

# **County of Greene, Pennsylvania**

## **Financial Statements and Required Supplementary Information and Supplementary Information**

**Year Ended December 31, 2016  
with Independent Auditor's Report**

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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# **COUNTY OF GREENE, PENNSYLVANIA**

YEAR ENDED DECEMBER 31, 2016

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# COUNTY OF GREENE, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2016

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## Independent Auditor's Report

Board of County Commissioners  
County Controller  
County of Greene, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Greene, Pennsylvania (County), as of and for the year ended December 31, 2016, 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund 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's discussion and analysis and pension information on pages i through xvii and 39 through 41, respectively, 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.

### *Other 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 combining and individual other governmental funds and agency funds financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual other governmental funds and agency funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Maher Duessel***

Pittsburgh, Pennsylvania  
June 27, 2017

# COUNTY OF GREENE, PENNSYLVANIA

## STATEMENT OF NET POSITION

DECEMBER 31, 2016

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 16,015,699
Investments	1,573,798
Receivables:	
Taxes receivable, net of allowance	1,424,794
Due from other governments	2,316,013
Accounts receivable	469,153
Other assets	38,958
Capital assets not being depreciated	10,557,714
Capital assets, net of accumulated depreciation	37,910,752
<b>Total Assets</b>	<b>70,306,881</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources for pension	1,627,568
<b>Liabilities</b>	
Accounts payable	2,366,755
Accrued liabilities and withholdings	686,543
Accrued interest payable	46,758
Unearned revenue	5,876,270
Accrued compensated absences	429,060
Bonds and lease payable:	
Amount due within one year	816,127
Amount due in more than one year	8,833,553
Net pension liability	152,634
<b>Total Liabilities</b>	<b>19,207,700</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources for pension	9,671
<b>Net Position</b>	
Net investment in capital assets	38,818,786
Restricted for:	
Debt service	1,166,241
Other purposes	2,994,186
Unrestricted	9,737,865
<b>Total Net Position</b>	<b>\$ 52,717,078</b>

See accompanying notes to financial statements.

# COUNTY OF GREENE, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 11,781,824	\$ 4,130,015	\$ 2,092,145	\$ -	\$ (5,559,664)
Public safety	5,100,358	252,703	932,303	-	(3,915,352)
Public works	788,548	95,673	1,474,144	-	781,269
Human services	9,513,311	162,164	8,335,469	-	(1,015,678)
Culture and recreation	2,747,209	662,139	355,362	-	(1,729,708)
Conservation and economic development	3,220,301	162,104	982,795	335,485	(1,739,917)
Unallocated depreciation	150,325	-	-	-	(150,325)
Interest and amortization	215,413	-	-	-	(215,413)
Total governmental activities	<u>\$ 33,517,289</u>	<u>\$ 5,464,798</u>	<u>\$ 14,172,218</u>	<u>\$ 335,485</u>	<u>(13,544,788)</u>
General revenues:					
Property taxes, levied for general purposes					11,467,031
Property taxes, levied for debt service					1,098,420
Property taxes, levied for library expenditures					111,300
Interest					65,305
Rental income					379,141
Gain (loss) on sale of assets					(190,830)
Reimbursement of prior period expenditures					437,641
Total general revenues					<u>13,368,008</u>
<b>Change in Net Position</b>					<u>(176,780)</u>
<b>Net Position:</b>					
Beginning of year					<u>52,893,858</u>
End of year					<u>\$ 52,717,078</u>

See accompanying notes to financial statements.

# COUNTY OF GREENE, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	General Fund	Behavioral Health	Children and Youth	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 4,726,381	\$ 689,056	\$ 147,337	\$ 3,328,699	\$ 7,124,226	\$ 16,015,699
Investments	-	-	-	1,306,615	267,183	1,573,798
Due from other funds	2,778,559	1,319,294	402,574	-	867,252	5,367,679
Due from other governments	103,666	66,610	1,175,789	-	969,948	2,316,013
Taxes receivable	1,388,654	-	-	-	36,140	1,424,794
Accounts receivable	284,855	2,400	2,315	-	74,379	363,949
Other assets	-	-	26,745	-	12,213	38,958
<b>Total Assets</b>	<b>\$ 9,282,115</b>	<b>\$ 2,077,360</b>	<b>\$ 1,754,760</b>	<b>\$ 4,635,314</b>	<b>\$ 9,351,341</b>	<b>\$ 27,100,890</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 707,778	\$ 226,772	\$ 381,707	\$ -	\$ 980,524	\$ 2,296,781
Accrued liabilities and withholdings	686,543	-	-	-	-	686,543
Due to other funds	817,972	971,782	1,314,930	487,775	1,739,990	5,332,449
Unearned revenue	2,743,837	878,806	58,123	-	2,195,504	5,876,270
<b>Total Liabilities</b>	<b>4,956,130</b>	<b>2,077,360</b>	<b>1,754,760</b>	<b>487,775</b>	<b>4,916,018</b>	<b>14,192,043</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenues - property taxes	1,204,276	-	-	-	-	1,204,276
<b>Fund Balance:</b>						
Non-spendable	-	-	-	-	-	-
Restricted	2,026	-	-	-	4,158,401	4,160,427
Committed	2,806	-	-	-	276,922	279,728
Assigned	-	-	-	4,147,539	-	4,147,539
Unassigned	3,116,877	-	-	-	-	3,116,877
<b>Total Fund Balance</b>	<b>3,121,709</b>	<b>-</b>	<b>-</b>	<b>4,147,539</b>	<b>4,435,323</b>	<b>11,704,571</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 9,282,115</b>	<b>\$ 2,077,360</b>	<b>\$ 1,754,760</b>	<b>\$ 4,635,314</b>	<b>\$ 9,351,341</b>	<b>\$ 27,100,890</b>

See accompanying notes to financial statements.



# COUNTY OF GREENE, PENNSYLVANIA

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

YEAR ENDED DECEMBER 31, 2016

Total Fund Balance - Governmental Funds		\$ 11,704,571
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, including infrastructure and construction in progress used in governmental activities, are not current financial resources and, therefore, are not reported as assets in the governmental funds.		48,468,466
Property taxes receivable will be collected next year but are not considered available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the funds.		1,204,276
The actuarially accrued net pension liability, deferred outflows of resources, and deferred inflows of resources for pension are not recorded on the fund financial statements.		1,465,263
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
	Compensated absences	\$ (429,060)
	GO bonds/leases	(9,649,680)
	Accrued interest on bonds	<u>(46,758)</u>
		<u>(10,125,498)</u>
Total Net Position - Governmental Activities		<u>\$ 52,717,078</u>

See accompanying notes to financial statements.

