valued at the closing price reported on the active market on which the individual securities are traded. Such investments are generally classified as Level 1 of the valuation hierarchy.

The following table sets forth, by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of December 31, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US government agency obligations	$ 6,435,200	$ -	$ 6,435,200	$ -
Municipal bonds	2,655,685	-	2,655,685	-
Brokered certificates of deposit	777,127	-	777,127	-
Commercial paper	2,261,080	-	2,261,080	-
Mutual funds - Equities	6,293,182	6,293,182	-	-
Stock	12,129,014	12,129,014	-	-
	$ 30,551,288	$ 18,422,196	$ 12,129,092	$ -

NOTE 3 TAXES

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 25 mills of assessed valuation for general purposes. The millage rate levied by the County for 2022 was 4.5625 mills as established by the Board of Commissioners. The County's real estate taxes are based on assessed value established by the County's Board of Assessments. As of January 1, the bills are considered delinquent. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

Property taxes are levied as of March 1 on assessed property values. The tax bills are mailed by the Tax Collector on July 1 and are payable as follows:

Discount	March 1 – April 30
Face	May 1 – June 30
Penalty	July 1 – December 31
Lien Date	January 1

NOTE 4 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS

Taxes receivable and related deferred inflows of resources in the fund financial statements consist of the following as of December 31, 2022:

Real estate	$ 758,504
Per capita	23,460
Taxes receivable	781,964
Taxes collected within sixty days, recorded as revenues in governmental funds	(77,941)
Taxes estimated to be collected after sixty days, recorded as deferred inflows of resources - unavailable tax revenue in governmental funds	$ 704,023

Tax Abatements

Pennsylvania Clean and Green Program

Clean and Green is a preferential tax assessment program that base property taxes on use values rather than fair market value. This ordinarily results in tax savings for landowners.

Property owners can apply at the County tax assessment office for their property to be included in Pennsylvania's Clean and Green Program. The program was enacted as a tool to encourage protection of the Commonwealth's valuable farmland, forestland, and open spaces. To be eligible, a property must be at least ten acres in size, and in Agriculture use, Agriculture Reserve, or Forest Reserve. Agricultural Use applications may be less than ten acres in size if the property is capable of generating at least $ 2,000 annually in farm income. A landowner who breaches the covenant is subject to seven years of rollback taxes at 5% interest per year. The rollback tax is the difference between what was paid under Clean and Green versus what would have been paid, if the property had not been enrolled, plus 6% simple interest per year.

For the fiscal year ended December 31, 2022, total County property taxes of $ 2,923,620 were abated under this program.

NOTE 5 INTERFUND RECEIVABLE AND PAYABLES AND TRANSFERS

Net interfund receivables/payables consist of the following at December 31, 2022:

Funds	Due from Other Funds	Due to Other Funds
General	$ 385,802	$ 267,711
Restricted Grant	4,394	10,359
Food Bank	2,604	-
911 Public Safety	41,862	-
Aging	-	41,630
Human Services	296	-
Farmland Preservation	66	-
Conservation District	-	115,324
	$ 435,024	$ 435,024

The amounts represent reimbursement of current year expenditures.

Interfund transfers were as follows for the year ended December 31, 2022:

Funds	Transfer In	Transfer Out
General	$ -	$ 145,000
Nonmajor funds	145,000	-
	$ 145,000	$ 145,000

For the year ended December 31, 2022, transfers from the General Fund to the to the Area Agency of Aging of $ 100,000 and $ 45,000 to the Farmland Preservation Fund to cover current year expenditures.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the County consists of the following as of and for the year ended December 31, 2022:

