

County of Clinton, Pennsylvania

Financial Statements and
Supplementary Information

December 31, 2015



BAKER TILLY

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County of Clinton, Pennsylvania

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December 31, 2015

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Independent Auditors' Report

Board of Commissioners
County of Clinton, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Clinton, Pennsylvania (the "County"), as of and for the year ended December 31, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Clinton, Pennsylvania, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As disclosed in Notes 1, 12, and 20 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement ("GASB") No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* in 2015 to conform to accounting principles generally accepted in the United States of America. The County restated its beginning governmental activity net position at January 1, 2015 for this adoption. Our opinion was not modified with respect to this adoption.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 4 through 17, the schedule of revenues, expenditures, and changes in fund balance - budget and actual - General Fund, on page 68, schedule of revenues, expenditures, and changes in fund balance - budget and actual - Children and Youth Fund on page 69, the schedule of changes in net pension liability and related ratios on page 70, the schedule of employer contributions on page 71 and the schedule of investment return on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards on page 73, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of selected Commonwealth of Pennsylvania, Department of Human Services assistance on page 74, as required by the Commonwealth of Pennsylvania, Department of Human Services ("DHS") *Single Audit Supplement*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of selected Commonwealth of Pennsylvania, Department of Human Services assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of selected Commonwealth of Pennsylvania, Department of Human Services assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Baker Tilly Viechow Krause, LLP

Williamsport, Pennsylvania
September 30, 2016

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

The County of Clinton, Pennsylvania, hereafter referred to as the "County", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (hereafter "GASB 34") and related standards. GASB 34 enhances information provided to the users of its financial statements. This section of the financial statements presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2015. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the County's financial condition at December 31, 2015.

Financial Highlights

- The County's net position of its governmental activities increased by \$128,059. The unrestricted net deficit of its governmental activities at December 31, 2015 was \$2,811,074.
- The County's General Fund balance at December 31, 2015 was \$9,913,461, an increase of \$372,266 from the prior year.
- The County's total long-term debt outstanding decreased by \$566,323 to \$22,838,856 at December 31, 2015.
- During 2015, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is effective for years beginning after June 15, 2014. This standard was designed to improve accounting and financial reporting by state and local governments for pensions. As required by GASB 68, a liability was recorded using the actuarial report of the County's Pension Plan for the year ended December 31, 2015. The estimated net pension liability at December 31, 2015 was \$4,975,134. Refer to Note 12 for additional information.

Overview of the Financial Statements

The financial section of this report consists of four parts:

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

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

County of Clinton, Pennsylvania

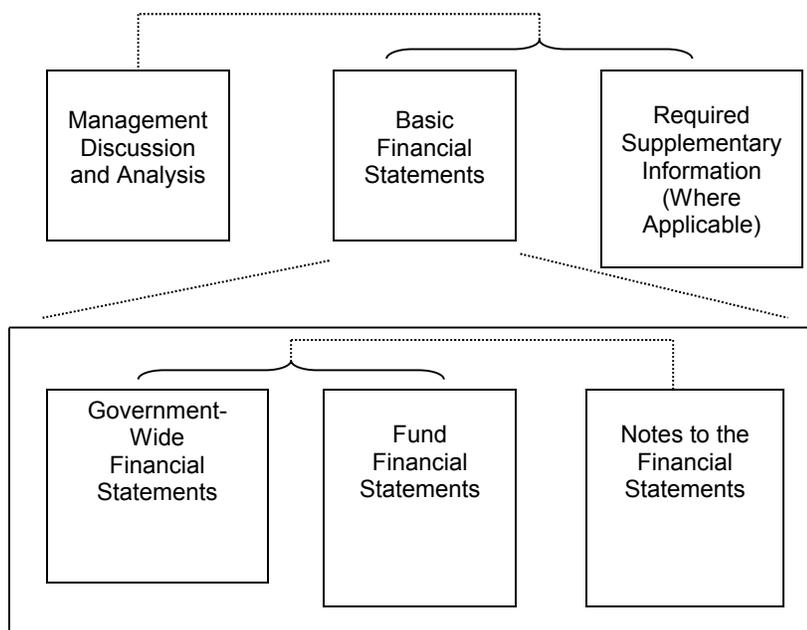
Management's Discussion and Analysis
December 31, 2015
(Unaudited)

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

- *Government-wide financial statements*, the first two statements, provide information about the County's overall financial status.
- *Fund financial statements*, the remaining statements, focus on individual parts of the County's government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements.
 - *Governmental funds statements* show how general government services such as public safety, human services, public works, and conservation and development were financed in the short term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activity the County operates like a business, such as the Economic and Community Development Fund.
 - *Fiduciary funds statements* reflect activities involving resources that are held by the County as a trustee or agent for the benefit of others, including employees of the County, like the pension plan. Fiduciary funds are not reflected in the government-wide statements because the assets cannot be used to support the County's programs.

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

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



County of Clinton, Pennsylvania

Management's Discussion and Analysis
 December 31, 2015
 (Unaudited)

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

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County (except fiduciary funds)	The day-to-day operating activities of the County, such as general administration, judicial, public safety, etc.	Activities the County operates similar to a private business - such as the Emergency 9-1-1 telephone fund	Instances in which the County is the trustee or agent to someone else's resources - Pension Trust Fund
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

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

Government-Wide Financial Statements

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

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

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

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

There are two categories of activities for the primary government:

- *Governmental activities* include the County's basic services such as general government, judicial, public safety, human services, public works, and conservation and development.
- *Business-type activity* such as the Emergency 9-1-1 telephone fund, which charges a fee to customers to help cover the costs of services.

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

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

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

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

Fund Financial Statements

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

The County has three kinds of funds:

- **Governmental funds** include most of the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's 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 Children and Youth Fund as required by state law. A budgetary comparison of the County's General Fund is presented on page 68 and a budgetary comparison of the County's Children and Youth Fund is presented on page 69.

- **Proprietary funds** report business-type programs and activities that charge user fees designed to recover the cost of providing services. The proprietary funds report using the full accrual basis of accounting.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

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

Government-Wide Financial Statements

The County's total assets and deferred outflow of resources were \$40,047,916 at December 31, 2015 and \$42,231,299 at December 31, 2014. Of these amounts, \$15,859,326 and \$16,264,373 respectively, were capital assets.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allowed infrastructure to be added over several years. The County adopted the provisions of GASB 34 related to infrastructure on a retroactive basis. As a result, for the years ended December 31, 2015 and 2014, the County has included all of its infrastructure assets that required capitalization in the County's financial statements.

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

	Governmental Activities		Business-Type Activity		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 20,755	\$ 20,258	\$ 594	\$ 666	\$ 21,349	\$ 20,924
Capital assets, net	11,377	11,648	4,482	4,616	15,859	16,264
Total assets	32,132	31,906	5,076	5,282	37,208	37,188
Deferred outflows of resources	2,839	-	-	-	2,839	-
Total assets and deferred outflows of resources	34,971	31,906	5,076	5,282	40,047	37,188
Long-term debt outstanding	19,094	19,098	3,745	4,134	22,839	23,232
Other liabilities	8,521	5,579	191	211	8,712	5,790
Total liabilities	27,615	24,677	3,936	4,345	31,551	29,022
Net position:						
Net investment in capital assets	4,109	4,140	737	482	4,846	4,622
Restricted net position	6,058	4,675	-	-	6,058	4,675
Unrestricted net position (deficit)	(2,811)	(1,586)	403	455	(2,408)	(1,131)
Total net position	\$ 7,356	\$ 7,229	\$ 1,140	\$ 937	\$ 8,496	\$ 8,166

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Change in Net Position

The following statement of activities represents changes in net position for the years ended December 31, 2015 and 2014. It shows revenues by source and expenses by function for governmental activities, the business-type activity and the government as a whole.

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

	Governmental Activities		Business-Type Activity		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 7,319	\$ 7,499	\$ 135	\$ 277	\$ 7,454	\$ 7,776
Grants and contributions	6,502	6,258	800	762	7,302	7,020
General revenues:						
Property and other taxes	11,345	11,068	-	-	11,345	11,068
Payments in lieu of taxes	423	427	-	-	423	427
Unrestricted investment earnings	45	55	-	1	45	56
Miscellaneous	5	1,677	298	-	303	1,677
Transfers	(667)	(672)	667	672	-	-
Total revenues	<u>24,972</u>	<u>26,312</u>	<u>1,900</u>	<u>1,712</u>	<u>26,872</u>	<u>28,024</u>
Expenses:						
General government	6,038	5,667	-	-	6,038	5,667
Judicial	3,966	3,944	-	-	3,966	3,944
Public safety	7,339	7,314	-	-	7,339	7,314
Public works	55	317	-	-	55	317
Human services	4,205	4,581	-	-	4,205	4,581
Culture and recreation	396	400	-	-	396	400
Conservation and development	1,928	1,566	-	-	1,928	1,566
Debt service	918	874	-	-	918	874
Emergency 9-1-1	-	-	1,697	1,706	1,697	1,706
Total expenses	<u>24,845</u>	<u>24,663</u>	<u>1,697</u>	<u>1,706</u>	<u>26,542</u>	<u>26,369</u>
Change in net position	127	1,649	203	6	330	1,655
Net Position, January 1, as restated	<u>7,229</u>	<u>5,580</u>	<u>937</u>	<u>931</u>	<u>8,166</u>	<u>6,511</u>
Net Position, December 31	<u>\$ 7,356</u>	<u>\$ 7,229</u>	<u>\$ 1,140</u>	<u>\$ 937</u>	<u>\$ 8,496</u>	<u>\$ 8,166</u>

During 2015, the County adopted new accounting requirements related to its pension plan reporting, which restated the County's governmental activities net position to reflect the County's Net Pension Liability. In addition, during 2015, the County issued a General Obligation Bond that was used to refund/refinance prior Bonds. The County transferred funds from other accounts to weather the storm created by the state's budget impasse and to continue to provide funding for County services.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. Table A-5 depicts the net program expenses for the years ended December 31, 2015 and 2014.

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

	Total Cost of Services		Net Expense (Revenue) Cost of Services	
	2015	2014	2015	2014
Program:				
General government	\$ 6,038	\$ 5,667	\$ 3,325	\$ 3,621
Judicial	3,966	3,944	2,328	2,747
Public safety	7,339	7,314	3,505	2,900
Public works	55	317	(126)	(936)
Human services	4,205	4,581	541	936
Culture and recreation	396	400	392	400
Conservation and development	1,928	1,566	481	365
Debt service	918	874	634	874
Emergency 9-1-1	1,697	1,706	762	666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 26,542</u>	<u>\$ 26,369</u>	<u>\$ 11,842</u>	<u>\$ 11,573</u>

The County relied on property taxes and other general revenues to fund 48% of its governmental and business-type activities in 2015.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Capital Assets

The County's investment in capital assets at December 31, 2015 and 2014, net of accumulated depreciation, was \$11,376,962 and \$11,648,332 for its governmental activities, respectively. Capital assets consist primarily of land, buildings, equipment and infrastructure. The following is a summary of capital assets at December 31, 2015 and 2014:

Table A-6
Capital Assets, Governmental Activities
December 31, 2015

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost Less Accumulated Depreciation</u>
Governmental Activities:			
Land	\$ 749,482	\$ -	\$ 749,482
Buildings and improvements	21,819,269	13,152,268	8,667,001
Equipment and vehicles	4,048,888	3,205,765	843,123
Agricultural easements	622,878	151,432	471,446
Leasehold assets	131,142	131,142	-
Infrastructure	250,000	67,708	182,292
Construction-in-process	463,618	-	463,618
Total governmental activities	<u>\$ 28,085,277</u>	<u>\$ 16,708,315</u>	<u>\$ 11,376,962</u>
Business-Type Activity			
Land	\$ 45,600	\$ -	\$ 45,600
Buildings and improvements	3,628,104	272,388	3,355,716
Equipment and vehicles	2,568,603	1,487,555	1,081,048
Total business-type activity	<u>\$ 6,242,307</u>	<u>\$ 1,759,943</u>	<u>\$ 4,482,364</u>
December 31, 2014			
Governmental Activities:			
Land	\$ 729,175	\$ -	\$ 729,175
Buildings and improvements	21,612,567	12,696,642	8,915,925
Equipment and vehicles	3,888,817	2,992,916	895,901
Agricultural easements	622,878	135,860	487,018
Leasehold assets	131,142	131,142	-
Infrastructure	250,000	61,458	188,542
Construction-in-process	431,771	-	431,771
Total governmental activities	<u>\$ 27,666,350</u>	<u>\$ 16,018,018</u>	<u>\$ 11,648,332</u>
Business-Type Activity			
Land	\$ 45,600	\$ -	\$ 45,600
Buildings and improvements	3,628,104	254,693	3,373,411
Equipment and vehicles	2,270,806	1,073,776	1,197,030
Total business-type activity	<u>\$ 5,944,510</u>	<u>\$ 1,328,469</u>	<u>\$ 4,616,041</u>

