

County of Greene, Pennsylvania

Financial Statements and Required Supplementary Information and Supplementary Information

Year Ended December 31, 2015
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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COUNTY OF GREENE, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

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COUNTY OF GREENE, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

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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, 2015, 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, 2015, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which requires the County to record its net pension (asset) and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

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 37 through 39, 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, 2016

COUNTY OF GREENE, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 14,299,790
Investments	1,482,439
Receivables:	
Taxes receivable, net of allowance	1,868,047
Due from other governments	4,809,926
Accounts receivable	372,116
Other assets	1,553
Net pension asset	117,277
Capital assets not being depreciated	7,794,816
Capital assets, net of accumulated depreciation	<u>37,660,265</u>
Total Assets	<u>68,406,229</u>
Deferred Outflows of Resources	
Deferred outflows of resources for pension	<u>2,158,388</u>
Liabilities	
Accounts payable	2,939,327
Accrued liabilities and withholdings	614,478
Accrued interest payable	69,555
Unearned revenue	3,860,735
Accrued compensated absences	445,242
Bonds and lease payable:	
Amount due within one year	826,568
Amount due in more than one year	9,005,000
Bond discount	<u>(90,146)</u>
Total Liabilities	<u>17,670,759</u>
Net Position	
Net investment in capital assets	35,713,659
Restricted for:	
Debt service	879,812
Pension	117,277
Other purposes	3,177,000
Unrestricted	<u>13,006,110</u>
Total Net Position	<u><u>\$ 52,893,858</u></u>

See accompanying notes to financial statements.

COUNTY OF GREENE, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 9,578,656	\$ 4,868,287	\$ 1,237,788	\$ 1,256	\$ (3,471,325)
Public safety	4,558,566	784,460	807,575	-	(2,966,531)
Public works	1,511,856	33,040	277,683	2,280,340	1,079,207
Human services	9,770,581	219,343	8,094,589	-	(1,456,649)
Culture and recreation	2,754,140	720,804	375,943	-	(1,657,393)
Conservation and economic development	1,801,598	467,108	896,065	1,004,686	566,261
Unallocated depreciation	150,325	-	-	-	(150,325)
Interest and amortization	202,786	-	-	-	(202,786)
Total governmental activities	\$ 30,328,508	\$ 7,093,042	\$ 11,689,643	\$ 3,286,282	(8,259,541)
General revenues:					
					11,579,193
					1,144,995
					113,199
					27,486
					314,327
					(38,364)
					683,721
Total general revenues					13,824,557
Change in Net Position					5,565,016
Net Position:					
Beginning of year, restated					47,328,842
End of year					\$ 52,893,858

See accompanying notes to financial statements.

COUNTY OF GREENE, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General Fund	Behavioral Health	Children and Youth	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
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
Total Assets	\$ 11,490,574	\$ 2,289,417	\$ 2,344,468	\$ 6,411,556	\$ 9,147,150	\$ 31,683,165
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
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
Total Liabilities	5,776,641	2,289,417	2,344,468	1,035,387	4,817,921	16,263,834
Deferred Inflows of Resources:						
Unavailable revenues - property taxes	1,563,923	-	-	-	-	1,563,923
Fund Balance:						
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
Total Fund Balance	4,150,010	-	-	5,376,169	4,329,229	13,855,408
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 11,490,574	\$ 2,289,417	\$ 2,344,468	\$ 6,411,556	\$ 9,147,150	\$ 31,683,165

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, 2015

Total Fund Balance - Governmental Funds \$ 13,855,408

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. 45,455,081

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. 1,563,923

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these accounts are capitalized and amortized in the statement of activities. 90,146

The actuarially accrued net pension asset and deferred outflows of resources for pension are not recorded on the fund financial statements. 2,275,665

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	\$ (445,242)	
GO bonds/leases	(9,831,568)	
Accrued interest on bonds	<u>(69,555)</u>	
		<u>(10,346,365)</u>

