

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Introduction**

Greene County (County) is presenting its financial statements as required by Governmental Accounting Standards Board Statement No. 34 (GASB #34), "Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments." This discussion and analysis of the County's financial performance presents a narrative overview for the fiscal year ended December 31, 2015. It should be read in conjunction with the accompanying basic financial statements and the notes to those statements.

## **Financial Highlights**

- The County received its fourth allocation of monies generated by Act 13 in the amount of \$4,513,402 in June. This money was earmarked for infrastructure upgrades within the County (\$1,364,200), Social Services (\$1,240,000), Transfer to the Capital Reserve (\$669,357), Public Safety & Judicial Services (\$374,162), Records Management, Information Technology infrastructure, and GIS upgrades (\$376,232), Environmental Programs (\$208,000), and grants for water & sewer upgrades (\$281,451).
- In 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – "An Amendment of GASB Statement No. 27,"* the purpose of which is to provide transparency on long-term pension obligations in annual financial reports. In order to implement GASB Statement No. 68, it was necessary to restate the December 31, 2014 total net position from \$45,722,430 to 47,328,842 an increase of \$1,606,412. The Greene County Pension Fund, on 1/1/2015, was determined to be 106.7% funded and as of 1/1/2016, 102.0% funded. This marks the 3<sup>rd</sup> consecutive year of fully-funded status. The County will continue to add monies to the pension fund annually to insure a fully funded status even in year's when the market under-performs.
- While the majority of the process took place in 2015, in January of 2016 the County completed the process of refunding the 2011 Bond series. Janney Montgomery Scott delivered a savings of \$368,814.48 (6.66%) to the County. This savings was used to lower future debt payments. As part of the Bond refunding process, Standard & Poor's confirmed the County of Greene 2014 Rating of A+ (Stable).
- With the State's deadlock in passing a budget, the county was required to fund all state reimbursable departments for over 6 months. Due to the strong reserves of the County, we were able to do this by loaning the Human Services Department (HSD) approximately 3 million dollars. In January of 2016, HSD took out a non-revolving line of credit to make the

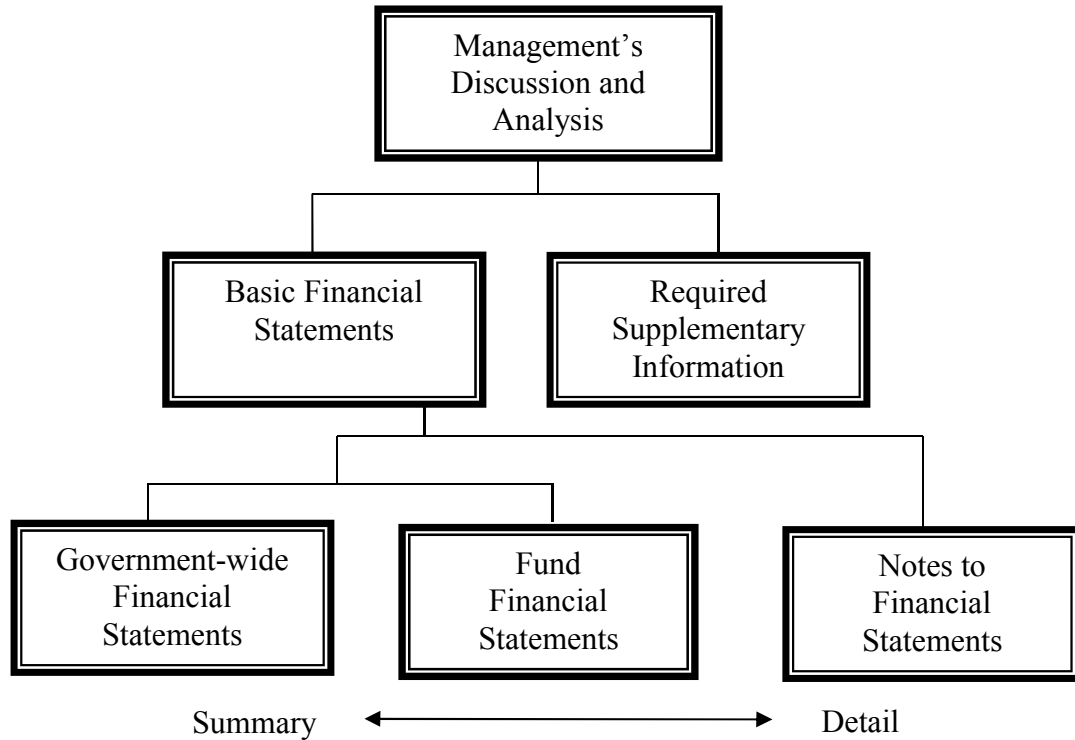
## MANAGEMENT'S DISCUSSION AND ANALYSIS

County whole and continue operations until the State caught up on reimbursements.