# COUNTY OF GREENE, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2016

	General Fund	Behavioral Health	Children and Youth	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 11,790,265	\$ -	\$ -	\$ -	\$ 1,415,923	\$ 13,206,188
Licenses and permits	44,865	-	-	-	-	44,865
Fines and forfeits	182,383	-	-	-	-	182,383
Intergovernmental	1,106,281	2,312,444	3,316,287	67,952	7,646,329	14,449,293
Charges for services	4,215,975	-	84,912	-	767,466	5,068,353
Interest	22,081	2,442	1,545	14,465	24,771	65,304
Rental income	351,953	-	-	-	27,187	379,140
Donations	65,889	9,104	945	-	35,573	111,511
Total revenues	17,779,692	2,323,990	3,403,689	82,417	9,917,249	33,507,037
<b>Expenditures:</b>						
General government - administration	5,661,971	-	-	255,438	12,298	5,929,707
General government - judicial	4,422,269	-	-	79,080	703,075	5,204,424
Public safety:						
Police	-	-	-	5,988	-	5,988
Corrections	3,636,170	-	-	31,382	-	3,667,552
EMA/911	316,407	-	-	32,042	909,385	1,257,834
Public works:						
Highways and bridges	-	-	-	621,848	1,849,267	2,471,115
Sanitation/solid waste	-	-	-	52,500	-	52,500
Airport	75,324	-	-	955,547	-	1,030,871
Human services:						
Child/youth services	-	-	4,234,654	-	-	4,234,654
Drug and alcohol	-	-	-	-	505,995	505,995
Mental health/intellectual disability	-	2,378,433	-	-	-	2,378,433
Other human services	-	-	-	-	997,993	997,993
Transportation	-	-	-	24,110	1,341,414	1,365,524
Culture and recreation:						
Parks and recreation	1,763,023	-	-	445,565	351,721	2,560,309
Libraries	-	-	-	-	265,432	265,432
Other	-	-	-	42,391	-	42,391
Conservation and economic development:						
Conservation/development	122,986	-	-	-	695,034	818,020
Housing/community development	77,396	-	-	12,500	1,175,867	1,265,763
Economic development	874,925	-	-	25,000	-	899,925
Tourist promotion	19,454	-	-	-	193,305	212,759
Debt service:						
Debt interest	-	-	-	-	238,210	238,210
Debt principal	82,969	-	-	-	6,245,000	6,327,969
Bond issuance costs	-	-	-	-	103,659	103,659
Total expenditures	17,052,894	2,378,433	4,234,654	2,583,391	15,587,655	41,837,027
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	726,798	(54,443)	(830,965)	(2,500,974)	(5,670,406)	(8,329,990)
<b>Other Financing Sources (Uses):</b>						
Transfers in	490,639	144,443	949,915	1,272,344	289,016	3,146,357
Proceeds of refunding bonds	-	-	-	-	5,780,000	5,780,000
Payment to refunding bond escrow agent	-	-	-	-	-	-
Discount on refunding bonds	-	-	-	-	(38,488)	(38,488)
Other sources from sale of assets/ prior period reimbursement	409,981	-	-	-	27,660	437,641
Transfers out	(2,655,719)	(90,000)	(118,950)	-	(281,688)	(3,146,357)
Total other financing sources (uses)	(1,755,099)	54,443	830,965	1,272,344	5,776,500	6,179,153
<b>Net Change in Fund Balance</b>	(1,028,301)	-	-	(1,228,630)	106,094	(2,150,837)
<b>Fund Balance:</b>						
Beginning of year	4,150,010	-	-	5,376,169	4,329,229	13,855,408
End of year	\$ 3,121,709	\$ -	\$ -	\$ 4,147,539	\$ 4,435,323	\$ 11,704,571

See accompanying notes to financial statements.

# COUNTY OF GREENE, PENNSYLVANIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

### Net Change in Fund Balance - Governmental Funds

\$ (2,150,837)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 4,763,107	
Less: Depreciation expense	<u>(1,558,891)</u>	3,204,216

The governmental funds record revenue when it is available and measurable, whereas these revenues are recorded when earned in the statement of activities. This is the difference in revenue recognition between the two methods.

(359,647)

The issuance of long-term obligations (e.g., bonds, loans, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

181,887

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. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

(90,146)

Governmental funds recognize interest on long-term obligations as an expenditure 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 change in interest accrued in the statement of activities over the amount due is shown here.

22,797

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position and offset against proceeds from the sale of capital assets resulting in a gain (loss) from the sale of capital assets on the statement of activities. Thus, less revenue is reported in the governmental funds than in the statement of activities.

Proceeds from the sale of capital assets	-	
Gain (loss) on the sale of capital assets	<u>(190,830)</u>	(190,830)

In the statement of activities, certain operating expenses-accumulated employee benefits (pensions, service and buy-back of unused sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

(794,220)

### Change in Net Position of Governmental Activities

\$ (176,780)

See accompanying notes to financial statements.

# COUNTY OF GREENE, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues:</b>				
Taxes	\$ 12,138,424	\$ 12,138,424	\$ 11,790,265	\$ (348,159)
Licenses and permits	29,700	29,700	44,865	15,165
Fines and forfeits	185,000	185,000	182,383	(2,617)
Intergovernmental	620,045	1,060,045	1,106,281	46,236
Charges for services	5,419,577	6,979,915	4,215,975	(2,763,940)
Interest	3,000	3,000	22,081	19,081
Rental income	328,326	328,326	351,953	23,627
Donations	62,300	62,300	65,889	3,589
Total revenues	18,786,372	20,786,710	17,779,692	(3,007,018)
<b>Expenditures:</b>				
General government - administration	7,051,652	5,766,581	5,661,971	104,610
General government - judicial	3,402,060	4,084,582	4,422,269	(337,687)
Public safety:				
Corrections	2,807,690	3,421,794	3,636,170	(214,376)
EMA/911	240,415	273,706	316,407	(42,701)
Public works:				
Airport	56,410	56,410	75,324	(18,914)
Culture and recreation:				
Parks and recreation	1,411,008	1,590,036	1,763,023	(172,987)
Conservation and economic development:				
Conservation/development	101,794	119,333	122,986	(3,653)
Housing/community development	155,072	155,309	77,396	77,913
Economic development	712,440	860,328	874,925	(14,597)
Tourism	18,801	25,389	19,454	5,935
Debt service:				
Debt principal	-	-	82,969	(82,969)
Total expenditures	15,957,342	16,353,468	17,052,894	(699,426)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,829,030</b>	<b>4,433,242</b>	<b>726,798</b>	<b>(3,706,444)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	437,683	537,346	490,639	(46,707)
Other sources from sale of assets/prior period reimbursement	215,983	340,610	409,981	69,371
Transfers out	(3,790,862)	(5,200,638)	(2,655,719)	2,544,919
Total other financing sources (uses)	(3,137,196)	(4,322,682)	(1,755,099)	2,567,583
<b>Net Change in Fund Balance</b>	<b>\$ (308,166)</b>	<b>\$ 110,560</b>	<b>\$ (1,028,301)</b>	<b>\$ (1,138,861)</b>

See accompanying notes to financial statements.