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

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Long-Term Liabilities

At December 31, 2015, the County had \$22,838,856 of debt outstanding, including general obligation bonds, and notes. Debt decreased 2.4% from the previous year. The following is a summary of general obligation bonds, notes, compensated absences and net pension liability for the 2015 year:

Table A-7
Statement of Long-term Liability Activity

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Long-term debt	\$ 19,098,215	\$ 7,468,648	\$ 7,473,266	\$ 19,093,597
Compensated absences	1,355,427	189,085	155,129	1,389,383
Net pension liability	1,302,146	3,672,988	-	4,975,134
Governmental activities long-term liabilities	<u>\$ 21,755,788</u>	<u>\$ 11,330,721</u>	<u>\$ 7,628,395</u>	<u>\$ 25,458,114</u>
Business-type activity,				
General Obligation Bonds	\$ 4,133,619	\$ 1,829,697	\$ 2,218,057	\$ 3,745,259
Compensated absences	124,994	-	6,259	118,735
Business-type activity long-term liabilities	<u>\$ 4,258,613</u>	<u>\$ 1,829,697</u>	<u>\$ 2,224,316</u>	<u>\$ 3,863,994</u>

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

Fund Financial Statements

Governmental Funds

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

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

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

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Governmental Fund Revenues

Governmental fund revenues by source at December 31, 2015 and December 31, 2014 were as follows.

Table A-8
Revenues by Source, Governmental Funds

	<u>2015</u>	<u>2014</u>	<u>Changes from 2015 to 2014</u>
Revenues:			
Taxes	\$ 11,568,116	\$ 11,500,909	\$ 67,207
Intergovernmental revenues	6,666,622	6,258,365	408,257
Charges for services	5,815,230	7,499,380	(1,684,150)
Interest, rents and royalties	78,133	55,080	23,053
Licenses and permits	36,508	31,121	5,387
Other	1,253,359	1,645,813	(392,454)
Debt proceeds	7,234,847	103,813	7,131,034
Proceeds from sale of county property	6,414	-	6,414
Transfers in	2,118,157	888,276	1,229,881
	<u>\$ 34,777,386</u>	<u>\$ 27,982,757</u>	<u>\$ 6,794,629</u>

Additional tax revenues were due to new properties added to the tax rolls or changes in assessed values. The taxation rate was unchanged from 2014.

There were some new grants received in 2015 in the Probation and Children and Youth Services departments which accounted for the increase in Intergovernmental Revenues.

Charges for Services decreased primarily due to the reduction in revenue at the Clinton County Correctional Facility for housing out of county inmates in 2015. This was because part of the facility was out of use during remodeling.

The 9-1-1 fees received decreased because of changes due to Act 12. A change was made in accounting for the collection of taxes by the County Treasurer on behalf of other municipalities which accounted for the reduction in the Other Revenue category.

In 2015, the County issued a General Obligation Bond for refund of prior issued bonds.

The County made higher transfers in from other governmental funds to bridge the cash flow gap during the state budget impasse.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2015 and December 31, 2014 were as follows:

Table A-9
Expenditures by Functions, Governmental Funds

	<u>2015</u>	<u>2014</u>	<u>Changes from 2015 to 2014</u>
Expenditures:			
General government	\$ 4,811,839	\$ 4,653,784	\$ 158,055
Judicial	4,249,569	3,908,894	340,675
Public safety	7,155,113	7,013,384	141,729
Public works	114,481	310,729	(196,248)
Human services	4,161,280	4,568,092	(406,812)
Culture and recreation	370,826	400,161	(29,335)
Conservation and development	1,731,303	1,536,589	194,714
Debt service and issuance costs	1,653,600	1,949,608	(296,008)
Capital outlay	183,515	229,637	(46,122)
Current refunding payments	2,799,108	-	2,799,108
Payments to escrow agent	4,345,889	-	4,345,889
Transfer out	2,784,775	1,560,246	1,224,529
Total expenditures	<u>\$ 34,361,298</u>	<u>\$ 26,131,124</u>	<u>\$ 8,230,174</u>

Judicial outlays were up slightly due to new court initiatives for Drug Offenders and Veterans.

Public works expenditures were decreased due to a reduction in Liquid Fuels Funding.

Human services funds from the state were reduced therefore expenditures were also down.

The County refinanced a bond in 2015, which reduced the County's debt service payments, but increased the current refunding payments and payments to escrow agents as a result of this refunding.

Capital outlays decreased because several capital projects were started in 2013 and 2014 and only finished up in 2015.

County of Clinton, Pennsylvania

Management's Discussion and Analysis
December 31, 2015
(Unaudited)

Economic Condition, Outlook and Next Year's Budget

The County continues to monitor its spending and services throughout all levels of operations. The monitoring of cash flow and capital project planning has been considered in preparing the County's 2015 budget. In addition, the federal and state budget issues will continue to be a hurdle all counties must grapple with as program service levels increase and available funding sources decline.

General Fund Budget

The County adopts an annual operating budget for its General and Children and Youth Funds in accordance with the provisions of the Commonwealth of Pennsylvania County Code. A schedule showing the County's original and final budget amounts compared with actual results for the current year is provided on pages 68 and 69.

The County's actual revenues for the General Fund for the year ended December 31, 2015 were \$560,639 less than the final budget. The largest contributor to this shortfall in revenue was the loss of revenue at the prison due to housing fewer out of county inmates than was expected as a result of the renovations completed at the Prison during 2015.

The County's actual expenditures for the year ended December 31, 2015 were \$1,353,953 less than was anticipated in the final budget. The County did not have to use the \$300,00 budgeted in the contingency reserve and a change in accounting for tax collections for other municipalities also accounted for some of the less than anticipated expenditures.

Governmental Fund Balances

Ending balances for governmental funds and net position for proprietary funds at December 31, 2015 were as follows:

Table A-10
Ending Fund Balances, Governmental Funds;
Net Position, Proprietary Funds

Fund	Governmental Funds	Proprietary Funds
General Fund	\$ 9,913,461	\$ -
Revolving Loan Fund	3,470,868	-
Children and Youth Fund	-	-
Capital Projects Fund	89,154	-
Nonmajor Governmental Funds	4,060,097	-
Emergency 9-1-1 Fund	-	1,139,949
Total	\$ 17,533,580	\$ 1,139,949

County of Clinton, Pennsylvania

Management's Discussion and Analysis

December 31, 2015

(Unaudited)

Contacting the County's Financial Management

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

County of Clinton, Pennsylvania
Clinton County Government Center
Commissioner's Office
232 E. Main Street, 3rd Floor
Lock Haven, Pennsylvania 17745

Telephone: 570-893-4000

County of Clinton, Pennsylvania

Statement of Net Position
December 31, 2015

	Primary Government		Total	Component Unit
	Governmental-Activities	Business-Type Activity		
Assets and Deferred Inflows of Resources				
Cash and cash equivalents	\$ 7,413,439	\$ -	\$ 7,413,439	\$ 146,491
Restricted cash	2,211,688	1,141,324	3,353,012	-
Investments	258,388	-	258,388	2,332,091
Receivables:				
Grants	1,738,504	276,162	2,014,666	-
Taxes	736,476	-	736,476	-
Loans	6,272,962	-	6,272,962	-
Other	1,295,124	-	1,295,124	1,808,477
Internal balances	823,084	(823,084)	-	-
Due from agency funds	5,268	-	5,268	-
Prepaid expenses and other current assets	-	-	-	136,318
Assets whose use is limited	-	-	-	1,330,625
Restricted resident trust funds	-	-	-	30,944
Total current assets	20,754,933	594,402	21,349,335	5,784,946
Capital assets, net	11,376,962	4,482,364	15,859,326	3,231,562
Total assets	32,131,895	5,076,766	37,208,661	9,016,508
Deferred Outflows of Resources - Pension	2,839,255	-	2,839,255	-
Total assets and deferred outflows of resources	34,971,150	5,076,766	40,047,916	9,016,508
Liabilities				
Accounts payable and accrued expenses	1,769,527	64,170	1,833,697	1,414,337
Due to other governments	-	2	2	-
Unearned revenues	312,329	-	312,329	-
Resident trust funds	-	-	-	48,159
Current portion of long-term debt	998,319	448,000	1,446,319	18,000
Accrued interest	74,988	8,651	83,639	-
Total current liabilities	3,155,163	520,823	3,675,986	1,480,496
Long-term liabilities:				
Workers' compensation payable	-	-	-	803,123
Long-term portion of long-term debt	18,095,278	3,297,259	21,392,537	51,000
Compensated absences	1,389,383	118,735	1,508,118	-
Net pension liability	4,975,134	-	4,975,134	-
Total liabilities	27,614,958	3,936,817	31,551,775	2,334,619
Net Position (Deficit)				
Net investment in capital assets	4,108,619	737,105	4,845,724	3,162,562
Restricted for:				
Capital projects	89,154	-	89,154	-
Program purposes	5,969,493	-	5,969,493	-
Unrestricted	(2,811,074)	402,844	(2,408,230)	3,519,327
Total net position	\$ 7,356,192	\$ 1,139,949	\$ 8,496,141	\$ 6,681,889

See notes to financial statements

County of Clinton, Pennsylvania

Statement of Activities

Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Net (Expense) Revenue and Change in Net Position	
Primary Government								
Governmental activities:								
General Government	\$ 6,038,172	\$ 2,606,429	\$ 163,114	\$ -	\$ (3,268,629)		\$ (3,268,629)	
Public safety	7,339,089	3,397,570	436,216	-	(3,505,303)		(3,505,303)	
Public works	54,571	1,095	-	179,398	125,922		125,922	
Judicial	3,966,345	655,492	983,293	-	(2,327,560)		(2,327,560)	
Human services	4,204,656	85,155	3,578,276	-	(541,225)		(541,225)	
Culture and recreation	395,618	3,298	-	-	(392,320)		(392,320)	
Conservation and development	1,928,076	285,043	1,162,353	-	(480,680)		(480,680)	
Interest on long-term debt and issuance costs	918,404	284,523	-	-	(633,881)		(633,881)	
Total governmental activities	<u>24,844,931</u>	<u>7,318,605</u>	<u>6,323,252</u>	<u>179,398</u>	<u>(11,023,676)</u>		<u>(11,023,676)</u>	
Business-type activity,								
Emergency 9-1-1 Fund	1,697,057	134,509	800,243	-		\$ (762,305)	(762,305)	
Total primary government	<u>\$ 26,541,988</u>	<u>\$ 7,453,114</u>	<u>\$ 7,123,495</u>	<u>\$ 179,398</u>		<u>(762,305)</u>	<u>(11,785,981)</u>	
Component Unit								
Susque-View Nursing Home	<u>\$ 11,847,783</u>	<u>\$ 11,881,866</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ 34,083</u>
General Revenues								
					11,113,241	-	11,113,241	-
					232,142	-	232,142	-
					422,532	-	422,532	-
					44,793	515	45,308	(395)
					5,645	297,797	303,442	-
					(666,618)	666,618	-	-
Total general revenues					<u>11,151,735</u>	<u>964,930</u>	<u>12,116,665</u>	<u>(395)</u>
Change in net position					<u>128,059</u>	<u>202,625</u>	<u>330,684</u>	<u>33,688</u>
Net position, beginning								
As previously reported					13,613,743	937,324	14,551,067	6,648,201
Effect of adoption of GASB 68					(6,385,610)	-	(6,385,610)	-
As restated					<u>7,228,133</u>	<u>937,324</u>	<u>8,165,457</u>	<u>6,648,201</u>
Net position, ending					<u>\$ 7,356,192</u>	<u>\$ 1,139,949</u>	<u>\$ 8,496,141</u>	<u>\$ 6,681,889</u>