	Beginning Balances	Additions	Retirements	Ending Balances
Governmental Activities				
Cost				
Assets not being depreciated				
Land	$ 70,590	$ -	$ -	$ 70,590
Assets being depreciated/amortized				
Building	7,556,339	53,112	-	7,609,451
Equipment	6,792,347	138,757	-	6,931,104
Land improvements	11,225,853	11,658	-	11,237,511
Vehicles	922,275	6,500	-	928,775
Right-to-use assets - buildings	734,982	-	-	734,982
Right-to-use assets - towers	234,966	-	-	234,966
Total cost	27,537,352	210,027	-	27,747,379
Less accumulated depreciation/amortization				
Building	(5,188,199)	(205,782)	-	(5,393,981)
Equipment	(4,677,276)	(337,243)	-	(5,014,519)
Land improvements	(4,342,748)	(374,260)	-	(4,717,008)
Vehicles	(804,878)	(30,194)	-	(835,072)
Right-to-use assets - buildings	-	(187,813)	-	(187,813)
Right-to-use assets - towers	-	(7,171)	-	(7,171)
Total accumulated depreciation	(15,013,101)	(1,142,463)	-	(16,155,564)
Capital assets, net	$ 12,524,251	$ (932,436)	$ -	$ 11,591,815

	Beginning Balances	Additions	Retirements	Ending Balances
Component Unit				
Cost				
Assets being depreciated				
Equipment	$ 176,076	$ 60,462	$ (66,609)	$ 169,929
Less accumulated depreciation				
Equipment	(109,014)	(25,189)	55,149	(79,054)
Capital assets, net	$ 67,062	$ 35,273	$ (11,460)	$ 90,875

Depreciation/amortization expense for the year ended December 31, 2022 was charged to governmental functions as follows:

General government	$ 198,316
Public safety	457,352
Highways and streets	7,878
Human services	473,430
Conservation and development	5,487
	$ 1,142,463

NOTE 7 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended December 31, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Compensated absences						
Vacation leave	$ 324,207	$ 407,861	$ (438,351)	$ 293,717	$ 176,000	$ 117,717
Sick leave	935,903	268,689	(367,584)	837,008	167,000	670,008
Subtotal - compensated absences	1,260,110	676,550	(805,935)	1,130,725	343,000	787,725
Lease obligations	969,947	-	(183,259)	786,688	187,158	599,530
Total long-term liabilities	$ 2,230,057	$ 676,550	$ (989,194)	$ 1,917,413	$ 530,158	$ 1,387,255

Compensated absences will be paid from the general fund.

Lease Obligations

The County has entered into various lease agreements with remaining terms between two and forty-one years for the use of buildings and towers. An initial lease liability was recorded in the amount of $969,947. As of December 31, 2022, the value of the lease liability is $ 786,688. The County is required to make fixed payments (monthly) between $ 350 and $ 5,295. The leases were calculated using the County's incremental borrowing rate of 4.50%. The associated right-to-use assets are disclosed in the Capital Asset footnote.

The annual debt service requirements for the lease obligations, as of December 31, 2022, are as follows:

	Principal	Interest
2023	$ 187,158	$ 31,581
2024	195,755	22,983
2025	143,771	14,668
2026	45,010	10,790
2027	4,200	9,600
2028-2032	24,070	44,930
2033-2037	30,113	38,887
2038-2042	37,673	30,113
2043-2047	43,368	22,032
2048-2052	40,695	11,806
2053-2057	14,720	6,281
2058-2062	18,426	2,574
2063	1,729	20
	$ 786,688	$ 246,265

NOTE 8 PENSION PLAN

General Information About the Pension Plan

Plan Description

The Perry County Employee's Retirement Plan (the Plan) is a single-employer defined benefit pension plan that covers all employees of the County. The Plan is administered by the Retirement Board, which consists of five members: three elected County Commissioners, the Chief Clerk, and the Treasurer. Benefit terms may be amended by a majority vote of the County Commissioners. The Plan does not issue a separate standalone financial report.

Benefits Provided

The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member's highest three-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of highest average salary at time of retirement. Death benefits for a member who dies with ten years of service prior to retirement is the total present value of the member's retirement paid in a lump sum. A plan member who leaves County service with less than five years of service may withdraw his or her contributions plus any accumulated interest.