# COUNTY OF GREENE, PENNSYLVANIA

## STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2016

	Employees Pension Plan	Tax Claim Bureau	Escrow Accounts
<b>Assets</b>			
Cash and cash equivalents	\$ 34,001	\$ 173,762	\$ 2,832,001
Investments	23,727,629	-	-
Due from other funds	64,542	-	5,432
Accounts receivable	90,782	-	-
<b>Total Assets</b>	<b>23,916,954</b>	<b>173,762</b>	<b>2,837,433</b>
<b>Liabilities</b>			
Due to other governments	-	173,762	2,732,229
Due to other funds	-	-	105,204
<b>Total Liabilities</b>	<b>-</b>	<b>\$ 173,762</b>	<b>\$ 2,837,433</b>
<b>Net Position</b>			
<b>Restricted for Pension Benefits</b>	<b>\$ 23,916,954</b>		

See accompanying notes to financial statements.

# COUNTY OF GREENE, PENNSYLVANIA

## STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2016

### **Additions:**

#### Contributions:

Employer	\$ 385,000
Employee	840,823

Total contributions	1,225,823
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#### Investment earnings (loss):

Net increase (decrease) in fair value of investments	946,215
Interest and dividends	551,276

Net investment earnings (loss)	1,497,491
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Other income	2,698
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Total additions	2,726,012
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### **Deductions:**

Pension benefits	681,568
Refund of contributions	373,635
Administrative expenses	170,793

Total deductions	1,225,996
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<b>Change in Net Position</b>	1,500,016
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### **Net Position Restricted for Pension Benefits:**

Beginning of year	22,416,938
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End of year	\$ 23,916,954
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See accompanying notes to financial statements.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The County of Greene (County), located in western Pennsylvania, is a sixth class county established under the "Pennsylvania County Code," as amended.

The reporting entity for the County includes the accounts of all County operations, including administrative and judicial government, corrections, and health and welfare.

Management has evaluated all potential component units, and has determined the County has no discretely presented component units that will be included. Consistent with applicable guidance, the criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the County reviews the applicability of the following criteria:

1. Organizations that make up the legal County entity.
2. Legally separate organizations if the Commissioners appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
  - a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.
4. In management's judgment, exclusion of the component unit would render the financial statements misleading.

Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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as funds of the primary government. The following agencies were reviewed and were determined to be blended component units of the County and are included as other governmental funds:

- Greene County Fair Board
- Greene County Soil Conservation District
- Greene County Library System
- Greene County Tourism Promotion Agency
- Greene County Redevelopment Authority

The following agencies were reviewed and were determined not to be component units of the County; however, they are considered to be related organizations:

- Greene County Food Bank
- Greene County Memorial Hospital Authority
- Washington-Greene Community Action Corporation
- Washington-Greene Job Training Council
- Greene County Housing Authority
- Greene County Industrial Development Authority

Upon review, it was determined that these agencies are either not fiscally dependent on the County, the County does not appoint the majority of the governing board, or are joint ventures in which the County has no equity interest.

### **B. Basis of Presentation**

The financial statements of the County are prepared in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units.

#### *Government-wide and Fund Financial Statements*

The basic financial statements included both government-wide (based on the County as a whole) and fund financial statements.

Both the government-wide and the fund financial statements (within the basic financial statements) categorized primary activities as governmental. In the government-wide statement of net position, governmental activities are presented on a consolidated basis, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt obligations. Inter-fund activity has been eliminated from these statements. The County generally uses restricted resources before unrestricted resources when an expense is incurred for a purpose that both restricted and unrestricted net position is available.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, etc.) that are being supported by general government revenues

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# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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(property tax, interest, and other general revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function. Program revenues include 1) charges for service (including fines) to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes or other items not properly included among program revenues are reported as general revenues. The County allocates indirect expenses. The capital grants column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of major funds and non-major funds are aggregated. The operation of each fund is considered to be an independent and separate accounting entity with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The fund statements are presented on a current financial resources and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The County's fiduciary funds are presented in the fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, litigants, pensions participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The following is a brief description of the major fund types presented in this report:

The *General Fund* is the principal operating fund of the County. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Behavioral Health Fund* accounts for expenditures and reimbursement of Commonwealth of Pennsylvania Medical Assistance revenue related to the provision of a mandatory Behavioral Health Managed Care Program. The Fund includes expenditures and reimbursement of revenue related to providing treatment services to individuals who suffer from mental disabilities or with drug and alcohol issues.

The *Children and Youth Fund* is used to account for the proceeds of revenue received from various federal, state, and County sources. This fund is restricted for the provision of specified social services to eligible recipients.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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The *Capital Projects Fund* is used to account for financial resources for the acquisition or construction of major capital facilities.

The County also reports the following other governmental funds:

### Special Revenue Funds

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes.

### Debt Service Fund

The *Debt Service Fund* accounts for the servicing of general long-term debt.

Additionally, the County reports the following fund types:

### Fiduciary Funds

Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. These include the Employees' Pension Plan, the Tax Claim Bureau, and Escrow Accounts.

The *Employees' Pension Plan* (Plan) is used to account for the pension plan for the County employees. The Plan is accounted for in essentially the same manner as a proprietary fund, since capital maintenance is critical.

The *Tax Claim Bureau* and *Escrow Accounts* are custodial in nature and do not involve measurement of results of operations. The Escrow Accounts are used to account for cash collected by elected row officers (Register of Wills, Recorder of Deeds, Prothonotary, Sheriff, Clerk of Courts, and District Magistrates) and other County offices that are subsequently disbursed to the County General Fund, other governments, or individuals for whom it was collected.

## **C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Governmental Funds utilize the modified accrual basis of accounting. Under this method of accounting, revenues are recognized when received except for revenues subject to accrual, which are recorded when measurable and available to finance current period expenditures. Such revenue items

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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include real estate and other taxes (property and hotel taxes received within 60 days of year-end) and federal and state subsidies.

Unearned revenues arise when resources are received by the County before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the County has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.

