

County of Clinton, Pennsylvania

Financial Statements and
Supplementary Information

December 31, 2017



BAKER TILLY

Candor. Insight. Results.

County of Clinton, Pennsylvania

Table of Contents
December 31, 2017

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion & Analysis (Unaudited)	4
Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Notes to Financial Statements	26
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Children and Youth Fund (Unaudited)	66
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)	67
Schedule of Employer Contributions (Unaudited)	68
Schedule of Investment Return (Unaudited)	69

County of Clinton, Pennsylvania

Table of Contents
December 31, 2017

Supplementary Information

Schedule of Expenditures of Federal Awards	70
Schedule of Selected Commonwealth of Pennsylvania Department of Human Services Assistance	71
Notes to Schedules of Expenditures of Federal Awards and Selected Commonwealth of Pennsylvania Department of Human Services Assistance	72
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and the Commonwealth of Pennsylvania, Department of Human Services <i>Single Audit Supplement</i>	75
Schedule of Findings and Questioned Costs	78
Summary Schedule of Prior Year Audit Findings	81
Agreed-Upon Procedures	
Independent Accountants' Report on Applying Agreed-Upon Procedures	84
Title IV-D Child Support Program:	
Comparison of Single Audit Expenditures with the Reported Expenditures	87
Comparison of Reported Incentives to Incentives on Deposit	88
Comparison of Single Audit Title IV-D Account with Reported Title IV-D Account	89
Schedule of Clinton County Homeless Assistance Services	90
Medical Assistance Transportation Program - Schedule of Revenues and Expenditures	91
Reconciliation Supplemental Financial Schedule - Exhibit XX	92

Independent Auditors' Report

Board of Commissioners
County of Clinton, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Clinton, Pennsylvania (the "County"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Susque-View Home, Inc., which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Susque-View Home, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Susque-View Home, Inc., reported as a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Clinton, Pennsylvania, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 4 through 17, the schedule of revenues, expenditures, and changes in fund balance - budget and actual - General Fund, on page 65, schedule of revenues, expenditures, and changes in fund balance - budget and actual - Children and Youth Fund on page 66, the schedule of changes in net pension liability and related ratios on page 67, the schedule of employer contributions on page 68 and the schedule of investment return on page 69 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 responses 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's basic financial statements. The accompanying schedule of expenditures of federal awards on page 70, 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* (Uniform Guidance), and the schedule of selected Commonwealth of Pennsylvania, Department of Human Services assistance on page 71, as required by the Commonwealth of Pennsylvania, Department of Human Services ("DHS") *Single Audit Supplement*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of selected Commonwealth of Pennsylvania, Department of Human Services assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 the schedule of selected Commonwealth of Pennsylvania, Department of Human Services assistance 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 September 25, 2018, on our consideration of the County'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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Williamsport, Pennsylvania
September 25, 2018

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

The County of Clinton, Pennsylvania, hereafter referred to as the "County", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (hereafter "GASB 34") and related standards. GASB 34 enhances information provided to the users of the County's financial statements. This section of the financial statements presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2017. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain an understanding of the County's financial condition at December 31, 2017.

Financial Highlights

- The County's net position of its governmental activities increased by \$1,349,453. The unrestricted net deficit of its governmental activities at December 31, 2017 was \$2,012,987.
- The County's General Fund balance at December 31, 2017 was \$11,378,199, an increase of \$990,044 from the prior year.
- The County's total long-term debt outstanding increased by \$4,690,874 to \$26,112,126 at December 31, 2017, exclusive of bond discounts.
- The County's estimated net pension liability at December 31, 2017 was \$3,635,617, a decrease of 1,031,198 from December 31, 2016. Refer to Note 12 for additional information.

Overview of the Financial Statements

The financial section of this report consists of four parts:

- Management's discussion and analysis (this section);
- Basic financial statements (including notes);
- Required supplementary information, and;
- Other supplementary information.

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the County's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided that includes a budget to actual comparison for the County's General and Children and Youth Funds, a schedule of changes in net pension liability and related ratios, a schedule of employer contributions and a schedule of investment returns.

County of Clinton, Pennsylvania

Management's Discussion and Analysis

December 31, 2017

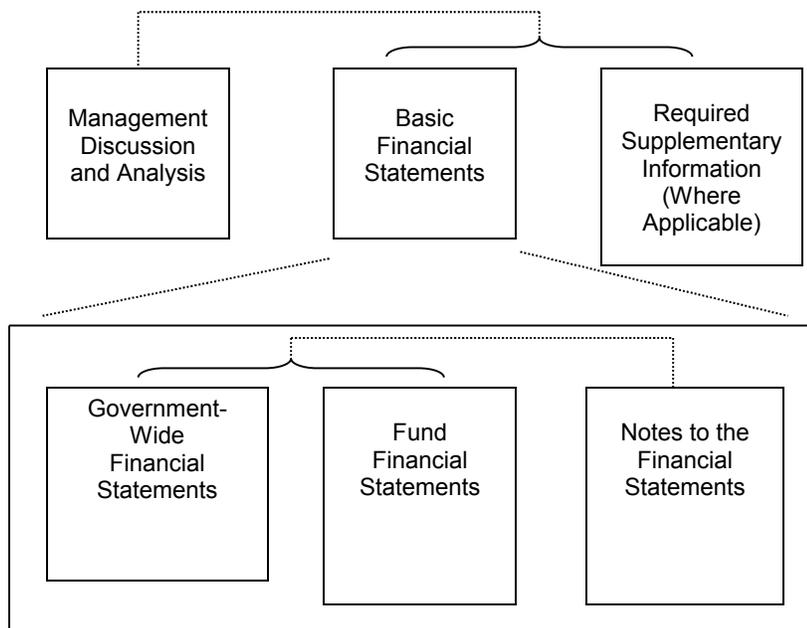
(Unaudited)

The basic financial statements present two different views of the County.

- *Government-wide financial statements*, the first two statements, provide information about the County's overall financial status.
- *Fund financial statements*, the remaining statements, focus on individual parts of the County's government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements.
 - *Governmental funds statements* show how general government services such as public safety, human services, public works, and conservation and development were financed in the short term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activity the County operates like a business. (The County's primary government had no proprietary funds at December 31, 2017.)
 - *Fiduciary funds statements* reflect activities involving resources that are held by the County as a trustee or agent for the benefit of others, including employees of the County, like the pension plan. Fiduciary funds are not reflected in the government-wide statements because the assets cannot be used to support the County's programs.

Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1
Required Components of the County of Clinton, Pennsylvania's
Financial Report



County of Clinton, Pennsylvania

Management's Discussion and Analysis
 December 31, 2017
 (Unaudited)

Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities it covers and the types of information contained.

Table A-2
Major Features of the County of Clinton, Pennsylvania
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire County (except fiduciary funds)	The day-to-day operating activities of the County, such as general administration, judicial, public safety, etc.	Instances in which the County is the trustee or agent to someone else's resources - Pension Trust Fund
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

Government-Wide Financial Statements

Government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net position includes all the County's assets and liabilities, except fiduciary funds, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the County's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the County's financial position. Over time, increases or decreases in the County's net position are one indicator of whether the County's financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real estate property tax base and general economic conditions must be considered to assess the overall position of the County.

The activities of the primary government:

- *Governmental activities* include the County's basic services such as general government, judicial, public safety, human services, public works, and conservation and development.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt, compensated absences, and the net pension liability as liabilities.
- Depreciate capital assets and allocate the depreciation to the proper program/activities.
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position have constraints placed on their use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
 - Unrestricted net position does not meet any of the above restrictions.

Fund Financial Statements

Fund financial statements provide more detailed information on the County's most significant funds, not the County as a whole. Funds are accounting devices, i.e., a group of related accounts, the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board ("GASB") for governments.

The County has two kinds of funds:

- **Governmental funds** include most of the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The County adopts an annual budget for the General Fund and the Children and Youth Fund as required by state law. A budgetary comparison of the County's General Fund is presented on page 65 and a budgetary comparison of the County's Children and Youth Fund is presented on page 66.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

- **Fiduciary funds** are those funds for which the County is the trustee or fiduciary. These include the Employee Retirement Plan and certain agency funds, or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Government-Wide Financial Statements

The County's total assets and deferred outflow of resources were \$46,181,359 at December 31, 2017 and \$39,959,068 at December 31, 2016. Of these amounts, \$19,858,567 and \$15,421,326 respectively, were capital assets.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allowed infrastructure to be added over several years. The County adopted the provisions of GASB 34 related to infrastructure on a retroactive basis. As a result, for the years ended December 31, 2017 and 2016, the County has included all of its infrastructure assets that required capitalization in the County's financial statements.

Table A-3
Condensed Statement of Net Position
(In Thousands)

	Governmental Activities	
	2017	2016
Current and other assets	\$ 24,455	\$ 21,927
Capital assets, net	19,859	15,421
Total assets	44,314	37,348
Deferred outflows of resources	1,867	2,611
Total assets and deferred outflows of resources	46,181	39,959
Long-term debt outstanding, net	26,043	21,347
Other liabilities	7,163	8,117
Total liabilities	33,206	29,464
Deferred inflows of resources	1,130	-
Net position:		
Net investment in capital assets	4,851	5,581
Restricted net position	9,007	7,599
Unrestricted net position (deficit)	(2,013)	(2,685)
Total net position	\$ 11,845	\$ 10,495

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

Change in Net Position

The following statement of activities represents changes in net position for the years ended December 31, 2017 and 2016. It shows revenues by source and expenses by function for the government as a whole.

Table A-4
Condensed Statement of Activities
(In Thousands)

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 8,827	\$ 8,113
Grants and contributions	9,197	8,966
General revenues:		
Property and other taxes	12,619	12,583
Payments in lieu of taxes	649	424
Unrestricted investment earnings	57	48
Miscellaneous	-	354
Transfers	-	49
Total revenues	<u>31,349</u>	<u>30,537</u>
Expenses:		
General government	6,340	5,828
Judicial	4,471	4,124
Public safety	9,922	10,095
Public works	68	82
Human services	5,263	4,498
Culture and recreation	553	421
Conservation and development	2,415	2,791
Debt service	967	699
Total expenses	<u>29,999</u>	<u>28,538</u>
Change in net position	1,350	1,999
Net Position, January 1	<u>10,495</u>	<u>8,496</u>
Net Position, December 31	<u>\$ 11,845</u>	<u>\$ 10,495</u>

No transfers from other funds were necessary or completed in 2017 because revenue was adequate for County operations without using other funds. Additionally, in 2017, the County issued taxable and nontaxable General Obligation Bonds to finance prison renovations, purchase and remodeling of a new Administrative building, and for future improvements to the Courthouse and the CAD system, resulting in an increase in Debt Service.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. Table A-5 depicts the net program expenses for the years ended December 31, 2017 and 2016.

Table A-5
Net Cost of Governmental and Business-Type Activity
(In Thousands)

	Total Cost of Services		Net Expense (Revenue) Cost of Services	
	2017	2016	2017	2016
Program:				
General government	\$ 6,340	\$ 5,828	\$ 3,291	\$ 2,506
Judicial	4,471	4,124	2,725	2,426
Public safety	9,922	10,095	3,347	4,895
Public works	68	82	(99)	(78)
Human services	5,263	4,498	1,144	498
Culture and recreation	553	421	552	421
Conservation and development	2,415	2,791	251	306
Debt service	967	699	764	484
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 29,999</u>	<u>\$ 28,538</u>	<u>\$ 11,975</u>	<u>\$ 11,458</u>

The County relied on property taxes and other general revenues to fund 40% of its governmental activities in 2017.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

Capital Assets

The County's investment in capital assets at December 31, 2017 and 2016, net of accumulated depreciation, was \$19,858,567 and \$15,421,326, respectively. Capital assets consist primarily of land, buildings, equipment and infrastructure. The following is a summary of capital assets at December 31, 2017 and 2016:

Table A-6
Capital Assets, Governmental Activities
December 31, 2017

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost Less Accumulated Depreciation</u>
Governmental Activities:			
Land	\$ 869,732	\$ -	\$ 869,732
Buildings and improvements	26,795,586	14,506,695	12,288,891
Equipment and vehicles	7,376,151	5,653,220	1,722,931
Agricultural easements	694,706	184,274	510,432
Leasehold assets	131,142	131,142	-
Infrastructure	385,102	85,687	299,415
Construction-in-process	4,167,166	-	4,167,166
Total governmental activities	<u>\$ 40,419,585</u>	<u>\$ 20,561,018</u>	<u>\$ 19,858,567</u>

December 31, 2016

Governmental Activities:			
Land	\$ 781,832	\$ -	\$ 781,832
Buildings and improvements	25,677,605	13,929,863	11,747,742
Equipment and vehicles	7,194,950	5,260,255	1,934,695
Agricultural easements	657,918	167,405	490,513
Leasehold assets	131,142	131,142	-
Infrastructure	367,128	75,910	291,218
Construction-in-process	175,326	-	175,326
Total governmental activities	<u>\$ 34,985,901</u>	<u>\$ 19,564,575</u>	<u>\$ 15,421,326</u>

Detailed information about the County's capital assets can be found in Note 6 within the accompanying notes to the financial statements.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

Long-Term Liabilities

At December 31, 2017, the County had \$26,042,656 of debt outstanding, including general obligation bonds, and notes. Debt increased 22% from the previous year. The following is a summary of general obligation bonds, notes, compensated absences and net pension liability for the 2017 year:

Table A-7
Statement of Long-term Liability Activity

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Long-term debt	\$ 21,346,814	\$ 6,405,000	\$ 1,709,158	\$ 26,042,656
Compensated absences	1,474,434	235,328	202,367	1,507,395
Net pension liability	4,666,815	-	1,031,198	3,635,617
Governmental activities long-term liabilities	<u>\$ 27,488,063</u>	<u>\$ 6,640,328</u>	<u>\$ 2,942,723</u>	<u>\$ 31,185,668</u>

Detailed information about the County's long-term debt can be found in Note 10, information about compensated absences can be found in Note 11, and information about the Net Pension Liability can be found in Note 12 in the accompanying notes to the financial statements.

Fund Financial Statements

Governmental Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The County's governmental funds include the General Fund, various special revenue funds, Capital Project Fund, and the Debt Service Fund. The General Fund is the chief operating fund for the County. Special revenue funds are restricted to specific legislated use. The Capital Project Fund account for the proceeds of bonds issued in connection with major capital undertakings. The major funds are identified as such on the statement of revenues, expenditures and changes in fund balances in the financial statements.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

Governmental Fund Revenues

Governmental fund revenues by source at December 31, 2017 and December 31, 2016 were as follows.

Table A-8
Revenues by Source, Governmental Funds

	<u>2017</u>	<u>2016</u>	<u>Changes from 2017 to 2016</u>
Revenues:			
Taxes	\$ 13,293,103	\$ 12,876,507	\$ 416,596
Intergovernmental revenues	9,765,907	9,264,146	501,761
Charges for services	7,173,583	6,781,799	391,784
Interest, rents and royalties	178,259	120,150	58,109
Licenses and permits	42,072	46,549	(4,477)
Other	1,060,433	1,181,036	(120,603)
Debt proceeds	6,405,000	-	6,405,000
Refunds/proceeds from sale of assets	2,029	87,027	(84,998)
Transfers in	1,913,610	3,332,871	(1,419,261)
	<u>\$ 39,833,996</u>	<u>\$ 33,690,085</u>	<u>\$ 6,143,911</u>

Revenues from taxes increased primarily for two reasons. PILOT revenues increased in 2017 due to a legislative change in the amount paid to counties for State-owned lands. Also, in August 2017, the County hotel tax was increased to 5%.