### Overview of the Financial Statements

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole (government-wide statements) and present a long-term view of the County's finances. Fund Financial Statements follow and show how services were financed in the short-term and report the County's Operations in more detail than the government-wide statements. The remaining statements provide financial information about activities which the County acts solely as a trustee or agent for the benefit of those outside of the government. The following diagram shows the relationship of these statements:

#### REQUIRED COMPONENTS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT



The first two statements are government-wide financial statements that provide information about the County's overall financial status. The remaining statements are fund financial statements that focus on individual parts of County government, reporting the County's operations in more detail than the government-wide statements. The fund financial statements include:

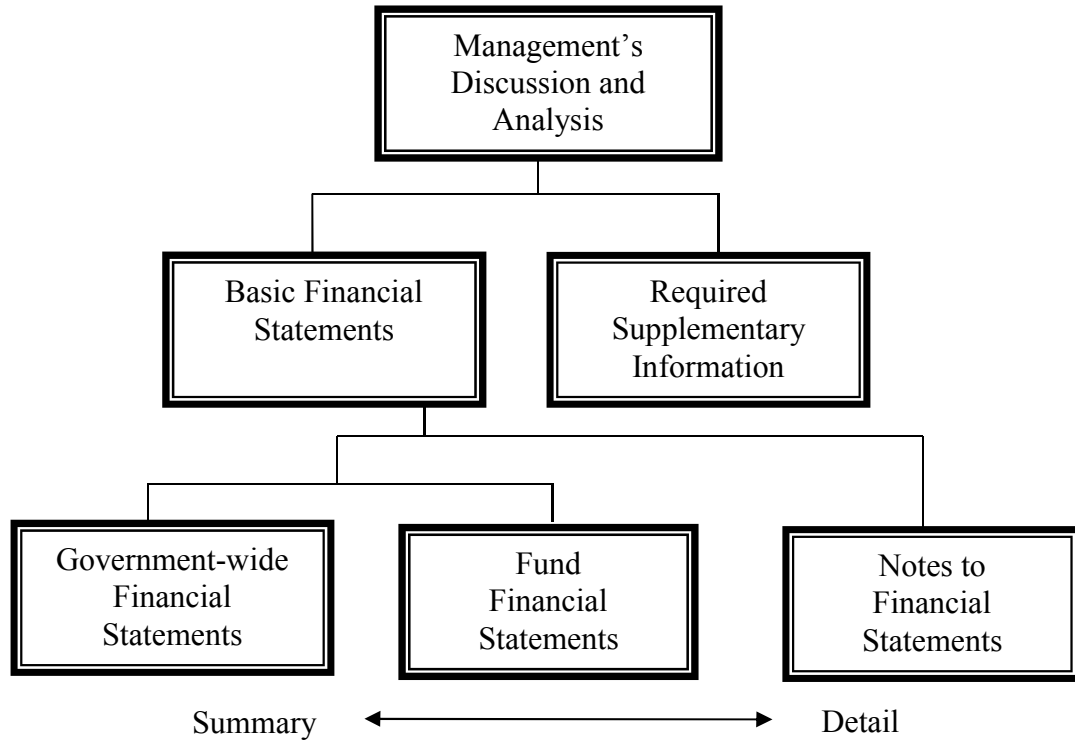
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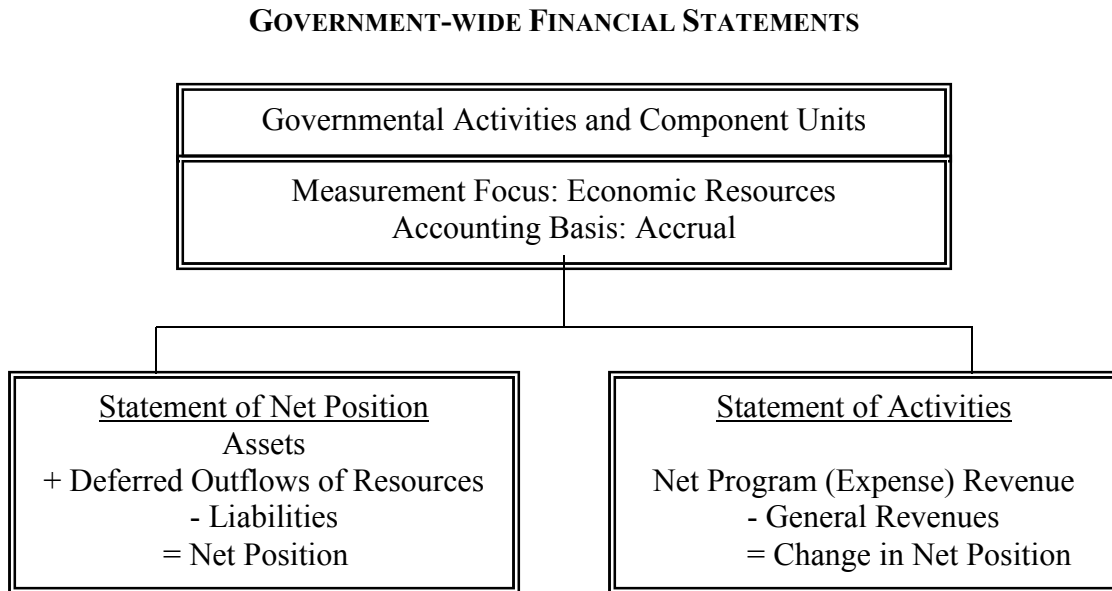
- *Governmental funds statements*, which explain how services were financed in the short term, as well as what remains for future spending. A General Fund budgetary comparison statement is provided to demonstrate compliance.
- *Fiduciary funds statements*, which reflect activities involving resources that are held by the County as a trustee or agent for individuals, private organizations, or other governmental units. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

The financial statements also include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements as well as required supplementary information regarding the County's budget and additional pension information. In addition to these required elements, a section is included with detailed individual statements about non-major funds.

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The primary features are reflected in the following diagram.