Deferred inflows of resources reported on the governmental funds balance sheet arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for long-term debt and certain other long-term obligations, which are recognized when paid.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied to the extent collectible. Hotel/motel taxes passed through the County are reported net of the related expenditures to be consistent with budget reporting. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

### **D. Budgets and Budgetary Accounting**

#### Budgets and Budgetary Accounting

Annual budgets are required to be adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. The budgetary controls for all other governmental funds are maintained through enforcement of related grant provisions or debt indentures.

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

1. Starting in August and September, the Budget Director prepares a budget package that is sent to each department and row officer. The department or agency heads use this budget package to develop financial projections for their programs for the ensuing year, which are then submitted to the budget staff.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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2. The budget staff enters this information into budget spreadsheets. The Chief Clerk then reviews the information that is obtained, accumulates questions, and schedules a meeting to discuss the proposed budget with the department heads and row officers.
3. Once the budget staff is satisfied with the department's budget numbers, the budget is presented in preliminary form to the County Board of Commissioners (Commissioners). The County Commissioners can interview department or agency heads to discuss their budgets if deemed necessary.
4. Upon consolidation of the department and agency expenditure projections, the County Commissioners ascertain the most viable method of financing them.
5. Subsequently, the Budget Director assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned County Commissioners' review.
6. By early December, the final budget is presented to the County Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
7. After the 20-day inspection period, but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

Legally, management of the County may make budgetary transfers between departments as long as overall fund expenditures are not affected. Department heads may make budgetary transfers within their own department as long as overall department expenditures are not affected. However, as a matter of control, all such transfers are ratified by the County Commissioners. The County Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The County Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The County Commissioners must approve changes to overall appropriations at the fund level. Therefore, the legal level of budgetary responsibility is by fund.

During the year, there were two significant supplemental appropriations enacted, resulting in budget revisions of \$418,726. These appropriations were approved by the County's Commissioners. In addition, budget transfers did occur between accounts within funds. The statement of revenues, expenditures, and changes in fund balance - budget and actual, reflects the originally adopted budget and the originally adopted budget adjusted for budget transfers for the General Fund. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

Budgets are not implemented for the Capital Projects Fund. All transactions of the Capital Projects Fund are approved by the County Commissioners prior to commitment, thereby constructively achieving budgetary control.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Expenditures in Excess of Appropriations

The County exceeded certain budgetary appropriations in the General Fund. The excess was covered by fund balance.

### **E. Cash and Cash Equivalents**

The County considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

### **F. Investments**

Investments are stated at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The County categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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.

Income earned on the investments from the various funds was allocated back to the fund that made the investment.

### **G. Interfund Balances and Transfers**

Interfund receivables and payables are used to account for loans between funds and legal obligations for one fund to pay another. Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Transfers between funds represent administration fees and payments made for required matches on grants.

Fund	Due From	Due To
General	\$ 2,778,559	\$ 817,972
Behavioral Health	1,319,294	971,782
Children and Youth	402,574	1,314,930
Capital Projects	-	487,775
Other governmental funds	867,252	1,739,990
Fiduciary	69,974	105,204
	<u>\$ 5,437,653</u>	<u>\$ 5,437,653</u>

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Individual fund transfers at December 31, 2016 were as follows:

Fund	Transfer In	Transfers Out
General	\$ 490,639	\$ 2,655,719
Behavioral Health	144,443	90,000
Children and Youth	949,915	118,950
Capital Projects	1,272,344	-
Other governmental funds	289,016	281,688
	<u>\$ 3,146,357</u>	<u>\$ 3,146,357</u>

### H. Inventories

General Fund inventories of consumable materials and supplies are not valued or recorded on the balance sheet. The cost is expensed at the time the individual inventory items are purchased.

### I. Capital Assets

Capital outlays are recorded as expenditures in the fund financial statements and as assets in the government-wide financial statements to the extent the County's capitalization threshold of \$5,000 is met. The capital assets are depreciated over their estimated useful lives for the government-wide statements, using the straight-line method with mid-year convention and the following estimated useful lives:

Infrastructure	40 – 60 years
Building	40 years
Equipment	3 – 15 years
Vehicles	10 years

All capital assets and infrastructure are valued at historical cost or estimated historical cost if actual cost is not available.

Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

### J. Accrued Compensated Absences

The balance in this account represents the amount to be provided for accrued employee benefits. This is the amount that the County would pay for the buy-back of accrued sick leave and severance pay. The County policy for buying back sick days is that once a year employees may exchange any number of accrued sick days at a rate of \$50 per day for the number of days greater than 22. The

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

policy also provides that, at retirement, the County will buy back all accrued sick days at the rate of \$50 per day. Severance pay is a one-time payment of \$5,000 to a retiring employee who has 20 years of service at age 55 or has five years of service and is at least 62 years of age. Severance pay is accrued as employees approach service limits. The balances of accrued employee benefits are as follows:

Amount for potential sick day buy-backs non-retirement eligible	\$ 80,400
Amount for sick day buy-backs retirement eligible	80,200
Amount for severance pay	240,000
Amount for compensated absences for non-exempt and union	<u>28,460</u>
Total Compensated Absences Liability	<u>\$ 429,060</u>

### K. Deferred Inflows and Outflows of Resources Related to Pensions

In conjunction with pension accounting requirements, the net difference between projected and actual investment earnings, changes in assumptions and the difference between expected and actual experience are recorded as a deferred inflow or outflow of resources related to pensions on the government-wide financial statements. These amounts are determined based on the actuarial valuation performed for the County. The differences noted above are recognized over 5.7 for deferred outflows of resources related to the net difference between projected and actual investment earnings, 7.7 years for deferred inflows of resources related to the difference between expected and actual experience, and 5.5 years for deferred outflows of resources related to differences between projected and actual investment earnings. Note 7 presents additional information about the Pension Plan.

### L. Reporting Groups

The County groups expenditures in a manner which eases the readability of the financial statements. Traditionally, most governmental statements are grouped similarly to this format. We have provided detail for the three combined groups and all others are self-explanatory.