Employees Covered by Benefit Terms

The following employees were covered by the Plan at December 31, 2022:

Active employees	157
Inactive employees currently receiving benefits	157
Inactive employees entitled to benefits, but not yet receiving them	26
	340

Contributions

Pennsylvania Act 205 requires that annual contributions to the Plan be based upon the Plan's Minimum Municipal Obligation, which is based on the Plan's biennial actuarial valuation. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2022 measurement period, the active member contribution rate was 5% of annual pay. The County is required to contribute amounts necessary to fund the Plan using the actuarial basis specified by statute. Contributions to the Plan were $ 783,291 for the year ended December 31, 2022.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

NOTE 8 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases, average, including inflation	4.50%
Investment rate of return, net of expense, including inflation	7.25%

Mortality rates were based on the PubG-2010 Mortality Table for males and females set forward one year with generational mortality improvement using MP20.

The actuarial assumptions used in the valuation for the 2022 measurement period were based on past experiences under the Plan and reasonable future expectations that represent the best estimate of anticipated experience under the Plan. An actuarial experience study was performed in 2016; however, no modifications to assumptions were made as a result. No ad hoc postemployment benefit changes were included in future liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50-70%	5.40 - 6.40%
International equity	In above	5.50 - 6.50%
Fixed income	30-50%	1.30 - 3.30%
Real estate/alternative	0.0%	4.50 - 5.50%
Cash	0-6%	0.00 - 1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

The following table shows the changes in net pension liability for the year ended December 31, 2022:

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2021	$ 38,570,265	$ 37,078,351	$ 1,491,914
Changes for the year			
Service cost	911,099	-	911,099
Interest cost	2,730,735	-	2,730,735
Differences between expected and actual experience	(688,541)	-	(688,541)
Contributions - employer	-	783,291	(783,291)
Contributions - member	-	668,538	(668,538)
Net investment income	-	(4,153,561)	4,153,561
Benefit payments, including refunds of member contributions	(2,295,185)	(2,295,185)	-
Balance at December 31, 2022	$ 39,228,373	$ 32,081,434	$ 7,146,939

Net Pension Liability Sensitivity

The following presents the net pension liability calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County's net pension liability	$ 11,988,319	$ 7,146,939	$ 3,696,944

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the County recognized pension expense of $ 622,367. The County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources at December 31, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 84,247	$ 539,169
Changes of assumptions	1,353,652	-
Net difference between projected and actual investment earnings	5,449,364	2,190,600
	$ 6,887,263	$ 2,729,769

NOTE 8 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		
2023	$	728,155
2024		1,258,877
2025		870,716
2026		1,299,746
Total	$	4,157,494

Payable to the Pension Plan

As of December 31, 2022, the County had a payable to the Plan of $ 78,336.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The County's Other Post-Employment Benefits (OPEB) Plan is a single-employer defined benefit providing continued health care coverage to retirees and their dependents through the County for life. The plan covers eligible retirees who elect to participate and pay any required contributions.

Plan Membership

Membership in the Plan consisted of the following at January 1, 2022, the date of the latest actuarial valuation:

Inactive member or beneficiaries currently receiving benefits	59
Inactive member entitled to but not yet receiving benefits	-
Active members	168
	227

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The County's total OPEB liability was measured as of January 1, 2022 based on the actuarial assumptions in the January 1, 2022 valuation. No assets are accumulated in a trust that meets the criteria of GASB standards. At December 31, 2022, the County reported a total OPEB liability of $ 982,326.