See notes to financial statements

County of Clinton, Pennsylvania

Balance Sheet

Governmental Funds

December 31, 2015

	General Fund	Revolving Loan	Children and Youth	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,717,469	\$ -	\$ -	\$ -	\$ 3,695,970	\$ 7,413,439
Restricted cash	-	1,909,396	25,771	176,181	100,340	2,211,688
Investments	-	-	-	-	258,388	258,388
Receivables:						
Taxes, net	736,476	-	-	-	-	736,476
Accounts	1,235,055	-	11,999	-	48,070	1,295,124
Notes	4,098,499	1,561,472	-	-	-	5,659,971
Due from other funds	1,897,608	-	69,941	-	202,515	2,170,064
Receivable from other governments	73,370	-	1,514,807	-	150,327	1,738,504
	<u>11,758,477</u>	<u>3,470,868</u>	<u>1,622,518</u>	<u>176,181</u>	<u>4,455,610</u>	<u>21,483,654</u>
Total assets	<u>\$ 11,758,477</u>	<u>\$ 3,470,868</u>	<u>\$ 1,622,518</u>	<u>\$ 176,181</u>	<u>\$ 4,455,610</u>	<u>\$ 21,483,654</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$ 457,489	\$ -	\$ 449,676	\$ -	\$ 59,969	967,134
Due to other funds	207,715	-	837,480	87,027	209,490	1,341,712
Unearned revenue	-	-	208,479	-	103,851	312,330
Other accrued expenses	653,307	-	126,883	-	22,203	802,393
	<u>1,318,511</u>	<u>-</u>	<u>1,622,518</u>	<u>87,027</u>	<u>395,513</u>	<u>3,423,569</u>
Total liabilities	<u>1,318,511</u>	<u>-</u>	<u>1,622,518</u>	<u>87,027</u>	<u>395,513</u>	<u>3,423,569</u>
Deferred inflows of resources, Deferred tax revenues	526,505	-	-	-	-	526,505
	<u>526,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>526,505</u>
Fund balances:						
Nonspendable	4,098,499	1,561,472	-	-	-	5,659,971
Restricted	-	1,909,396	-	89,154	4,060,097	6,058,647
Assigned	3,550,130	-	-	-	-	3,550,130
Unassigned	2,264,832	-	-	-	-	2,264,832
	<u>9,913,461</u>	<u>3,470,868</u>	<u>-</u>	<u>89,154</u>	<u>4,060,097</u>	<u>17,533,580</u>
Total fund balances	<u>9,913,461</u>	<u>3,470,868</u>	<u>-</u>	<u>89,154</u>	<u>4,060,097</u>	<u>17,533,580</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,758,477</u>	<u>\$ 3,470,868</u>	<u>\$ 1,622,518</u>	<u>\$ 176,181</u>	<u>\$ 4,455,610</u>	<u>\$ 21,483,654</u>

See notes to financial statements

County of Clinton, Pennsylvania

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
December 31, 2015

Total Fund Balances, Governmental Funds \$ 17,533,580

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position. The cost of assets is \$28,085,277 and the accumulated depreciation is \$16,708,315. 11,376,962

Notes receivable stemming from other entities where the County issued long-term debt and loaned the proceeds to such entities for project purposes are treated as a receivable in the statement of net position, but are not reported within the fund financial statements. 612,992

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as a deferred inflow of resources in the funds. 526,505

Deferred outflows related to the net pension liability are not reported in the governmental funds, however, are reported in the statement of net position. 2,839,255

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2015 are:

General obligation bonds	(19,093,597)	
Compensated absences	(1,389,383)	
Net pension liability	(4,975,134)	
Accrued interest on bonds	(74,988)	(25,533,102)

**Net Position of Governmental Activities in the
Statement of Net Position** \$ 7,356,192

County of Clinton, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2015

	<u>General Fund</u>	<u>Revolving Loan</u>	<u>Children and Youth</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues						
Taxes:						
Property taxes	\$ 10,913,442	\$ -	\$ -	\$ -	\$ -	\$ 10,913,442
Payments in lieu of taxes	422,532	-	-	-	-	422,532
Hotel taxes	232,142	-	-	-	-	232,142
Licenses and permits	36,508	-	-	-	-	36,508
Intergovernmental	789,499	-	3,138,948	-	2,738,175	6,666,622
Charges for services	5,408,195	-	78,907	-	328,128	5,815,230
Interest, rents and royalties	39,795	34,026	-	62	4,250	78,133
Other	1,221,558	-	3,407	-	28,394	1,253,359
Total revenues	19,063,671	34,026	3,221,262	62	3,098,947	25,417,968
Expenditures						
Current:						
General government - administrative	4,716,251	-	-	-	95,588	4,811,839
Judicial	3,054,341	-	-	-	1,195,228	4,249,569
Public safety	7,097,776	-	-	-	57,337	7,155,113
Public works	-	-	-	-	114,481	114,481
Human services	234,016	-	3,923,628	-	3,636	4,161,280
Culture and recreation	370,826	-	-	-	-	370,826
Conservation and development	548,641	26,081	-	-	1,156,581	1,731,303
Debt service:						
Principal	971,016	-	-	-	-	971,016
Interest and other charges	592,734	-	-	-	-	592,734
Issuance costs	-	-	-	89,850	-	89,850
Capital outlay	-	-	-	183,515	-	183,515
Total expenditures	17,585,601	26,081	3,923,628	273,365	2,622,851	24,431,526
Excess (deficiency) of revenues over expenditures	1,478,070	7,945	(702,366)	(273,303)	476,096	986,442
Other Financing Sources (Uses)						
Proceeds from issuance of long-term debt	-	-	-	7,234,847	-	7,234,847
Current refunding payments	-	-	-	(2,799,108)	-	(2,799,108)
Payments to refunding bond escrow agent	-	-	-	(4,345,889)	-	(4,345,889)
Proceeds from sale of county property	5,642	-	772	-	-	6,414
Transfers in	1,124,386	-	701,594	-	292,177	2,118,157
Transfers out	(2,235,832)	-	-	-	(548,943)	(2,784,775)
Total other financing sources (uses), net	(1,105,804)	-	702,366	89,850	(256,766)	(570,354)
Net Changes in Fund Balances	372,266	7,945	-	(183,453)	219,330	416,088
Fund Balances, Beginning	9,541,195	3,462,923	-	272,607	3,840,767	17,117,492
Fund Balances, Ending	\$ 9,913,461	\$ 3,470,868	\$ -	\$ 89,154	\$ 4,060,097	\$ 17,533,580

County of Clinton, Pennsylvania

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2015

Net Change in Fund Balances, Total Governmental Funds \$ 416,088

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, \$534,996 were exceeded by depreciation, \$806,366, in the current period. (271,370)

Under the modified accrual basis of accounting used in governmental funds, revenues are deferred until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in deferred real estate tax revenue during 2015. 199,799

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the government-wide net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. During the year ended December 31, 2015, the following transactions factor into this reconciliation:

Issuance of long-term debt	(7,295,305)	
Repayment of principal	957,875	
Refunding of long-term debt	6,875,556	
Bond premiums and discounts capitalized	<u>79,481</u>	617,607

Certain compensated absences are considered long-term in nature, and are not reported as liabilities within the governmental funds. Such liabilities are reported within the statement of net position, and changes in these liabilities are reflected within the statement activities. This amount represents the change in long-term compensated absences payable during 2015. (33,956)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional amount due over the interest accrued in the statement of activities is shown here. 33,624

Net pension liability is considered long-term in nature, and is not reported as a liability within the governmental funds. Such liability is, however, reported within the statement of net position, and changes in the liability are reflected within the statement of activities. This amount represents the change in the net pension liability and related deferred outflows of resources during 2015. (833,733)

Change in Net Position of Governmental Activities \$ 128,059

County of Clinton, Pennsylvania

Statement of Net Position

Proprietary Fund

December 31, 2015

	Emergency 9-1-1 Fund
Assets	
Current assets:	
Restricted cash	\$ 1,141,324
Due from other funds	87,027
Due from other governments	276,162
	<hr/>
Total current assets	1,504,513
	<hr/>
Non-current assets:	
Capital assets, not being depreciated	45,600
Capital assets being depreciated, net	4,436,764
	<hr/>
Total non-current assets	4,482,364
	<hr/>
Total assets	<u>\$ 5,986,877</u>
Liabilities	
Current liabilities:	
Current portion of long-term debt	\$ 448,000
Accounts payable	15,810
Accrued expenses	48,360
Due to other funds	910,111
Due to other governments	2
Accrued interest payable	8,651
	<hr/>
Total current liabilities	1,430,934
	<hr/>
Non-current liabilities:	
Compensated absences	118,735
Long-term portion of long-term debt	3,297,259
	<hr/>
Total non-current liabilities	3,415,994
	<hr/>
Total liabilities	4,846,928
	<hr/>
Net Position	
Net investment in capital assets	737,105
Unrestricted	402,844
	<hr/>
Total net position	1,139,949
	<hr/>
Total liabilities and net position	<u>\$ 5,986,877</u>

See notes to financial statements

County of Clinton, Pennsylvania

Statement of Revenues, Expenses, and Change in Net Position

Proprietary Fund

Year Ended December 31, 2015

	Emergency 9-1-1 Fund
Operating Revenues	
Charges for services	\$ 134,509
Intergovernmental revenues	800,243
	<hr/>
Total operating revenues	934,752
	<hr/>
Operating Expenses	
Payments for public safety	1,221,313
Depreciation	431,474
	<hr/>
Total operating expenses	1,652,787
	<hr/>
Operating Loss	(718,035)
	<hr/>
Nonoperating Revenues	
Contributed asset - communication tower	297,797
Interest income	515
Interest expense	(44,270)
	<hr/>
Total Nonoperating Revenues	254,042
	<hr/>
Other Financing Activities	
Transfers in	666,618
	<hr/>
Change in Net Position	202,625
	<hr/>
Net Position, Beginning	937,324
	<hr/>
Net Position, Ending	\$ 1,139,949
	<hr/> <hr/>

See notes to financial statements

County of Clinton, Pennsylvania

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2015

	Emergency 9-1-1 Fund
Cash Flows Provided by Operating Activities	
Receipts from Emergency Communications Services	\$ 833,301
Receipts from other funds	789,082
Payments to suppliers	(387,071)
Payments to employees	(852,211)
	<hr/>
Net cash flows provided by operating activities	383,101
	<hr/>
Cash Flows From Capital and Related Financing Activities	
Proceeds from issuance of long-term debt	1,829,697
Principal payments on long-term debt	(2,218,057)
Interest paid on long-term debt	(46,019)
	<hr/>
Net cash flows used in capital and related financing activities	(434,379)
	<hr/>
Cash Flows From Investing Activities	
Interest income	515
	<hr/>
Cash Flows From Financing Activities	
Operating transfer in	666,618
	<hr/>
Increase in cash	615,855
	<hr/>
Cash, Beginning	525,469
	<hr/>
Cash, Ending	<u>\$ 1,141,324</u>
	<hr/>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (718,035)
Adjustment to reconcile operating loss to net cash provided by operating activities,	
Depreciation expense	431,474
Changes in assets and liabilities:	
Due to (from) other funds	789,082
Accounts receivable	39,295
Due from other governments	(140,746)
Accounts payable	(12,373)
Accrued expenses	663
Compensated Absences	(6,259)
	<hr/>
Net cash provided by operating activities	<u>\$ 383,101</u>
	<hr/>
Supplemental Disclosure of Non-Cash Capital and Related Financing Activities	
Donated capital assets - communications tower	<u>\$ 297,797</u>
	<hr/>

See notes to financial statements

County of Clinton, Pennsylvania

Statement of Fiduciary Net Position
December 31, 2015

	<u>Pension Trust Fund</u>	<u>Agency</u>
Assets		
Cash and cash equivalents	\$ 395,886	\$ 902,488
Accrued income	89,229	-
Prepaid benefits	1,071	-
	<u>486,186</u>	<u>902,488</u>
Total cash, cash equivalents, and current assets	<u>486,186</u>	<u>902,488</u>
Investments, at fair value:		
Certificates of deposit	2,396,212	-
U.S. Government obligations	5,736,449	-
Municipal obligations	75,451	-
Corporate and foreign bonds	4,801,277	-
Common stocks	19,207,936	-
Mutual funds	7,666,526	-
	<u>39,883,851</u>	<u>-</u>
Total investments	<u>39,883,851</u>	<u>-</u>
Total assets	<u><u>\$ 40,370,037</u></u>	<u><u>\$ 902,488</u></u>
Liabilities		
Funds held in fiduciary capacity	\$ -	\$ 589,125
Due to other funds	-	5,268
Benefits payable	448	-
Due to other governments	-	308,095
	<u>448</u>	<u>308,095</u>
Total liabilities	448	<u><u>\$ 902,488</u></u>
Net Position		
Held in trust for pension benefits	<u>40,369,589</u>	
Total liabilities and net position	<u><u>\$ 40,370,037</u></u>	

See notes to financial statements

County of Clinton, Pennsylvania

Statement of Changes in Fiduciary Net Position Year Ended December 31, 2015

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Plan members	\$ 979,411
County	<u>500,000</u>
Total contributions	<u>1,479,411</u>
Investment income:	
Realized gains	961,722
Net depreciation in fair value of investments	(2,177,543)
Interest and dividends	838,186
Investment activity expense	<u>(168,672)</u>
Total net investment loss	<u>(546,307)</u>
Total additions	<u>933,104</u>
Deductions	
Benefits paid	2,040,659
Refunds of member contributions	415,525
Administrative	<u>34,700</u>
Total deductions	<u>2,490,884</u>
Change in net position	(1,557,780)
Net Position, Beginning of Year	<u>41,927,369</u>
Net Position, End of Year	<u><u>\$ 40,369,589</u></u>

See notes to financial statements

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

1. Summary of Significant Accounting Policies – Primary Government

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

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

Financial Reporting Entity

In accordance with GASB Statement Nos. 14, 39, and 61, the County has evaluated all related entities (authorities, commissions and affiliates) for possible inclusion in the financial reporting entity.