The Statement of Net Position includes all of the County's assets, deferred outflows of resources, and liabilities, except fiduciary funds, with the difference between the two

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

reported as net position. This statement serves a purpose similar to that of the balance 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 generated by a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in 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 must be considered to assess the overall position of the County.

The County's government-wide financials include the County's basic services, segregated by type. General government activity is comprised of both administrative and judicial functions. This differs from the fund statements presentation, which presents administrative government as general government, and judicial government is presented separately. Four years are shown for comparative purposes.

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**Statement of Net Position**

	Governmental Activities			
	2015	2014	2013	2012
<b>Assets:</b>				
Current and other Assets	\$ 22,951,148	\$ 19,168,702	\$ 19,332,811	\$ 15,764,968
Capital Assets	45,455,081	42,867,697	39,763,123	36,523,844
<b>Total Assets</b>	<b>68,406,229</b>	<b>62,036,399</b>	<b>59,095,934</b>	<b>52,288,812</b>
<b>Deferred Outflows of Resources :</b>				
Pension	2,158,388			
<b>Liabilities:</b>				
Current Liabilities	7,929,337	6,272,672	7,069,267	4,090,561
Other Liabilities	9,741,422	10,702,240	11,004,691	11,703,045
<b>Total Liabilities</b>	<b>17,670,759</b>	<b>16,974,912</b>	<b>18,073,958</b>	<b>15,793,606</b>
<b>Net Position</b>				
Net investment in capital assets	35,713,659	32,165,456	28,707,802	25,468,524
Restricted	4,174,089	4,931,683	4,756,443	4,943,670
Unrestricted	13,006,110	7,964,348	7,557,731	6,083,012
<b>Total Liabilities and Net Position</b>	<b>70,564,617</b>	<b>62,036,399</b>	<b>59,095,933</b>	<b>52,288,812</b>

	2015	2014	2013	2012
Asset-to-Liability Ratio's	387%	365%	365%	283%

	2015	2014	2013	2012
Asset-to-Debt Ratio's	467%	401%	401%	360%

The County owns approximately \$45.5 million in assets and the County debt directly related to these assets is \$9.7 million. The difference of \$35.7 million is the equity the County has in those assets. The chart below shows that for every dollar of debt the County has, it has \$4.67 of assets to match it. The Asset-to-Debt ratio shows a very positive increase in 2015. The County's assets and unrestricted net position increased significantly in 2015, while liabilities decreased and debt decreased as Act 13 revenues allow the County to upgrade infrastructure without incurring additional debt. Our liabilities with respect to the bonds also decreased as the County met its obligations with respect to bond payments without issuing new debt.

	2015	2014	2013	2012
Asset-to-Debt Ratio's	467%	401%	401%	360%

In the above statement, Deferred Outflows of Resources reflect the differences between expected and actual experience and the difference between projected and actual earnings on the County's pension plan investments. This will be covered in more detail in the section on Fiduciary funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The County's liabilities fall into two categories; long-term and short-term. Our long-term liabilities are the 2011 and 2014 bonds. A specified portion of the collected taxes are paid into funds each year to make the payments on these bonds and the full schedule of bonds can be seen in the notes accompanying the financial statements.

	2015	2014	2013	2012
Asset-to-Liability Ratio's	387%	365%	365%	283%

The short-term liabilities, generally speaking, can be divided into two categories: money the County has received for a specific purpose, but not yet spent; and money the County owes, but has not yet paid out. This first category, *Unearned Revenue*, increased 33% in 2015 and mainly reflects unspent monies in special revenue funds from the Impact Fee for Human Services, Recreation, Information Technology and Law & Order, as well as PHARE grant funds for Housing. The second category primarily consists of *Accounts Payable*. The chart below reflects the accounts payable levels over the past four years. The County has refined its payment terms to Net 28 and makes timely payments on all bill payments.

	2015	2014	2013	2012
Accounts Payable	2,939,327	2,396,188	2,626,629	1,696,819

While the County's equity in capital assets has been discussed above in relation to assets, the *net position* portion of the statement also contains the restricted and unrestricted net position. The County's restricted net position are threefold: Debt Service, which is the money dedicated to paying off the County bonds, Pension, which is the County's net pension asset, Other purposes, which are restricted for use in various manners. The unrestricted net position is cash or other assets that have no external or legal restrictions regarding their use.

To put all the sections and numbers of the Statement of Net Position in perspective, consider the following:

1. In the simplest terms, the Statement of Net Position shows what the County has in cash and the value of the properties it owns, what the County owes, and the difference between those two numbers. As an analogy, a person has their cash in the bank, their car and house, but they also have bills, a car loan, and a mortgage to pay. If the County were a person, he would have almost four times more money in the bank than bills and loans to pay, and his house would be worth over four and a half times what was left to pay on the mortgage.
2. Greene County's asset-to-liability ratio is 3.87:1. This means that for every \$1 owed, we hold \$3.87 in cash or assets.
3. The County asset-to-debt ratio is 4.67:1, which again means that for every \$1 of debt we have, we hold \$4.67 in assets.

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These ratios are exceptional and are one of the reasons the County maintained its upgraded Standard and Poor's Rating of A+ (Stable).