1. General Government - Administration – Includes the Commissioners Administration, Elections, Human Resources, Information Technology, Veterans Affairs, Weights & Measures, Buildings & Grounds, Maintenance, Central Purchasing, Commissioners Finance, Controller, Tax Assessment, Tax Claim Bureau, Treasurer's Office, and Planning Office.
2. General Government - Judicial – Includes the Courts, Clerk of Courts, Coroner, District Attorney, District Justices, Register & Recorder, Prothonotary, Jury Commissioners, Sheriff, Public Defender, and Domestic Relations.
3. Public Safety - Corrections – Includes the Jail, Adult Probation, Juvenile Probation, and Community Service.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### **M. Classification of Fund Balance**

Governmental Accounting Standards Board (GASB) Statement No. 54 establishes accounting and financial standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions as follow:

- Nonspendable -- This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact. The County currently does not have any nonspendable funds.
- Restricted -- This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. The County's restricted fund balances consist of external enabling legislation for the state, federal, or local government grants. This category includes funds that are legally restricted for debt service and by grant programs.
- Committed -- This classification consists of amounts used for specific purposes imposed by formal action of the County's highest level of decision-making authority (Chief Executive/County Board of Commissioners). The removal or modification of the use of committed funds can only be accomplished by formal action prior to fiscal year-end by the County's highest level of authority. This category includes amounts committed for the Fair Board.
- Assigned -- This classification consists of amounts constrained by the County's intent to be used for specific purposes that are neither restricted nor committed. The County's Board of Commissioners has delegated the Authority to assign fund balance to the Chief Executive. The present procedure is for the Chief Executive to assign amounts to be used for specific purposes before issuance of audited financial statements. This category includes funds that are assigned for future capital projects.
- Unassigned -- This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

The County's policy is to apply expenditures against any restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

### **N. Classification of Net Position**

The government-wide financial statements are required to report three components of net position:

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# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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- Net investment in capital assets -- This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted -- This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted -- This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

### **O. Adoption of Accounting Pronouncements**

The requirements of the following GASB Statements were adopted for the County's 2016 financial statements:

GASB Statement No. 72, *"Fair Value Measurement and Application."* This Statement addresses accounting and financial reporting issues related to fair value measurements. This pronouncement required additional disclosures related to investments, which have been incorporated into Note 2.

GASB Statement No. 76, *"Hierarchy of Generally Accepted Accounting Principles for State and Local Governments."* This Statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55.

GASB Statement No. 77, *"Tax Abatement Disclosures."* This Statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances. The County has no tax abatement agreements to report.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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GASB Statement No. 79, “*Certain External Investment Pools and Pool Participants.*” This Statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for the election to measure all of its investments at amortized cost for financial reporting purposes. This pronouncement required additional disclosures related to investments, which have been incorporated into Note 2.

### **P. Pending Pronouncements**

GASB has issued the following Statements, which will become effective in future years as shown below. Management has not yet determined the impact of these Statements on the County’s financial statements.

GASB Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,*” effective for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). This Statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement replaces Statement No. 43.

GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,*” effective for fiscal years beginning after June 15, 2017 (the County’s financial statements for the year ending December 31, 2018). This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of Statement No. 45.

GASB Statement No. 80, “*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,*” effective for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, “*Irrevocable Split-Interest Agreements,*” effective for fiscal years beginning after December 31, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, “*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73,*” effective for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, “*Financial Reporting for Pension Plans,*” No. 68, “*Accounting and Financial Reporting for Pensions,*” and No. 73, “*Accounting and*

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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*Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.”*

GASB Statement No. 83, “*Certain Asset Retirement Obligations*,” effective for fiscal years beginning after June 15, 2018 (the County’s financial statements for the year ending December 31, 2019). The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations.

GASB Statement No. 84, “*Fiduciary Activities*,” effective for fiscal years beginning after December 15, 2018 (the County’s financial statements for the year ending December 31, 2019). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, “*Omnibus 2017*,” effective for fiscal years beginning after June 15, 2017 (the County’s financial statements for the year ending December 31, 2018). The objective of this Statement is to address practice issues that have been identified during implementation of certain GASB Statements.

GASB Statement No. 86, “*Certain Debt Extinguishment Issues*,” effective for fiscal years beginning after June 15, 2017 (the County’s financial statements for the year ending December 31, 2018). The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt and improve accounting and financial reporting on prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

### Governmental Activities

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

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

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

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# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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accounts, and/or certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the County.

GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," requires disclosures related to the following deposits and investment risks: credit risks (including custodial credit risk and concentrations of credit risk), and interest rate risk. The following is a description of the County's deposit and investment risks:

*Custodial Credit Risk* - The risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2016, \$1,010,708 of the County's \$16,287,001 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$15,276,293 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$16,015,699 as of December 31, 2016 and are classified as cash and cash equivalents in the statement of net position.

The County also has investments of \$1,573,798 invested in certificates of deposit at local financial institutions. These accounts are recorded as an investment on the statement of net position and the governmental funds balance sheet. As of December 31, 2016, \$27,247 of the bank balance of \$1,573,798 was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$1,546,551 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

*Interest Rate Risk* - The County has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments in certificates of deposit have an average maturity of less than one year.

### Agency Funds

The County maintains bank accounts for the elected row officers, other County offices, and tax claim. The balance of these accounts is reflected in the statement of fiduciary net position. Receipts and disbursements for these programs were \$8,665,564 and \$6,680,556, respectively, for the year ended December 31, 2016. The carrying amount of deposits for the row offices and other County offices was \$2,832,001 and the bank balance was \$2,904,633. The carrying amount of deposits for the Tax Claim Bureau was \$173,762 and the bank balance was \$198,939. The bank balances were not covered by federal depository insurance; however, they were collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

### Employees' Pension Plan

The Employees' Pension Plan (Plan) investments are held separately from those of other County Funds. Investments were consistent with those authorized. The Plan investments must be liquid or marketable. The County's investment policy expressly prohibits investments in high risk derivatives securities, options, selling short commodities, and letter stock.

As of December 31, 2016, the County had the following investments in the Plan:

<b>Cash or Investment Type</b>	<b>Investment Maturities (In Years) from December 31, 2016</b>					
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 Years</b>	<b>6 -10 Years</b>	<b>11-15 Years</b>	<b>16 or more Years</b>
U.S. Treasuries	\$ 2,177,067	\$ 49,992	\$ 1,515,767	\$ 272,507	\$ -	\$ 338,801
U.S. Government Agency Obligations	43,841	11,999	-	-	31,842	-
Municipal Bonds and Notes	731,786	-	349,042	300,852	81,892	-
Foreign Bonds	240,696	-	240,696	-	-	-
Corporate Bonds	5,902,020	1,049,543	3,472,014	545,277	222,406	612,780
Total debt securities	9,095,410	<u>\$ 1,111,534</u>	<u>\$ 5,577,519</u>	<u>\$ 1,118,636</u>	<u>\$ 336,140</u>	<u>\$ 951,581</u>
Cash and cash equivalents	1,061,578					
Equity funds	2,338,255					
Common stock equities	11,266,387					
Total cash, cash equivalents, and other investments	<u>14,666,220</u>					
<b>Total cash, cash equivalents, and investments reported on statement of net position</b>	<u><u>\$ 23,761,630</u></u>					