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

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

Discretely Presented Component Unit

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

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

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

Blended Component Unit

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

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

The component unit reported in this way is:

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

Joint Ventures

The County is a participant along with the County of Lycoming, Pennsylvania for the provision of Mental Health/Mental Retardation services. The governing board consists of the six County Commissioners involved in the Joinder Agreement. This board, on an annual basis, sets the amount of the contribution required from each participating county, but the County of Clinton, Pennsylvania otherwise has no financial interest in the Joinder. For the fiscal year 2014-2015, Clinton County contributed \$69,713 to the operations of the Joinder.

Condensed financial information for the Joinder as of and for the year ended June 30, 2015, is as follows:

Assets	\$ 12,896,795
Liabilities	<u>12,853,450</u>
Net Position	<u>\$ 43,345</u>
Revenues	\$ 46,595,033
Expenditures	<u>46,713,580</u>
Net Loss	<u>\$ (118,547)</u>

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

Related Organizations

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

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

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the County as a whole. They include all funds of the County except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. A business-type activity is financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The funds of the County are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

The County reports the following nonmajor governmental funds:

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

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2015

Capital Projects Funds

The Capital Project Fund is used to account for resources restricted for the acquisition or construction, acquisition or renovation of specific capital projects or items.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The County's enterprise fund, a major fund, accounts for the fiscal activities of the County's emergency management operations (i.e., Emergency 9-1-1).

Fiduciary Funds

Pension Trust Fund

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

Agency Funds

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

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

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

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

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

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

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

Budgets and Budgetary Accounting

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

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

At December 31, 2015, the County has presented budgetary comparison information within the accompanying financial statements for its General Fund and Children and Youth Fund.

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

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as assignments of the fund balance because they do not constitute expenditures or liabilities and the commitments will be honored in the subsequent year. The County had no outstanding encumbrances at December 31, 2015.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

New Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The County implemented the accounting and reporting requirements of GASB No. 68 as of January 1, 2015. The effect of this adoption decreased the County's governmental activities net position at January 1, 2015 by \$6,385,610 for the recording of the County's net pension liability, and expanded note disclosures and required supplementary information.

Cash Equivalents

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

Investments

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

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

Interfund Receivables and Payables

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

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Capital Assets

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Deferred Outflows/Inflows of Resources

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

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2015

Unearned Revenues

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

Compensated Absences

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

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

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

Interfund Transactions

As a result of its operations, the County affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2015, appropriate interfund receivables or payables have been established. To the extent practical, the effect of interfund activity has been eliminated from the government-wide financial statements.

Equity Classification

Government-Wide Statements

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

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

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

Governmental Fund Balance Classification/Policies and Procedures

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

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

- *Non-spendable* - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints, such as inventory, notes receivable, or prepaid expenses
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County through formal action of the County's "highest level of decision-making authority"
 - The Board of Commissioners of the County is its highest level of decision-making authority, and
 - The Board of Commissioners commits funds through ordinances.
- *Assigned* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County
 - The Board of Commissioners authorized the County Chief Clerk to assign funds to specific purposes.
- *Unassigned* - includes positive fund balance within the General Fund which has not been *classified* within the above mentioned categories and negative fund balances in other governmental funds

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

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

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2015

Revenues, Expenditures and Expenses

Program Revenues

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

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

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

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services (i.e., 9-1-1 and nursing facilities). They also include all revenues and expenses not related to capital and related financing, noncapital financing of investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

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

2. Summary of Significant Accounting Policies – Component Unit

Cash and Cash Equivalents

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

Accounts Receivable, Residents and Third-Party Payors

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

Resident Trust Funds

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

Investments and Investment Risk

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

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

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

Unrealized gains and losses on investments are excluded from determination of operating gain or loss unless the investments are trading securities.

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

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2015

Assets Whose Use is Limited

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

Property and Equipment

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

The useful lives for depreciable assets are generally as follows:

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

Impairment of Property and Equipment

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

Compensated Absences

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

Temporarily Restricted Net Assets

Temporarily restricted net assets, if any, are those whose use by the Home has been limited by donors to a specific time period or purposes. There were no temporarily restricted net assets at December 31, 2015.

Net Resident Service Revenues

Net resident service revenues are reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Amounts realized from third-party payors were \$1,920,034 less than customary charges for the year ended December 31, 2015.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

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

Medical Assistance: Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. For the year ended December 31, 2015 approximately 60% of net resident service revenues were earned from services provided to Medical Assistance program beneficiaries.

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

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

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

Net patient service revenues for the Home include revenue resulting from the settlement of prior-year Medicare and Medical Assistance cost reports as well as disproportionate share payments and pay-for-performance incentive payment received from the Medical Assistance program related to prior-year services. Such payments amounted to \$201,849 in 2015.

Funding Agreement

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

Income Taxes

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

3. Cash and Cash Equivalents and Investments – Primary Government

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

A. United States Treasury bills.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

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

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

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

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

Deposits with Financial Institutions

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County will not recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2015, the aggregate bank balance of bank deposits was \$12,384,954, of which \$1,000,000 was covered by federal depository insurance, and the uninsured remaining bank deposits of \$11,384,954 were covered by pledged pools of assets maintained in accordance with Act 72 of the General Assembly that requires the institution pool collateral for all governmental deposits. The carrying amount of these bank deposits was \$12,064,825 at December 31, 2015.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Investments - Pension Trust Fund

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

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments of the Pension Trust Fund are held in trust at Wilmington Trust Company as December 31, 2015.

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

As of December 31, 2015, the County's credit quality distribution of securities as a percentage of total investments is as follows:

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

Security Type	Credit Rating	% of Security Type
U.S. Government Treasuries	Not Rated	100 %
U.S. Government Agencies	AA+	27
U.S. Government Agencies	Not Rated	73
Municipal Obligations	AA-	100
Corporate and Foreign Bonds	AAA	18
Corporate and Foreign Bonds	AA+	3
Corporate and Foreign Bonds	AA	3
Corporate and Foreign Bonds	AA-	8
Corporate and Foreign Bonds	A+	7
Corporate and Foreign Bonds	A	20
Corporate and Foreign Bonds	A-	11
Corporate and Foreign Bonds	BBB+	16
Corporate and Foreign Bonds	BBB	1
Corporate and Foreign Bonds	BBB-	1
Corporate and Foreign Bonds	Not Rated	12

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy for operating funds is to invest in U.S. Government or Federal agency securities for which there is no limit to the investment amount. The County's Retirement Investment Policy states that at least 50% of its total assets should be in securities issued by the U.S. Treasury and U.S. Government Agencies.

At December 31, 2015, more than 5% of the County's Pension Trust Fund investments were invested in the McKee International Equity Fund. This investment was 19% of the County's retirement investments.

County of Clinton, Pennsylvania

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December 31, 2015

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

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

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 – 5	6 – 10	More than 10
U.S. Government Treasury	\$ 2,433,218	\$ -	\$ 402,018	\$ 2,031,200	\$ -
U.S. Government Agencies	3,303,231	-	485,652	426,679	2,390,900
Municipal Obligations	75,451	-	75,451	-	-
Certificates of Deposit	2,396,212	-	2,396,212	-	-
Corporate bonds	4,801,277	-	2,384,161	1,789,695	627,421
Total	<u>\$ 13,009,389</u>	<u>\$ -</u>	<u>\$ 5,743,494</u>	<u>\$ 4,247,574</u>	<u>\$ 3,018,321</u>

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

4. Investments – Component Unit

At December 31, 2015, the fair value of the Home's investments, by major category, were as follows

Cash and money market	\$ 319,950
Certificates of deposit	700,000
Mutual funds:	
Fixed income	709,125
Equity	603,016
Total	<u>\$ 2,332,091</u>

The following schedule summarizes the investment return:

Interest and dividends	\$ 28,993
Net realized gains	26,574
Net unrealized losses	(55,962)
Total investment return	<u>\$ (395)</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

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Concentration of Credit Risk

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

5. Real Estate Taxes

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

The County is permitted by the County Code to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes, exclusive of the requirements for the payment of interest and principal on funded debt. Assessed values of real property are generally 40% of the market value as determined by the Clinton County Bureau of Assessment in 1995. The total 2015 real estate taxes levied was \$11,013,998 based on a total county assessed valuation of \$2,039,629,322. The County levy for 2015 was 5.4 mills for general County purposes, meaning that a property owner would pay \$5.40 per \$1,000 of assessed valuation.

Delinquent real estate taxes receivable at December 31, 2015 were approximately \$818,000. The amount of delinquent taxes receivable is reported net of an allowance for doubtful accounts of approximately \$82,000.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

6. Capital Assets

Primary Government

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

	January 1, 2015	Additions	Disposals	Transfers	December 31, 2015
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 729,175	\$ -	\$ -	\$ 20,307	\$ 749,482
Construction in process	431,771	388,505	-	(356,658)	463,618
Total capital assets not being depreciated	<u>1,160,946</u>	<u>388,505</u>	<u>-</u>	<u>(336,351)</u>	<u>1,213,100</u>
Capital assets being depreciated:					
Buildings and improvements	21,612,567	59,670	-	147,032	21,819,269
Equipment and vehicles	3,888,817	86,821	(116,069)	189,319	4,048,888
Agricultural easements	622,878	-	-	-	622,878
Leasehold assets	131,142	-	-	-	131,142
Infrastructure	250,000	-	-	-	250,000
Total capital assets being depreciated	<u>26,505,404</u>	<u>146,491</u>	<u>(116,069)</u>	<u>336,351</u>	<u>26,872,177</u>
Less accumulated depreciation for:					
Buildings and improvements	12,696,642	455,626	-	-	13,152,268
Equipment and vehicles	2,992,916	328,918	(116,069)	-	3,205,765
Agricultural easements	135,860	15,572	-	-	151,432
Leasehold assets	131,142	-	-	-	131,142
Infrastructure	61,458	6,250	-	-	67,708
Total accumulated depreciation	<u>16,018,018</u>	<u>806,366</u>	<u>(116,069)</u>	<u>-</u>	<u>16,708,315</u>
Total capital assets being depreciated, net	<u>10,487,386</u>	<u>(659,875)</u>	<u>-</u>	<u>336,351</u>	<u>10,163,862</u>
Governmental activity capital assets, net	<u>\$ 11,648,332</u>	<u>\$ (271,370)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,376,962</u>

Depreciation expense, which amounted to \$806,366 for the year ended December 31, 2015, was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government-administration	\$ 414,635
Judicial	50,280
Public safety	297,246
Public works	6,250
Human services	13,163
Conservation and development	24,792
Total depreciation expense - governmental activities	<u>\$ 806,366</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

A summary of changes in the County's business-type activity capital assets is as follows:

	January 1, 2015	Additions	Disposals	Transfers	December 31, 2015
Business-Type Activity					
Capital assets not being depreciated:					
Land	\$ 45,600	\$ -	\$ -	\$ -	\$ 45,600
Construction in process	-	-	-	-	-
Total capital assets not being depreciated	45,600	-	-	-	45,600
Capital assets being depreciated:					
Buildings and improvements	3,628,104	-	-	-	3,628,104
Equipment and Vehicles	2,270,806	297,797	-	-	2,568,603
Total capital assets being depreciated	5,898,910	297,797	-	-	6,196,707
Less accumulated depreciation for:					
Buildings and improvements	254,693	17,695	-	-	272,388
Equipment and vehicles	1,073,776	413,779	-	-	1,487,555
Total accumulated depreciation	1,328,469	431,474	-	-	1,759,943
Total capital assets being depreciated, net	4,570,441	(133,677)	-	-	4,436,764
Governmental activity capital assets, net	\$ 4,616,041	\$ (133,677)	\$ -	\$ -	\$ 4,482,364

Business-type activity depreciation expense, which amounted to \$431,474 for the year ended December 31, 2015, was allocated to the Emergency 9-1-1 expense category in the accompanying financial statements.