For the year ended December 31, 2022, the County recognized OPEB expense of $ 71,872.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2022, the County reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 388,232
Changes in assumptions	146,494	464,792
Total	$ 146,494	$ 853,024

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expenses as follows:

	Amount
Year Ended December 31:	
2023	$ (94,600)
2024	(94,600)
2025	(94,600)
2026	(94,600)
2027	(94,598)
Thereafter	(233,532)
	$ (706,530)

Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance	$ 1,760,091
Changes for the year:	
Service cost	128,132
Interest	38,341
Difference between expected and actual experience	(376,925)
Changes in assumption	(531,191)
Benefit payments	(36,122)
Net changes	(777,765)
Ending Balance	$ 982,326

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability was determined based on an actuarial valuation dated January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method	Entry age normal
Investment Rate of Return	4.31%
Salary Increases	4.50%
Mortality Table	Pub-2010 Employee / Retiree Headcount-Weighted Mortality Table projected fully generationally using MP-2020 mortality improvement scale
Withdrawal	None assumed.
Retirement Age	Age 60 (no service requirement); Age 55 (with 20 years of service).
Participation	70% of eligible active employees who currently have health coverage with the County. For existing retirees, actual coverage status and spouse age is used. For future retirees, 25% of employees are assumed to elect spousal coverage at retirement. Husbands are assumed to be three years older than wives.
Health Care Cost Trends	6.80% increase from 2023 to 2024, followed by 6.60% from 2024 to 2025, decreasing gradually to an ultimate rate of 4.14% in 2076.

Discount Rate

The discount rate used to measure the OPEB liability was 4.31% for the Plan. The Plan is not funded, therefore, a rate similar to the S&P 20-year tax-exempt general obligation municipal bond rate of is used as the applicable discount rate.

Sensitivity of the Total Net OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liabilities of the County, as well as what the County's liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease 3.31%	Current Discount Rate 4.31%	1% Increase 5.31%
Total OPEB Liability	$ 1,171,615	$ 982,326	$ 835,270

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liabilities of the County, as well as what the County's liabilities would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

	1% Decrease	Healthcared Cost Trend Rate	1% Increase
Total OPEB Liability	$ 839,361	$ 982,326	$ 1,176,243

NOTE 10 457 PLAN

The County offers its employees a deferred compensation plan in accordance with IRC Section 457. The deferred compensation plan, available to those employees who meet the eligibility requirements set forth in the deferred compensation plan, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, disability, or unforeseeable emergency.

NOTE 11 FUND BALANCE/NET POSITION

The following table provides details of the fund balance classifications which are aggregated on the governmental fund balance sheet:

	General Fund	Nonmajor Funds	Total Governmental Funds
FUND BALANCES			
Nonspendable			
Inventories	$ 1,408	$ -	$ 1,408
Prepaid expenditures	93,501	35,974	129,475
Total nonspendable	94,909	35,974	130,883
Restricted			
Domestic relations incentives	366,036	-	366,036
Grants	-	260,422	260,422
Public safety	-	596,129	596,129
Aging	-	496,861	496,861
Food bank	-	2,147	2,147
Human services	-	4,518	4,518
Farmland preservation	-	50,925	50,925
Liquid fuels	-	1,451,121	1,451,121
Emergency response	-	144,698	144,698
Total restricted	366,036	3,006,821	3,372,857
Committed			
Affordable housing	233,326	-	233,326
Assigned			
Capital equipment and projects	7,832,492	-	7,832,492
Contingencies	3,080,000	-	3,080,000
	10,912,492	-	10,912,492
Unassigned	14,926,234	-	14,926,234
Total fund balances	$ 26,532,997	$ 3,042,795	$ 29,575,792

NOTE 11 FUND BALANCE/NET POSITION (CONTINUED)

The following table provides details of the fund balance classifications which are aggregated on the governmental fund balance sheet:

	General Fund	Nonmajor Funds	Total Governmental Funds
FUND BALANCES			
Nonspendable			
Inventories	$ 1,408	$ -	$ 1,408
Prepaid expenditures	93,501	35,974	129,475
Total nonspendable	94,909	35,974	130,883
Restricted			
Domestic relations incentives	366,036	-	366,036
Grants	-	260,422	260,422
Public safety	-	596,129	596,129
Aging	-	496,861	496,861
Food bank	-	2,147	2,147
Human services	-	4,518	4,518
Farmland preservation	-	50,925	50,925
Liquid fuels	-	1,451,121	1,451,121
Emergency response	-	144,698	144,698
Total restricted	366,036	3,006,821	3,372,857
Committed			
Affordable housing	233,326	-	233,326
Assigned			
Capital equipment and projects	7,832,492	-	7,832,492
Contingencies	3,080,000	-	3,080,000
	10,912,492	-	10,912,492
Unassigned	14,926,234	-	14,926,234
Total fund balances	$ 26,532,997	$ 3,042,795	$ 29,575,792