### - Statement of Activities

When the benefit of a service provided by the County goes to an individual or a corporation, the County charges a fee to the individual (fines are also in this same line item) and this is known as program revenue. The Statement of Activities requires program revenue, and any operating or capital grants and contributions, to be associated with the major department that generated the revenue and also shows separately stated general revenues. Expenses for the departments are shown as well and this statement therefore shows what parts of County government are being funded with tax dollars and what parts are funded by user fees and grants. The statement below is condensed to allow comparative year data to be shown.

	2015			2014		
	Expenses	Program Revenues	General revenue required (provided)	Expenses	Program Revenues	General revenue required (provided)
<b>Primary Government:</b>						
General Gov.	9,578,656	6,107,331	(3,471,325)	10,227,315	7,722,052	(2,505,263)
Public safety	4,558,566	1,592,035	(3,103,690)	4,274,660	1,514,352	(2,760,308)
Public works	1,511,856	2,591,063	1,216,366	2,804,609	1,358,428	(1,446,181)
Human services	9,770,581	8,313,932	(1,456,649)	8,142,589	7,674,019	(468,570)
Culture & Rec	2,754,140	1,096,747	(1,657,393)	1,462,614	1,202,002	(260,612)
Conservation & Econ Dev	1,801,598	2,367,859	566,261	2,651,869	2,119,811	(532,058)
Unallocated Deprec.	150,325	-	(150,325)	136,623	-	(136,623)
Interest-Long-term debt	202,786	-	(202,786)	468,581	-	(468,581)
<b>Total activities</b>	<u>30,328,508</u>	<u>22,068,967</u>	<u>(8,259,541)</u>	<u>30,168,860</u>	<u>21,590,664</u>	<u>(8,578,196)</u>
<b>General revenues:</b>						
Property taxes, levied for general purposes			11,579,193			11,321,903
Property taxes, levied for debt service			1,144,995			1,094,490
Property taxes, levied for library expenditures			113,199			111,548
Interest			27,486			21,874
Rental income			314,327			496,406
Gain (loss) on sale of assets			(38,364)			(30,741)
Reimbursement of prior period expenditures			683,721			263,170
<b>Total general revenues</b>			<u>13,824,557</u>			<u>13,278,650</u>
<b>Change in net position</b>			<u>5,565,016</u>			<u>4,700,454</u>
<b>Net position</b>						
Beginning of year, 2015 restated			\$ 47,328,842			\$ 41,021,976
End of year			<u>\$ 52,893,858</u>			<u>\$ 45,722,430</u>

The County's 2014 Statement of Activities has not been restated to reflect the restatement to beginning net position noted above.

The Statement of Activities shows that the County supported its operations with almost \$14 million in general revenues, of which \$11.6 million was general tax revenue. While tax revenues (not rates) increased slightly, program revenues also increased for all areas of government except General Government and Culture & Recreation. It is important to note that Act 13 funds are considered program revenue, not tax revenue, and therefore as the County focuses those resources in different departments over the years, large swings in the program revenue can occur.



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Program Revenue Source	2015	2014	2013
Charges for Services	7,093,042	7,772,988	7,036,267
Operating Grants and Contributions	11,689,643	10,931,581	10,537,336
Capital Grants and Contributions	3,286,282	2,886,095	621,087
General Revenues	22,068,967	21,590,664	18,194,690

As the above chart shows, revenue streams have been unstable, yet generally improving, over the last few years. The County has been able to normalize its cash flows with the revenue received from Act 13 (Unconventional Gas Well Impact Fees) and Operating and Capital grant revenue. Generally, the County has seen a steady increase in its net position over the long term.

Changes in Net Position	2015	2014	2013	2012	2011	2010	2009	2008
	12%	11%	11%	11%	0%	7%	5%	5%