Component Unit

Property, equipment and accumulated depreciation of the Home as of December 31, 2015 is as follows:

Buildings	\$ 4,686,498
Fixed equipment	4,708,903
Movable equipment	2,764,326
Land and improvements	323,440
Vehicles	259,057
Construction-in-progress	312,783
Total	13,055,007
Less accumulated depreciation	9,823,445
Total	\$ 3,231,562

Depreciation expense of the Home for the year ended December 31, 2015 was \$437,565.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

7. Loans and Notes Receivable

The County's Piper Revolving Loan Fund (the "Fund") accounts for the proceeds received from Piper Aircraft, Inc. The Fund provides loan-rate financing to industries and businesses within the community. The loans range from 1 to 15 year periods with interest rates at 4% per annum. At December 31, 2015, \$1,561,472 in loan balances are outstanding from community businesses.

On December 1, 2006, the County issued its General Obligation Bonds, Series of 2006, in the original principal amount of \$5,795,000. A portion of the proceeds, \$4,200,000 were used for the planning, designing, purchasing, acquiring, constructing, and equipping of sewage and wastewater facilities within Woodward Township (the "Township"). The agreement between the County and the Township states that the Township is to pay the debt service on the Township's portion of the proceeds pursuant to the County's bond agreement. The total amount drawn by the Township as of December 31, 2015 was \$4,126,199 and is reflected as an asset in the County's General Fund. The General Fund will utilize the funds received from the agreement with the Township for debt service. As of December 31, 2015, the Township has repaid \$766,199 and the current outstanding balance is \$3,360,000.

In September 2009, the County issued its Guaranteed Revenue Bonds, Series of 2009. The proceeds were to be used for the Flemington and Bald Eagle Township's Sanitary Sewage Collection and Transportation System Improvements and Extensions Project. The agreement between the County and the Townships states that the Townships are to pay the debt service on the Townships' portion of the proceeds. The total amount drawn by the Townships as of December 31, 2015 was \$750,413. The General Fund will utilize the funds received from the repayment agreement with the Townships for debt service. As of December 31, 2015, the Townships have made payments amounting to \$208,164 to the County and the current outstanding balance is \$542,249.

In December 2015, the County made a loan in the amount of \$196,250 to the Lycoming-Clinton Joinder Board to assist the Joinder Board with cash flow as a result of the Commonwealth of Pennsylvania's budget impasse. This loan was repaid by the Joinder Board during the 1st quarter of 2016 and was recorded as a current receivable within the County's General Fund.

In 2004 and 2008, the County issued its General Obligation Notes, Series of 2004 and Series of 2008 for the purpose of funding various projects, including facility acquisition, at the Centre Counties Youth Center (the "Center"). The Center is an undertaking of the Counties of Centre (33.23%), Clearfield (14.54%), Clinton (25.55%), Huntingdon (7.03%), and Mifflin (19.65%). The County has recorded a receivable within its governmental activities statement of net position for the participating Counties share of the outstanding debt, amounting to \$612,991 at December 31, 2015.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

8. Assets Whose Use is Limited – Component Unit

Assets whose use is limited as of December 31, 2015 is as follows:

Workers' compensation fund	\$ 1,306,519
Funded depreciation	<u>24,106</u>
Total	<u>\$ 1,330,625</u>

The composition of assets whose use is limited as of December 31, 2015 is as follows:

Cash and cash equivalents	\$ 284,301
Money market	74,320
US Treasuries and government agencies	<u>972,004</u>
Total	<u>\$ 1,330,625</u>

9. Accrued Expenses – Component Unit

At December 31, 2015, the Home's accrued expenses, which are reported along with accounts payable in the accompanying statement of net position, consisted of the following:

Vacation	\$ 266,274
Pension contributions	86,810
Payroll	77,871
Payroll taxes	36,929
Holiday pay	13,093
Hospitalization	254,420
Residential income escrow	163,077
Other	<u>16,009</u>
Total	<u>\$ 914,483</u>

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2015

10. Long-term Debt

At December 31, 2015, the County's long-term debt consisted of the following:

Description	Interest Rate	Amount of Original Issue	Balance at 1/1/15	Additions	Retirements/ Refundings	Balance at 12/31/15	Current Portion
General Obligation Note, Series of 2004	4.50%	\$ 950,000	\$ 152,429	\$ -	\$ (152,429)	\$ -	\$ -
General Obligation Note, Series A of 2004	2.16%	3,313,000	2,375,000	-	(145,000)	2,230,000	160,000
General Obligation Note, Series A of 2005	3.69%	250,000	29,309	-	(29,309)	-	-
General Obligation Note, Series of 2008	2.66%	825,000	570,000	-	(50,000)	520,000	50,000
Guaranteed Revenue Bond, Series of 2009	1.274 - 2.547%	863,977	574,441	-	(32,179)	542,262	31,319
General Obligation Bonds, Series A of 2010	2.70 - 4.45%	2,790,000	2,445,000	-	(2,445,000)	-	-
General Obligation Bonds, Series B of 2010	4.80 - 6.48%	4,860,000	4,225,000	-	(175,000)	4,050,000	180,000
General Obligation Notes, Series of 2010	2.00 - 2.70%	335,000	135,000	-	(65,000)	70,000	70,000
General Obligation Bonds, Series of 2011	2.0 - 4.35%	5,905,000	5,680,000	-	(5,680,000)	-	-
General Obligation Bonds, Series of 2012	1.00 - 3.00%	6,305,000	5,485,000	-	(410,000)	5,075,000	420,000
General Obligation Bonds, Series of 2013	1.63%	2,150,000	1,734,000	-	(423,000)	1,311,000	430,000
General Obligation Bonds, Series of 2015	0.65 - 2.95%	9,125,000	-	9,125,000	(5,000)	9,120,000	105,000
Total			23,405,179	9,125,000	(9,611,917)	22,918,262	1,446,319
Bond discount			-	(79,406)	-	(79,406)	-
			<u>\$ 23,405,179</u>	<u>\$ 9,045,594</u>	<u>\$ (9,611,917)</u>	<u>\$ 22,838,856</u>	<u>\$ 1,446,319</u>

Amounts are reported in the accompanying financial statements as follows:

	Current Portion	Long-term Portion	Total
Governmental activities	\$ 998,319	\$ 18,095,278	\$ 19,093,597
Business-Type activity	448,000	3,297,259	3,745,259
Total	<u>\$ 1,446,319</u>	<u>\$ 21,392,537</u>	<u>\$ 22,838,856</u>

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2015

Specific information on each debt instrument is as follows:

In 2004, the County issued its \$950,000 General Obligation Note, Series of 2004, due in varying monthly installments including interest at 4.50%. The proceeds were utilized to fund the building of the Centre Counties Youth Center, which is an undertaking by the Counties of Centre (33.23%), Clearfield (14.54%), Clinton (25.55%), Huntingdon (7.03%), and Mifflin (19.65%). Clinton County issued the debt and the other involved Counties will be making payments for their share of the annual costs and expenses in accordance with their supplemental agreement. (The County reports a receivable for the participating Counties/Townships share of this liability within notes receivable in the statement of net position and the governmental funds balance sheet.) This Note was currently refunded in 2015 through the issuance of the County's General Obligation Bonds, Series of 2015.

Also in 2004, the County issued its \$3,313,000 General Obligation Note, Series A of 2004, due in varying installments including interest at a fixed rate (2.16% at December 31, 2015) equal to Manufacturers and Traders Trust Company Two and One Half Years Costs of Funds plus a margin of 1.20% (the "reset interest rate"), through July 16, 2019, at which time the rate will be reset. The proceeds of the Bond were used to fund the actuarial accrued pension liability.

In 2005, the County issued its \$250,000 General Obligation Note, Series A of 2005, due in semi-annual installments of \$15,061, including interest at 2.518% with final maturity occurring in September 2015. The proceeds of the Note were used for renovations of the Clinton County Correctional Facility and Clinton County Conservation District and to pay the costs and expenses related to the issuance of the Note.

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

In 2009, the County issued its \$863,977 Guaranteed Revenue Bond, Series of 2009, due in monthly installments of principal and interest at 1.274% through July 2016, then at 2.547% per annum through maturity in July 2031. The proceeds of the bond were used for the Sanitary Sewage Collection and Transportation System Improvements and Extensions. This project is an undertaking by the Townships of Bald Eagle and Flemington. Clinton County issued the debt and the other involved Townships will be making payments for their share of the annual debt service costs. (The County reports a receivable for the participating Counties/Townships share of this liability within notes receivable in the statement of net position and the governmental funds balance sheet.)

County of Clinton, Pennsylvania

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In 2010, the County issued its \$2,790,000 General Obligation Bond, Series A of 2010, due in varying semi-annual installments including interest at rates ranging from 2.70% to 4.45% per annum with final maturity scheduled for December 2030. The proceeds of the Bond were used for the partial current refunding of the County's then outstanding 2007 General Obligation Note, various capital projects for both governmental funds and business-type activity and the costs of issuance. This Bond was currently refunded during 2015 through the issuance of the County's General Obligation Bonds, Series of 2015.

Also in 2010, the County issued it \$4,860,000 General Obligation Bonds, Series B of 2010, due in varying semi-annual installments including interest at rates ranging from 4.80% to 6.48% per annum, with final maturity scheduled for December 2030. The proceeds of the Bond were used to fund the actuarial accrued pension liability and finance the costs of issuance.

Also in 2010, the County issued its \$335,000 General Obligation Notes, Series of 2010, due in varying semi-annual installments including interest at rates ranging from 2.00% to 2.70% per annum with final maturity scheduled for December 2016. The proceeds of the Bond were used to advance refund the County's then outstanding General Obligation Bond, Series of 2006 and pay the costs of issuance.

In 2011, the County issued its \$5,905,000 General Obligation Bonds, Series of 2011, due in varying semi-annual installments including interest at rates ranging from 2.00% to 4.35% per annum with final maturity scheduled for December 2031. The proceeds of the Bond were used for the current refunding of the County's then outstanding General Obligation Note, Series of 2007, for various capital projects for both governmental funds and business-type activity and to pay the costs of issuance. This Bond was advance refunded during 2015 through the issuance of the County's General Obligation Bonds, Series of 2015.

In 2012, the County issued its \$6,305,000 General Obligation Bonds, Series of 2012, due in varying semi-annual installments including interest at rates ranging from 1.00% to 3.00% per annum with final maturity scheduled for December 2032. The proceeds of the Bonds were used for the advance refunding of the County's then outstanding General Obligation Bonds, Series of 2006, towards various capital projects of both governmental funds and business-type activity and to pay the costs of issuance.

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

In 2015, the County issued its General Obligation Bonds, Series of 2015, due in varying semi-annual installments including interest at rates ranging between 0.40% to 2.95% per annum with final maturity scheduled for December 2031. The proceeds of the Bonds were used to currently refund the County's then outstanding General Obligation Note, Series of 2004, to currently refund the County's then outstanding General Obligation Bonds, Series A of 2010, to advance refund the County's then outstanding General Obligation Bonds, Series of 2011, and to pay the related costs of issuance.

This refunding reduced the County's total debt service payments over the next 16 years by approximately \$640,000, resulting in a net economic gain of approximately \$590,000.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Interest paid on these bonds and notes during the year ended December 31, 2015 amounted to \$592,734 for the County's governmental activities obligations and \$46,091 for its business-type activity obligations.