The \$501,761 increase in intergovernmental revenues is largely attributable to an increase in CYS Act 148 revenues and in the STOP Grant.

Revenue at the Clinton County Correctional Facility for housing out-of-county inmates, which comprises more than 50% of the Charges for Services line item, increased substantially in 2017 over 2016.

In 2017, the County issued taxable and nontaxable General Obligation Bonds for various capital projects, including prison renovations, the purchase and renovation of a new administrative building and courthouse improvements, resulting in the Debt proceeds of \$6,405,000 listed.

The County periodically makes transfers to and from its General Fund to finance the operations of other governmental fund types. Additional information on inter-fund activity may be found in Note 13.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2017 and December 31, 2016 were as follows:

Table A-9
Expenditures by Functions, Governmental Funds

	<u>2017</u>	<u>2016</u>	<u>Changes from 2017 to 2016</u>
Expenditures:			
General government	\$ 4,939,196	\$ 5,365,250	\$ (426,054)
Judicial	5,039,041	4,583,625	455,416
Public safety	9,784,301	9,650,985	133,316
Public works	59,957	98,504	(38,547)
Human services	5,228,667	4,553,334	675,333
Culture and recreation	528,523	395,522	133,001
Conservation and development	2,446,244	2,554,144	(107,900)
Debt service and issuance costs	2,676,109	2,203,438	472,671
Capital outlay	4,753,433	201,074	4,552,359
Transfer out	1,913,610	3,332,871	(1,419,261)
	<u>\$ 37,369,081</u>	<u>\$ 32,938,747</u>	<u>\$ 4,430,334</u>

General government expenditures decreased and Judicial expenditures increased due to prior year expenditure refunds. Human services expenditures increased due to increasing demands for CYC services. Debt issuance costs associated with new Bonds account for the increases in that line item. Capital outlay was attributed to the projects previously mentioned.

Transfers were decreased by \$1.4 million because the County did not need additional funding for its operations.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2017
(Unaudited)

Economic Condition, Outlook and Next Year's Budget

The County continues to monitor its spending and services throughout all levels of operations. The monitoring of cash flow and capital project planning has been considered in preparing the County's 2018 budget. In addition, the federal and state budget issues will continue to be a hurdle all counties must grapple with as program service levels increase and available funding sources decline.

General Fund Budget

The County adopts an annual operating budget for its General, Children and Youth, and other County Funds in accordance with the provisions of the Commonwealth of Pennsylvania County Code. A schedule showing the County's original and final budget amounts compared with actual results for the current year is provided on pages 65 and 66.

The County's actual revenues for the General Fund for the year ended December 31, 2017 were slightly more than \$900,000 more than the final budget. The largest contributor to this increase in revenue was the charges for services line item (see commentary above).

The County's actual expenditures for the year ended December 31, 2017 were \$1,400,000 less than was anticipated in the final budget, or 6.53%. The main contributing factors to this decrease were the refunds of prior year expenditures and not needing to use any funds from the contingency reserve. In addition, principal payments on debt were \$157,000 less than the amount budgeted.

Governmental Fund Balances

Ending balances for governmental funds at December 31, 2017 were as follows:

Table A-10
Ending Fund Balances, Governmental Funds

Fund	Governmental Funds
General Fund	\$ 11,378,199
Revolving Loan Fund	3,367,901
Children and Youth Fund	-
Capital Projects Fund	1,519,102
Non-major Governmental Funds	5,624,629
Total	<u>\$ 21,889,831</u>

County of Clinton, Pennsylvania

Management's Discussion and Analysis

December 31, 2017

(Unaudited)

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this financial information or requests for additional information should be directed to:

County of Clinton, Pennsylvania
Clinton County Government Center
Commissioner's Office
232 E. Main Street, 3rd Floor
Lock Haven, Pennsylvania 17745
Telephone: 570-893-4000

County of Clinton, Pennsylvania

Statement of Net Position

December 31, 2017

	Governmental- Activities	Component Unit
Assets and Deferred Inflows of Resources		
Cash and cash equivalents	\$ 6,505,581	\$ 362,212
Restricted cash	5,194,362	-
Investments	3,057,126	2,694,018
Receivables:		
Grants	2,276,720	-
Taxes	868,552	-
Loans	5,013,404	-
Other	1,515,173	1,942,280
Internal balances	-	-
Due from fiduciary funds	10,565	-
Prepaid expenses and other current assets	13,975	154,675
Assets whose use is limited	-	1,417,784
Restricted resident trust funds	-	40,273
	<hr/>	<hr/>
Total current assets	24,455,458	6,611,242
	<hr/>	<hr/>
Capital Assets, Net	19,858,567	3,460,049
	<hr/>	<hr/>
Total assets	44,314,025	10,071,291
	<hr/>	<hr/>
Deferred Outflows of Resources - Pension	1,867,333	-
	<hr/>	<hr/>
Total assets and deferred outflows of resources	46,181,358	10,071,291
	<hr/>	<hr/>
Liabilities		
Accounts payable and accrued expenses	1,929,614	1,613,608
Due to other governments	2	-
Unearned revenues	3,754	-
Resident trust funds	-	40,273
Current portion of long-term debt	1,786,954	18,000
Accrued interest	87,189	-
	<hr/>	<hr/>
Total current liabilities	3,807,513	1,671,881
	<hr/>	<hr/>
Long-term liabilities:		
Workers' compensation payable	-	810,010
Long-term portion of long-term debt, net	24,255,702	15,000
Compensated absences	1,507,395	-
Net pension liability	3,635,617	-
	<hr/>	<hr/>
Total liabilities	33,206,227	2,496,891
	<hr/>	<hr/>
Deferred Inflows of Resources - Pension	1,130,254	-
	<hr/>	<hr/>
Net Position (Deficit)		
Net investment in capital assets	4,850,833	3,427,049
Restricted for:		
Program purposes	9,007,031	-
Unrestricted	(2,012,987)	4,147,351
	<hr/>	<hr/>
Total net position	\$ 11,844,877	\$ 7,574,400
	<hr/>	<hr/>

See notes to financial statements

County of Clinton, Pennsylvania

Statement of Activities

Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position	
Primary Government						
Governmental activities:						
General Government	\$ 6,339,849	\$ 2,858,482	\$ 156,516	\$ 33,940	\$ (3,290,911)	
Public safety	9,922,070	4,429,542	2,145,394	-	(3,347,134)	
Public works	68,466	1,102	-	166,214	98,850	
Judicial	4,471,497	888,287	858,721	-	(2,724,489)	
Human services	5,262,895	90,712	4,028,481	-	(1,143,702)	
Culture and recreation	553,252	944	-	-	(552,308)	
Conservation and development	2,414,793	355,485	1,807,848	-	(251,460)	
Interest on long-term debt and issuance costs	966,797	202,341	-	-	(764,456)	
Total primary government	<u>\$ 29,999,619</u>	<u>\$ 8,826,895</u>	<u>\$ 8,996,960</u>	<u>\$ 200,154</u>	<u>(11,975,610)</u>	
Component Unit						
Susque-View Nursing Home	<u>\$ 11,827,320</u>	<u>\$ 12,237,528</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 410,208</u>
General Revenues						
					12,246,261	-
					373,002	-
					648,909	-
					57,163	186,440
					(272)	-
Total general revenues					<u>13,325,063</u>	<u>186,440</u>
Change in net position					1,349,453	596,648
Net position, beginning					<u>10,495,424</u>	<u>6,977,752</u>
Net position, ending					<u>\$ 11,844,877</u>	<u>\$ 7,574,400</u>

See notes to financial statements

County of Clinton, Pennsylvania

Balance Sheet
 Governmental Funds
 December 31, 2017

	<u>General Fund</u>	<u>Revolving Loan</u>	<u>Children and Youth</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 3,402,199	\$ -	\$ -	\$ -	\$ 3,103,382	\$ 6,505,581
Restricted cash	-	1,863,300	24,535	2,072,193	1,234,334	5,194,362
Investments	1,751,630	-	-	-	1,305,496	3,057,126
Receivables:						
Taxes, net	868,552	-	-	-	-	868,552
Accounts	1,364,145	-	8,091	200	142,737	1,515,173
Notes	3,508,803	1,504,601	-	-	-	5,013,404
Prepays	13,975	-	-	-	-	13,975
Due from other funds	1,713,762	-	149,805	112,289	13,250	1,989,106
Receivable from other governments	96,307	-	1,601,264	-	579,149	2,276,720
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 12,719,373</u>	<u>\$ 3,367,901</u>	<u>\$ 1,783,695</u>	<u>\$ 2,184,682</u>	<u>\$ 6,378,348</u>	<u>\$ 26,433,999</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$ 555,644	\$ -	\$ 266,388	\$ 665,580	\$ 221,420	\$ 1,709,032
Due to other funds	46,640	-	1,447,272	-	484,629	1,978,541
Payable to other governments	-	-	-	-	2	2
Unearned revenue	-	-	-	-	3,754	3,754
Other accrued expenses	106,633	-	70,035	-	43,914	220,582
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>708,917</u>	<u>-</u>	<u>1,783,695</u>	<u>665,580</u>	<u>753,719</u>	<u>3,911,911</u>
Deferred inflows of resources,						
Unearned tax revenues	632,257	-	-	-	-	632,257
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances:						
Nonspendable	3,522,778	1,504,601	-	-	-	5,027,379
Restricted	-	1,863,300	-	1,519,102	5,624,629	9,007,031
Assigned	4,292,068	-	-	-	-	4,292,068
Unassigned	3,563,353	-	-	-	-	3,563,353
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>11,378,199</u>	<u>3,367,901</u>	<u>-</u>	<u>1,519,102</u>	<u>5,624,629</u>	<u>21,889,831</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,719,373</u>	<u>\$ 3,367,901</u>	<u>\$ 1,783,695</u>	<u>\$ 2,184,682</u>	<u>\$ 6,378,348</u>	<u>\$ 26,433,999</u>

See notes to financial statements

County of Clinton, Pennsylvania

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
December 31, 2017

Total Fund Balances, Governmental Funds \$ 21,889,831

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 statements, but are reported in the governmental activities of the statement of net position. The cost of assets is \$40,419,585 and the accumulated depreciation is \$20,561,018. 19,858,567

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as a deferred inflow of resources in the funds. 632,257

Deferred outflows related to the net pension liability are not reported in the governmental funds, however, are reported in the statement of net position. 1,867,333

Deferred inflows related to the net pension liability are not reported in the governmental funds, however, are reported in the statement of net position. (1,130,254)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2017 are:

General obligation bonds	(26,042,656)	
Compensated absences	(1,507,395)	
Net pension liability	(3,635,617)	
Accrued interest on bonds	(87,189)	
		<u>(31,272,857)</u>

Net Position of Governmental Activities in the Statement of Net Position

\$ 11,844,877

County of Clinton, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2017

	General Fund	Revolving Loan	Children and Youth	Capital Projects	Nonmajor Governmental Funds	Total
Revenues						
Taxes:						
Property taxes	\$ 12,271,192	\$ -	\$ -	\$ -	\$ -	\$ 12,271,192
Payments in lieu of taxes	648,909	-	-	-	-	648,909
Hotel taxes	373,002	-	-	-	-	373,002
Licenses and permits	42,072	-	-	-	-	42,072
Intergovernmental	954,933	-	3,686,288	-	5,124,686	9,765,907
Charges for services	6,543,401	5,101	86,393	-	538,688	7,173,583
Interest, rents and royalties	132,882	32,377	-	724	12,276	178,259
Other	984,242	-	4,319	-	71,872	1,060,433
Total revenues	21,950,633	37,478	3,777,000	724	5,747,522	31,513,357
Expenditures						
Current:						
General government - administrative	4,752,377	-	-	-	186,819	4,939,196
Judicial	3,304,790	-	-	-	1,734,251	5,039,041
Public safety	8,016,806	-	-	-	1,767,495	9,784,301
Public works	-	-	-	-	59,957	59,957
Human services	273,544	-	4,954,094	-	1,029	5,228,667
Culture and recreation	527,626	-	-	-	897	528,523
Conservation and development	585,835	20,383	-	-	1,840,026	2,446,244
Debt service:						
Principal	1,714,126	-	-	-	-	1,714,126
Interest and other charges	835,540	-	-	-	-	835,540
Issuance costs	-	-	-	126,443	-	126,443
Capital outlay	-	-	-	4,735,498	17,935	4,753,433
Total expenditures	20,010,644	20,383	4,954,094	4,861,941	5,608,409	35,455,471
Excess (deficiency) of revenues over expenditures	1,939,989	17,095	(1,177,094)	(4,861,217)	139,113	(3,942,114)
Other Financing Sources (Uses)						
Proceeds from long term debt	-	-	-	6,405,000	-	6,405,000
Proceeds from sale of county property	2,029	-	-	-	-	2,029
Transfers in	388,753	-	1,177,094	-	347,763	1,913,610
Transfers out	(1,340,727)	-	-	-	(572,883)	(1,913,610)
Total other financing sources (uses), net	(949,945)	-	1,177,094	6,405,000	(225,120)	6,407,029
Net changes in fund balances	990,044	17,095	-	1,543,783	(86,007)	2,464,915
Fund Balances, Beginning	10,388,155	3,350,806	-	(24,681)	5,710,636	19,424,916
Fund Balances, Ending	\$ 11,378,199	\$ 3,367,901	\$ -	\$ 1,519,102	\$ 5,624,629	\$ 21,889,831

County of Clinton, Pennsylvania

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2017

Net Change in Fund Balances, Total Governmental Funds \$ 2,464,915

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, \$5,558,687 exceeded depreciation, \$1,119,148, in the current period. 4,439,539

In the statement of activities, only the loss on disposal of assets is reported, whereas in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the net carrying value of the assets. (2,300)

Under the modified accrual basis of accounting used in governmental funds, revenues are deferred until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in deferred real estate tax revenue during 2017. (24,931)

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the government-wide net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. During the year ended December 31, 2017, the following transactions factor into this reconciliation:

Issuance of long-term debt	(6,405,000)	
Repayment of principal	1,714,126	
Amortization of bond premium	<u>(4,968)</u>	
		(4,695,842)

Certain compensated absences are considered long-term in nature, and are not reported as liabilities within the governmental funds. Such liabilities are reported within the statement of net position, and changes in these liabilities are reflected within the statement activities. This amount represents the change in long-term compensated absences payable during 2017. (32,961)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional amount due over the interest accrued in the statement of activities is shown here. (8,114)

Net pension liability is considered long-term in nature, and is not reported as a liability within the governmental funds. Such liability is, however, reported within the statement of net position, and changes in the liability are reflected within the statement of activities. This amount represents the change in the net pension liability and related deferred outflows of resources during 2017. (790,853)

Change in Net Position of Governmental Activities \$ 1,349,453

County of Clinton, Pennsylvania

Statement of Fiduciary Net Position

December 31, 2017

	<u>Pension Trust Fund</u>	<u>Agency</u>
Assets		
Cash and cash equivalents	\$ 829,376	\$ 1,069,754
Accrued income	86,018	-
Total cash, cash equivalents, and accrued income	<u>915,394</u>	<u>1,069,754</u>
Investments, at fair value:		
Certificates of deposit	1,315,982	-
U.S. Government obligations	5,263,618	-
Municipal obligations	75,026	-
Corporate and foreign bonds	5,535,185	-
Common stocks	23,417,861	-
Mutual funds	10,680,476	-
Total investments	<u>46,288,148</u>	<u>-</u>
Total assets	<u>\$ 47,203,542</u>	<u>\$ 1,069,754</u>
Liabilities		
Funds held in fiduciary capacity	\$ -	\$ 534,718
Due to other funds	-	10,565
Due to other governments	-	524,471
Total liabilities	-	<u>\$ 1,069,754</u>
Net Position		
Held in trust for pension benefits	<u>47,203,542</u>	
Total liabilities and net position	<u>\$ 47,203,542</u>	

See notes to financial statements

County of Clinton, Pennsylvania

Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2017

	Pension Trust Fund
Additions	
Contributions:	
Plan members	\$ 1,194,204
County	842,384
	<hr/>
Total contributions	2,036,588
	<hr/>
Investment income:	
Realized gains	968,508
Net appreciation in fair value of investments	4,476,486
Interest and dividends	944,652
Investment activity expense	(171,825)
	<hr/>
Total net investment income	6,217,821
	<hr/>
Total additions	8,254,409
	<hr/>
Deductions	
Benefits paid	2,285,730
Refunds of member contributions	1,016,625
Administrative - actuarial fees	32,350
	<hr/>
Total deductions	3,334,705
	<hr/>
Changes in net position	4,919,704
Net Position, Beginning of Year	42,283,838
	<hr/>
Net Position, End of Year	\$ 47,203,542
	<hr/> <hr/>

See notes to financial statements

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2017

1. Summary of Significant Accounting Policies - Primary Government

The County of Clinton, located in central Pennsylvania, was formed in 1839. The County operates under an elected three-member Board of Commissioners (the "Commissioners"), and provides the following services: general administrative services, judicial, public safety, public works, human services, culture and recreation, conservation and development.