Total Net Position - Governmental Activities **\$ 52,893,858**

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, 2015

	General Fund	Behavioral Health	Children and Youth	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 11,205,649	\$ -	\$ -	\$ -	\$ 1,452,660	\$ 12,658,309
Licenses and permits	36,680	-	-	-	-	36,680
Fines and forfeits	203,137	-	-	-	-	203,137
Intergovernmental	665,428	2,489,292	2,733,854	939,273	7,997,272	14,825,119
Charges for services	5,396,066	-	84,059	-	1,136,554	6,616,679
Interest	5,124	247	93	9,657	12,365	27,486
Rental income	296,255	-	-	-	18,072	314,327
Donations	92,551	-	19,239	-	39,017	150,807
Total revenues	17,900,890	2,489,539	2,837,245	948,930	10,655,940	34,832,544
Expenditures:						
General government - administration	4,549,097	-	-	231,024	22,817	4,802,938
General government - judicial	3,978,033	-	-	71,742	690,466	4,740,241
Public safety:						
Police	-	-	-	40,090	-	40,090
Corrections	3,417,708	-	-	-	-	3,417,708
EMA/911	414,642	-	-	8,771	493,644	917,057
Public works:						
Highways and bridges	-	-	-	428,389	2,367,640	2,796,029
Sanitation/solid waste	-	-	-	597,289	-	597,289
Airport	51,970	-	-	717,325	-	769,295
Human services:						
Child/youth services	-	-	3,495,635	-	-	3,495,635
Drug and alcohol	-	-	-	-	513,666	513,666
Mental health/intellectual disability	-	2,506,084	-	-	-	2,506,084
Other human services	-	-	-	-	911,259	911,259
Transportation	-	-	-	-	1,149,730	1,149,730
Culture and recreation:						
Parks and recreation	1,605,427	-	-	457,856	375,268	2,438,551
Libraries	-	-	-	-	273,213	273,213
Other	-	-	-	197,477	-	197,477
Conservation and economic development:						
Conservation/development	110,055	-	-	-	511,778	621,833
Housing/community development	185,031	-	-	245,000	488,324	918,355
Economic development	1,114,514	-	-	-	-	1,114,514
Tourist promotion	22,671	-	-	-	272,228	294,899
Debt service:						
Debt interest	-	-	-	-	273,378	273,378
Debt principal	85,673	-	-	-	745,000	830,673
Total expenditures	15,534,821	2,506,084	3,495,635	2,994,963	9,088,411	33,619,914
Excess (Deficiency) of Revenues Over Expenditures	2,366,069	(16,545)	(658,390)	(2,046,033)	1,567,529	1,212,630
Other Financing Sources (Uses):						
Transfers in	642,424	109,045	764,778	2,877,811	205,077	4,599,135
Other sources from sale of assets/ prior period reimbursement	201,278	-	-	404,137	(279,092)	326,323
Transfers out	(3,834,612)	(92,500)	(106,388)	(25)	(565,610)	(4,599,135)
Total other financing sources (uses)	(2,990,910)	16,545	658,390	3,281,923	(639,625)	326,323
Net Change in Fund Balance	(624,841)	-	-	1,235,890	927,904	1,538,953
Fund Balance:						
Beginning of year	4,774,851	-	-	4,140,279	3,401,325	12,316,455
End of year	<u>\$ 4,150,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,376,169</u>	<u>\$ 4,329,229</u>	<u>\$ 13,855,408</u>

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, 2015

Net Change in Fund Balance - Governmental Funds \$ 1,538,953

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	\$ 4,150,343	
	Less: Depreciation expense	<u>(1,524,594)</u>	2,625,749

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. 415,623

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. 830,672

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. (7,512)

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. 70,590

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>(38,364)</u>	(38,364)

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.

129,305

Change in Net Position of Governmental Activities \$ 5,565,016

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
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
Total revenues	<u>18,072,306</u>	<u>18,204,601</u>	<u>17,900,890</u>	<u>(303,711)</u>
Expenditures:				
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)
Total expenditures	<u>15,224,037</u>	<u>15,594,127</u>	<u>15,534,821</u>	<u>59,306</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,848,269</u>	<u>2,610,474</u>	<u>2,366,069</u>	<u>(244,405)</u>
Other Financing Sources (Uses):				
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)
Total other financing sources (uses)	<u>(3,214,341)</u>	<u>(3,082,546)</u>	<u>(2,990,910)</u>	<u>91,636</u>
Net Change in Fund Balance	<u>\$ (366,072)</u>	<u>\$ (472,072)</u>	<u>\$ (624,841)</u>	<u>\$ (152,769)</u>

See accompanying notes to financial statements.