**FUND FINANCIAL STATEMENTS**

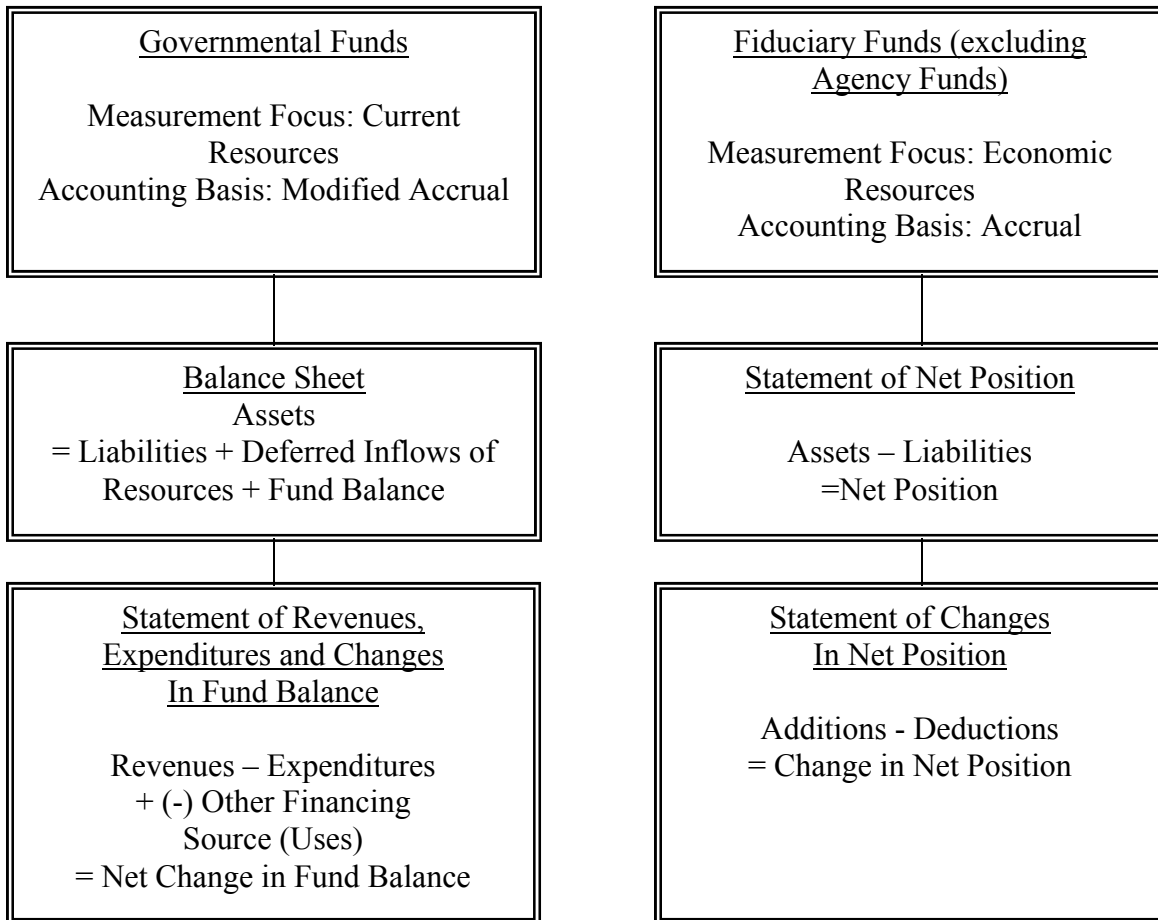
The fund financial statements provide more detailed information about the County's most significant funds (determined by GASB #34), not the County as a whole. Funds are accounting groups that the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. The County has two kinds of funds:

- *Governmental funds* – The County's basic services are included in governmental funds, which focus on: (1) the in and out flow of cash and other financial assets that can be readily converted into cash, and; (2) the balance left at year-end that is available for spending. These funds are reported using the modified accrual accounting basis 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 in the near future to finance County programs. 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 Liquid Fuels Tax Fund. Because it is considered one of the County's major funds, a budgetary comparison schedule is presented for the General Fund, reflecting the following: (1) the original budget; (2) the final amended budget; (3) actual revenues and expenditures, and; (4) the variance between the final budget and actual revenues and expenditures. The other County major funds rely on the availability of federal and state support and, in certain cases, County support which is budgeted in the General Fund. For this reason no budget is incorporated for these other major funds.
  
- *Fiduciary funds* – The County is the trustee, or fiduciary, for the Employee's Retirement System. In addition, the County is also responsible for certain agency

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funds, which are 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 for ensuring that 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 operations.

The following diagram presents the major features of the fund financial statements, including the information contained therein.



**Governmental Funds**

Greene County has four funds this year that are considered *Major* funds for the purpose of GASB #34 reporting: the General Fund, Capital Projects Fund, Children and Youth Services Fund and the Behavioral Health Fund. There are 24 *other* funds that make up the “Other Governmental Funds” on the Governmental Funds Balance Sheet and Statement of Revenue and Expenditures.

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**- Major Funds Balance Sheet**

The following statement is the major funds balance sheet in its entirety. The General Fund is the primary fund for the County as a whole; it is the fund where property taxes are reported and where most of the non-Human Services/Capital expenditures are recorded.

	General Fund	Behavioral Health	Children and Youth	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 3,888,751	\$ 981,190	\$ 497,277	\$ 2,154,439	\$ 6,778,133	\$ 14,299,790
Investments	-	-	-	1,301,404	181,035	1,482,439
Due from other funds	5,334,008	107,641	144,529	2,955,713	396,369	8,938,260
Due from other governments	189,159	1,196,629	1,700,586	-	1,723,552	4,809,926
Taxes receivable	1,845,561	-	-	-	22,486	1,868,047
Accounts receivable	233,095	3,957	2,076	-	44,022	283,150
Other assets	-	-	-	-	1,553	1,553
<b>Total Assets</b>	<b>\$ 11,490,574</b>	<b>\$ 2,289,417</b>	<b>\$ 2,344,468</b>	<b>\$ 6,411,556</b>	<b>\$ 9,147,150</b>	<b>\$ 31,683,165</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 829,162	\$ 647,509	\$ 709,712	\$ -	\$ 721,738	\$ 2,908,121
Accrued liabilities and withholdings	614,478	-	-	-	-	614,478
Due to other funds	3,136,669	1,007,226	1,566,688	1,035,387	2,134,530	8,880,500
Unearned revenue	1,196,332	634,682	68,068	-	1,961,653	3,860,735
<b>Total Liabilities</b>	<b>5,776,641</b>	<b>2,289,417</b>	<b>2,344,468</b>	<b>1,035,387</b>	<b>4,817,921</b>	<b>16,263,834</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenues - property taxes	1,563,923	-	-	-	-	1,563,923
<b>Fund Balance:</b>						
Non-spendable	-	-	-	-	1,553	1,553
Restricted	2,022	-	-	-	4,054,790	4,056,812
Committed	13,858	-	-	-	272,941	286,799
Assigned	-	-	-	5,376,169	-	5,376,169
Unassigned	4,134,130	-	-	-	(55)	4,134,075
<b>Total Fund Balance</b>	<b>4,150,010</b>	<b>-</b>	<b>-</b>	<b>5,376,169</b>	<b>4,329,229</b>	<b>13,855,408</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 11,490,574</b>	<b>\$ 2,289,417</b>	<b>\$ 2,344,468</b>	<b>\$ 6,411,556</b>	<b>\$ 9,147,150</b>	<b>\$ 31,683,165</b>