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

	Governmental Activities		Business-Type Activity		Total
	Principal	Interest	Principal	Interest	
2016	\$ 998,319	\$ 591,321	\$ 448,000	\$ 80,096	\$ 2,117,736
2017	1,195,087	565,166	519,039	72,419	2,351,711
2018	1,245,325	538,609	531,629	64,165	2,379,728
2019	1,184,304	502,894	164,500	55,311	1,907,009
2020	1,235,325	468,201	169,350	51,071	1,923,947
2021-2025	6,692,896	1,806,794	894,350	203,555	9,597,595
2026-2030	5,243,988	822,535	736,150	104,660	6,907,333
2031-2032	1,377,759	45,135	282,241	10,263	1,715,398
Total	19,173,003	5,340,655	3,745,259	641,540	28,900,457
Less: Discount	(79,406)	-	-	-	(79,406)
Total	<u>\$ 19,093,597</u>	<u>\$ 5,340,655</u>	<u>\$ 3,745,259</u>	<u>\$ 641,540</u>	<u>\$ 28,821,051</u>

Component Unit

Line of Credit

The Home has an unsecured demand line of credit in the amount of \$500,000 with a bank with a rate of interest equal to the bank's prime rate. This line of credit is guaranteed by the County of Clinton and is subject to annual review. There were no borrowings outstanding on the line of credit at December 31, 2015.

Long Term Debt

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

The aggregate remaining maturities at December 31, 2015 are as follows:

Years ending December 31:	
2016	\$ 18,000
2017	18,000
2018	18,000
2019	15,000
Total maturities	69,000
Less amounts representing interest	-
Remaining principal	<u>\$ 69,000</u>

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2015

11. Compensated Absences

The changes in the County's compensated absences in 2015 are summarized as follows:

Governmental Activities:	
Balance, January 1, 2015	\$ 1,355,427
Increase	189,085
Decrease	<u>(155,129)</u>
Balance, December 31, 2015	<u>\$ 1,389,383</u>
Business-Type Activity:	
Balance, January 1, 2015	\$ 124,994
Increase	-
Decrease	<u>(6,259)</u>
Balance, December 31, 2015	<u>\$ 118,735</u>

12. Employee Retirement Plan

Plan Description

The County of Clinton Employee Retirement Plan (the "Plan") is a contributory defined benefit single employer retirement plan covering all County employees, except those hired on a part-time basis. The Plan is included in the accompanying financial statements of the County as a pension trust fund and does not issue a separate plan financial statement.

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

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

At January 1, 2015, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and beneficiaries receiving benefits	130
Terminated employees entitled to benefits but not yet receiving them	22
Active plan participants	<u>229</u>
Total membership	<u>381</u>
Number of participating employers	<u>1</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Benefits Provided

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

Funding Policy and Contributions

Employees are required to contribute a portion of their salaries (9% of earnings in 2015) to the Plan and employees can elect to contribute up to 19% of their salaries. Per Act 96 of 1971, contribution requirements of the plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings.

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

The annual required contribution was determined based on the most recent annual actuarial valuation dated January 1, 2015. The entry age normal actuarial cost method of funding was used in the valuation, which does not identify or separately amortize unfunded actuarial liabilities. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.0% per year compounded annually; (b) projected salary increases of 3.75% per year for 2015, increasing by 0.25% per year to 4.50% for 2018 and later years, compounded annually; and (c) no postretirement benefit increases. Both (a) and (b) include an inflation component of 2.5%. The method used to determine the actuarial value of assets is market value adjusted for unrecognized gains and losses from prior years.

County of Clinton, Pennsylvania

Notes to Financial Statements
December 31, 2015

Deposits and Investments

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

Asset Class	Target	Long-term Expected Real Rate of Return
U.S. equity	45 %	6.00 %
Foreign equity	20	6.50
Fixed income	35	1.5

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation for the 2015 measurement period are listed in the table above.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return (loss) on pension plan investments, net of Plan investment expense, was (1.32)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2015 were as follows:

Total pension liability	\$ 45,344,724
Plan fiduciary net position	<u>40,369,590</u>
Plan net pension liability (asset)	<u>\$ 4,975,134</u>
Plan fiduciary net position as a percentage of total pension liability	<u>89.03 %</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Changes in the Net Pension Liability

The changes in the County's net pension liability during the year ended December 31, 2015 are as follows:

	<u>Increases (Decreases)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances at January 1, 2015	\$ 43,229,516	\$ 41,927,370	\$ 1,302,146
Changes for the year:			
Service cost	1,210,959	-	1,210,959
Interest cost	3,046,820	-	3,046,820
Differences between expected and actual experience	313,613	-	313,613
Employer contributions	-	500,000	(500,000)
Employee contributions	-	979,411	(979,411)
Net investment income (loss)	-	(546,307)	546,307
Benefit payments (including refunds)	(2,456,184)	(2,456,184)	-
Administrative expenses	-	(34,700)	34,700
Net changes	<u>2,115,208</u>	<u>(1,557,780)</u>	<u>3,672,988</u>
Balance at December 31, 2015	<u>\$ 45,344,724</u>	<u>\$ 40,369,590</u>	<u>\$ 4,975,134</u>

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

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry-age normal
Actuarial assumptions:	
Projected salary increases, including inflation	3.75 - 4.50 %
Inflation	2.5 %
Interest rate	7.0 %
Cost-of-living adjustments	N/A
Asset valuation method	Market

Mortality rates were based on the RP-2000 Mortality Tables with rates projected using Scale AA. The actuarial assumptions used in the January 1, 2015 valuation were based on past experience under the Plan and reasonable future expectations which represent a best estimate of anticipated experience under the Plan.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Discount Rate

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

Based on those assumptions, the Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (8.00%)</u>
Net pension liability (asset)	\$ 11,121,035	\$ 4,975,134	\$ (92,518)

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

For the year ended December 31, 2015, the County recognized pension expense of \$1,333,733. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in projected and actual experience	\$ 255,537	\$ -
Net difference in projected and actual earnings on plan investments	<u>2,583,718</u>	<u>-</u>
Total	<u>\$ 2,839,255</u>	<u>\$ -</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

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

Years ending December 31:		
2016	\$	574,820
2017		574,820
2018		574,820
2019		574,820
2020		539,975

Defined Contribution Plan – Component Unit

The Home sponsors a voluntary defined contribution retirement plan covering substantially all employees. The Home's contributions are based upon employee contributions and a percentage of compensation. Total expense amounted to \$87,041 for the year ended December 31, 2015.

13. Interfund Balances and Transfers

Balances Due To/From Other Funds

Individual fund receivable and payable amounts at December 31, 2015 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 1,897,608	\$ 207,715
Children and Youth	69,941	837,480
Capital Projects	-	87,027
Nonmajor governmental funds	202,515	209,490
Total Governmental Funds	2,170,064	1,341,712
Proprietary Fund,		
Emergency 9-1-1 Fund	87,027	910,111
Fiduciary Fund	-	5,268
Total	<u>\$ 2,257,091</u>	<u>\$ 2,257,091</u>

The County utilizes a pooled operating fund to enhance investment return, therefore, interfund receivables and payables are recorded to recognize amounts held by the General Fund on behalf of other funds. In addition, the County's General Fund had receivables from its Children and Youth Fund and Emergency 9-1-1 Fund as a result of payment delays from the Commonwealth of Pennsylvania at December 31, 2015 as a result of the Commonwealth's budget impasse.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Transfers To/From Other Funds

	<u>Transfer In</u>	<u>Transfers Out</u>
General Fund	\$ 1,124,386	\$ 2,235,832
Children and Youth	701,594	-
Nonmajor governmental funds	<u>292,177</u>	<u>548,943</u>
Total Governmental Funds	2,118,157	2,784,775
Enterprise Fund - Emergency 9-1-1 Fund	<u>666,618</u>	<u>-</u>
Total	<u>\$ 2,784,775</u>	<u>\$ 2,784,775</u>

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

14. Fund Balance

Classifications

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

	<u>General Fund</u>	<u>Revolving Loan</u>	<u>Children and Youth</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable for:						
Loans	<u>\$ 4,098,499</u>	<u>\$ 1,561,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,659,971</u>
Restricted for:						
Capital Projects	\$ -	\$ -	\$ -	\$ 89,154	\$ -	\$ 89,154
Marcellus Shale - Act 13	-	-	-	-	841,663	841,663
Human Services	-	-	-	-	1,637,004	1,637,004
Program purposes	-	1,909,396	-	-	906,919	2,816,315
Conservation and development	-	-	-	-	674,511	674,511
Total	<u>\$ -</u>	<u>\$ 1,909,396</u>	<u>\$ -</u>	<u>\$ 89,154</u>	<u>\$ 4,060,097</u>	<u>\$ 6,058,647</u>
Assigned for:						
Capital projects	\$ 1,895,482	\$ -	\$ -	\$ -	\$ -	\$ 1,895,482
Medical savings	<u>1,654,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,654,648</u>
Total	<u>\$ 3,550,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,550,130</u>

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

15. Medical Malpractice Claims Coverage – Component Unit

The Home maintains occurrence based professional liability coverage through a commercial insurance carrier. Management believes no incidents have occurred or will be asserted that will exceed the Home's insurance coverage or will have a material adverse effect on the financial statements. At December 31, 2015, professional liability coverage was provided for the Home in the amount of \$500,000 per occurrence and \$1,500,000 per annual aggregate.

16. Commitments and Contingencies

Grants

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

Litigation

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

Geographic Risk – Component Unit

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

Concentration of Labor – Component Unit

At December 31, 2015, approximately 64% of the Home's employees were covered by a collective bargaining agreement.

17. Risk Management

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

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Public Entity Risk Pools

The County participates in the Pennsylvania Counties Risk Pool ("PCoRP"), a public entity risk pool program of the County Commissioners Association of Pennsylvania ("CCAP"). The County pays an annual premium to PCoRP for its general insurance coverage. The agreement for the formation of PCoRP provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$250,000 for each insured event. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; however, this has not yet been necessary. PCoRP has published its own financial report for the year ended December 31, 2015, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769 (Attn: John Sallade, Managing Director).

Commercial Insurance

The County has elected to self-insure its employee medical insurance plan. The County has limited this self-insurance liability through the purchase of catastrophic reinsurance coverage which will reimburse the County for any medical costs over \$50,000 per covered individual per year. The County believes that it has adequately provided for all asserted claims and has no knowledge of unasserted claims for which it has not provided. The County's asset for all asserted and estimated unasserted claims was \$409,367 at December 31, 2015. The cost of medical coverage for employees was approximately \$1,551,000 in 2015.

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

Component Unit

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

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

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

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

18. Net Third-Party Settlement Agreements – Component Unit

As a result of the 2006-2007 Intergovernmental Transfer Agreement, the Commonwealth of Pennsylvania, Department of Human Services (DHS) make annual Medicaid Day One Incentive payments, paid in equal quarterly installments, to eligible county nursing facilities as an incentive to preserve the critical safety network county nursing facilities provide to the poor and indigent residents of Pennsylvania. Amounts recognized by the Home under this agreement totaled \$603,588 for the year ended December 31, 2015.

Retroactively effective July 1, 2007, the DHS was given the authority to collect an assessment from county nursing facilities under the Pennsylvania Nursing Facility Assessment Program, which previously only applied to non-governmental licensed nursing facilities. The revenue from this assessment will be used to maintain Medical Assistance (MA) rates and provide additional reimbursement to MA participating nursing facilities. The Home is required to pay the assessment on a quarterly basis based upon its quarterly census. For the year ended December 31, 2015, assessment payments totaling \$374,660 were recognized.

Total net third-party settlement agreements recognized for the year ended December 31, 2015 were \$388,988.

19. Fair Value Measurements – Component Unit

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

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

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

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

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

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

Assets/liabilities measured at fair value on recurring basis comprise the following at December 31, 2015:

Assets whose use is limited (Level 1):	
Money market funds	\$ 74,320
US Treasuries and government agencies	972,004
Investments (Level 1):	
Money market funds	319,950
Certificates of deposit	700,000
Mutual funds:	
Fixed income	709,125
Equity	<u>603,016</u>
Total	<u>\$ 3,378,415</u>

Included in the assets whose use is limited is cash totaling \$284,301 for the year ended December 31, 2015, which is not reflected in the schedule above.