The accounting methods and procedures adopted by the County of Clinton, Pennsylvania (the "County") conform to accounting principles generally accepted in the United States of America ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

The following notes to the financial statements are an integral part of the County's financial statements:

Financial Reporting Entity

Accounting principles generally accepted in the United States of America establish criteria for determining the nature of certain intergovernmental relationships. Pursuant to such criteria, the County has evaluated all related entities (authorities, commissions and affiliates) for possible inclusion in the financial reporting entity.

The County follows the criteria promulgated by GASB for purposes of determining the scope of its reporting entity. The financial statements of the County include the accounts of all County operations. As required under GAAP, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units are included in the County's financial reporting entity because of the significance of their operational or financial relationship with the County.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria, but do not meet the criteria for blending (a blended component unit's governing body is the same or substantially the same as the primary government, or provides services entirely to the primary government).

The component unit that is discretely presented in the County's report is presented below:

- Susque-View Home, Inc. ("Home") is a separate legal entity. The three members of the governing board of the Home are Clinton County Commissioners. The County is ultimately responsible for the funding of operating deficits incurred by the Home. In addition, the County has advanced funds to the Home for which the Home is providing repayment. The Home has a December 31 year-end. Complete financial statements for the Home can be obtained from the Clinton County Commissioners Office.

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2017

Blended Component Unit

Some component units, despite being legally separate from the County, are so intertwined with the primary government that they are, in substance, the same as the primary government, and are reported as part of the primary government.

The component unit reported in this way is:

- The Clinton County Conservation District (the "District") is a legally separate entity, formed to promote protection, conservation, and sustainable use of natural resources. The County Commissioners appoint all District board members and the District is fiscally dependent upon the County. Separately issued financial statements are available through the District office.

Joint Ventures

The County is a participant along with the County of Lycoming, Pennsylvania for the provision of Mental Health/Intellectual Disability services. The governing board consists of the six County Commissioners involved in the Joinder Agreement. This board, on an annual basis, sets the amount of the contribution required from each participating county, but the County of Clinton, Pennsylvania otherwise has no financial interest in the Joinder. For the fiscal year 2016-2017, Clinton County contributed \$54,675 to the operations of the Joinder.

Condensed financial information for the Joinder as of and for the year ended June 30, 2017, is as follows:

Assets	\$ 15,592,531
Liabilities	<u>15,672,757</u>
Net position	<u>\$ (80,226)</u>
Revenues	\$ 58,993,582
Expenditures	<u>59,020,127</u>
Net loss	<u>\$ (26,545)</u>

Complete and more detailed financial information is available by contacting the Lycoming-Clinton Joinder Board, Sharewell Building, 200 East Street, Williamsport, PA 17701.

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2017

Related Organizations

The following organizations are considered to be related organizations of the County because of their relationship and mutual interest. Although the County appoints a voting majority of the organizations' governing boards in most instances, the County does not impose its will or have significant financial accountability for these organizations. The related organizations are as follows:

- Clinton County Municipal Authority
- Clinton County Industrial Development Authority
- Clinton County Housing Authority
- Clinton County Recreational Authority
- Clinton County Economic Partnership
- Western Clinton County Recreational Authority
- Clinton County Agriculture Extension Service
- Clinton County Solid Waste Authority

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the County as a whole. They include all funds of the County except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements

Fund financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

The funds of the County are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the County and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund, including operation of general County government, boards, commissions, the court system, and health and welfare services.

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2017

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County.

The Piper Revolving Loan Fund (a major fund) is used to account for financial resources to be used to provide and collect low interest loans from local small businesses.

The Children and Youth Services Fund (a major fund) is used to account for amounts received from various federal, state and local sources. These funds are restricted to provide support services to at-risk juveniles.

The County reports the following nonmajor governmental funds:

Liquid Fuels, Gas Well Impact - Act 13, Marcellus Shale Legacy Fund, Human Service Grant Fund, Domestic Relations Fund, Juvenile Court Restitution, Supervisor Fee Fund, Victim Witness Coordinator Fund, Probation Administrative Fee Fund, Hazardous Materials Response, Farmland Preservation Fund, Affordable Housing Fund, Community Development Block Grant, PHARE Grant, Records Improvement Funds, Coroner Vital Statistic Fund, Veterans Emergency Fund, Veterans Memorial Fund, District Attorney Forfeiture Fund, 911 Fund, and Conservation District Fund.

Capital Projects Funds

The Capital Project Fund (a major fund) is used to account for resources restricted, committed, or assigned for the acquisition or construction, acquisition or renovation of specific capital projects or items.

Fiduciary Funds

Pension Trust Fund

Pension trust funds are used to report the resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans. The County maintains one single-employer defined benefit pension trust fund, the Clinton County Employees' Retirement System.

Agency Funds

Agency funds are used to report resources held by the County in a purely custodial capacity (i.e., assets = liabilities.) Agency funds reported by the County in the accompanying financial statements include cash held by the following County Row Offices/Departments: Recorder of Deeds Fund, Register of Wills Fund, Sheriff's Fund, Treasurer's Fund, Prothonotary's Fund, Department of Emergency Services Fund, Tax Claim Bureau Fund, Clean and Green Fund, District Justice Fund and the Probation Fund.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense/expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expense/expenditure within the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resource 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 County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Licenses, operating and capital grants, and interest associated with the current fiscal period are considered to be susceptible to accrual and as such, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives the cash.

Under the current financial resources measurement focus, only current financial assets and liabilities are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Amounts expended to acquire capital assets are recorded as expenditures in the year the resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than a fund liability. However, debt service expenditures are recorded only when payment is due.

Amounts reported as program revenues include charges to citizens, customers or applicants for goods, services, or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Budgets and Budgetary Accounting

Commonwealth of Pennsylvania statutes require that all County Governments establish budgetary systems and approve annual operating budgets. The County's annual budget relates to the General Fund and its Children and Youth special revenue fund, and is based on estimates of revenues and expenditures approved by the Board of County Commissioners and serves as a management control. All budgets are adopted on a basis consistent with GAAP. The appropriated budget is prepared by fund, function, and department. Expenditures cannot legally exceed budgeted appropriations at the individual fund level. Additionally, management cannot revise the total budget obligation at the fund level without the approval of the Board of County Commissioners. The County's department heads may make transfers of appropriations within their departments. Although not legally obligated to do so, for management control purposes, the Commissioners review and approve interdepartmental budget transfers. All annual appropriations lapse at fiscal year end.

At December 31, 2017, the County has presented budgetary comparison information within the accompanying financial statements for its General Fund and Children and Youth Fund. No annual operating budget is adopted for the County's Revolving Loan Fund. The County's Capital Project Fund implements multi-year, project budgets.

The County follows these procedures in establishing the budgetary data reported in the financial statements:

- During the fall, preliminary individual budgets are prepared by each department or agency and are reviewed by the Commissioners.
- During November, the County Commissioners, or their designee, meet with the head of each department and agency to review proposed changes to the preliminary budget.
- The Commissioners' Office then reassembles the preliminary budget data and prepares a final budget draft including all proposed expenditures and the financing plan, incorporating any revisions or adjustments evolving from the departmental meetings.
- In early December, the final budget is presented as a public Commissioners' meeting. In accordance with statutes contained in the County Code, public notice is given that the proposed budget is available for inspection for a twenty-day period.
- Prior to December 31, after the 20-day inspection period, but before December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.
- Formal budgeting integration is employed as a planning device. The budget adopted is on the modified accrual basis. Budget amounts are as originally adopted, or as amended by the County Commissioners.

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue sources may arise. As a result, funds are occasionally transferred between line items of the department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners. Financial analysis is provided monthly to management showing spending levels in comparison to the current budget.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as assignments of the fund balance because they do not constitute expenditures or liabilities and the commitments will be honored in the subsequent year. The County had no outstanding encumbrances at December 31, 2017.

New Accounting Principles

The County adopted GASB issued Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*, during 2017. Statement No. 80 amends the blending requirements related to not-for-profit corporations for which the primary government is the sole corporate member. The adoption of this Statement did not have a material impact on the County's financial statements.

The County adopted GASB issued Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*, during 2017. This Statement addresses certain implementation issues related to (1) the presentation of payroll-related measures in required supplementary information; (2) selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and, (3) the classification of payments made by employers to satisfy employee contribution. The adoption of this Statement did not have a material impact on the County's financial statements.

Cash Equivalents

The County considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments

The County's governmental fund investments consist of deposits with the Pennsylvania Local Government Investment Trust ("PLGIT"), a non-taxable investment fund established for local governments and school districts in Pennsylvania, which are carried at fair value. In addition, the County also has certain money market funds, which it classifies as investments, and which are carried at fair value.

Investments of the Pension Trust Fund are stated at fair value for both reporting and actuarial purposes. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are generally reported at cost which is not expected to be materially different from fair value.

The County's investments in its Pension Trust Fund are comprised of a variety of financial instruments and are managed by an external investment advisor. The fair values reported in the statement of fiduciary net position are exposed to various risks, including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets include buildings, improvements, furniture, equipment, and vehicles, which are reported in the government-wide financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives in excess of one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position, as described above. Infrastructure assets acquired since January 1, 2003 are recorded at cost.

Depreciation of all exhaustible capital is allocated to the related functional expense category within the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Estimated useful lives for each capital asset category of the County's capital assets are as follows:

	<u>Years</u>
Buildings and improvements	20 to 40
Equipment and vehicles	5 to 10
Leasehold assets	5
Agricultural easements	40
Infrastructure	40

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2017

Deferred Outflows/Inflows of Resources

In addition to assets, the County will sometimes report a separate section for deferred outflows (inflows) of resources. This separate financial statement element represents a consumption (acquisition) of net position that applies to a future period and so will not be recognized as an outflow (inflow) of resources until that time.

Unearned Revenues

Unearned revenues reported in government-wide financial statements will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent revenues, which are measurable but not available and in accordance with the modified accrual basis of accounting are reported as unearned revenues.

Compensated Absences

All compensated absences are accrued when incurred in the government-wide and enterprise fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Vacation Pay - Time accrues at various rates based on length of service. Employees are encouraged to utilize earned vacation time by December 31 of each period; however, current practice allows for the carryover of 187.5 hours or 25 days to the subsequent calendar year.

Sick Pay - Employees earn various sick days per year based on length of service. Accrued unused sick time will be paid to the employee for the time earned not to exceed 70 days.

Interfund Transactions

As a result of its operations, the County affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2017, appropriate interfund receivables or payables have been established. To the extent practical, the effect of interfund activity has been eliminated from the government-wide financial statements.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or; (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other components of net position that do not meet the definition of "restricted" or "net investment in capital assets".

It is the County's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental Fund Balance Classification/Policies and Procedures

Governmental fund equity is classified as fund balance.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County classifies its governmental fund balances as follows:

- *Non-spendable* - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints, such as inventory, notes receivable, or prepaid expenses
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County through formal action of the County's "highest level of decision-making authority"
 - The Board of Commissioners of the County is its highest level of decision-making authority, and
 - The Board of Commissioners commits funds through ordinances.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

- *Assigned* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County
 - The Board of Commissioners authorized the County Chief Clerk to assign funds to specific purposes.
- *Unassigned* - includes positive fund balance within the General Fund which has not been *classified* within the above mentioned categories and negative fund balances in other governmental funds

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the County's policy is generally to first apply the expenditure toward restricted resources and then to unrestricted resources.

When an expenditure is incurred that can be paid using either committed, assigned, or unassigned amounts, the County's policy is generally to apply the expenditure to committed resources, and then to unassigned resources.

Revenues, Expenditures and Expenses

Program Revenues

In the Statement of Activities, revenues that are derived from each activity or from parties outside the County's taxpayers are reported as program revenues. The County has the following program revenues in each activity:

Activity	Program Revenues
General government (administrative)	Departmental charges, program fees, licenses and permits
Judicial	Fines, fees, operating grants
Public safety	Fines, fees, operating grants
Public works	Operating grants, departmental charges
Human services	Operating grants, departmental charges
Culture and recreation	Operating grants
Conservation and development	Departmental charges, capital and operating grants

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for the discretely presented component unit result from providing services (nursing facilities). They also include all revenues and expenses not related to capital and related financing, noncapital financing of investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies - Component Unit

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding assets whose use is limited and investments.

Accounts Receivable, Residents and Third-Party Payors

Accounts receivable, residents and third-party payors, are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based upon a periodic review of individual accounts.

Resident Trust Funds

Resident trust funds are accounted for as trust funds and are maintained separate from other funds.

Investments and Investment Risk

Long-term investments, consisting of cash and cash equivalents and mutual funds, are recorded at fair value.

Mutual funds, which invest in marketable debt and equity securities, are carried at fair value based upon quoted market prices. Adjustments to reflect increases or decreases in fair value are recorded as unrealizable gains and losses. Gains and losses arising from the sales and maturities of investments are recorded as realized gains and losses. Investments received as gifts are recorded at fair value upon receipt.

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends earned, and trustee fees incurred) is included in the determination of operating gain or loss unless the income or loss is restricted by donor or law.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

With regard to the Home, unrealized gains and losses on investments are excluded from determination of operating gain or loss unless the investments are trading securities.