COUNTY OF GREENE, PENNSYLVANIA

STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2015

	Employees Pension Plan	Tax Claim Bureau	Escrow Accounts
Assets			
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	-	-
Total Assets	22,416,938	269,381	850,745
Liabilities			
Due to other governments	-	269,381	761,779
Due to other funds	-	-	88,966
Total Liabilities	-	\$ 269,381	\$ 850,745
Net Position			
Net Position Restricted for Pension Benefits	\$ 22,416,938		

See accompanying notes to financial statements.

COUNTY OF GREENE, PENNSYLVANIA

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2015

Additions:

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Contributions:	
Employer	\$ 329,082
Plan member	758,236
	<hr/>
Total contributions	1,087,318
	<hr/>
Investment earnings (loss):	
Net increase (decrease) in fair value of investments	(710,543)
Interest and dividends	537,169
	<hr/>
Net investment earnings (loss)	(173,374)
	<hr/>
Total additions	913,944
	<hr/>

Deductions:

<hr/>	
Pension benefits	592,004
Refund of contributions	507,062
Administrative expenses	171,005
	<hr/>
Total deductions	1,270,071
	<hr/>

Change in Net Position (356,127)

Net Position Restricted for Pension Benefits:

<hr/>	
Beginning of year	22,773,065
	<hr/>
End of year	\$ 22,416,938
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See accompanying notes to financial statements.

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2015

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, and 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

COUNTY OF GREENE, PENNSYLVANIA

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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

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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

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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

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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 \$106,000. 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

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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

All investments of the County are carried at fair value. Premiums and discounts on the pension trust fund notes are not amortized and are not material. All investments, except those of the pension trust fund, are U.S. government treasury notes and certificates of deposit with local banking institutions.

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	\$ 5,334,008	\$ 3,136,669
Behavioral Health	107,641	1,007,226
Children and Youth	144,529	1,566,688
Capital Projects	2,955,713	1,035,387
Other governmental funds	396,369	2,134,530
Fiduciary	31,206	88,966
	\$ 8,969,466	\$ 8,969,466

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Individual fund transfers at December 31, 2015 were as follows:

Fund	Transfer In	Transfers Out
General	\$ 642,424	\$ 3,834,612
Behavioral Health	109,045	92,500
Children and Youth	764,778	106,388
Capital Projects	2,877,811	25
Other governmental funds	205,077	565,610
	\$ 4,599,135	\$ 4,599,135

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 valued at their fair value on the date donated.

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 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

COUNTY OF GREENE, PENNSYLVANIA

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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	\$ 83,250
Amount for sick day buy-backs retirement eligible	73,860
Amount for severance pay	260,000
Amount for compensated absences for non-exempt and union	<u>28,132</u>
Total Compensated Absences Liability	<u>\$ 445,242</u>

K. 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.

L. 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. This category includes prepaid expenditures.
 - 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,
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COUNTY OF GREENE, PENNSYLVANIA

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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.

M. Classification of Net Position

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

- 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

COUNTY OF GREENE, PENNSYLVANIA

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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.

N. Adoption of Accounting Pronouncements

The Municipality has adopted GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*." These Statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 7). As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with an increase of \$1,606,412 to record the County's net pension asset.

The County has adopted GASB Statement No. 69, "*Government Combinations and Disposals of Government Operations*." This Statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The County has no mergers, acquisitions or operations that have been transferred or sold to report.

O. Pending Pronouncements

GASB has issued the following statements that 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. 72, "*Fair Value Measurement and Application*," effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This Statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*," effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). This Statement establishes requirements for those pensions and pension plans that are not

COUNTY OF GREENE, PENNSYLVANIA

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administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

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. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,”* effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016). 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,”* effective for fiscal years beginning after December 15, 2015 (the County’s financial statements for the year ending December 31, 2016). 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.

GASB Statement No. 79, *“Certain External Investment Pools and Pool Participants,”* effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016). 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.

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.