The General Fund balance sheet shows the cash available at the end of 2015 for operations in the unassigned fund balance of \$4.15 million. This fund balance allows County operations, in conjunction with the TAN Loan, to continue at the beginning of the year (prior to tax collection) and allows the General Fund to assist the other funds of the County regulate cash flow. The fund balance is also used to cushion accounts receivable and *due from* when the state or federal government is slow to reimburse the County for expenditures.

This statement also has *Deferred Inflows of Resources*; in this case, *Unavailable revenues - property taxes*. Where *unearned revenue* is money the County has received but not spent, *deferred inflows* are money the County is owed but has not yet collected.

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The overall fund balance decreased in 2015 by \$624,841. Despite strong Act 13 revenues, and grant revenues, one major taxpayer failed to pay \$641,000 taxes in 2015. While these taxes were collected in early 2016, and should be indicative of an increase in fund balance in the current year, 2015 ended with expenses exceeding revenue specifically because of these taxes were paid late.

As was noted above, the General Fund fund balance is used in part to regulate cash flow and this can be seen in the *due from other funds* line for the General Fund, which directly correlates to the *due to other funds* for the 27 other County funds (3 major, 24 other).

The Capital Projects Fund remained on the major funds list for 2015 as assets increased by almost 2 million and the fund balance increased \$1,235,890.

The Behavioral Health Fund and Children & Youth Fund show no fund balance as, by law, it cannot “carry” funds from one year to the next. Unspent monies are not sent back to the issuing agency, but are instead shown as unearned revenue.

### **- Revenue & Expenditures & Change in Fund Balance (R&E)**

The statement below is a very condensed version of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for 2015. This statement shows the four major funds, what revenues they generated, what expenditures were incurred, any other activity, and then the change in fund balance from the previous year.

#### **The General Fund**

The revenue shown for the General Fund is all normal revenue types that the County collects. Additional revenue, such as the money received from the sale of an asset, is shown under other financing sources (uses).

The *charges for service* and *transfers out* reflect the fourth allocation of monies generated by Act 13 in the amount of \$4,513,402. This money was earmarked for infrastructure upgrades within the County (\$1,364,200), Social Services (\$1,240,000), Transfer to the Capital Reserve (\$669,357), Public Safety & Judicial Services (\$374,162), Records management, Information Technology infrastructure, and GIS upgrades (\$376,232), Environmental Programs (\$208,000), and grants for water system upgrades (\$281,451).

This money is shown as a Charge for Service in the General Fund and then a portion was transferred out to the Capital Projects Fund. The remaining balance was then deferred for projects within the General Fund for 2016. Both revenue and expenditures decreased in the General Fund from 2014 to 2015 as the County put off many projects and expenses due to the State not passing a budget in a timely manner and the County was forced to fund state reimbursable departments, like Human Services and Children & Youth Services, for the last 6 months of 2015.

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The other financing sources (uses) section shows specifically *transfers in, other sources, and transfers out and other uses*. *Transfers in* are made up of administrative fees paid to the General Fund by departments that have their own source of revenues and that are allowed to reimburse the County for specific expenses (i.e., phone service, office space, payroll services, and computer services). These include all Human Services departments, Tourism, Domestic Relations, the 911 Center, and a portion of Adult Probation.

	General Fund	Behavioral Health	Children & Youth	Capital Projects
<b>Revenues:</b>				
Taxes	\$ 11,205,649	\$ -	\$ -	\$ -
Intergovernmental	665,428	2,489,292	2,733,854	939,273
Charges for services, Fines, & Permits	5,635,883	-	84,059	-
Interest	5,124	247	93	9,657
Rental income	296,255	-	-	-
Donations	92,551	-	19,239	-
Total revenues	<u>17,900,890</u>	<u>2,489,539</u>	<u>2,837,245</u>	<u>948,930</u>
<b>Expenditures:</b>				
Administration	4,549,097	-	-	231,024
Judicial	3,978,033	-	-	71,742
Public safety:	3,832,350	-	-	48,861
Public works:	51,970	-	-	1,743,003
Human services:	-	2,506,084	3,495,635	-
Culture and recreation:	1,605,427	-	-	655,333
Conservation & economic development:	1,432,271	-	-	245,000
Debt service:	85,673	-	-	-
Total expenditures	<u>15,534,821</u>	<u>2,506,084</u>	<u>3,495,635</u>	<u>2,994,963</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>2,366,069</u>	<u>(16,545)</u>	<u>(658,390)</u>	<u>(2,046,033)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	642,424	109,045	764,778	2,877,811
Other sources from sale of assets/ prior period reimbursement	201,278	-	-	404,137
Transfers out	<u>(3,834,612)</u>	<u>(92,500)</u>	<u>(106,388)</u>	<u>(25)</u>
Total other financing sources (uses)	<u>(2,990,910)</u>	<u>16,545</u>	<u>658,390</u>	<u>3,281,923</u>
Net Change in Fund Balance	<u>(624,841)</u>	<u>-</u>	<u>-</u>	<u>1,235,890</u>
Beginning of year	4,774,851	-	-	4,140,279
End of year	<u>4,150,010</u>	<u>-</u>	<u>-</u>	<u>5,376,169</u>

The calculation of the fund balance decrease is shown at the bottom of this statement and is then carried over to the Balance Sheet. For 2015, the fund balance decreased \$624,841 for the General Fund and increased \$1,235,890 for the Capital Projects Fund. While the Balance Sheet tells us what the fund balance is at the end of a year, the Revenue and Expense Statement tells us where the money was spent, and who paid for it.