The Home's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and level of uncertainty related to changes in fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Assets Whose Use is Limited

Assets whose use is limited include cash designated by the Home's Board of Trustees for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes and for future payments that may arise from the Home's self-insured Pennsylvania Unemployment Compensation Program and Workers' Compensation Program.

Property and Equipment

Property and equipment acquisitions representing individual assets or groups of similar assets with a value greater than \$500 capitalized and recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

The useful lives for depreciable assets are generally as follows:

Buildings	5 - 40 years
Fixed equipment	5 - 25 years
Movable equipment	3 - 20 years
Land and improvements	2 - 25 years
Vehicles	3 - 10 years

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets.

Compensated Absences

The Home's policy permits employees to accumulate a limited amount of earned but unused vacation and sick leave time. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the financial statements. A liability for these amounts is recorded.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Temporarily Restricted Net Assets

Temporarily restricted net assets, if any, are those whose use by the Home has been limited by donors to a specific time period or purposes. There were no temporarily restricted net assets at December 31, 2017.

Net Resident Service Revenues

Net resident service revenues are reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Amounts realized from third-party payors were \$2,245,178 less than customary charges for the year ended December 31, 2017.

The Home has agreements with third-party payors that provide for payment to the Home at amounts different from its established rates. A significant portion of the Home's net resident service revenues is derived from these third-party payer programs. A summary of the principal payment arrangements with third party payors follows:

Medical Assistance: Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. For the year ended December 31, 2017, approximately (57)% of net resident service revenues were earned from services provided to Medical Assistance program beneficiaries.

Medicare: Nursing and ancillary services rendered to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

The Home is reimbursed for therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Home's clinical assessment of its residents. The Home is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare program.

Net patient service revenues for the Home include revenue resulting from the settlement of prior-year Medicare and Medical Assistance cost reports received from the Medical Assistance program related to prior year services. Such payments amounted to \$42,031 for the year ended December 31, 2017.

Funding Agreement

In accordance with the provision of a funding agreement between Clinton County, Pennsylvania (the "County") and the Home, the County is ultimately responsible for the funding of any operating deficits incurred by the Home so long as the Home continues to be a nonprofit corporation and is acting as the operator of the County's long-term care nursing facility. Any operating income shall be maintained by the Home to the extent that the County is refunded its annual contribution to the Home under the Medical Assistance funding agreement.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Income Taxes

The Home is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

3. Cash, Cash Equivalents and Investments - Primary Government

Under Section 1706 of the County Code of the Commonwealth of Pennsylvania, the County is authorized to invest in the following:

- A. United States Treasury bills.
- B. Short-term obligations of the United States government or its agencies or instrumentalities.
- C. Savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania ("Commonwealth") and insured by the Federal Deposit Insurance Corporation ("FDIC").
- D. Obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States, the Commonwealth, or of any agencies or instrumentalities backed by the full faith and credit of the Commonwealth or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. The County may also invest in shares of a registered investment company under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- E. Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth, which are insured by federal agencies. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposit may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets net of its liabilities.
- F. "Commercial paper" and "prime commercial paper" meeting certain requirements.

Pension or retirement funds may be invested by the County according to the "Prudent Man Rule" as defined by the Decedents, Estates, and Fiduciaries Act, 20 PA C.S.CH.73, which is referred to in the County Code.

The deposit and investment policy of the County adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits or pooled for investment purposes in certificates of deposit. The deposits and investments of the pension trust fund are administered by trustees and are held separately from those of other County funds.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosures related to the following deposit and investment risks; credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The following is a description of the County's deposit and investment risks.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Deposits with Financial Institutions

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County will not recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2017, the aggregate bank balance of bank deposits was \$15,496,098, of which \$1,005,375 was covered by federal depository insurance, and the uninsured remaining bank deposits of \$14,490,722 were covered by pledged pools of assets maintained in accordance with Act 72 of the General Assembly that requires the institution pool collateral for all governmental deposits. The carrying amount of these bank deposits was \$14,805,290 at December 31, 2017.

Investments - Governmental Funds/Activities

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similar to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in PLGIT, which invests the proceeds in: obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. Shares may be withdrawn at any time, in any amount, with no liquidity fee or redemption gates. PLGIT/PLGIT PLUS have received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. At December 31, 2017, the carrying amount and bank balances of the County's deposits with PLGIT were \$1,518,818.

The County's blended component unit, Clinton County Conservation District (a non-major governmental fund type), held shares in the Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits ("INVEST") at December 31, 2017. INVEST functions similar to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in INVEST, which invests the proceeds in: obligations of the United States Government; repurchase agreements with bank and non-bank financial institutions; and other debt instruments of banks, financial institutions, and non-financial institutions authorized for the shareholder by Commonwealth of Pennsylvania Statute (this would include certificates of deposit and money market funds). Deposits held by INVEST are not insured by the Federal Depository Insurance Corporation; however, deposits are collateralized with securities held by the pledging institution, but not in the participant's name. INVEST has received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. Due to the short-term nature and liquidity of the investments held within this pool, the fair value of the underlying investments approximates amortized cost. Shares with INVEST may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. At December 31, 2017, the carrying value (fair value) of these funds with INVEST were \$332,092.

In addition, the County treats \$1,206,216 in cash held for long-term investment purposes as an investment for reporting purposes.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Investments - Pension Trust Fund

The County's Pension Trust Fund's investments are held separately from those of other County funds. Assets in the Pension Trust Fund are stated at fair value. The Clinton County Retirement Board utilizes the County Pension Law, Act 96 of August 31, 1971 for determining appropriate investments, as described above.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the County, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the County. All investments of the Pension Trust Fund are held in trust in the name of the County at Wilmington Trust Company as December 31, 2017.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized rating organization. The County's investment policy limits operating investments in federal agency securities that carry direct or implied guarantees of the U.S. Government. The County's Retirement Investment Policy states fixed income securities must be rated as investment grade by Moody's and/or Standard and Poor's.

As of December 31, 2017, the County's credit quality distribution of securities as a percentage of total investments is as follows:

Credit Quality Distribution of Securities with Credit Exposure as a Percentage of Total Investments

Security Type	Credit Rating	% of Security Type
U.S. Government Treasuries	Not Rated	100 %
U.S. Government Agencies	AA+	14
U.S. Government Agencies	Not Rated	86
Municipal Obligations	AA	100
Corporate and Foreign Bonds	AAA	17
Corporate and Foreign Bonds	AA+	3
Corporate and Foreign Bonds	AA	2
Corporate and Foreign Bonds	AA-	7
Corporate and Foreign Bonds	A+	11
Corporate and Foreign Bonds	A	10
Corporate and Foreign Bonds	A-	11
Corporate and Foreign Bonds	BBB+	13
Corporate and Foreign Bonds	BBB	5
Corporate and Foreign Bonds	BBB-	1
Corporate and Foreign Bonds	Not Rated	19

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy for operating funds is to invest in U.S. Government or Federal agency securities for which there is no limit to the investment amount.

At December 31, 2017, 22.64% of the County's Pension Trust Fund investments were invested in the McKee International Equity Fund.

Interest Rate Risk - Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy is to invest funds to meet its projected cash flow requirements. Investments of the General Fund and Special Revenue Funds are made at the discretion of the County Commissioners, as long as such investments are made at financial institutions approved by the County Commissioners, and are fully collateralized by securities with a fair value equal to or exceeding the cost of the investment.

The County's Retirement Plan Investment Policy states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from the Retirement Plan when due. Fixed income investment allocation is targeted to 35% (with an allowable range of +/- 10%) of the portfolio. The investments may be adjusted to meet economic and/or investment market conditions. The following table sets forth the County's investment maturities at December 31, 2017:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Government Treasury	\$ 1,926,049	\$ 60,843	\$ 747,733	\$ 1,117,473	\$ -
U.S. Government Agencies	3,337,569	-	240,124	489,814	2,607,631
Municipal Obligations	75,026	75,026	-	-	-
Certificates of Deposit	1,315,982	-	1,315,982	-	-
Corporate bonds	5,535,185	204,705	2,773,595	1,542,811	1,014,074
Total	<u>\$ 12,189,811</u>	<u>\$ 340,574</u>	<u>\$ 5,077,434</u>	<u>\$ 3,150,098</u>	<u>\$ 3,621,705</u>

Foreign Currency Risk - Foreign currency risk is the risk that changes in the foreign exchange rate will adversely affect the fair value of an investment. There are currently no investments in securities exchanged in foreign denominations. The County does not have a formal policy for foreign currency risk.

Fair Value Measurements - The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2017

The County has the following recurring fair value measurements as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Assets Reported at Fair Value:				
Investments:				
Certificates of deposit	\$ -	\$ 1,315,982	\$ -	\$ 1,315,982
Common equity securities:				
Materials	588,710	-	-	588,710
Industrials	3,331,064	-	-	3,331,064
Telecommunication	292,533	-	-	292,533
Consumer discretionary	2,918,259	-	-	2,918,259
Consumer staples	1,179,504	-	-	1,179,504
Energy	1,823,671	-	-	1,823,671
Financials	3,255,842	-	-	3,255,842
Health care	2,770,406	-	-	2,770,406
Information technology	6,951,211	-	-	6,951,211
Utilities	278,100	-	-	278,100
Other	28,560	-	-	28,560
Mutual funds:				
International fund (McKee International Equity)	10,665,692	-	-	10,665,692
Other	14,784	-	-	14,784
U.S. government and agency obligations	-	5,263,618	-	5,263,618
Corporate bonds	-	5,535,185	-	5,535,185
Municipal obligations	-	75,026	-	75,026
Total investments/assets by valuation hierarchy	<u>\$ 34,098,336</u>	<u>\$ 12,189,811</u>	<u>\$ -</u>	<u>\$ 46,288,147</u>

Common equity securities and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Long-term certificates of deposit, U.S. government and agency obligations, corporate and municipal bonds classified in Level 2 of the fair value hierarchy are valued using matrix pricing. The County held no investments classified as Level 3 at December 31, 2017.

4. Investments - Component Unit

At December 31, 2017, the fair value of the Home's investments, by major category, were as follows:

Cash and money market	\$ 765,945
Certificates of deposit	399,850
Mutual funds:	
Fixed income	810,963
Equity	717,260
Total	<u>\$ 2,694,018</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

The following schedule summarizes the Home's investment return:

Interest and dividends	\$	49,997
Net realized gains		22,665
Net unrealized gains		<u>113,778</u>
Total investment return	\$	<u>186,440</u>

Concentration of Credit Risk

The Home maintains substantially all of its cash and investments at one financial institution which at times exceeds the limits insured by the FDIC. Total balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Home is designated a Government Banking client, and therefore, by law the financial institution must further collateralize all funds of the Home.

5. Real Estate Taxes

Real estate taxes are levied on March 1 and are payable on the following terms: 2% discount March 1 through April 30, face amount May 1 through June 30; and 5% penalty after June 30. The County bills these taxes, which are collected by elected tax collectors, and revenues are recognized in the period in which they are collected (pursuant to the modified cash basis of accounting). The County collects delinquent real estate taxes for itself and for other taxing authorities.

The County is permitted by the County Code to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes, exclusive of the requirements for the payment of interest and principal on funded debt. Assessed values of real property are generally 40% of the market value as determined by the Clinton County Bureau of Assessment in 1995. The total 2017 real estate taxes levied was \$12,428,321 based on a total county assessed valuation of \$2,071,386,872. The County levy for 2017 was 6.0 mills for general County purposes, meaning that a property owner would pay \$6.00 per \$1,000 of assessed valuation.

Delinquent real estate taxes receivable at December 31, 2017 were approximately \$965,000. The amount of delinquent taxes receivable is reported net of an allowance for doubtful accounts of approximately \$97,000.

Tax Abatement Programs

The County provides three property tax abatement programs to eligible tax payers: "Clean and Green," "Local Economic Revitalization Tax Assistance Program (LERTA)", and "Tax Increment Financing Program (TIF)."

Clean and Green is a preferential tax assessment program that bases property taxes on use values rather than fair market values. This ordinarily results in a tax savings for landowners. The Pennsylvania General Assembly enacted the program in 1974 as a tool to encourage protection of the Commonwealth's valuable farmland, forestland and open spaces. A property must be ten acres in size, and in Agricultural Use, Agricultural Reserve, or Forest Reserve. Agricultural Use applications may be less than 10 acres in size if the property is capable of generating at least \$2,000 annually in fair income. The total amount of taxes abated under the Clean and Green Program during the year ended December 31, 2017 amounted to approximately \$1,700,000.

County of Clinton, Pennsylvania

Notes to Financial Statements December 31, 2017

The LERTA program provides property tax abatements to provide a tax break to new commercial properties in certain sections of the County as a way to stimulate business and economic growth. The abatements apply to the assessed value of improvements to a property. For the first year, 100 percent of the improvements are abated and decreases by 10% through to the end. The total amount of taxes abated under the LERTA program during the year ended December 31, 2017 amount to approximately \$57,000.

The TIF is a method of reallocating property tax revenues which are produced as a result of an increase in taxable valuation above a "base valuation" figure within a tax increment. Commencing in the calendar year 2008 and continuing through and including calendar year 2024, or the first calendar year in which the Notes are no longer outstanding, 4.3 mills for each property under the TIF will be paid by the County to and escrow agent. The total amount of taxes abated under the TIF program during the year ended December 31, 2017 amounts to approximately \$25,000.

6. Capital Assets

Primary Government

A summary of changes in the County's governmental activities capital assets is as follows:

	January 1, 2017	Additions	Disposals	Transfers/ Reclassification	December 31, 2017
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 781,832	\$ 87,900	\$ -	\$ -	\$ 869,732
Construction in process	175,326	4,026,999	-	(35,159)	4,167,166
Total capital assets not being depreciated	957,158	4,114,899	-	(35,159)	5,036,898
Capital assets being depreciated:					
Buildings and improvements	25,677,605	1,151,120	(68,298)	35,159	26,795,586
Equipment and vehicles	7,194,950	237,906	(56,705)	-	7,376,151
Agricultural easements	657,918	36,788	-	-	694,706
Leasehold assets	131,142	-	-	-	131,142
Infrastructure	367,128	17,974	-	-	385,102
Total capital assets being depreciated	34,028,743	1,443,788	(125,003)	35,159	35,382,687
Less accumulated depreciation for:					
Buildings and improvements	13,929,863	642,832	(66,000)	-	14,506,695
Equipment and vehicles	5,260,255	449,670	(56,705)	-	5,653,220
Agricultural easements	167,405	16,869	-	-	184,274
Leasehold assets	131,142	-	-	-	131,142
Infrastructure	75,910	9,777	-	-	85,687
Total accumulated depreciation	19,564,575	1,119,148	(122,705)	-	20,561,018
Total capital assets being depreciated, net	14,464,168	324,640	(2,298)	35,159	14,821,669
Governmental activity capital assets, net	\$ 15,421,326	\$ 4,439,539	\$ (2,298)	\$ -	\$ 19,858,567

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Depreciation expense, which amounted to \$1,119,148 for the year ended December 31, 2017, was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government-administration	\$ 386,972
Judicial	67,492
Public safety	609,389
Public works	8,510
Human services	21,159
Conservation and development	<u>25,626</u>
Total depreciation expense - governmental activities	<u>\$ 1,119,148</u>

Component Unit

Property, equipment and accumulated depreciation of the Home as of December 31, 2017 is as follows:

Buildings	\$ 5,062,146
Fixed equipment	5,312,963
Movable equipment	3,109,974
Land and improvements	443,505
Vehicles	<u>287,518</u>
Total	14,216,106
Less accumulated depreciation	<u>10,756,057</u>
Total	<u>\$ 3,460,049</u>

Depreciation expense of the Home for the year ended December 31, 2017 was \$467,564.