COUNTY OF GREENE, PENNSYLVANIA

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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 GASB Statement No. 67, *“Financial Reporting for Pension Plans,”* GASB Statement No. 68, *“Accounting and Financial Reporting for Pensions,”* and GASB Statement No. 73, *“Accounting and 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.”*

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 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, 2015, \$1,010,678 of the County’s \$14,491,928 bank balance was insured by

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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the Federal Deposit Insurance Corporation. The remaining bank balance of \$13,481,250 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 \$14,299,790 as of December 31, 2015 and are classified as cash and cash equivalents in the statement of net position.

The County also has investments of \$1,482,439 invested in certificates of deposits 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, 2015, \$27,247 of the bank balance of \$1,482,439 was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$1,455,192 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 \$6,102,641 and \$6,187,465, respectively, for the year ended December 31, 2015. The carrying amount of deposits for the row offices and other County offices was \$846,993 and the bank balance was \$915,573. The carrying amount of deposits for the Tax Claim Bureau was \$269,381 and the bank balance was \$280,992. 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.

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.

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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As of December 31, 2015, the County had the following investments in the Plan:

Cash or Investment Type	Investment Maturities (In Years) from December 31, 2015					
	Fair Market Value	Less than 1 year	1-5 Years	6 -10 Years	11 or more Years	16 or more Years
U.S. Treasuries	\$ 2,301,135	\$ 79,798	\$ 2,101,735	\$ -	\$ -	\$ 119,602
U.S. Government Agency Obligations	72,427	914	25,941	-	45,572	-
Municipal Bonds and Notes	474,598	101,033	373,565	-	-	-
Foreign Bonds	151,742	-	151,742	-	-	-
Corporate Bonds	5,573,854	210,639	3,570,626	1,305,766	67,353	419,470
Total debt securities	8,573,756	\$ 392,384	\$ 6,223,609	\$ 1,305,766	\$ 112,925	\$ 539,072
Cash and cash equivalents	969,949					
Common stock equities	12,766,394					
Total cash, cash equivalents, and other investments	13,736,343					
Total cash, cash equivalents, and investments reported on statement of net position	<u>\$ 22,310,099</u>					

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, 2015, the Plan investments in fixed income bonds have received the following ratings from Standard & Poor's:

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Credit Quality Distribution for Securities with Credit Exposure

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage of Total Plan Debt Securities</u>
Municipal Bonds	AA	3.00%
Municipal Bonds	A+	1.61%
Municipal Bonds	A	1.36%
Municipal Bonds	BBB+	1.60%
Governmental Agencies	Unrated	1.15%
Foreign Bonds	BBB	0.80%
Foreign Bonds	Unrated	1.61%
Corporate Bonds	AAA	1.07%
Corporate Bonds	AA+	0.82%
Corporate Bonds	AA-	5.86%
Corporate Bonds	A+	7.97%
Corporate Bonds	A	12.66%
Corporate Bonds	A-	21.15%
Corporate Bonds	BBB+	20.99%
Corporate Bonds	BBB	8.72%
Corporate Bonds	BBB-	7.91%
Corporate Bonds	BB	1.65%
Corporate Bonds	Unrated	0.06%
		<u>100%</u>

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, 2015, 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.

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 2015 levy was based, was \$1,651,250,118. The tax

COUNTY OF GREENE, PENNSYLVANIA

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rate to finance General Government Services, Debt Service, and Library Service for the year ended December 31, 2015, was 6.77 mills, 0.7 mills, and .07 mills per \$1,000.

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
1943-2010	\$ 257,785	20.0%	\$ 206,228
2011-2012	70,215	1.0%	69,513
2013-2014	355,222	0.3%	354,156
2015	1,215,664	0.0%	1,215,664
	<u>\$ 1,898,886</u>		<u>\$ 1,845,561</u>

In April 2016, the County received approximately \$760,000 in uncollected real estate taxes as a result of the sale of property.

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.

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

6. CAPITAL ASSETS

The following table illustrates the changes in capital assets as they have occurred during 2015.