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

20. Effect of Adoption of GASB No. 68

The County adopted GASB Statement No. 68 for its year ended December 31, 2015, which requires that the effects be applied to the earliest period practical. The changes within the County's January 1, 2015 net position are as follows:

Net position, as previously reported, January 1, 2015	\$ 13,613,743
Net pension asset recorded at December 31, 2014	(5,083,465)
Net pension liability	<u>(1,302,145)</u>
Restated net position, at January 1, 2015	<u>\$ 7,228,133</u>

21. Pending Changes in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and to provide guidance for applying fair value of certain investments and disclosures related to all fair value measurements. The County is required to adopt Statement No. 72 for its calendar 2016 financial statements.

In June 2015, the GASB issued 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*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. To the extent applicable, the County is required to adopt Statement No. 73 for its calendar 2016 financial statements.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The County is required to adopt Statement No. 74 for its calendar 2017 financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability equal to the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information ("RSI") about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The County is required to adopt Statement No. 75 for its calendar 2018 financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to clarify the applicability and use of authoritative and nonauthoritative sources of accounting and financial reporting for the preparation of state and local government financial statements. The County is required to adopt Statement No. 76 for its calendar 2016 financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with additional information regarding limitations on a government's ability to raise resources, including those resulting from government programs that include the use of tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. This Statement requires governments that enter into tax abatement agreements to disclose certain information about those agreements. To the extent applicable, the County is required to adopt Statement No. 77 for its calendar 2016 financial statements.

County of Clinton, Pennsylvania

Notes to Financial Statements

December 31, 2015

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. Statement No. 79, permits qualifying external investment pools to measure pool investments, which function similarly to private sector money market funds, at amortized cost. The Statement also establishes additional disclosure requirements, which includes information about any limitations or restrictions on participant withdrawals, for both the pool and its participants. To the extent applicable, the County is required to adopt Statement No. 79 for its calendar 2016 financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*. Statement No. 80 amends the blending requirements related to not-for-profit corporations for which the primary government is the sole corporate member. The County is required to adopt Statement No. 80 for its calendar 2017 financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses certain implementation issues related to (1) the presentation of payroll-related measures in required supplementary information; (2) selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and, (3) the classification of payments made by employers to satisfy employee contribution requirements. The County is required to adopt Statement No. 82 for its calendar 2017 financial statements.

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

County of Clinton, Pennsylvania

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
Revenues			
Taxes:			
Property taxes	\$ 10,808,240	\$ 10,913,442	\$ 105,202
Payments in lieu of taxes	418,470	422,532	4,062
Hotel taxes	244,900	232,142	(12,758)
Fees and fines	-	-	-
Licenses and permits	36,200	36,508	308
Intergovernmental:	743,909	789,499	45,590
Charges for services	5,878,179	5,408,195	(469,984)
Interest, rent and royalties	17,300	39,795	22,495
Other	1,420,434	1,221,558	(198,876)
Total revenues	<u>19,567,632</u>	<u>19,063,671</u>	<u>(503,961)</u>
Expenditures			
Current:			
General government - administrative	5,490,559	4,716,251	774,308
Judicial	3,070,358	3,054,341	16,017
Public safety	7,284,793	7,097,776	187,017
Human services	253,423	234,016	19,407
Culture and recreation	385,800	370,826	14,974
Conservation and development	555,317	548,641	6,676
Debt service:			
Principal	1,065,830	971,016	94,814
Interest and other charges	833,474	592,734	240,740
Total expenditures	<u>18,939,554</u>	<u>17,585,601</u>	<u>1,353,953</u>
Excess of revenues over expenditures	<u>628,078</u>	<u>1,478,070</u>	<u>849,992</u>
Other Financing Sources (Uses)			
Appropriated fund balance	674,000	-	(674,000)
Proceeds from sale of County property	15,000	5,642	(9,358)
Transfers in	1,605,375	1,124,386	(480,989)
Transfers out	(2,922,453)	(2,235,832)	686,621
Total other financing sources (uses), net	<u>(628,078)</u>	<u>(1,105,804)</u>	<u>(477,726)</u>
Net Changes in Fund Balance	<u>\$ -</u>	<u>\$ 372,266</u>	<u>\$ 372,266</u>

See notes to financial statements

County of Clinton, Pennsylvania

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Children and Youth Fund
Year Ended December 31, 2015

	Original and Final Budget	Actual	Variances Favorable (Unfavorable)
Revenues			
Intergovernmental:	\$ 3,491,727	\$ 3,138,948	\$ (352,779)
Charges for services	173,779	78,907	(94,872)
Contributions and donations	15,000	3,407	(11,593)
Total revenues	3,680,506	3,221,262	(459,244)
Expenditures			
Current:			
Human services	4,401,532	3,923,628	477,904
Deficiency of revenues over expenditures	(721,026)	(702,366)	18,660
Other Financing Sources (Uses)			
Appropriated fund balance	-	-	-
Proceeds from sale of County property	-	772	772
Transfers in	721,026	701,594	(19,432)
Total other financing sources (uses), net	721,026	702,366	(18,660)
Net Changes in Fund Balance	\$ -	\$ -	\$ -

See notes to financial statements

County of Clinton, Pennsylvania

Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended December 31, 2015

(Unaudited)

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 1,210,959	\$ 1,086,357
Interest	3,046,820	2,903,378
Differences between expected and actual experience	313,613	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(2,456,184)</u>	<u>(2,301,398)</u>
Net change in total pension liability	2,115,208	1,688,337
Total Pension Liability - Beginning	<u>43,229,516</u>	<u>41,541,179</u>
Total Pension Liability - Ending (a)	<u><u>\$ 45,344,724</u></u>	<u><u>\$ 43,229,516</u></u>
Plan Fiduciary Net Position		
Employer contributions	\$ 500,000	\$ 435,000
Employer service purchases	-	5,337
Employee contributions	979,411	1,024,476
Net investment income (loss)	(546,307)	1,963,230
Benefit payments, including refunds of member contributions	(2,456,184)	(2,301,398)
Administration	(34,700)	(33,025)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(1,557,780)	1,093,620
Plan Fiduciary Net Position - Beginning	<u>41,927,370</u>	<u>40,833,750</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 40,369,590</u></u>	<u><u>\$ 41,927,370</u></u>
County's Net Pension Liability (Asset) - Ending (a) - (b)	<u><u>\$ 4,975,134</u></u>	<u><u>\$ 1,302,146</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>89.0%</u>	<u>97.0%</u>
Covered-employee Payroll	<u><u>\$ 9,918,163</u></u>	<u><u>\$ 9,328,489</u></u>
County's Net Pension Liability (Asset) as a Percentage of Covered - Employee Payroll	<u>50.16%</u>	<u>13.96%</u>

Notes to Schedule:

Benefit Changes: No Changes in benefits.

Changes of Assumptions: No changes in assumptions.

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

County of Clinton, Pennsylvania

Schedule of Employer Contributions
 Year Ended December 31, 2015
 (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 291,366	\$ 329,183	\$ 298,224	\$ 663,178	\$ 448,645	\$ 132,798	\$ 414,751	\$ 652,018	\$ 667,125	\$ 803,278
Contributions in relation to the actuarially determined contribution	<u>291,366</u>	<u>-</u>	<u>329,183</u>	<u>298,224</u>	<u>5,435,709</u>	<u>-</u>	<u>350,000</u>	<u>220,000</u>	<u>435,000</u>	<u>500,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 329,183</u>	<u>\$ (30,959)</u>	<u>\$ 364,954</u>	<u>\$ (4,987,064)</u>	<u>\$ 132,798</u>	<u>\$ 64,751</u>	<u>\$ 432,018</u>	<u>\$ 232,125</u>	<u>\$ 303,278</u>
Covered-employee payroll	\$ 6,505,187	\$ 7,144,625	\$ 7,542,375	\$ 7,826,516	\$ 8,037,511	\$ 8,580,537	\$ 8,808,202	\$ 8,957,622	\$ 9,328,489	\$ 9,918,163
Contributions as a percentage of covered-employee payroll	4.48%	0.00%	4.36%	3.81%	67.63%	0.00%	3.97%	2.46%	4.66%	5.04%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	13 years
Asset valuation method	5-year smoothed market prior to 2014, then market value adjusted for unrecognized gains and losses from prior years
Inflation	N/A
Salary increases	3.25% - 4.5%, at .25% increments over 6 years
Investment rate of return	7.0% net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service
Mortality	1983 Group Annuity Mortality Table prior to 2011, then 2000 RP Annuitant and Non-annuitant Mortality Tables for Males and Females with no projected improvement

County of Clinton, Pennsylvania

Schedule of Investment Return
Year Ended December 31, 2015
(Unaudited)

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

Notes to Schedule:

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

County of Clinton, Pennsylvania

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Grantor/Program Title	Federal CFDA Number	Contract Period	Pass-Entity Identification Number	Program Amount	Total Received for the Year	Accrued or (Deferred) Revenue at 1/1/2015	Revenue Recognized	Federal Expenditures	Accrued (Deferred) Revenue at 12/31/2015	Amounts passed through to subrecipients
U.S. Department of Agriculture										
Passed through Pennsylvania Department of Agriculture:										
Food Distribution Cluster:										
Emergency Food Assistance Program (Administrative Costs)	10.568		446360		\$ 6,411	\$ 591	\$ 5,820	\$ 5,820	\$ -	\$ 5,820
Emergency Food Assistance Program (Food Commodities)	10.569	10/1/14 - 9/30/15	8-02-60-128	\$ 40,447	40,447	-	40,447	40,447	-	40,447
Total Food Distribution Cluster					46,858	591	46,267	46,267	-	46,267
Total U.S. Department of Agriculture					46,858	591	46,267	46,267	-	46,267
U.S. Department of Housing and Urban Development										
Passed through Pennsylvania Department of Community and Economic Development:										
Community Development Block Grant Program										
2012 Community Development Block Grant	14.228	12/10/12 - 12/10/15	C000053190	225,025	24,857	-	24,857	24,857	-	24,857
2013 Community Development Block Grant	14.228	6/30/14 - 6/29/17	C000059071	225,471	93,244	-	93,244	93,244	-	-
2014 Community Development Block Grant	14.228	8/5/15 - 8/4/18	C000061776	227,383	66,998	-	66,998	66,998	-	-
Total Community Development Block Grant Program					185,099	-	185,099	185,099	-	24,857
Emergency Solutions Grant Program	14.231	9/26/13 - 7/25/15	C000055758	260,000	169,883	100,210	69,673	69,673	-	-
Total U.S. Department of Housing Urban Development					354,982	100,210	254,772	254,772	-	24,857
U.S. Department of Justice										
Passed through the Pennsylvania Commission on Crime and Delinquency:										
Juvenile Accountability Block Grants	16.523	4/1/14-3/31/15	25025	10,000	1,390	1,019	371	371	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10/1/14-9/30/15	25143	9,488	9,488	-	9,488	9,488	-	-
Total U.S. Department of Justice					10,878	1,019	9,859	9,859	-	-
Federal Highway Administration, U.S. Department of Transportation										
Passed through Pennsylvania Department of Transportation:										
National Priority Safety Program	20.616	10/1/14-9/30/15	N/A	69,268	69,268	16,765	52,503	52,503	-	-
National Priority Safety Program	20.616	10/1/15-9/30/16	N/A		-	-	15,517	15,517	15,517	-
Total Federal Highway Administration, U.S. Department of Transportation					69,268	16,765	68,020	68,020	15,517	-
U.S. Department of Health and Human Services										
Passed through Pennsylvania Department of Human Services										
Guardianship Assistance	93.090		N/A		30,475	21,442	45,325	45,325	36,292	-
Promoting Safe and Stable Families	93.556		N/A		3,015	-	3,015	3,015	-	-
Temporary Assistance for Needy Families	93.558		N/A		114,455	40,099	91,641	91,641	17,285	-
Child Support Enforcement - Title IV-D	93.563		N/A		517,956	131,565	425,205	425,205	38,814	-
Child Welfare Services - State Grants	93.645		N/A		71,065	-	71,065	71,065	-	-
Foster Care - Title IV-E	93.658		N/A		363,611	220,319	410,370	410,370	267,078	-
Foster Care - Title IV-E Adoption Assistance	93.659		N/A		200,699	91,099	199,301	199,301	89,701	-
Social Services Block Grant	93.667		N/A		20,539	(5,135)	20,538	20,538	(5,136)	-
Chafee Foster Care Independence Program	93.674		N/A	21,740	19,055	7,180	22,055	22,055	10,180	-
Medicaid - Title XIX	93.778		N/A		260,186	16,907	259,325	259,325	16,046	-
Total U.S. Department of Health and Human Services					1,601,056	523,476	1,547,840	1,547,840	470,260	-
U.S. Department of Homeland Security										
Passed through Pennsylvania Emergency Management Agency,										
Emergency Management Performance Grants	97.042	10/1/14-9/30/15	GR4100070874	61,460	61,460	-	61,460	61,460	-	-
Total federal awards					\$ 2,144,502	\$ 642,061	\$ 1,988,218	\$ 1,988,218	\$ 485,777	\$ 71,124