7. Loans and Notes Receivable

The County's Piper Revolving Loan Fund (the "Fund") accounts for the proceeds received from Piper Aircraft, Inc. The Fund provides loan-rate financing to industries and businesses within the community. The loans range from 1 to 15 year periods with interest rates at 4% per annum. At December 31, 2017, \$1,504,601 in loan balances are outstanding from community businesses.

On December 1, 2006, the County issued its General Obligation Bonds, Series of 2006, in the original principal amount of \$5,795,000. A portion of the proceeds, \$4,200,000, was used for the planning, designing, purchasing, acquiring, constructing, and equipping of sewage and wastewater facilities within Woodward Township (the "Township"). The agreement between the County and the Township states that the Township is to pay the debt service on the Township's portion of the proceeds pursuant to the County's bond agreement. The total amount drawn by the Township as of December 31, 2017 was \$4,126,199 and is reflected as an asset in the County's General Fund. The General Fund will utilize the funds received from the agreement with the Township for debt service. As of December 31, 2017, the Township has repaid \$1,096,199 and the current outstanding balance is \$3,030,000.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

In September 2009, the County issued its Guaranteed Revenue Bonds, Series of 2009. The proceeds were to be used for the Flemington and Bald Eagle Township's Sanitary Sewage Collection and Transportation System Improvements and Extensions Project. The agreement between the County and the Townships states that the Townships are to pay the debt service on the Townships' portion of the proceeds. The total amount drawn by the Townships as of December 31, 2017 was \$750,413. The General Fund will utilize the funds received from the repayment agreement with the Townships for debt service. As of December 31, 2017, the Townships have made payments amounting to \$271,609 to the County and the current outstanding balance is \$478,804.

In 2004 and 2008, the County issued its General Obligation Notes, Series of 2004 and Series of 2008 for the purpose of funding various projects, including facility acquisition, at the Centre Counties Youth Center (the "Center"). The Center is an undertaking of the Counties of Centre (33.23%), Clearfield (14.54%), Clinton (25.55%), Huntingdon (7.03%), and Mifflin (19.65%). The balance due to the County from the participating entities was \$490,000 at December 31, 2017.

8. Assets Whose Use is Limited - Component Unit

Assets whose use is limited as of December 31, 2017 is as follows:

Workers' compensation fund	\$ 1,417,658
Funded depreciation	<u>126</u>
Total	<u>\$ 1,417,784</u>

The composition of assets whose use is limited as of December 31, 2017 is as follows:

Cash and cash equivalents	\$ 365,762
Money market	171,011
U.S. Treasuries and government agencies	<u>881,011</u>
Total	<u>\$ 1,417,784</u>

9. Accrued Expenses - Component Unit

At December 31, 2017, the Home's accrued expenses, which are reported along with accounts payable in the accompanying statement of net position, consisted of the following:

Vacation	\$ 294,263
Pension contributions	83,584
Payroll	120,302
Payroll taxes	39,228
Holiday pay	19,487
Hospitalization	400,000
Other	<u>51,530</u>
Total	<u>\$ 1,008,394</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

10. Long-Term Debt

At December 31, 2017, the County's long-term debt consisted of the following:

Description	Interest Rate	Amount of Original Issue	Balance at 1/1/17	Additions	Retirements/ Refundings	Balance at 12/31/17	Current Portion
General Obligation Note, Series A of 2004	2.16%	\$ 3,313,000	\$ 2,070,000	\$ -	\$ (175,000)	\$ 1,895,000	\$ 195,000
General Obligation Note, Series of 2008	2.66%	825,000	419,309	-	(55,000)	364,309	60,000
Guaranteed Revenue Bond, Series of 2009	2.547%	863,977	510,943	-	(32,126)	478,817	32,954
General Obligation Bonds, Series B of 2010	5.090 - 6.48%	4,860,000	3,870,000	-	(190,000)	3,680,000	200,000
General Obligation Bonds, Series of 2012	1.50 - 3.00%	6,305,000	4,655,000	-	(245,000)	4,410,000	250,000
General Obligation Bonds, Series of 2013	1.63%	2,150,000	881,000	-	(437,000)	444,000	444,000
General Obligation Bonds, Series of 2015	2.00 - 3.00%	9,125,000	9,015,000	-	(580,000)	8,435,000	595,000
General Obligation Bonds, Series A of 2017	1.638 - 4.396%	4,115,000	-	4,115,000	-	4,115,000	5,000
General Obligation Bonds, Series B of 2017	2.00 - 3.875%	2,290,000	-	2,290,000	-	2,290,000	5,000
Total			21,421,252	6,405,000	(1,714,126)	26,112,126	1,786,954
Bond discount			(74,438)	-	4,968	(69,470)	-
Total long-term debt			<u>\$ 21,346,814</u>	<u>\$ 6,405,000</u>	<u>\$ (1,709,158)</u>	<u>\$ 26,042,656</u>	<u>\$ 1,786,954</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Specific information on each debt instrument is as follows:

In 2004, the County issued its \$3,313,000 General Obligation Note, Series A of 2004, due in varying installments including interest at a fixed rate (2.6% at December 31, 2017) equal to Manufacturers and Traders Trust Company Two and One Half Years Costs of Funds plus a margin of 1.20% (the "reset interest rate"), through July 16, 2019, at which time the rate will be reset. The proceeds of the Bond were used to fund the actuarial accrued pension liability.

In 2008, the County issued its \$825,000 General Obligation Note, Series of 2008, due in varying semi-annual installments including interest at 2.66% per annum with final maturity scheduled for December 2028. The proceeds of the Note were used for the Storage Building Project, the Centre County Youth Center's Water Main Project and the costs of issuance. The Water Main project is an undertaking of the Counties of Centre (33.23%), Clearfield (14.54%), Clinton (25.55%), Huntingdon (7.03%), and Mifflin (19.65%). Clinton County issued the debt and the other involved Counties will be making payments for their share of the annual costs and expenses in accordance with their supplemental agreement.

In 2009, the County issued its \$863,977 Guaranteed Revenue Bond, Series of 2009, due in monthly installments of principal and interest at 2.547% per annum through maturity in July 2031. The proceeds of the bond were used for the Sanitary Sewage Collection and Transportation System Improvements and Extensions. This project is an undertaking by the Townships of Bald Eagle and Flemington. Clinton County issued the debt and the other involved Townships will be making payments for their share of the annual debt service costs. (The County reports a receivable for the participating Counties/Townships share of this liability within notes receivable in the statement of net position and the governmental funds balance sheet.)

In 2010, the County issued it \$4,860,000 General Obligation Bonds, Series B of 2010, due in varying semi-annual installments including interest at rates ranging from 5.09% to 6.48% per annum, with final maturity scheduled for December 2030. The proceeds of the Bond were used to fund the County's actuarial accrued pension liability and finance the costs of issuance.

In 2012, the County issued its \$6,305,000 General Obligation Bonds, Series of 2012, due in varying semi-annual installments including interest at rates ranging from 1.50% to 3.00% per annum with final maturity scheduled for December 2032. The proceeds of the Bonds were used for the advance refunding of the County's then outstanding General Obligation Bonds, Series of 2006, towards various capital projects and to pay the costs of issuance.

In 2013, the County issued its \$2,150,000 General Obligation Bonds, Series of 2013, due in varying semi-annual installments including interest at 1.63% per annum with final maturity scheduled for December 2018. The proceeds of the Bonds were used for various capital projects and to pay the costs of issuance.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

In 2015, the County issued its \$9,125,000 General Obligation Bonds, Series of 2015, due in varying semi-annual installments including interest at rates ranging between 2.00% to 2.95% per annum with final maturity scheduled for December 2031. The proceeds of the Bonds were used to currently refund the County's then outstanding General Obligation Note, Series of 2004, to currently refund the County's then outstanding General Obligation Bonds, Series A of 2010, to advance refund the County's then outstanding General Obligation Bonds, Series of 2011, and to pay the related costs of issuance.

In 2017, the County issued its \$4,115,000 General Obligation Bonds, Series A of 2017 (federally taxable), due in varying semi-annual installments including interest at rates ranging between 1.638% to 4.396% per annum with final maturity scheduled for December 2041. The proceeds of the Bonds were used to finance various capital additions and improvements to the County's prison, and to pay the related costs of issuance.

In 2017, the County issued its \$2,290,000 General Obligation Bonds, Series B of 2017, due in varying semi-annual installments including interest at rates ranging between 2.000% to 3.875% per annum with final maturity scheduled for December 2041. The proceeds of the Bonds were used to finance various capital projects of the County including but not limited to the planning, design, purchase, acquisition, construction, and installation of capital improvements, renovations and additions to the County's administrative office, County courthouse and other County buildings, and to pay the related costs of issuance.

Interest paid on these bonds and notes during the year ended December 31, 2017 amounted to \$835,540.

Annual debt service requirements with respect to these issues are as follows:

	Governmental Activities		Total
	Principal	Interest	
2018	\$ 1,786,954	\$ 860,290	\$ 2,647,244
2019	1,648,804	814,665	2,463,469
2020	1,584,675	902,208	2,486,883
2021	1,645,568	840,829	2,486,397
2022	1,711,485	773,259	2,484,744
2023-2027	8,057,020	2,760,010	10,817,030
2028-2032	6,588,297	1,311,197	7,899,494
2033-2037	1,610,000	522,902	2,132,902
2038-2041	1,479,323	164,412	2,132,902
Total	26,112,126	8,949,772	35,551,065
Less: Discount	(69,470)	-	(69,470)
Total	<u>\$ 26,042,656</u>	<u>\$ 8,949,772</u>	<u>\$ 35,481,595</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Component Unit

Line of Credit

The Home has an unsecured demand line of credit in the amount of \$500,000 with a bank with a rate of interest equal to the bank's prime rate. This line of credit is guaranteed by the County of Clinton and is subject to annual review. There were no borrowings outstanding on the line of credit at December 31, 2017.

Long Term Debt

The Home entered into a loan agreement with Sustainable Energy Fund, a not-for-profit corporation, in the amount of \$90,000, for the purpose of making improvements to real property that will upgrade pneumatic controls at the Home. The loan is to be repaid over a term of 60 months in equal monthly installments of \$1,500 at 0.00% interest per annum through October 2019.

The aggregate remaining maturities at December 31, 2017 are as follows:

Years ending December 31:		
2018	\$	18,000
2019		<u>15,000</u>
Remaining principal	\$	<u><u>33,000</u></u>

11. Compensated Absences

The changes in the County's compensated absences in 2017 are summarized as follows:

Governmental Activities:		
Balance, January 1, 2017	\$	1,474,434
Increase		235,328
Decrease		<u>(202,367)</u>
Balance, December 31, 2017	\$	<u><u>1,507,395</u></u>

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2017

12. Employee Retirement Plan

Plan Description

The Clinton County Employees' Retirement System (the "Plan") is a contributory defined benefit single employer retirement plan covering all County employees, and part-time employees of the County who work 1,000 or more hours per year. The Plan is included in the accompanying financial statements of the County as a pension trust fund and does not issue a separate plan financial statement.

The financial statements of the Pension Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The County Retirement Board, comprised of the three Commissioners, Treasurer and Chief Clerk, manages and governs the Plan.

At January 1, 2017, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and beneficiaries receiving benefits	141
Terminated employees entitled to benefits but not yet receiving them	22
Active plan members	<u>242</u>
Total membership	<u><u>405</u></u>
Number of participating employers	<u><u>1</u></u>

Benefits Provided

The Plan provides retirement, disability and death benefits for normal retirement at age 60 (or 55 with 20 years of service) based on a formula including the highest 3-year average salary and years of credited service, in addition to the member's accumulated contribution to the Plan. Early retirement is available upon 20 years of service or after 8 years, if involuntary termination occurs. Members become vested after 8 years of service. County employees who terminate prior to entitlement to plan benefits will receive their accumulated contributions with interest. Benefits are determined pursuant to Commonwealth of Pennsylvania Act 96 of 1971, as amended, commonly referred to as the County Pension Law. All plan members are eligible for disability benefits after 5 years of service if disabled while in service. Disability retirement benefits are equal to 25% of final average salary at time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. Cost of living adjustments are provided at the discretion of the County Retirement Board.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Funding Policy and Contributions

Employees are required to contribute a portion of their salaries (9% for members in the 1/60th class and 8% for members in the 1/70th class of earnings in 2017) to the Plan and employees can elect to contribute up to an additional 10% of their salaries. Per Act 96 of 1971, contribution requirements of the plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the entry age normal actuarial cost funding method.

The annual required contribution was determined based on the most recent annual actuarial valuation dated January 1, 2017. The entry age normal actuarial cost method of funding was used in the valuation, which does not identify or separately amortize unfunded actuarial liabilities. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.0% per year compounded annually; (b) projected salary increases of 1.0% for 2017, 4.50% for 2018 and later years, compounded annually; and (c) no postretirement benefit increases. Both (a) and (b) include an inflation component of 2.5%. The method used to determine the actuarial value of assets is market value adjusted for unrecognized gains and losses from prior years.