	Balance at January 1, 2015	Additions	Transfers	Deletions	Balance at December 31, 2015
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 2,444,785	\$ -	\$ 15,109	\$ -	\$ 2,459,894
Construction in progress	8,935,933	2,377,727	(5,978,738)	-	5,334,922
Total capital assets not being depreciated	<u>11,380,718</u>	<u>2,377,727</u>	<u>(5,963,629)</u>	<u>-</u>	<u>7,794,816</u>
Capital assets being depreciated:					
Buildings and improvements	17,686,353	358,643	3,170,928	-	18,044,996
Vehicles	2,598,714	447,958	-	479,125	2,567,547
Furniture and equipment	3,609,118	242,794	90,681	-	3,942,593
Infrastructure assets	21,158,390	723,221	2,702,020	-	24,583,631
Total capital assets being depreciated	<u>45,052,575</u>	<u>1,772,616</u>	<u>5,963,629</u>	<u>479,125</u>	<u>49,138,767</u>
Less accumulated depreciation for:					
Buildings and improvements	6,641,504	575,871	-	-	7,217,375
Vehicles	1,398,338	213,119	-	440,761	1,170,696
Furniture and equipment	2,151,832	398,573	-	-	2,550,405
Infrastructure assets	3,373,923	337,031	-	-	3,710,954
Total accumulated depreciation	<u>13,565,597</u>	<u>1,524,594</u>	<u>-</u>	<u>440,761</u>	<u>14,649,430</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>31,486,978</u>	<u>248,022</u>	<u>5,963,629</u>	<u>38,364</u>	<u>37,660,265</u>
Governmental assets capital assets, net	<u>\$ 42,867,696</u>	<u>\$ 2,625,749</u>	<u>\$ -</u>	<u>\$ 38,364</u>	<u>\$ 45,455,081</u>

Included in equipment above is \$411,033 of assets purchased under a capital lease. These assets have a net value of \$81,567 at December 31, 2015.

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, 2015

<u>Governmental Activities:</u>	
General government	\$ 289,194
Public safety	282,214
Public works	419,886
Human services	142,466
Culture and recreation	236,164
Conservation and economic development	4,345
Unallocated depreciation	<u>150,325</u>
Total depreciation expense - governmental activities	<u>\$ 1,524,594</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, 2015, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	89
Inactive plan members entitled to but not yet receiving benefits	21
Active plan members	<u>263</u>
Total plan members	<u>373</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, 2015

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, 2015

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 2015 was \$329,082 and was deposited into the Plan by the County.

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the County for the year ended December 31, 2015 were as follows:

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2014	\$ 20,643,368	\$ 22,773,065	\$ (2,129,697)
Changes for the year:			
Service cost	456,348	-	456,348
Interest	1,542,009	-	1,542,009
Differences between expected and actual	757,002	-	757,002
Contributions - employer	-	329,082	(329,082)
Contributions - employee	-	758,236	(758,236)
Net investment income (loss)	-	(173,374)	173,374
Benefit payments, including refunds	(1,099,066)	(1,099,066)	-
Administrative expense	-	(171,005)	171,005
Net changes	1,656,293	(356,127)	2,012,420
Balances at December 31, 2015	\$ 22,299,661	\$ 22,416,938	\$ (117,277)
Plan fiduciary net position as a percentage of the total pension liability			100.53%

Actuarial Assumptions - The total pension liability (asset) was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2015, 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, 2015

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, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	40% - 60%	5.4% - 6.4%
International equity	Included in above	5.5% - 6.5%
Fixed income	35% - 55%	1.3% - 3.3%
Real estate	0.0%	4.5% - 5.5%
Cash	0% - 10%	0% - 1.1%

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, 2015, the annual money-weighted rate of return on the Plan investments, net of investment expense, was -1.79%.

Concentrations – The Plan had no individual investments in excess of 5% of the Plan’s fiduciary net position at December 31, 2015.