NOTE 11 FUND BALANCE/NET POSITION (CONTINUED)

The following table provides details of the restricted net position which are aggregated on the statement of net position:

Restricted net position	
Domestic relations incentives	$ 366,036
Grants	260,422
Public safety	520,888
Aging	496,861
Food bank	2,147
Human services	4,518
Farmland preservation	50,925
Liquid fuels	1,451,121
General government	144,698
Total restricted net position	$ 3,297,616

NOTE 12 COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The County purchases commercial insurance as protection against those losses.

For the year ended December 31, 2022, there has been no significant reduction in insurance coverage from the prior year. Settled claims did not exceed the insurance coverage purchased for the current or previous three years.

The County is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the County. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the County.

The County participates in numerous state and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2022 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 12 COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES (CONTINUED)

At times, the County is involved with various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements. Management believes that losses resulting from these matters, if any, would be substantially covered under the County's professional liability insurance policy and would not have a material effect on the financial position of the County.

The County entered into collective bargaining agreements with the Teamster Local Union No. 776 through December 31, 2022. Of the County's total workforce, approximately 65% is covered by the agreements.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF PERRY
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2022

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL (BUDGETARY/ GAAP BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES				
Property taxes	$ 13,275,000	$ 13,275,000	$ 13,458,107	$ 183,107
Per capita taxes	155,500	155,500	124,113	(31,387)
Licenses and permits	12,500	12,500	9,770	(2,730)
Fines and forfeitures	29,000	29,000	30,378	1,378
Investment earnings	101,500	101,500	234,888	133,388
Intergovernmental revenue	6,187,053	6,187,053	16,115,119	9,928,066
Charges for services	2,228,150	2,228,150	1,858,232	(369,918)
Total revenues	21,988,703	21,988,703	31,830,607	9,841,904
EXPENDITURES				
General government	9,638,487	9,566,337	10,018,602	(452,265)
Public safety	6,858,100	6,856,100	6,474,325	381,775
Human services	5,854,293	5,854,293	9,463,397	(3,609,104)
Conservation and development	42,500	42,500	43,817	(1,317)
Total expenditures	22,393,380	22,319,230	26,000,141	(3,680,911)
OTHER FINANCING SOURCES (USES)				
Miscellaneous income	43,982	43,982	80,395	36,413
Refund of prior year revenue	-	-	(203,031)	(203,031)
Interfund transfers	(50,000)	(50,000)	(145,000)	(95,000)
Total other financing sources (uses)	(6,018)	(6,018)	(267,636)	(261,618)
Net change in fund balances	$ (410,695)	$ (336,545)	$ 5,562,830	$ 5,899,375