Deposits and Investments

The Plan allows funds to be invested pursuant to a strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of asset classes, as approved by the Retirement Board, and established the following target allocation across asset categories:

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. equity	50 %	6.00 %
Foreign equity	20	6.75
Fixed income	30	1.50

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation for the 2017 measurement period are listed in the table above.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return (loss) on pension plan investments, net of Plan investment expense, was 14.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2017 were as follows:

Total pension liability	\$ 50,839,159
Plan fiduciary net position	<u>47,203,542</u>
Plan net pension liability (asset)	<u>\$ 3,635,617</u>
Plan fiduciary net position as a percentage of total pension liability	<u>92.8 %</u>

Changes in the Net Pension Liability

The changes in the County's net pension liability during the year ended December 31, 2017 are as follows:

	<u>Increases (Decreases)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances at January 1, 2017	\$ 46,950,653	\$ 42,283,838	\$ 4,666,815
Changes for the year:			
Service cost	1,319,994	-	1,319,994
Interest cost	3,346,489	-	3,346,489
Differences between expected and actual experience	804,474	-	804,474
Changes in actuarial assumptions	1,336,859	-	1,336,859
Changes in plan benefits	383,045	-	383,045
Employer contributions	-	842,384	(842,384)
Employee contributions	-	1,194,204	(1,194,204)
Net investment income/(loss)	-	6,217,821	(6,217,821)
Benefit payments (including refunds)	(3,302,355)	(3,302,355)	-
Administrative expenses	-	(32,350)	32,350
Net changes	<u>3,888,506</u>	<u>4,919,704</u>	<u>(1,031,198)</u>
Balance at December 31, 2017	<u>\$ 50,839,159</u>	<u>\$ 47,203,542</u>	<u>\$ 3,635,617</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

The schedule of changes in the employer's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of January 1, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry-age normal
Actuarial assumptions:	
Projected salary increases, including inflation	1.0 - 4.5 %
Inflation	2.5 %
Interest rate	7.0 %
Cost-of-living adjustments	N/A
Asset valuation method	Market

Mortality rates were based on the RP-2014 Mortality Tables for males and females, projected using scale MP-2015. The actuarial assumptions used in the January 1, 2017 valuation were based on past experience under the Plan and reasonable future expectations which represent a best estimate of anticipated experience under the Plan.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the Pension Fund'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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Plan calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (8.00%)</u>
Net pension liability (asset)	\$ 10,563,375	\$ 3,635,617	\$ (2,037,962)

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2017, the County recognized pension expense of \$1,633,237. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in projected and actual experience	\$ 788,555	\$ (1,768)
Net difference in projected and actual earnings on plan investments	-	(1,128,486)
Changes in actuarial assumptions	<u>1,078,778</u>	<u>-</u>
Total	<u>\$ 1,867,333</u>	<u>\$ (1,130,254)</u>

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

Years ending December 31:

2018	\$ 659,999
2019	487,060
2020	(236,950)
2021	(247,438)
2022	74,408

Defined Contribution Plan - Component Unit

The Home sponsors a voluntary defined contribution retirement plan covering substantially all employees. The Home's contributions are based upon employee contributions and a percentage of compensation. Total expense amounted to \$83,584 for the year ended December 31, 2017.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

13. Interfund Balances and Transfers

Balances Due to/from Other Funds

Individual fund receivable and payable amounts at December 31, 2017 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 1,713,762	\$ 46,640
Children and Youth	149,805	1,447,272
Capital Projects	112,289	-
Nonmajor governmental funds	13,250	484,629
Total Governmental Funds	1,989,106	1,978,541
Fiduciary Fund	-	10,565
Total	<u>\$ 1,989,106</u>	<u>\$ 1,989,106</u>

The County utilizes a pooled operating fund to enhance investment return, therefore, interfund receivables and payables are recorded to recognize amounts held by the General Fund on behalf of other funds. In addition, the County's General Fund had receivables from its Children and Youth Fund as a result of payments due from the Commonwealth of Pennsylvania at December 31, 2017, which the General Fund initially paid in advance of the reimbursement.

Transfers to/from Other Funds

	<u>Transfer In</u>	<u>Transfers Out</u>
General Fund	\$ 388,753	\$ 1,340,727
Children and Youth	1,177,094	-
Nonmajor governmental funds	347,763	572,883
Total Governmental Funds	<u>\$ 1,913,610</u>	<u>\$ 1,913,610</u>

Transfers are used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them; provide matching funds for grants; and use unrestricted General Fund revenues to finance activities which must be accounted for in another fund and to segregate money for anticipated capital projects.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

14. Fund Balance

Classifications

The County presents its governmental fund balances by level of constrain in the aggregate on its balance sheet - governmental funds. The individual specific purposes of each constrain are presented below:

	<u>General Fund</u>	<u>Revolving Loan</u>	<u>Children and Youth</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable for						
Loans	\$ 3,508,803	\$ 1,504,601	\$ -	\$ -	\$ -	\$ 5,013,404
Prepays	13,975	-	-	-	-	13,975
Total	<u>\$ 3,522,778</u>	<u>\$ 1,504,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,027,379</u>
Restricted for:						
Capital Projects	\$ -	\$ -	\$ -	\$ 1,519,102	\$ -	\$ 1,519,102
Marcellus Shale - Act 13	-	-	-	-	628,068	628,068
Human Services	-	-	-	-	1,592,913	1,592,913
Program purposes	-	1,863,300	-	-	2,445,708	4,309,008
Conservation and development	-	-	-	-	957,940	957,940
Total	<u>\$ -</u>	<u>\$ 1,863,300</u>	<u>\$ -</u>	<u>\$ 1,519,102</u>	<u>\$ 5,624,629</u>	<u>\$ 9,007,031</u>
Assigned for:						
Capital projects	\$ 1,791,136	\$ -	\$ -	\$ -	\$ -	\$ 1,791,136
Medical savings	2,500,932	-	-	-	-	2,500,932
Total	<u>\$ 4,292,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,292,068</u>

15. Medical Malpractice Claims Coverage - Component Unit

The Home maintains occurrence based professional liability coverage through a commercial insurance carrier. Management believes no incidents have occurred or will be asserted that will exceed the Home's insurance coverage or will have a material adverse effect on the financial statements. At December 31, 2017, professional liability coverage was provided for the Home in the amount of \$500,000 per occurrence and \$1,500,000 per annual aggregate.

16. Commitments and Contingencies

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Litigation

In the normal course of business, the County may be subject to pending and threatened lawsuits in which claims for monetary damage could be asserted. In management's opinion, the County's financial position and results of operations would not be materially affected by the outcome of such legal proceedings.

Geographic Risk - Component Unit

The Home's operations are located in Lock Haven, Pennsylvania. Its primary service area includes Lock Haven, Pennsylvania and surrounding communities in Clinton County, Pennsylvania. The Home grants credit without collateral to its resident most of whom are insured under third-party payor agreements, primarily with Medicare, Medical Assistance and various commercial insurance companies.

Concentration of Labor - Component Unit

At December 31, 2017, approximately 68% of the Home's employees were covered by a collective bargaining agreement.

17. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Public Entity Risk Pools

The County participates in the Pennsylvania Counties Risk Pool ("PCoRP"), a public entity risk pool program of the County Commissioners Association of Pennsylvania ("CCAP"). The County pays an annual premium to PCoRP for its general insurance coverage. The agreement for the formation of PCoRP provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$250,000 for each insured event. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; however, this has not yet been necessary. PCoRP has published its own financial report for the year ended December 31, 2017, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769 (Attn: John Sallade, Managing Director).

Commercial Insurance

The County has elected to self-insure its employee medical insurance plan. The County has limited this self-insurance liability through the purchase of catastrophic reinsurance coverage which will reimburse the County for any medical costs over \$50,000 per covered individual per year. The County believes that it has adequately provided for all asserted claims and has no knowledge of unasserted claims for which it has not provided. The County's asset for all asserted and estimated unasserted claims was \$169,000 at December 31, 2017. The cost of medical coverage for employees was approximately \$2,000,000 in 2017.

The County carries commercial insurance for all other risks of loss, including health care and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

Component Unit

The Home maintains a self-insurance program for its workers' compensation insurance. The Home is liable for claims up to \$450,000 per occurrence and has obtained an excess limits insurance policy for claims in excess of \$450,000 in which the insurer will pay up to \$1,000,000 per occurrence. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims.

The Home maintains a self-insurance program for its Pennsylvania unemployment compensation. The Home is directly liable for any Pennsylvania unemployment compensation paid on its behalf.

The senior living services industry is subject to numerous laws, regulations, and administrative directives of federal, state, and local governments and agencies. Compliance with these laws, regulations, and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Recently, government activity has increased with respect to fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the organization, if any, are not presently determinable.

18. Net Third-Party Settlement Agreements - Component Unit

As a result of the 2006-2007 Intergovernmental Transfer Agreement, the Commonwealth of Pennsylvania, Department of Human Services (DHS) makes annual Medicaid Day One Incentive payments, paid in equal quarterly installments, to eligible county nursing facilities as an incentive to preserve the critical safety network county nursing facilities provide to the poor and indigent residents of Pennsylvania. Amounts recognized by the Home under this agreement totaled \$411,106 for the year ended December 31, 2017.

Additionally, Clinton County and the Home participated in another intergovernmental transfer with the Commonwealth of Pennsylvania. In 2017, the County transferred \$2,137,596 to the Commonwealth. This payment represents the difference between how much the Home collects as Medicaid reimbursements and the potential maximum payments it could obtain if the same patients were covered by Medicare. The Commonwealth considers these funds as its own, in order to earn matching federal Medicaid dollars. The Home received the original monies put up by the County, plus the proceeds of the federal match. In 2017, this amounted to \$2,888,086. The Home then subsequently reimbursed the County the \$2,137,596 originally given to the Commonwealth.

Retroactively effective July 1, 2007, the DHS was given the authority to collect an assessment from county nursing facilities under the Pennsylvania Nursing Facility Assessment Program, which previously only applied to non-governmental licensed nursing facilities. The revenue from this assessment will be used to maintain Medical Assistance (MA) rates and provide additional reimbursement to MA participating nursing facilities. The Home is required to pay the assessment on a quarterly basis based upon its quarterly census. For the year ended December 31, 2017, assessment payments totaling \$367,907 were recognized.

Total net third-party settlement agreements recognized for the year ended December 31, 2017 were \$807,851.

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2017

19. Fair Value Measurements - Component Unit

Statement of Financial Accounting Standards Board Codification No. 820-10-50, *Fair Value Measurements* (FASC 820-10-50), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the Inputs to valuation techniques used to measure fair value based on the transparency of the inputs to the valuation of an asset or liability as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Home has the ability to access.

Level 2 - Inputs to the valuation methodology include other significant observable inputs such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/liabilities measured at fair value on recurring basis comprise the following at December 31, 2017:

Assets whose use is limited (Level 1):	
Money market funds	\$ 171,011
U.S. Treasuries and government agencies	881,011
Investments (Level 1):	
Money market funds	765,945
Certificates of deposit	399,850
Mutual funds:	
Fixed income	810,963
Equity	717,260
	<hr/>
Total	\$ 3,746,040
	<hr/> <hr/>

Included in the assets whose use is limited is cash totaling \$365,762 for the year ended December 31, 2017, which is not reflected in the schedule above.

Fair values of money markets funds, US Treasuries and government agencies, and mutual funds are determined by reference to quoted unadjusted market prices and other relevant general information by market transactions.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

20. Pending Changes in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. To the extent applicable, the County is required to adopt Statement No. 83 for its calendar 2019 financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement will enhance consistency and comparability of governmental financial statements by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The County is required to adopt Statement No. 84 for its calendar 2019 financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. The County is required to adopt Statement No. 85 for its calendar 2018 financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash or other monetary assets acquired with only existing resources - that is, resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in-substance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. The County is required to adopt Statement No. 86 for its calendar 2018 financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement will increase the usefulness of a government's financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources, based on the payment provisions of the contract. To the extent applicable, the County is required to adopt Statement No. 87 for its calendar 2020 financial statements.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*. The primary objective of this Statement is to enhance information included in notes to governmental financial statements relating to debt, including lines of credit, collateral for debt, terms of events of default with significant finance related consequences. The County is required to adopt Statement No. 88 for its calendar 2019 financial statements.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2017

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The County is required to adopt Statement No. 89 for its calendar year 2020 financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. To the extent applicable, the County is required to adopt Statement No. 90 for its calendar year 2019 financial statements.

County management is in the process of analyzing these pending changes in accounting principles and the impact, if any, they will have on the financial reporting process.

21. Subsequent Events

In February 2018, the County issued its General Obligation Bonds, Series of 2018 (federally taxable), in the amount of \$3,700,000, to refund a portion of the outstanding General Obligation Bonds, Series B of 2010 (federally taxable) of the County, and to pay certain related costs, including the costs of issuing the Bonds.

In March 2018, the County guaranteed the issuance of the Clinton County Solid Waste Authority's (the "Authority") Guaranteed Revenue Bonds, Series of 2018, in the amount of \$14,455,000, whereby the County pledged its full faith, credit and taxing power as additional collateral to secure the Authority's bonds. The Authority used the Bonds to currently refund certain indebtedness of the Authority; to fund various capital projects of the Authority; to fund a deposit to the Debt Service Reserve Fund established under the Indenture; and, to pay related costs and expenses, including the costs of issuing the Bonds.

County of Clinton, Pennsylvania

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2017
(Unaudited)

	Original and Final Budget	Actual	Variances Favorable (Unfavorable)
Revenues			
Taxes:			
Property taxes	\$ 12,145,032	\$ 12,271,192	\$ 126,160
Payments in lieu of taxes	672,495	648,909	(23,586)
Hotel taxes	400,000	373,002	(26,998)
Licenses and permits	37,200	42,072	4,872
Intergovernmental:	786,520	954,933	168,413
Charges for services	5,889,232	6,543,401	654,169
Interest, rent and royalties	57,400	132,882	75,482
Other	993,402	984,242	(9,160)
	<u>20,981,281</u>	<u>21,950,633</u>	<u>969,352</u>
Expenditures			
Current:			
General government - administrative	5,772,784	4,752,377	1,020,407
Judicial	3,376,549	3,304,790	71,759
Public safety	8,048,950	8,016,806	32,144
Human services	285,270	273,544	11,726
Culture and recreation	549,300	527,626	21,674
Conservation and development	615,702	585,835	29,867
Debt service:			
Principal	1,871,726	1,714,126	157,600
Interest and other charges	912,461	835,540	76,921
	<u>21,432,742</u>	<u>20,010,644</u>	<u>1,422,098</u>
Excess of revenues over expenditures	<u>(451,461)</u>	<u>1,939,989</u>	<u>2,391,450</u>
Other Financing Sources (Uses)			
Appropriated fund balance	1,264,000	-	(1,264,000)
Refund of prior year expenditures	-	-	-
Proceeds from sale of County property	-	2,029	2,029
Transfers in	1,872,086	388,753	(1,483,333)
Transfers out	(2,684,625)	(1,340,727)	1,343,898
	<u>451,461</u>	<u>(949,945)</u>	<u>(1,401,406)</u>
Total other financing sources (uses), net	<u>451,461</u>	<u>(949,945)</u>	<u>(1,401,406)</u>
Net Changes in Fund Balance	<u>\$ -</u>	<u>\$ 990,044</u>	<u>\$ 990,044</u>

County of Clinton, Pennsylvania

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Children and Youth Fund
Year Ended December 31, 2017
(Unaudited)

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental:	\$ 3,772,424	\$ 3,686,288	\$ (86,136)
Charges for services	92,023	86,393	(5,630)
Contributions and donations	<u>3,400</u>	<u>4,319</u>	<u>919</u>
Total revenues	3,867,847	3,777,000	(90,847)
Expenditures			
Current:			
Human services	<u>4,956,034</u>	<u>4,954,094</u>	<u>1,940</u>
Deficiency of revenues over expenditures	<u>(1,088,187)</u>	<u>(1,177,094)</u>	<u>(88,907)</u>
Other Financing Sources (Uses)			
Transfers in	<u>1,088,187</u>	<u>1,177,094</u>	<u>88,907</u>
Total other financing sources (uses), net	<u>1,088,187</u>	<u>1,177,094</u>	<u>88,907</u>
Net Changes in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Clinton, Pennsylvania

Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended December 31, 2017

(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	\$ 1,319,994	\$ 1,270,277	\$ 1,210,959	\$ 1,086,357
Interest	3,346,489	3,163,960	3,046,820	2,903,378
Differences between expected and actual experience	804,474	(2,850)	313,613	-
Changes of assumptions	1,336,859	-	-	-
Changes in plan benefits	383,045	-	-	-
Benefit payments, including refunds of member contributions	<u>(3,302,355)</u>	<u>(2,825,458)</u>	<u>(2,456,184)</u>	<u>(2,301,398)</u>
Net change in total pension liability	3,888,506	1,605,929	2,115,208	1,688,337
Total Pension Liability - Beginning	<u>46,950,653</u>	<u>45,344,724</u>	<u>43,229,516</u>	<u>41,541,179</u>
Total Pension Liability - Ending (a)	<u>\$ 50,839,159</u>	<u>\$ 46,950,653</u>	<u>\$ 45,344,724</u>	<u>\$ 43,229,516</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 842,384	\$ 800,000	\$ 500,000	\$ 435,000
Employer service purchases	-	-	-	5,337
Employee contributions	1,194,204	1,131,808	979,411	1,024,476
Net investment income (loss)	6,217,821	2,854,698	(546,307)	1,963,230
Benefit payments, including refunds of member contributions	(3,302,355)	(2,825,458)	(2,456,184)	(2,301,398)
Administration	(32,350)	(46,800)	(34,700)	(33,025)
Other	-	-	-	-
Net change in plan fiduciary net position	4,919,704	1,914,248	(1,557,780)	1,093,620
Plan Fiduciary Net Position - Beginning	<u>42,283,838</u>	<u>40,369,590</u>	<u>41,927,370</u>	<u>40,833,750</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 47,203,542</u>	<u>\$ 42,283,838</u>	<u>\$ 40,369,590</u>	<u>\$ 41,927,370</u>
County's Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 3,635,617</u>	<u>\$ 4,666,815</u>	<u>\$ 4,975,134</u>	<u>\$ 1,302,146</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>92.8%</u>	<u>90.1%</u>	<u>89.0%</u>	<u>97.0%</u>
Covered-employee Payroll	<u>\$ 10,335,758</u>	<u>\$ 10,433,967</u>	<u>\$ 9,918,163</u>	<u>\$ 9,328,489</u>
County's Net Pension Liability (Asset) as a Percentage of Covered - Employee Payroll	<u>35.18%</u>	<u>44.73%</u>	<u>50.16%</u>	<u>13.96%</u>

Notes to Schedule:*Benefit Changes:* No changes in benefits.*Changes of Assumptions:* No changes in assumptions.