### **Behavioral Health & Children and Youth Services Funds**

These funds cover the Mental Health and Intellectual & Developmental Disabilities programs and the Children and Youth Services program. The revenue section shows that the majority of the funding for these programs comes from state and federal sources.

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

Expenditures basically match revenue and, as noted above in the Balance Sheet section, these funds are not allowed to show a fund balance, i.e., they have no “equity,” only money that they are given to spend that they may have not spent in the current year. The *other financing sources (uses)* section of this statement shows the County contribution to these programs (*transfers in*) and the reimbursement from the programs to the County for services (*transfers out*).

### **The Capital Projects Fund and ACT 13 Impact Fee Projects**

Expenditures from the Capital Projects Fund include Act 13 funds from all 4 annual allocations the County has received to date. The remaining Bond monies in this Fund were entirely expended in 2014. Expenses under *Administration* in the amount of \$231,024 are mainly related to pass-thru funding for UMWACC, Inc., renovations of county buildings, IT and Records management upgrades as well as other smaller projects.

Projects under *Judicial* in the amount of \$71,742 included upgrades for the Clerk of Courts and to the Courthouse itself.

*Public Safety* projects in the amount of \$48,861 included a vehicle for the Sheriff's department and upgrades to the 911 Center.

*Public Works* projects in the amount of \$1,743,003 consisted primarily of renovations at the Greene County Airport, bridge and road renovations and continuing work on the Jackson Run Storm Water Runoff project.

*Culture and Recreation* contains various projects completed for the Department of Parks and Recreation including upgrades to the county pools, renovation of several buildings at the Fairgrounds as well as other smaller projects for a combined total of \$655,333.

*Conservation and Economic Development* expenditures in the amount of \$245,000 where for the Redevelopment Authority and to Waynesburg Prosperous and Beautiful for the Gateway Housing Project

Many Act 13 projects are ongoing and cross over fiscal years. Unlike the General Fund, the Capital Projects Fund is a multi-year fund and does not “close out” at the end of the year. There are no deferred revenues with respect to Act 13 (though there are deferred revenues with respect to the grants) and the budget does not end until that money is spent or all the grant projects are complete.

With this in mind, the *fund balance* for the Capital Projects Fund simply reflects the remaining Act 13 money and grant funds at the end of the year. For the year ending 2015, that amount is \$5,376,169. Each of the annual Act 13 allocations have remaining funds represented in that amount and the status and budget for each project is tracked by the County on an ongoing basis.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Other Governmental Funds**

The 24 funds that make up this group are not shown on the above statements and are too numerous to list and discuss. Activity for all these funds can be seen in the accompanying financial statements and the notes to those statements.

**Fiduciary Funds**

The County reports three funds under the Statement of Net Position – Fiduciary Funds. Of these, two are *Agency* funds (the Tax Claim Bureau, and Other Escrow Accounts) and, at the end of the year, the assets will equal the liabilities.

	Employees Pension Plan	Tax Claim Bureau	Escrow Accounts
<b>Assets</b>			
Cash and cash equivalents	\$ 60,307	\$ 269,381	\$ 846,993
Investments	22,249,792	-	-
Due from other funds	27,454	-	3,752
Accounts receivable	79,385	-	-
<b>Total Assets</b>	<b>22,416,938</b>	<b>269,381</b>	<b>850,745</b>
<b>Liabilities</b>			
Due to other governments	-	269,381	761,779
Due to other funds	-	-	88,966
<b>Total Liabilities</b>	<b>-</b>	<b>\$ 269,381</b>	<b>\$ 850,745</b>
<b>Net Position</b>			
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 22,416,938</b>		

The third fund in this group is a *Trust* fund; the County Pension Plan. The chart below shows the growth and decline of the Pension Net Position in relation to the S&P 500 Index, as well as showing the County contribution to the fund over the past several years.

County Pension Plan	2015	2014	2013	2012	2011
S&P Index growth (decline)	-0.73%	11.39%	29.60%	13.41%	0.00%
Pension Net Position growth (decline)	-1.56%	9.43%	19.24%	14.04%	5.85%
County Contribution	\$329,082	\$550,000	\$556,000	\$799,125	\$736,803

It is important to note that additions to the pension fund (including the County and employee contributions and market value increases) and Deductions from the pension fund (in the form of pension benefits, refunds of contributions and administrative expenses) are included in the above *Pension Net Position growth* line in the above chart.

The County contributes to the pension fund annually and this contribution is based on an actuarial valuation that is partially reimbursed by state programs such as Children & Youth Services and Human Services.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Greene County Pension Fund, on 1/1/2014, was determined to be 107.5% funded. Given the difference in the performance of the S&P Index fund in 2013 vs. 2014 and then again in 2015, that percentage dropped slightly by the end of 2014 to 106.7% and then in 2015 to 102%. The County contributed \$329,802 to the pension fund in 2015 and will continue to do so annually to insure a fully funded status even in year's when the market under-performs. This is significant, as the entire pension investments are expected to return at least 7% per year. The unfunded portion of that investment, of course, has no return so the higher the funded percentage and the better the investment performance, the lower the contribution burden on the County's General Fund.