The County's Plan funds categorize its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The County's Plan has the following recurring fair value measurements at December 31, 2016:

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Investments by Fair Value Level:	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 2,177,067	\$ 49,992	\$ 2,127,075	\$ -
U.S. Government Agency Obligations	43,841	11,999	31,842	-
Municipal Bonds and Notes	731,786	-	731,786	-
Foreign Bonds	240,696	-	240,696	-
Corporate Bonds	5,902,020	1,049,543	4,852,477	-
Equity Funds	2,338,255	2,338,255	-	-
Common Stock	11,266,387	11,266,387	-	-
Cash and cash equivalents	1,061,578	1,061,578	-	-
Total investments measured at fair value	<u>\$ 23,761,630</u>	<u>\$ 15,777,754</u>	<u>\$ 7,983,876</u>	<u>\$ -</u>

Corporate bonds, U.S. treasuries, and U.S. government agency obligations with maturities of less than one year, equity funds, and common stock are valued at fair value using quoted market prices (Level 1). U.S. government agency obligations, U.S. treasuries, corporate bonds, foreign bonds, and municipal bonds are valued at fair value using various techniques, which may consider the reported sales of similar securities, market price quotations, and data (such as broker quotes, yields, bids, and reference data) (Level 2).

The following is a description of the Plan deposit and investment risks:

*Credit risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Plan has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2016, the Plan investments in fixed income bonds have received the following ratings from Standard & Poor's:

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Credit Quality Distribution for Securities with Credit Exposure

Investment Type	Rating	Percentage of Total Plan Debt Securities
Municipal Bonds	AAA	1.54%
Municipal Bonds	AA	3.81%
Municipal Bonds	A	1.18%
Municipal Bonds	A-	2.75%
Municipal Bonds	AA-	1.14%
Governmental Agencies	Unrated	0.62%
Foreign Bonds	BBB	1.98%
Foreign Bonds	Unrated	1.45%
Corporate Bonds	AA+	4.05%
Corporate Bonds	AA-	7.35%
Corporate Bonds	A+	5.32%
Corporate Bonds	A	13.63%
Corporate Bonds	A-	24.03%
Corporate Bonds	BBB+	18.04%
Corporate Bonds	BBB	6.81%
Corporate Bonds	BBB-	3.24%
Corporate Bonds	BB+	1.51%
Corporate Bonds	BB+	1.51%
Corporate Bonds	Unrated	0.04%
		100%

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Plan will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The Plan does not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2016, the County's entire pension investment balance was exposed to custodial credit risk.

*Concentration of Credit Risk* - The County places no limit on the amount the Plan may invest in any one issuer.

*Interest Rate Risk* - The Plan does not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 3. REAL ESTATE TAXES

Real estate taxes attach as an enforceable lien on property as of January 1 and are levied on April 1. Taxes paid through May 31 are given a 2% discount. Amounts paid after July 31 are assessed a 10% penalty. The assessed value, upon which the 2016 levy was based, was \$1,618,967,389. The tax rate to finance General Government Services, Debt Service, and Library Service for the year ended December 31, 2016, was 6.77 mills, 0.7 mills, and .07 mills per \$1,000, respectively.

### 4. REAL ESTATE TAXES RECEIVABLE

Uncollected real estate taxes on the current tax duplicate are returned by the County Treasurer to the tax claim bureau of the County on January 15th following the year of the unpaid levy as required by local tax collection law. The County also collects delinquent real estate taxes on behalf of other taxing authorities.

The statement of net position contains the balance of all taxes receivable, regardless of when they will be collected, and includes an allowance for uncollectible taxes. The County calculates its allowance for uncollectible accounts based on historical collection data.

The General Fund taxes receivable balance is calculated as follows:

Year Tax is Levied	Amount of Unpaid Tax	Percentage of Tax Believed to be Uncollectible	Taxes Receivable Net of Allowance for Uncollectible
1943-2011	\$ 265,155	20.0%	\$ 212,123
2012-2013	64,733	1.0%	64,086
2014-2015	418,432	0.3%	417,177
2016	695,268	0.0%	695,268
	<u>\$ 1,443,588</u>		<u>\$ 1,388,654</u>

### 5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the County or collections made by another governmental unit on behalf of the County. Most significant are carry-forward receivable balances on various federal and state operating programs.

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# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

### 6. CAPITAL ASSETS

The following table illustrates the changes in capital assets as they have occurred during 2016.

	Balance at January 1, 2016	Additions	Transfers	Deletions	Balance at December 31, 2016
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 2,459,894	\$ -	\$ -	\$ -	\$ 2,459,894
Construction in progress	5,334,922	3,122,326	-	359,428	8,097,820
Total capital assets not being depreciated	7,794,816	3,122,326	-	359,428	10,557,714
Capital assets being depreciated:					
Buildings and improvements	21,215,924	479,660	-	-	21,695,584
Vehicles	2,567,547	238,032	-	595,112	2,210,467
Furniture and equipment	3,942,593	868,947	-	411,033	4,400,507
Infrastructure assets	24,583,631	413,570	-	-	24,997,201
Total capital assets being depreciated	52,309,695	2,000,209	-	1,006,145	53,303,759
Less accumulated depreciation for:					
Buildings and improvements	7,217,375	598,353	-	-	7,815,728
Vehicles	1,170,696	188,676	-	445,386	913,986
Furniture and equipment	2,550,405	431,593	-	369,929	2,612,069
Infrastructure assets	3,710,954	340,269	-	-	4,051,223
Total accumulated depreciation	14,649,430	1,558,891	-	815,315	15,393,006
Total capital assets being depreciated, net of accumulated depreciation	37,660,265	441,318	-	190,830	37,910,753
Governmental assets capital assets, net	\$ 45,455,081	\$ 3,563,644	\$ -	\$ 550,258	\$ 48,468,467

Included in equipment above is \$447,649 of assets purchased under a capital lease. These assets have a net value of \$364,680 at December 31, 2016.

Depreciation expense was charged to functions/programs of the primary government as follows:

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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<u>Governmental Activities:</u>	
General government	\$ 280,503
Public safety	318,505
Public works	421,565
Human services	119,908
Culture and recreation	262,420
Conservation and economic development	5,665
Unallocated depreciation	<u>150,325</u>
Total depreciation expense - governmental activities	<u>\$ 1,558,891</u>

### 7. PENSION PLAN

#### Plan Description

The County contributes to the Greene County Employee Pension Plan (Plan), a single employer defined benefit public employee retirement system, which is self-administered by the County. The Plan is governed by County Pension Law Act 96 of 1971 (Act), as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. The Plan was established January 1, 1993, with its most recent amendment dated January 1, 1999.