The County implemented GASB Statement No. 67 in calendar year 2014. Information prior to calendar year 2014 is not available.

County of Clinton, Pennsylvania

Schedule of Employer Contributions
 Year Ended December 31, 2017
 (Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 298,224	\$ 663,178	\$ 448,645	\$ 132,798	\$ 414,751	\$ 652,018	\$ 667,125	\$ 803,278	\$ 842,384	\$ 1,129,300
Contributions in relation to the actuarially determined contribution	<u>329,183</u>	<u>298,224</u>	<u>5,435,709</u>	<u>-</u>	<u>350,000</u>	<u>220,000</u>	<u>435,000</u>	<u>500,000</u>	<u>800,000</u>	<u>842,384</u>
Contribution deficiency (excess)	<u>\$ (30,959)</u>	<u>\$ 364,954</u>	<u>\$ (4,987,064)</u>	<u>\$ 132,798</u>	<u>\$ 64,751</u>	<u>\$ 432,018</u>	<u>\$ 232,125</u>	<u>\$ 303,278</u>	<u>\$ 42,384</u>	<u>\$ 286,916</u>
Covered-employee payroll	\$ 7,542,375	\$ 7,826,516	\$ 8,037,511	\$ 8,580,537	\$ 8,808,202	\$ 8,957,622	\$ 9,328,489	\$ 9,918,163	\$ 10,433,967	\$ 10,335,758
Contributions as a percentage of covered-employee payroll	4.36%	3.81%	67.63%	0.00%	3.97%	2.46%	4.66%	5.04%	7.67%	8.15%

Notes to Schedule:

Valuation date: Actuarially determined contributions are calculated as of January 1 of the current calendar year

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal actuarial cost method
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Asset valuation method	Gains and losses (compared to the expected return) are recognized evenly over 5 years; however, the actuarial value of assets may not be less than 80% nor more than 120% of market value
Inflation	N/A
Salary increases	1% per year for 2017 and 4.5% for 2018 and later years
Investment rate of return	7.0%
Retirement age	Age 60 or 55 with 20 years' service
Mortality	RP-2000 Table with rates projected using Scale MP-2015

County of Clinton, Pennsylvania

Schedule of Investment Return
Year Ended December 31, 2017
(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u>4.86%</u>	<u>-1.32%</u>	<u>7.16%</u>	<u>14.90%</u>

Notes to Schedule:

The County implemented GASB Statement No. 67 in calendar year 2014. Information prior to calendar year 2014 is not available.

County of Clinton, Pennsylvania

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Grantor/Program Title	Federal CFDA Number	Contract Period	Pass-Entity Identification Number	Program Amount	Total Received for the Year	Accrued or (Deferred) Revenue at 1/1/2017	Adjustments	Revenue Recognized	Federal Expenditures	Accrued (Deferred) Revenue at 12/31/2017	Amounts Passed Through to Subrecipients
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture:											
Food Distribution Cluster:											
Emergency Food Assistance Program (Administrative Costs)	10.568		446360		\$ 6,058	\$ 3,059	\$ -	\$ 5,418	\$ 5,418	\$ 2,419	\$ 5,418
Emergency Food Assistance Program (Food Commodities)	10.569	10/11/17 - 9/30/18	8-02-60-128	\$ -	37,455	-	-	37,455	37,455	-	37,455
Total Food Distribution Cluster					43,513	3,059	-	42,873	42,873	2,419	42,873
Total U.S. Department of Agriculture					43,513	3,059	-	42,873	42,873	2,419	42,873
U.S. Department of Housing and Urban Development											
Passed through Pennsylvania Department of Community and Economic Development:											
2014 Community Development Block Grant	14.228	8/5/15-8/4/18	C000061776	227,383	31,373	-	-	23,878	23,878	(7,495)	-
2014 Competitive Community Development Block Grant	14.228	1/5/16-1/4/19	C000062148	750,000	484,572	7,495	-	539,975	539,975	62,898	-
2015 Community Development Block Grant	14.228	4/6/16-4/5/19	C000062826	225,548	124,255	30,962	(29)	86,168	86,168	(7,154)	-
2016 Community Development Block Grant	14.228	6/8/17-6/7/22	C000066172	224,743	2,800	40,774	-	3,382	3,382	41,356	-
Total Community Development Block Grant Program					643,000	79,231	(29)	653,403	653,403	89,605	-
2015 Emergency Solutions Grant Program	14.231	1/4/16-7/14/17	C000062451	232,039	94,528	28,481	-	66,047	66,047	-	-
2016 Emergency Solutions Grant Program	14.231	9/19/16-3/19/18	C000064163	65,366	35,810	-	4,151	31,659	31,659	-	-
Total Emergency Solutions Grant Program					130,338	28,481	4,151	97,706	97,706	-	-
Total US Department of Housing and Urban Development					773,338	107,712	4,122	751,109	751,109	89,605	-
Federal Highway Administration, U.S. Department of Transportation											
Passed through Pennsylvania Department of Transportation,											
Highway Safety Cluster,											
National Priority Safety Program (DUI Court)	20.616	10/1/16-9/30/17	HSGF-17-04	67,636	67,636	20,768	-	46,868	46,868	-	-
Total Federal Highway Administration, U.S. Department of Transportation					67,636	20,768	-	46,868	46,868	-	-
U.S. Department of Health and Human Services											
Passed through Pennsylvania Department of Human Services											
Guardianship Assistance	93.090		N/A		40,253	13,786	-	52,681	52,681	26,214	-
Promoting Safe and Stable Families	93.556		N/A		2,000	-	-	4,000	4,000	2,000	-
TANF Cluster,											
Temporary Assistance for Needy Families	93.558		N/A		76,582	30,788	(8,410)	69,558	69,558	15,354	-
Child Support Enforcement - Title IV-D	93.563		N/A		376,300	85,297	(2,012)	403,593	403,593	110,578	-
Stephanie Tubbs Jones Child Welfare Services Program - Title IV-B	93.645		N/A		71,065	-	-	71,065	71,065	-	-
Foster Care - Title IV-E	93.658		N/A		232,920	49,390	-	364,334	364,334	180,804	-
Foster Care - Title IV-E Adoption Assistance	93.659		N/A		158,672	53,142	-	211,987	211,987	106,457	-
Social Services Block Grant	93.667		N/A		20,540	-	-	20,540	20,540	-	-
Chafee Foster Care Independence Program	93.674		N/A		14,124	-	-	19,559	19,559	5,435	-
Medicaid Cluster,											
Medicaid - Title XIX	93.778		N/A		660,742	153,585	-	507,157	507,157	-	507,157
Total U.S. Department of Health and Human Services					1,653,198	385,988	(10,422)	1,724,474	1,724,474	446,842	507,157
U.S. Department of Homeland Security											
Passed through Pennsylvania Emergency Management Agency,											
Emergency Management Performance Grants	97.042	10/1/16-9/30/17	GR4100070874	64,490	64,490	-	-	64,490	64,490	-	-
Total U.S. Department of Homeland Security					64,490	-	-	64,490	64,490	-	-
Total federal awards					\$ 2,602,175	\$ 517,527	\$ (6,300)	\$ 2,629,814	\$ 2,629,814	\$ 538,866	\$ 550,030

County of Clinton, Pennsylvania

Schedule of Selected Commonwealth of
Pennsylvania Department of Human Services
Year Ended December 31, 2017

<u>Grantor/Program Title</u>	<u>Combined Federal and State Expenditures</u>
Pennsylvania Department of Human Services	
Child Support Enforcement	\$ 496,020
Children & Youth Services	3,686,288
Homeless Assistance Program	23,818
Human Service Development Fund	48,115
Medical Assistance Transportation Program	<u>1,014,314</u>
Total selected Pennsylvania Department of Human Services Assistance	<u><u>\$ 5,268,555</u></u>

*See notes to schedules of expenditures of federal awards and
selected Commonwealth of Pennsylvania
Department of Human Services Assistance*

County of Clinton, Pennsylvania

Notes to Schedules of Expenditures of Federal Awards and
Selected Commonwealth of Pennsylvania Department of Human Services Assistance
December 31, 2017

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and selected Commonwealth of Pennsylvania, Department of Human Services assistance (collectively, the "Schedules") include the federal grant activity of the County of Clinton, Pennsylvania (the "County") under programs of the federal government and selected Commonwealth of Pennsylvania, Department of Human Services expenditures under programs of the Department of Human Service for the year ended December 31, 2017. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements of the Commonwealth of Pennsylvania, Department of Human Services ("DHS") *Single Audit Supplement*. Because the schedules present only a selected portion of the operations of the County, they are not intended to and do not present the financial position, changes in net position/fund balance or cash flows of the County.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance; instead, the County prepares an annual cost allocation plan that is utilized to allocate costs to its various federal and state programs.

**Independent Auditors' 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 Clinton, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Clinton, Pennsylvania (the "County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 25, 2018. Our report includes a reference to other auditors who audited the financial statements of the Susque-View Home, Inc., the County's discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Susque-View Home, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 the attention of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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's Response to Finding

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

Purpose of this Report

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.

Baker Tilly Virchow Krause, LLP

Williamsport, Pennsylvania
September 25, 2018

**Independent Auditors' Report on Compliance
for Each Major Federal Program and on
Internal Control Over Compliance in Accordance with
the Uniform Guidance and the Commonwealth of Pennsylvania,
Department of Human Services *Single Audit Supplement***

Board of Commissioners
County of Clinton, Pennsylvania

Report on Compliance for Each Major Federal and DHS Program

We have audited the County of Clinton, Pennsylvania's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Commonwealth of Pennsylvania, Department of Human Services ("DHS") *Single Audit Supplement* that could have a direct and material effect on each of the County's major federal and DHS programs for the year ended December 31, 2017. The County's major federal and DHS programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal and DHS Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and DHS programs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on each major federal and state DHS program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and DHS program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and DHS program and to test and report on internal control over compliance in accordance the Uniform Guidance and the DHS *Single Audit Supplement*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Baker Tilly Virchow Krause, LLP

Williamsport, Pennsylvania
September 25, 2018

County of Clinton, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal and DHS Awards

Internal control over major federal or DHS programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major federal and DHS programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228 93.778	Community Development Block Grant Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

County of Clinton, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section II - Financial Statement Findings

Finding/Noncompliance

2017-001 Internal Control over Financial Reporting - Controls over Cash Transactions - Significant Deficiency

Criteria: Internal control is a process that should capture and properly record transactions, safeguards assets, and assure compliance with laws and regulations.

Condition/Context: As part of our audit procedures designed to gain an understanding of the County's internal control system, we noted that, with regard to cash transactions, the following aspects of the existing system represent weaknesses in the County's internal control over financial reporting:

- Custody of checks after signature and before mailing should be handled by an employee independent of all payable, disbursing, receiving and general ledger functions;
- Reconciliation procedures for bank and other significant accounts, primarily related to County Row Offices, should be reviewed and approved (by initialing and dating the reconciliation) by an individual independent of all payable, disbursing, receiving, and general ledger functions; and,
- County Row Officers maintain numerous "agency fund" cash accounts, through which a significant volume of activity passes each year. Reconciliations for these cash accounts are not reviewed and approved by an appropriate individual, independent of all related cash receipt/disbursement functions.

Effect: Considering that transactions involving cash represent the predominant amount of activity within the County's general ledger, County management cannot be assured that misstatements are not occurring within the daily transactions and relied upon by management in its decision making processes.

Cause: There is currently no formal documentation or requirement that certain "best practices" be followed to adequately secure transactions to prevent or detect misstatements due to error or fraud.

Recommendation: We recommend that County management consider implementing steps to require appropriate review and approval of transactions and reconciliations to ensure the information used in making decisions is initiated, authorized, recorded, and processed reliably.

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

County of Clinton, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section III - Federal Awards Findings and Questioned Costs

2017-002 **U.S. Department of Housing and Urban Development, Passed through the Pennsylvania Department of Community and Economic Development, CFDA No. 14.228, Community Development Block Grant, and CFDA No. 93.778, Medical Assistance Program**

Repeat Finding: This finding is a repeat of finding 2016-003.

Criteria: The Uniform Guidance requires written policies and/or procedures in the areas of allowability of cost, cash management, procurement, subrecipient monitoring and conflict of interest.

Condition/Context: We noted during our audit of the County's Community Development Block Grant and Medical Assistance programs that the County had not implemented written policies and/or procedures in the areas of allowability of costs, cash management, procurement, or subrecipient monitoring.

Effect: County personnel involved with the administration of federal award programs have not had the benefit of current written procedures to assist them with compliance.

Cause: These written requirements became effective for federal grants dated on or after December 26, 2014; during 2017, the County began to develop these written procedures/policies, but had not implemented these as of year-end.

Questioned Costs: There were no questioned costs associated with this finding.

Recommendation: We recommend that the County draft and adopt all of the written policies and/or procedures required by the Uniform Guidance, as applicable to its federal programs.

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

County of Clinton, Pennsylvania

Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2017

2016-001 **Internal Control over Financial Reporting -
Accounts Payable Sub-ledger Reconciliation to General Ledger –
Significant Deficiency**

Condition: The County has not implemented a process whereby its accounts payable sub-ledger is reconciled to its general ledger accounts payable balance on a periodic basis. As a result, certain unreconciled differences existed between the general ledger and the accounts payable sub-ledgers at December 31, 2016.

Recommendation: We recommend that the County implement a formal process requiring that a detailed (invoice level) listing of the open accounts payable invoices be periodically reconciled to the County's accounts payable general ledger account.

Resolution: The County has been reconciling on a monthly basis the general ledger to the accounts payable sub-ledger. No such significant audit adjustments were necessary during 2017; this finding is not repeated as a finding in 2017.