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, 2015

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)	\$ 1,184,164	\$ (117,277)	\$ (2,454,540)

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

For the year ended December 31, 2015, the County recognized pension expense of approximately \$183,114. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 658,690
Changes in assumption	-
Net difference between projected and actual earnings on pension plan investments	1,499,698
Total deferred outflows of resources	\$ 2,158,388

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

Year ended December 31,	
2016	\$ 473,237
2017	473,237
2018	473,237
2019	473,237
2020	98,312
Thereafter	167,128
Total	\$ 2,158,388

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2015 are as follows:

	At December 31, 2014	Issuances	Repayments	At December 31, 2015	Due Within One Year
G. O. Bond 2011	\$ 5,580,000	\$ -	\$ 40,000	\$ 5,540,000	\$ 40,000
G. O. Bond 2014	4,915,000	-	705,000	4,210,000	705,000
Capital Lease	167,240	-	85,672	81,568	81,568
Total	<u>\$ 10,662,240</u>	<u>\$ -</u>	<u>\$ 830,672</u>	<u>\$ 9,831,568</u>	<u>\$ 826,568</u>

General Obligation Bonds

During 2011, the County issued \$5,710,000 in General Obligation Bonds to currently refund the 2006 Bonds and to acquire or construct various capital improvement projects and additions. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 2.00% to 3.70%.

Year Ending December 31,	Principal Amount	Interest Amount	Total
2016	\$ 40,000	\$ 187,391	\$ 227,391
2017	40,000	186,416	226,416
2018	40,000	185,266	225,266
2019	45,000	184,044	229,044
2020	45,000	182,751	227,751
2021-2025	3,920,000	634,011	4,554,011
2026-2027	1,410,000	41,505	1,451,505
Total	<u>\$ 5,540,000</u>	<u>\$ 1,601,384</u>	<u>\$ 7,141,384</u>

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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%.

<u>Year Ending December 31,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2016	\$ 705,000	\$ 78,208	\$ 783,208
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>\$ 4,210,000</u>	<u>\$ 257,188</u>	<u>\$ 4,467,188</u>

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

<u>Year Ending December 31,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2016	\$ 745,000	\$ 265,599	\$ 1,010,599
2017	765,000	252,086	1,017,086
2018	790,000	236,186	1,026,186
2019	800,000	219,914	1,019,914
2020	805,000	203,091	1,008,091
2021-2025	4,435,000	640,191	5,075,191
2026-2027	1,410,000	41,505	1,451,505
Total	<u>\$ 9,750,000</u>	<u>\$ 1,858,572</u>	<u>\$ 11,608,572</u>

Capital Lease

During 2011, the County signed a lease with PNC Equipment Finance in the amount of \$411,033 with an interest rate of 3.97% for a period of 60 months for the purpose of leasing 28 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>
2016	<u>\$ 81,567</u>	<u>\$ 1,625</u>	<u>\$ 83,192</u>

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

10. 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.

11. 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.

12. SUBSEQUENT EVENTS

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 refunding was completed to reduce the County's debt service payments over the next twelve years by approximately \$379,000 and to obtain an economic gain (difference between present values of old and new debt service payments) of approximately \$368,000.

**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

	2015	2014
Total Pension Liability:		
Service cost	\$ 456,348	\$ 432,205
Interest	1,542,009	1,406,981
Differences between expected and actual experience	757,002	784,328
Benefit payments, including refunds of member contributions	(1,099,066)	(604,441)
Net Changes in Total Pension Liability	1,656,293	2,019,073
Total Pension Liability - Beginning	20,643,368	18,624,295
Total Pension Liability - Ending (a)	\$ 22,299,661	\$ 20,643,368
Plan Fiduciary Net Position:		
Contributions - employer	\$ 329,082	\$ 550,000
Contributions - member	758,236	716,276
Net investment income	(173,374)	1,473,162
Benefit payments, including refunds of member contributions	(1,099,066)	(604,441)
Administrative expense	(171,005)	(172,137)
Other	-	-
Net Change in Plan Fiduciary Net Position	(356,127)	1,962,860
Plan Fiduciary Net Position - Beginning	22,773,065	20,810,205
Plan Fiduciary Net Position - Ending (b)	\$ 22,416,938	\$ 22,773,065
Net Pension Liability (Asset) - Ending (a-b)	\$ (117,277)	\$ (2,129,697)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.53%	110.32%
Covered Employee Payroll	\$ 10,525,102	\$ 9,905,909
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-1.11%	-21.50%

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

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

See accompanying notes to schedules of required supplementary information.

COUNTY OF GREENE, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2015

Actuarial Methods and Assumptions

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Market value adjusted for gains and losses from prior years
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.