The Retirement Board (Board) administers the Plan. Management of the Plan is vested in the Board, which consists of five members - three elected County Commissioners, the County Controller, and the County Treasurer.

All full-time employees, with 1,000 hours of service, are eligible to participate in the Plan.

At December 31, 2016, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	107
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	<u>273</u>
Total plan members	<u><u>399</u></u>

#### Summary of Significant Accounting Policies

Financial information of the County's Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the individual plan.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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Investments of the Plan are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

### Benefits Provided

Participants in the Plan are 100% vested after five years of service. The Plan provides the following benefits:

*Retirement Benefit* - A participant is entitled to begin receiving retirement benefits at age 60 or after completing 20 years of service and attaining age 55. A participant is eligible for voluntary early retirement upon completion of 20 years of service and involuntary retirement upon completion of eight years of service. The scheduled monthly retirement benefit is 1.00% and 1.25% of 1/12 of the participant's final average salary multiplied by years of credited service on the 1/100 and 1/80 Class, respectively, plus a monthly annuity based on the actuarial equivalent of the member's accumulated contribution with credited interest. A member may elect to receive the actuarial equivalent of his retirement benefit as a full cash refund annuity (Option One) or a reduced joint and survivor pension payable for the remainder of his life with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the County.

*Disability Benefit* - If a participant becomes totally and permanently disabled prior to normal retirement age and after completion of five years of credited service, the participant is entitled to receive a monthly disability benefit. The scheduled benefit is a total monthly pension commencing on the last day of the month following disability retirement equal to 25% of the 1/12th of Final Average Salary at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.

*Death Benefit* - If a participant's death occurs after having attained age 60 or having completed 10 years of credited service, the beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated above based on the member's Final Average Salary and credited service at time of death plus the member's accumulated contributions with interest at time of death. If a participant's death occurs after retirement the beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must at least equal the member's accumulated contributions with interest.

*Cost-of-Living Adjustments* – Cost-of-living adjustments must be reviewed at least once every three years by the Board.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Contributions and Funding Policy

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age funding method and the same actuarial assumptions used to calculate the pension benefit calculation.

As a condition of participation, employees are to currently contribute 7% of their salary as stipulated in the Plan. Interest is credited to employee accounts each year at the annual rate of 4.5% as voted upon by the Board. Employees who terminate prior to retirement eligibility receive their accumulated member contributions plus credited interest through the date of termination. The rate was 4.0% through December 31, 1995, 5.0% through December 31, 1997, and 5.5% through December 31, 2008. The rate became 4.5% starting January 1, 2009.

The County's actuarially determined contribution to the Plan for 2016 was \$460,892. The County's contribution to the Plan was \$385,000, the 2016 estimated amount provided by the actuary, creating a contribution deficiency of \$75,892.

### Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the County for the year ended December 31, 2016 were as follows:

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2015	\$ 21,714,962	\$ 22,416,938	\$ (701,976)
Changes for the year:			
Service cost	1,286,496	-	1,286,496
Interest	1,688,060	-	1,688,060
Differences between expected and actual	435,273	-	435,273
Contributions - employer	-	385,000	(385,000)
Contributions - employee	-	840,823	(840,823)
Other income		2,698	(2,698)
Net investment income (loss)	-	1,497,491	(1,497,491)
Benefit payments, including refunds	(1,055,203)	(1,055,203)	-
Administrative expense	-	(170,793)	170,793
Net changes	2,354,626	1,500,016	854,610
Balances at December 31, 2016	\$ 24,069,588	\$ 23,916,954	\$ 152,634
Plan fiduciary net position as a percentage of the total pension liability			99.37%

*Actuarial Assumptions* - The total pension liability (asset) was determined by an actuarial valuation performed on January 1, 2016, and rolled forward to December 31, 2016, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	7.5%
Projected salary increases	4.5%
Underlying inflation rate	3.0%

Mortality rates based on RP-2013 Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement.

Actuarial assumptions based on past experience under the plan and reasonable future expectations which represent the best estimate of anticipated experience under the plan. An experience study has not been performed in the last 5 years.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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*Investment Policy* – The Plan’s policies in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

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

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan target asset allocation as of December 31, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	40% - 60%
International equity	Included in above
Fixed income	35% - 55%
Real estate	0.0%
Cash	0% - 10%

*Rate of Return* – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2016, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 6.69%.

*Concentrations* – The Plan had no individual investments in excess of 5% of the Plan’s fiduciary net position at December 31, 2016.

*Discount Rate* – The discount rate used to measure the total pension liability for the Plan was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability (i.e., no depletion date is projected to occur).

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability (asset) of the Plan calculated using the discount rate described above, as well as what the Plan's net pension liabilities (assets) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability (Asset)	\$ 2,677,171	\$ 152,634	\$ (2,105,454)

### Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the County recognized pension expense of approximately \$1,143,074. At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Deferred Outflow of Resources:</u>	
Differences between expected and actual experience	\$ 358,909
Net difference between projected and actual earnings on pension plan investments	1,268,659
Total deferred outflows of resources	<u>\$ 1,627,568</u>
<u>Deferred Inflows of Resources:</u>	
Differences between expected and actual experience	<u>\$ 9,671</u>

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

<u>Year ending December 31,</u>	
2017	\$ 485,564
2018	485,564
2019	485,562
2020	110,637
2021	51,756
Thereafter	<u>(1,186)</u>
Total	<u>\$ 1,617,897</u>

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

### 8. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to full-time County employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

It is the opinion of the County's legal counsel that the County has no liability for losses under the Plan, but does have the duty of due care that would be required of an ordinary and prudent investor.

### 9. LONG-TERM DEBT OBLIGATIONS

The changes in long-term obligations payable during the year ended December 31, 2016 are as follows:

	At December 31, 2015	Issuances	Repayments	At December 31, 2016	Due Within One Year
G. O. Bond 2011	\$ 5,540,000	\$ -	\$ 5,540,000	\$ -	\$ -
G. O. Bond 2014	4,210,000	-	705,000	3,505,000	725,000
G. O. Bond 2016	-	5,780,000	-	5,780,000	5,000
Capital Lease	81,568	447,649	164,537	364,680	86,127
Total	<u>\$ 9,831,568</u>	<u>\$ 6,227,649</u>	<u>\$ 6,409,537</u>	<u>\$ 9,649,680</u>	<u>\$ 816,127</u>

#### General Obligation Bonds

During January 2014, the County issued \$5,400,000 in General Obligation Bonds to currently refund the 2008 series bond issuance. Interest payments are payable semi-annually on January 15 and July 15, with rates ranging from .32% to 2.40%.