County of Clinton, Pennsylvania

Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2017

2016-003 **U.S. Department of Housing and Urban Development, Passed through the Pennsylvania Department of Community and Economic Development, CFDA No. 14.228, Community Development Block Grant, CFDA No. 14.231, Emergency Solutions Grant, and CFDA No. 97.778, Medical Assistance Program**

Condition: The County had not implemented written policies and/or procedures in the areas of allowability of costs, cash management, procurement and subrecipient monitoring in compliance with Uniform Grant Guidance.

Recommendation: We recommend that the County draft and adopt all of the written policies required by the Uniform Guidance, as applicable to its federal programs.

Resolution: This condition continued to exist during 2017 and is repeated as finding 2017-002.

Independent Accountants' Report on Applying Agreed-Upon Procedures

Board of Commissioners
County of Clinton, Pennsylvania
And Commonwealth of PA Department of Human Services

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services ("DHS") and management of the County of Clinton, Pennsylvania (the "County"), solely to assist you with respect to the financial schedules and exhibits required by the DHS *Single Audit Supplement* as of and for the year ended December 31, 2017. The County's management is responsible for the financial schedules and exhibits required by the DHS *Single Audit Supplement*. The sufficiency of these procedures is solely the responsibility of DHS and the County. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We have agreed by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for the fiscal year ended June 30, 2017 and December 31, 2017, have been accurately compiled and reflect the audited books and records of the County. We also agreed by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS *Single Audit Supplement* pertaining to this period.

Program Name	Page Number	Exhibit Number	Schedule/Exhibit
Title IV-D Child Support Program	87	A-1	Comparison of Single Audit Expenditures with the Reported Expenditures
Title IV-D Child Support Program	88	A-1 (c)	Comparison of Reported Incentives to Incentives on Deposit
Title IV-D Child Support Program	89	A-1 (d)	Comparison of Single Audit Title IV-D Account with Reported Title IV-D Account
Combined Homeless Assistance Program	90		Report of Income and Expenses
Medical Assistance Transportation Program	91		Schedule of Revenues and Expenses

- b. We inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on reports submitted to DHS for the period reported upon.

We inquired of the Chief Clerk and respective program director(s) regarding any adjustments to reported revenues and expenditures for all reports. We also inquired of the Domestic Relations Director regarding the Title IV-D Child Support Enforcement Comparison of Single Audit Expenditures with Reported Expenditures.

- c. With regard to the Reconciliation Supplemental Financial Schedule (Exhibit XX on Page 92) (the "Reconciliation Schedule"), we have performed the following procedures:
 - a. We have agreed by comparison of amounts and classifications the expenditure amounts listed on the Reconciliation Schedule under the "Federal Expenditures per the SEFA" (Column C), which summarizes DHS federal expenditure amounts as of December 31, 2017, have been accurately compiled and reflect the audited books, records and SEFA of the County.
 - b. We have agreed by comparison of amounts and classifications the program receipt amounts listed on the Reconciliation Schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" (Column D), which summarizes DHS federal receipt amounts as of December 31, 2017, have been accurately compiled and reflect the audited books, records and SEFA of the County.
 - c. We have recalculated the dollar amount and percentage differences between the Federal Expenditures per the SEFA (Column C) and the Federal Awards Received per the Audit Confirmation reply from Pennsylvania (Column D) on the Reconciliation Schedule.
 - d. We have agreed by comparison to the audited books and records that the dollar amount differences (column E) between the expenditures (column C) and receipts (column D) on the Reconciliation Schedule accurately reflect the audited books and records of the County.
 - e. We have agreed by comparison to the audited books and records that the explanation of differences (column G) between the expenditures (column C) and receipts (column D) on the Reconciliation Schedule accurately reflect the audited books and records of the County.
- d. The procedures detailed in paragraphs (a), (b) and (c) above disclosed no adjustments or findings for the period reported upon.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial schedules and exhibits required by the DHS *Single Audit Supplement*. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commonwealth of Pennsylvania, Department of Human Services and the management of the County of Clinton, Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties

Baker Tilly Virchow Krause, LLP

Williamsport, Pennsylvania
September 25, 2018

County of Clinton, Pennsylvania

Title IV-D Child Support Program
 Comparison of Single Audit Expenditures with the Reported Expenditures
 Quarters in the Year Ended December 31, 2017
 Exhibit A-1

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
	Total	Unallowable	Incentive Paid Costs	Net	Amount Paid	Total	Unallowable	Incentive Paid Costs	Net	Amount Paid	Total	Unallowable	Incentive Paid Costs	Net	Amount Paid
Quarter Ended March 31, 2017															
Salary/overhead (excluding blood tests)	\$ 155,428	\$ 5,233	\$ -	\$ 150,195	\$ 99,129	\$ 155,428	\$ 5,233	\$ -	\$ 150,195	\$ 99,129	\$ -	\$ -	\$ -	\$ -	\$ -
Fees/costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/program income	1,659	56	-	1,603	1,058	1,659	56	-	1,603	1,058	-	-	-	-	-
Genetic testing fees	229	-	-	229	151	229	-	-	229	151	-	-	-	-	-
Subtotal	153,540	5,177	-	148,363	97,920	153,540	5,177	-	148,363	97,920	-	-	-	-	-
Genetic testing costs	57	-	-	57	38	57	-	-	57	38	-	-	-	-	-
ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 153,597	\$ 5,177	\$ -	\$ 148,420	\$ 97,958	\$ 153,597	\$ 5,177	\$ -	\$ 148,420	\$ 97,958	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ended June 30, 2017															
Salary/overhead (excluding blood tests)	\$ 176,527	\$ 6,048	\$ 2,450	\$ 168,029	\$ 110,899	\$ 176,527	\$ 6,048	\$ 2,450	\$ 168,029	\$ 110,899	\$ -	\$ -	\$ -	\$ -	\$ -
Fees/costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/program income	1,547	53	-	1,494	986	1,547	53	-	1,494	986	-	-	-	-	-
Genetic testing fees	57	-	-	57	38	57	-	-	57	38	-	-	-	-	-
Subtotal	174,923	5,995	2,450	166,478	109,875	174,923	5,995	2,450	166,478	109,875	-	-	-	-	-
Genetic testing costs	76	-	-	76	50	76	-	-	76	50	-	-	-	-	-
ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 174,999	\$ 5,995	\$ 2,450	\$ 166,554	\$ 109,925	\$ 174,999	\$ 5,995	\$ 2,450	\$ 166,554	\$ 109,925	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ended September 30, 2017															
Salary/overhead (excluding blood tests)	\$ 151,955	\$ 5,547	\$ -	\$ 146,408	\$ 96,629	\$ 151,955	\$ 5,547	\$ -	\$ 146,408	\$ 96,629	\$ -	\$ -	\$ -	\$ -	\$ -
Fees/costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/program income	18,160	692	-	17,468	11,529	18,160	692	-	17,468	11,529	-	-	-	-	-
Genetic testing fees	199	-	-	199	131	199	-	-	199	131	-	-	-	-	-
Subtotal	133,596	4,855	-	128,741	84,969	133,596	4,855	-	128,741	84,969	-	-	-	-	-
Genetic testing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 133,596	\$ 4,855	\$ -	\$ 128,741	\$ 84,969	\$ 133,596	\$ 4,855	\$ -	\$ 128,741	\$ 84,969	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ended December 31, 2017															
Salary/overhead (excluding blood tests)	\$ 174,705	\$ 6,210	\$ -	\$ 168,495	\$ 111,207	\$ 174,705	\$ 6,210	\$ -	\$ 168,495	\$ 111,207	\$ -	\$ -	\$ -	\$ -	\$ -
Fees/costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/program income	1,018	36	-	982	648	1,018	36	-	982	648	-	-	-	-	-
Genetic testing fees	65	-	-	65	43	65	-	-	65	43	-	-	-	-	-
Subtotal	173,622	6,174	-	167,448	110,516	173,622	6,174	-	167,448	110,516	-	-	-	-	-
Genetic testing costs	342	-	-	342	226	342	-	-	342	226	-	-	-	-	-
ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 173,964	\$ 6,174	\$ -	\$ 167,790	\$ 110,742	\$ 173,964	\$ 6,174	\$ -	\$ 167,790	\$ 110,742	\$ -	\$ -	\$ -	\$ -	\$ -

County of Clinton, Pennsylvania

Title IV-D Child Support Program

**CHILD SUPPORT ENFORCEMENT
COMPARISON OF REPORTED INCENTIVES TO INCENTIVES ON DEPOSIT**

EXHIBIT A-1 (c)

County Clinton, Pennsylvania

Year Ended December 31, 2017

Month	MSE Incentive Paid Cost Worksheet Ending Incentive Balance	Audited Title IV-D Account Incentive Balance	Type of Account Structure
January 1	\$ 1,077,358	\$ 1,077,358	
March 31	\$ 1,091,149	\$ 1,091,149	() Separate Bank Account
June 30	\$ 1,116,952	\$ 1,116,952	() Restricted Fund - General Ledger
September 30	\$ 1,137,581	\$ 1,137,581	(x) Other: same bank account separate totals
December 31	\$ 1,152,879	\$ 1,152,879	

Note: Do not include income received from interest or Medical Incentives.

**CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT TITLE IV-D ACCOUNT WITH REPORTED TITLE IV-D ACCOUNT**

County Clinton, Pennsylvania Year Ended December 31, 2017

	Single Audit TITLE IV-D Account	Reported TITLE IV-D Account	Single Audit Over/(Under) Reported
Balance at January 1	\$ 1,366,863	\$ 1,366,863	\$ -
Receipts:			
Reimbursements	376,300	376,300	-
Incentives	77,971	77,971	-
Title XIX Incentives	6	6	-
Interest	3,215	3,215	-
Program Income			-
Genetic Testing Costs			-
Maintenance of Effort (MOE)			-
Other: <u>Health Insurance Reimbursement</u>	16,954	16,954	-
Total Receipts	\$ 474,446	\$ 474,446	\$ -
Intra-fund Transfers - In	77,977	77,977	-
Funds Available	\$ 1,919,286	\$ 1,919,286	\$ -
Disbursements:			
Incentive Paid Costs	2,450	2,450	-
Transfers to General Fund	409,540	409,540	-
Vendor Payments			-
Bank Charges			-
Other:			-
Total Disbursements	\$ 411,990	\$ 411,990	\$ -
Intra-fund Transfers - Out	77,977	77,977	-
Balance at December 31	\$ 1,429,319	\$ 1,429,319	\$ -

The Title IV-D account consists of one checking account and one savings account.

County of Clinton, Pennsylvania

Commonwealth of Pennsylvania
 DHS - Bureau of Financial Operations
 County Report of Income and Expenditures
 Fiscal Year 2016 - 2017
 Clinton County Homeless Assistance Services

	<u>Administration</u>	<u>Bridge Housing</u>	<u>Case Management</u>	<u>Rental Assistance</u>	<u>Emergency Shelter</u>	<u>Revision No. Other Housing Supports</u>	<u>Total</u>
I. Total Allocation							<u>\$ 23,818</u>
II. Total Expenditures							
A. Personnel	-	-	-	-	-	-	-
B. Operating	2,381	-	-	-	-	-	2,381
C. Purchased services	-	-	1,500	550	19,387	-	21,437
D. Reserved	-	-	-	-	-	-	-
Subtotal of total expenditures	<u>2,381</u>	<u>-</u>	<u>1,500</u>	<u>550</u>	<u>19,387</u>	<u>-</u>	<u>23,818</u>
III. Revenues							
A. Client fees	-	-	-	-	-	-	-
B. Other	-	-	-	-	-	-	-
Subtotal revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
IV. DHS Reimbursement							
A. State HAP Funding	2,381	-	1,500	550	19,387	-	23,818
B. SSBG	-	-	-	-	-	-	-
C. SABG	-	-	-	-	-	-	-
Subtotal DHS reimbursement	<u>2,381</u>	<u>-</u>	<u>1,500</u>	<u>550</u>	<u>19,387</u>	<u>-</u>	<u>23,818</u>
V. Unspent Allocation							<u>\$ -</u>

County of Clinton, Pennsylvania

Lycoming-Clinton Counties Commission for Community Actions (Step), Inc.
Medical Assistance Transportation Program
Schedule of Revenues and Expenditures
For the Program Period Ended June 30, 2017

	<u>Reported</u>	<u>Actual</u>
Service Data		
Expenditures		
Group I clients	\$ 851,021	\$ 851,021
Group II clients	-	-
	<u> </u>	<u> </u>
Total expenditures	<u>\$ 851,021</u>	<u>\$ 851,021</u>
Allocation Data		
Revenues		
Pennsylvania Department of Human Services		
Current year receipts	851,021	851,021
Interest income	-	-
	<u> </u>	<u> </u>
Total revenues	851,021	851,021
Funds Expended		
Operating costs	685,702	685,702
Administrative costs	165,319	165,319
	<u> </u>	<u> </u>
Excess revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>
Indirect Cost Rate	N/A %	

County of Clinton, Pennsylvania

Reconciliation Supplemental Financial Schedule
Year Ended December 31, 2017

**Reconciliation
Federal Awards Passed through the Pennsylvania Department of Human Services
Expenditures per the SEFA to Revenue Received per the Pennsylvania Audit Confirmation Reply**

CFDA Name (a)	CFDA Number (b)	Federal Expenditures per the SEFA (c)	Federal Awards Received per the Audit Confirmation Reply from Pennsylvania (d)	Difference (e)	% Difference (f)	Detailed Explanation of the Differences (g)
Guardianship Assistance	93.090	\$ 52,681	\$ 52,826	\$ (145)	-0.27%	Immaterial difference
Promoting Safe and Stable Families	93.556	4,000	2,000	2,000	100.00%	\$2,000 receivable at December 31, 2017
Temporary Assistance for Needy Families	93.558	69,558	76,582	(7,024)	-9.17%	Change in accounts receivable \$7,024
						Change in accounts receivable \$(27,293) also \$32,026 was receipted in 2018 by County but included in the Commonwealth's 2017 confirmation
Child Support Enforcement - Title IV-D	93.563	403,593	408,326	(4,733)	-1.16%	
Stephanie Tubbs Jones Child Welfare Services Program - Title IV-B	93.645	71,065	71,065	-	0.00%	Matches
						Change in accounts receivable \$(131,414) also \$73,452 was receipted in 2018 by County but included in the Commonwealth's 2017 confirmation
Foster Care - Title IV-E	93.658	364,334	306,372	57,962	18.92%	
						Change in accounts receivable \$(53,315) also \$52,545 was receipted in 2018 by County but included in the Commonwealth's 2017 confirmation remaining immaterial difference of \$388
Foster Care - Title IV-E Adoption Assistance	93.659	211,987	211,605	382	0.18%	
Social Services Block Grant	93.667	20,540	20,539	1	0.00%	Rounding
Chafee Foster Care Independence Program	93.674	19,559	20,690	(1,131)	-5.47%	Difference between payment on State confirmation and what the County received and recorded
Medicaid - Title XIX	93.778	507,157	660,742	(153,585)	-23.24%	Change in accounts receivable \$(153,585)
		<u>\$ 1,724,474</u>	<u>\$ 1,830,747</u>	<u>\$ (106,273)</u>	<u>-5.80%</u>	