Schedule of Changes in Net Pension Liability and Related Ratios – Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 911,099	$ 881,050	$ 989,230	$ 963,233	$ 884,990	$ 868,330	$ 829,452	$ 790,377	$ 781,216
Interest	2,730,735	2,669,733	2,469,354	2,353,605	2,225,995	2,103,515	1,997,859	1,890,735	1,796,020
Differences between expected and actual experience	(688,541)	(13,300)	175,836	405,619	14,824	(178,425)	82,769	(61,918)	(286,479)
Changes in benefits	-	-	-	-	-	26,661	-	-	-
Changes in assumptions	-	2,530,741	-	-	-	-	-	-	-
Benefit payments, including refunds to member contributions	(2,295,185)	(1,814,996)	(2,115,823)	(1,839,878)	(1,944,968)	(1,306,239)	(1,286,452)	(1,444,876)	(1,077,673)
Net change to pension liability	658,108	4,253,228	1,518,597	1,882,579	1,180,841	1,513,842	1,623,628	1,174,318	1,213,084
Total pension liability - beginning	38,570,265	34,317,037	32,798,440	30,915,861	29,735,020	28,221,178	26,597,550	25,423,232	24,210,148
Total pension liability - ending	39,228,373	38,570,265	34,317,037	32,798,440	30,915,861	29,735,020	28,221,178	26,597,550	25,423,232
Plan fiduciary net position									
Contributions - employer	783,291	944,000	1,638,613	-	590,390	584,088	497,515	441,206	417,315
Contributions - employee	668,538	635,951	610,141	582,279	554,163	490,279	471,590	456,762	449,590
Net investment income	(4,153,561)	4,895,755	2,432,002	4,827,443	(2,006,392)	3,573,946	1,459,780	(120,463)	1,479,351
Benefit payments, including refunds to member contributions	(2,295,185)	(1,814,996)	(2,115,823)	(1,839,878)	(1,944,968)	(1,306,239)	(1,286,452)	(1,444,876)	(1,077,673)
Administrative expenses	-	(25)	-	(25)	-	(50)	-	(100)	-
Other changes	-	624	23	165,503	450,648	2,453	243,258	3,992	1,018
Net change in plan fiduciary net position	(4,996,917)	4,661,309	2,564,956	3,735,322	(2,356,159)	3,344,477	1,385,691	(663,479)	1,269,601
Plan fiduciary net position - beginning	37,078,351	32,417,042	29,852,086	26,116,764	28,472,923	25,128,446	23,742,755	24,406,234	23,136,633
Plan fiduciary net position - ending	$ 32,081,434	$ 37,078,351	$ 32,417,042	$ 29,852,086	$ 26,116,764	$ 28,472,923	$ 25,128,446	$ 23,742,755	$ 24,406,234
County's net pension liability (asset)	$ 7,146,939	$ 1,491,914	$ 1,899,995	$ 2,946,354	$ 4,799,097	$ 1,262,097	$ 3,092,732	$ 2,854,795	$ 1,016,998
Plan fiduciary net position as a percentage of the total pension liability (asset)	81.78%	96.13%	94.46%	91.02%	84.48%	95.76%	89.04%	89.27%	96.00%
Covered payroll - measurement period	$ 8,525,677	$ 8,133,036	$ 8,172,600	$ 7,703,563	$ 7,078,179	$ 6,731,837	$ 6,320,172	$ 6,063,340	$ 5,981,175
Net pension liability (asset) as a percentage of covered payroll	83.83%	18.34%	23.25%	38.25%	67.80%	18.75%	48.93%	47.08%	17.00%

Notes:
The schedule will be expanded to show multi-year trends as additional information becomes available in the future.

COUNTY OF PERRY
PENSION TRUST FUND
Schedule of Pension Contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	$ 783,291	$ 944,317	$ 894,238	$ 774,375	$ 590,390	$ 584,088	$ 497,515	$ 441,206	$ 417,315
Contribution in relation to the actuarily determined contributions	783,291	944,000	1,638,613	-	590,390	584,088	497,515	441,206	417,315
Contribution excess (deficiency)	$ -	$ (317)	$ 744,375	$ (774,375)	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 8,525,677	$ 8,133,036	$ 8,172,600	$ 7,703,563	$ 7,078,179	$ 6,731,837	$ 6,320,172	$ 6,063,340	$ 5,981,175
Contributions as a percentage of covered payroll	9.19%	11.61%	20.05%	0.00%	8.34%	8.68%	7.87%	7.28%	6.98%

Notes

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	21 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.00%
Salary increases	4.50% average, including inflation Investment rate of return 7.25% net of pension plan investment expense,
Retirement age	Age 60 or 55 with 20 years' service
Mortality	PubG-2010 Mortality Table for males and females set forward one year with generational mortality improve

This schedule will be expanded to show multi-year trends as additional information become available in the future.