### **GENERAL FUND BUDGETARY HIGHLIGHTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS SUMMARY**

The County budget process for any given year starts five months before the year begins and continues throughout the 12 months of that year. For 2015, when the preliminary budget was passed in 2014, the County did not yet have many of the benefit rates for the upcoming year, various assessment issues had not been finalized, The Act 13 allocation amount was unknown, and several grants for various departments were not yet guaranteed.

During the course of the year, these issues were resolved and the budget was amended to reflect these changes accurately. Additionally, unanticipated revenues and reductions in revenue were incorporated along with additions or reductions in spending in accordance with the County Code.

The chart below is an exact version of the Budget and Actual Statement that is contained in the accompanying basic financial statements. During the course of the year, two budget revisions incorporated changes into the budget as grant amounts were finalized and the actual amount of the 2015 Act 13 allocation became known.

In Late 2015, the county was on track to end the year very close to even on revenues and expenditures and then had two large tax bills paid after the books were closed for the year. This resulted in a larger than budgeted *Net Change in Fund Balance*. While the statement below only shows a variance of \$149,342, the actual amount of unpaid taxes (with respect to the one taxpayer) was \$641,000. The difference was made up in part by higher than expected revenues from Tax Claim.

*Charges for service* also came in under budget as some of the Act 13 revenue was either deferred into 2016 or transferred out to the Capital Projects fund, although other departments made up a good bit of that difference.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Budget & Actual – General Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 11,322,764	\$ 11,354,991	\$ 11,205,649	\$ (149,342)
Licenses and permits	27,425	33,575	36,680	3,105
Fines and forfeits	180,000	212,000	203,137	(8,863)
Intergovernmental	723,805	755,942	665,428	(90,514)
Charges for services	5,347,492	5,462,175	5,396,066	(66,109)
Interest	2,000	2,000	5,124	3,124
Rental income	408,320	294,370	296,255	1,885
Donations	60,500	89,548	92,551	3,003
<b>Total revenues</b>	<b>18,072,306</b>	<b>18,204,601</b>	<b>17,900,890</b>	<b>(303,711)</b>
<b>Expenditures:</b>				
General government - administration	6,174,705	5,002,272	4,549,097	453,175
General government - judicial	3,058,846	3,591,048	3,978,033	(386,985)
Public safety:				
Corrections	2,823,423	3,425,046	3,417,708	7,338
EMA/911	430,901	505,251	414,642	90,609
Public works:				
Airport	75,085	52,485	51,970	515
Culture and recreation:				
Parks and recreation	1,336,269	1,567,989	1,605,427	(37,438)
Conservation and economic development:				
Conservation/development	108,951	113,572	110,055	3,517
Housing/community development	204,977	205,417	185,031	20,386
Economic development	993,752	1,105,898	1,114,514	(8,616)
Tourism	17,128	25,149	22,671	2,478
Debt service:				
Debt principal	-	-	85,673	(85,673)
<b>Total expenditures</b>	<b>15,224,037</b>	<b>15,594,127</b>	<b>15,534,821</b>	<b>59,306</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,848,269</b>	<b>2,610,474</b>	<b>2,366,069</b>	<b>(244,405)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	510,709	475,709	642,424	166,715
Other sources from sale of assets/prior period reimbursement	119,362	227,257	201,278	(25,979)
Transfers out	(3,844,412)	(3,785,512)	(3,834,612)	(49,100)
<b>Total other financing sources (uses)</b>	<b>(3,214,341)</b>	<b>(3,082,546)</b>	<b>(2,990,910)</b>	<b>91,636</b>
<b>Net Change in Fund Balance</b>	<b>\$ (366,072)</b>	<b>\$ (472,072)</b>	<b>\$ (624,841)</b>	<b>\$ (152,769)</b>

Other notable Final-to-Actual variances were seen in higher than anticipated expenses in *General Government - Judicial* (\$386,985) and lower than expected expenses in *General Government – Administration* (\$453,175). With the State budget “crisis” foremost in the minds of the County administrative & financial managers and elected officials, spending reductions and pushing back projects & purchases helped alleviate the fact that the State was not reimbursing the County as required.

Debt Principal is not currently budgeted in the General Fund as the County has a Sinking Fund, as required by the covenants in the Bond Issues.

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

### **Summary**

The many favorable financial ratios, reduction of debt, and the completion of major development projects indicate that the County continues to be well-managed with respect to budget, policy, investment, control, and audit.

Greene County Government has been able to maintain a trend of reducing debt and liabilities, generating additional revenue, and increasing its net position year after year. Both the County residents and County government have prospered over the last several years, due to the Marcellus Shale gas deposits both in the form of royalties from the gas extracted and from the companies and employee's that have moved into the County to drill the wells, extract the gas, and pipe it out of the County.

The County government has benefited in the same way and Act 13 Funding has allowed the County to direct additional resources to departments and infrastructure that are impacted by the Marcellus Shale activity in the County. While the drilling activity has slowed and the County has dealt with financially insolvent coal companies due to the negative position taken by the federal government with respect to fossil fuels, County finances still remain strong.

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

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