Year Ending December 31,	Principal Amount	Interest Amount	Total
2017	\$ 725,000	\$ 65,670	\$ 790,670
2018	750,000	50,920	800,920
2019	755,000	35,870	790,870
2020	760,000	20,340	780,340
2021	515,000	6,180	521,180
Total	<u>\$ 3,505,000</u>	<u>\$ 178,980</u>	<u>\$ 3,683,980</u>



# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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During February 2016, the County issued \$5,780,000 in General Obligation Bonds to currently refund the 2011 series bond issuance. Interest payments are payable semi-annually on January 15 and July 15, with rates ranging from 1.00% to 2.375%. The cash flow savings and economic gain approximated \$370,000.

Year Ending December 31,	Principal Amount	Interest Amount	Total
2017	\$ 5,000	\$ 122,019	\$ 127,019
2018	5,000	121,963	126,963
2019	85,000	121,081	206,081
2020	110,000	119,131	229,131
2021	380,000	114,231	494,231
2022-2026	4,760,000	313,081	5,073,081
2027	435,000	5,166	440,166
Total	<u>\$ 5,780,000</u>	<u>\$ 916,672</u>	<u>\$ 6,696,672</u>

Maturities of all outstanding bonds of the County, in the aggregate, are as follows:

Year Ending December 31,	Principal Amount	Interest Amount	Total
2017	\$ 730,000	\$ 187,689	\$ 917,689
2018	755,000	172,883	927,883
2019	840,000	156,951	996,951
2020	870,000	139,471	1,009,471
2021	895,000	120,411	1,015,411
2022-2026	4,760,000	313,081	5,073,081
2027	435,000	5,166	440,166
Total	<u>\$ 9,285,000</u>	<u>\$ 1,095,652</u>	<u>\$ 10,380,652</u>

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Capital Lease

During 2016, the County entered into a lease with Ford Business Machines in the amount of \$447,649 with an interest rate of 3.74% for a period of 60 months for copiers. The payments on the lease are due as follows:

<u>Year Ending December 31,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2017	\$ 86,127	\$ 12,177	\$ 98,304
2018	89,405	8,899	98,304
2019	92,808	5,496	98,304
2021	96,340	1,964	98,304
	<u>\$ 364,680</u>	<u>\$ 28,536</u>	<u>\$ 393,216</u>

## 10. SHORT-TERM DEBT OBLIGATIONS

The County utilizes short-term financing, when needed, in the form of a Tax Anticipation Note (TAN). The TAN is secured to finance general operations through periods of uneven property tax collection, so that cash flows are not restricted. The County received a TAN on January 4, 2016 for a total of \$4,000,000, of which only \$3,000,000 was drawn down, with an interest rate of 0.98%, and subsequently paid off the balance by December 31, 2016.

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance</u>
Tax Anticipation Note	<u>\$ -</u>	<u>\$ 1,650,000</u>	<u>\$ 1,650,000</u>	<u>\$ -</u>

## 11. CONTINGENT LIABILITIES

### A. Grant Programs

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

### B. Litigation

At this time, the County is not involved in any material litigation.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### **12. 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; and natural disasters for which the County carries commercial insurance. There have been no significant changes in insurance coverage in any of the past three years.

## **Required Supplementary Information**

# COUNTY OF GREENE, PENNSYLVANIA

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - EMPLOYEES RETIREMENT PLAN

### SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

YEARS ENDED DECEMBER 31  
LAST TEN YEARS\*

	2016	2015	2014
<b>Total Pension Liability:</b>			
Service cost	\$ 1,286,496	\$ 1,214,584	\$ 1,148,481
Interest	1,688,060	1,527,102	1,397,336
Differences between expected and actual experience	435,273	(13,065)	86,973
Benefit payments, including refunds of member contributions	(1,055,203)	(1,099,066)	(604,441)
<b>Net Changes in Total Pension Liability</b>	2,354,626	1,629,555	2,028,349
<b>Total Pension Liability - Beginning</b>	21,714,962	20,085,407	18,057,058
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 24,069,588</u>	<u>\$ 21,714,962</u>	<u>\$ 20,085,407</u>
<b>Plan Fiduciary Net Position:</b>			
Contributions - employer	\$ 385,000	\$ 329,082	\$ 550,000
Contributions - member	840,823	758,236	716,276
Other income	2,698	-	-
Net investment income	1,497,491	(173,374)	1,473,162
Benefit payments, including refunds of member contributions	(1,055,203)	(1,099,066)	(604,441)
Administrative expense	(170,793)	(171,005)	(172,137)
<b>Net Change in Plan Fiduciary Net Position</b>	1,500,016	(356,127)	1,962,860
<b>Plan Fiduciary Net Position - Beginning</b>	22,416,938	22,773,065	20,810,205
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 23,916,954</u>	<u>\$ 22,416,938</u>	<u>\$ 22,773,065</u>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<u>\$ 152,634</u>	<u>\$ (701,976)</u>	<u>\$ (2,687,658)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>99.37%</u>	<u>103.23%</u>	<u>113.38%</u>
<b>Covered Employee Payroll</b>	<u>\$ 11,079,081</u>	<u>\$ 10,525,102</u>	<u>\$ 9,905,909</u>
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	1.38%	-6.67%	-27.13%

\* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information.

# COUNTY OF GREENE, PENNSYLVANIA

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - EMPLOYEES RETIREMENT PLAN

### SCHEDULE OF PLAN CONTRIBUTIONS AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31  
LAST TEN YEARS\*

	2016	2015	2014
<b>Schedule of Contributions</b>			
Actuarially determined contribution	\$ 460,892	\$ 329,082	\$ 299,640
Contributions in relation to the actuarially determined contribution	385,000	329,082	550,000
Contribution deficiency (excess)	\$ 75,892	\$ -	\$ (250,360)
Covered employee payroll	\$ 11,079,081	\$ 10,525,102	\$ 9,905,909
Contributions as a percentage of covered employee payroll	3.48%	3.13%	5.55%
<b>Investment Returns</b>			
Annual money-weighted rate of return, net of investment expense	6.69%	-1.79%	6.45%

\* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information.

# COUNTY OF GREENE, PENNSYLVANIA

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2016

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### Actuarial Methods and Assumptions used in Determining the Actuarially Determined Contribution

Actuarial valuation date	1/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Asset method prescribed by Pennsylvania State Law, Act 44
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.5%
Underlying inflation rate	3.0%
Mortality	2013 RP Annuitant and Non- Annuitant Mortality Tables for males and females with no projected improvement

### Benefit Changes

There have been no changes in the Plan benefits since the date of the last report.

### Change in Actuarial Assumptions

There have been no changes in the actuarial assumptions since the date of the last report.