Schedule of Investment Returns

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.81%	19.49%	-5.50%	14.33%	6.81%	-0.47%	6.42%

Notes

This schedule will be expanded to show multi-year trends as additional information become available in the future.

COUNTY OF PERRY
Pension Trust Fund
Schedule of Changes in Total OPEB Liability and Related Ratios

	2022	2021	2020
Total OPEB liability			
Service cost	$ 128,132	$ 125,594	$ 101,417
Interest	38,341	37,986	39,924
Changes of benefit terms	-	-	-
Differences between expected and actual experiences	(376,925)	(77,897)	-
Changes of assumptions	(531,191)	25,877	203,338
Benefit payments, including refunds of employee contributions	(36,122)	(35,123)	(33,135)
Net change in total OPEB liability	(777,765)	76,437	311,544
Total OPEB liability - beginning	1,760,091	1,683,654	1,372,110
Total OPEB liability - ending	$ 982,326	$ 1,760,091	$ 1,683,654
Covered payroll	$ 7,363,312	$ 8,232,908	$ 7,325,514
Borough's total OPEB liability as a percentage of covered payroll	13.3%	21.4%	23.0%

NOTES

Methods and Assumptions used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry age normal
Investment Rate of Return	4.31%
Salary Increases	4.50%
Mortality Table	Pub-2010 Employee / Retiree Headcount-Weighted Mortality Table projected fully generationally using MP-2020 mortality improvement scale
Withdrawal	None assumed.
Retirement Age	Age 60 (no service requirement); Age 55 (with 20 years of service).
Participation	70% of eligible active employees who currently have health coverage with the County. For existing retirees, actual coverage status and spouse age is used. For future retirees, 25% of employees are assumed to elect spousal coverage at retirement. Husbands are assumed to be three years older than wives.
Health Care Cost Trends	6.80% in 2023 decreasing gradually to an ultimate rate of 4.14% in 2076.
Historical change in assumptions:	2020 – Assumed discount rate reduced from 2.74% to 2.12% 2021 – Assumed discount rate reduced from 2.12% to 2.05% 2022 – Assumed discount rate increased from 2.05% to 4.31%

This schedule will be expanded to show multi-year trends as information becomes available in the future.

Guidance You Can Count On.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
County of Perry
New Bloomfield, Pennsylvania

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Perry, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise County of Perry's basic financial statements, and have issued our report thereon dated DATE, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered County of Perry's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Perry's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Perry's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether County of Perry's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

COUNTY OF PERRY'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the County of Perry's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Perry's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Elliott Kearns & Company, LLC

Carlisle, Pennsylvania
June 27, 2024

Financial Statement Finding

Material Weaknesses in Internal Control

Finding Reference:	**2022-001 – Grant Accounting**
Condition:	Accounts receivable, unearned revenue, and revenue are not appropriately adjusted for the grants at year-end.
Criteria:	Accounts receivable, unearned revenue, and revenue should be adjusted to actual amounts.
Cause:	Due to fiscal year end reallocation of funds, there is uncertainty as to the total award amounts. Due to this uncertainty, the grant revenue, receivable, and unearned revenue are not properly recorded at year-end based upon amounts expended for various grants.
Effect:	Material audit adjustments were necessary to properly account for grant amounts.
Recommendation:	We recommend, upon closeout of the grants and year-end, the accounts and records be adjusted appropriately for the revenue, receivable and unearned revenue to reflect actual amounts available or returned for each individual grant.
Views of Responsible Officials and Planned Corrective Actions:	We agree with the Auditor's recommendations and will make the following changes. Upon review, the fiscal office will begin to work with the external accounting firm that handles the Perry County Agency on Aging financials to ensure that they properly record the grants received for the Agency. Perry County Agency on Aging is a separate entity of Perry County. Therefore, their revenues have not been recorded within the Perry County Fiscal Office. In order to assist in the accuracy of record keeping, the Perry County Fiscal Office will work with this department moving forward.