County of Clinton, Pennsylvania

Schedule of Selected Commonwealth of
Pennsylvania Department of Human Services
Year Ended December 31, 2015

Grantor/Program Title	Combined Federal and State Expenditures
Pennsylvania Department of Human Services	
Child Support Enforcement	\$ 467,480
Children & Youth Services	3,138,948
Homeless Assistance Program	23,818
Human Service Development Fund	51,231
Medical Assistance Transportation Program	<u>533,784</u>
Total selected Pennsylvania Department of Human Services Assistance	<u>\$ 4,215,261</u>

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

County of Clinton, Pennsylvania

Notes to Schedules of Expenditures of Federal Awards and
Selected Commonwealth of Pennsylvania Department of Human Services Assistance
December 31, 2015

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and selected Commonwealth of Pennsylvania Department of Human Services assistance (collectively, the "Schedules") include the federal grant activity of the County of Clinton, Pennsylvania (the "County") under programs of the federal government and selected Commonwealth of Pennsylvania, Department of Human Services expenditures under programs of the Department of Human Service for the year ended December 31, 2015. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements Commonwealth of Pennsylvania, Department of Human Services ("DHS") *Single Audit Supplement*. Because the schedules present only a selected portion of the operations of the County, they are not intended to and do not present the financial position, changes in net position/fund balance or cash flows of the County.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

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

County of Clinton, Pennsylvania

Notes to Schedules of Expenditures of Federal Awards and
Selected Commonwealth of Pennsylvania Department of Human Services Assistance
December 31, 2015

4. Child Support Enforcement

The following report is prepared in the course of auditing the Child Support Enforcement program:

	Number of Cases Reviewed	Case Problems Found
Line #1 IV-D cases open at the end of the fiscal year (9/30/15).	5	None
Line #2 IV-D cases open at the end of the fiscal year with support orders established (financial or medical).	5	None
Line #5 Children in IV-D cases open at the end of the fiscal year who were born out of wedlock.	5	One case (867108793) was closed at September 30, 2015.
Line #6 Children in IV-D cases open during or at the end of the fiscal year with paternity established or acknowledged.	6	None
Line #24 Total amount of current support due for the fiscal year for (IV-D cases, excluding emancipated children).	5	None
Line #25 Total amount of support disbursed as current support during the fiscal year (IV-D cases, excluding emancipated children).	5	None
Line #28 Cases with arrears due during the fiscal year (10/1/14 - 9/30/15).	5	None
Line #29 Cases paying toward arrears during the fiscal year (10/01/14 - 9/30/15).	5	None

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with *Government Auditing Standards***

Board of Commissioners
County of Clinton, Pennsylvania

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Clinton, Pennsylvania (the "County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 30, 2016. In our report, an emphasis of a matter paragraph was included, as more fully disclosed in Notes 1, 12, and 20 to the financial statements, to address the County's adoption of a new accounting principle. Our opinion was not modified with respect to this matter.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-003 to be a significant deficiency.

Compliance and Other Matters

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

County's Responses to Findings

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

Purpose of this Report

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

Baker Tilly Viechow Krause, LLP

Williamsport, Pennsylvania
September 30, 2016

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

Board of Commissioners
County of Clinton, Pennsylvania

Report on Compliance for Each Major Federal and DHS Program

We have audited the County of Clinton, Pennsylvania's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Commonwealth of Pennsylvania, Department of Human Services ("DHS") *Single Audit Supplement* that could have a direct and material effect on each of the County's major federal and DHS programs for the year ended December 31, 2015. The County's major federal and DHS programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and DHS Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and DHS programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2015-004. Our opinion on each major federal and DHS program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-004, that we consider to be a significant deficiency.

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

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

Baker Tilly Viechow Krause, LLP

Williamsport, Pennsylvania
September 30, 2016

County of Clinton, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal and DHS Awards

Internal control over major federal or DHS programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CRF 200.516(a) of the Uniform Guidance? yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement - Title IV-D
93.658	Title IV-E - Foster Care

Identification of major DHS programs:

<u>Name of DHS Program</u>
Child Support Enforcement

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

Auditee qualified as low-risk auditee? yes no

County of Clinton, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Section II - Financial Statement Findings

Finding/Noncompliance

2015-001 **Internal Control over Financial Reporting - Non-attest Services (Audit Entries) – Material Weakness**

Criteria: Internal control is a process which captures and records transactions, safeguards your assets and assures compliance with laws and regulations. As part of the year-end close, there were certain bookkeeping adjustments that were precipitated by the audit process. While we are pleased to provide these services, you understand that you are responsible for the County's internal control over financial reporting.

Condition/Context: In connection with our audit of your financial statements, you have also engaged us to perform certain non-attest services, subject to County supervision and approval, which included:

- Adjustment of Emergency 9-1-1 Fund capital assets, depreciation expense and contributed asset revenue
- Adjustment of Emergency 9-1-1 Fund long-term debt liability and expenses for principal payments
- Adjustment of General Fund accounts payable
- Adjustment of Capital Projects Fund proceeds from and payments to bond holders for County's 2015 refunding project

Effect: The fact that you need our technical assistance with the above-mentioned tasks, which are a normal and required component of internal control over financial reporting, constitutes a material weakness in internal control over financial reporting.

Cause: The County has individuals on staff with the requisite skills, knowledge and expertise to perform this activity in-house. However, due to the limited size of the County's accounting staff, such activity is not prioritized above its routine day-to-day activities.

Recommendation: We recommend that management give consideration to prioritizing and performing the above tasks internally.

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

County of Clinton, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Finding/Noncompliance

**2015-002 Internal Control over Financial Reporting and Compliance -
 Accounts Payable Listing/Reconciliation -
 Material Weakness**

Criteria: The general ledger system is the official accounting record of the County and as such, it is imperative for a good system of internal controls to be functioning that the official accounting record be supported by the detail within the accounts and records and that such detail be reconciled on a periodic and timely basis to the general ledger.

Condition/Context: The County does not reconcile each funds accounts payable account on the general ledger to a listing of open accounts payable on a periodic basis (accounts payable aging report). During the course of the audit, management adjusted its general ledger to agree to the detail aging report.

Effect: An accurate listing of open payables is not available as a tool for management to properly manage trade accounts payable, resulting in past due accounts, lost purchase discounts, and poor vendor relations.

Cause: There is currently no formal requirement that an open accounts payable listing be reconciled to the general ledger.

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

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

County of Clinton, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Finding/Noncompliance

2015-003 Internal Control over Financial Reporting - Controls over Cash Transactions – Significant Deficiency

Criteria: Internal control is a process, which captures and properly records transactions, safeguards assets, and assures compliance with laws and regulations.

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

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

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

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

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

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

County of Clinton, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Section III - Federal Award Findings and Questioned Costs

Finding/Noncompliance

2015-004 CFDA #93.563 – CHILD SUPPORT ENFORCEMENT

Criteria: The Uniform Guidance requires that costs charged to federal award programs be supported by appropriate supporting documentation, including time sheets to support the allocation of personnel costs, on an actual basis, to the various federal and state cost objectives.

Condition/Context: During our allowable cost testing procedures, it was noted that the County was not able to provide documentation of actual hours spent on the individual grants to support the total expenditures submitted for reimbursement. Certain salary expenses that were reported were based on budgeted amounts as opposed to actual amounts.

Questioned Costs: There are no determinable questioned costs associated with this finding. Salary expenses were within approved grant budgeted amounts and total actual salary expenditures exceeded amounts submitted for reimbursement.

Effect: The County was unable to provide support for the actual expenditures documented in their schedule of expenditures of federal awards and quarterly reports submitted for reimbursement and therefore is deemed to have a significant deficiency for these grants, as certain salaries were based on budget.

Cause: The County was under-informed of the requirements related the allocation of salary costs for certain of its employees who worked on multiple grants and incorrectly charged their costs based on budgeted hours as opposed to actual hours worked.

Recommendation: We recommend that the County charge all of its salary costs based on actual time worked on each program, or at least perform a review and adjust the expenditures to actual time on a periodic basis during the year as opposed to solely charging based on budgeted costs.

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

County of Clinton, Pennsylvania

Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2015

Finding/Noncompliance

2014-001 Adjusting Audit Entries

Condition: During the audit, certain audit adjustments were required to record additional payables/expenditures and receivables/revenues after the County's year-end close of the accounting records.

Recommendation: The County should ensure that internal control procedures over financial reporting are sufficient to identify and record all material adjustments.

Resolution: See current year finding 2015-001.

2014-002 Salary/Benefits Costs – Roster of Personnel Pennsylvania Department of Human Services Children, Youth and Families Program CFDA #: 93.658 Title IV-E Foster Care

Condition: During the year, the Pennsylvania Department of Human Services reported disallowances to the County. These disallowances were not recorded on the various reports submitted to the Pennsylvania Department of Human Services.

Recommendation: The Program needs to ensure that the Roster of Personnel is free from disallowances.

Resolution: The County ensured that its Roster of Personnel was free from disallowances during 2015.

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services (“DHS”) and management of the County of Clinton, Pennsylvania (the “County”), solely to assist you with respect to the financial schedules and exhibits required by the DHS *Single Audit Supplement*. The County’s management is responsible for the financial schedules and exhibits required by the DHS *Single Audit Supplement*. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of DHS and the County. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We have agreed by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for the fiscal year ended June 30, 2015 and December 31, 2015, have been accurately compiled and reflect the audited books and records of the County. We also agreed by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS *Single Audit Supplement* pertaining to this period.

Program Name	Page Number	Exhibit Number	Schedule/Exhibit
Title IV-D Child Support Program	90	A-1	Comparison of Single Audit Expenditures with the Reported Expenditures
Title IV-D Child Support Program	91	A-1 (c)	Comparison of Reported Incentives to Incentives on Deposit
Title IV-D Child Support Program	92	A-1 (d)	Comparison of Single Audit Title IV-D Account with Reported Title IV-D Account

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

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

- c. The procedures detailed in paragraphs (a) and (b) above disclosed no adjustments or findings for the period reported upon.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the financial schedules and exhibits required by the DHS *Single Audit Supplement*. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Baker Tilly Viechow Krause, LLP

Williamsport, Pennsylvania
September 30, 2016

County of Clinton, Pennsylvania

Title IV-D Child Support Program
 Comparison of Single Audit Expenditures with the Reported Expenditures
 Quarters in the Year Ended December 31, 2015
 Exhibit A-1

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
	Total	Unallowable	Incentive Paid Costs	Net	Amount Paid	Total	Unallowable	Incentive Paid Costs	Net	Amount Paid	Total	Unallowable	Incentive Paid Costs	Net	Amount Paid
Quarter Ended March 31, 2015															
Salary/overhead (excluding blood tests)	\$ 180,533	\$ 6,791	\$ -	\$ 173,742	\$ 114,670	\$ 180,533	\$ 6,791	\$ -	\$ 173,742	\$ 114,670	\$ -	\$ -	\$ -	\$ -	\$ -
Fees/costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/program income	787	29	-	758	500	787	29	-	758	500	-	-	-	-	-
Genetic testing fees	166	-	-	166	110	166	-	-	166	110	-	-	-	-	-
Subtotal	179,580	6,762	-	172,818	114,060	179,580	6,762	-	172,818	114,060	-	-	-	-	-
Genetic testing costs	398	-	-	398	263	398	-	-	398	263	-	-	-	-	-
ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 179,978</u>	<u>\$ 6,762</u>	<u>\$ -</u>	<u>\$ 173,216</u>	<u>\$ 114,323</u>	<u>\$ 179,978</u>	<u>\$ 6,762</u>	<u>\$ -</u>	<u>\$ 173,216</u>	<u>\$ 114,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Quarter Ended June 30, 2015															
Salary/overhead (excluding blood tests)	\$ 156,417	\$ 6,265	\$ -	\$ 150,152	\$ 99,100	\$ 156,417	\$ 6,265	\$ -	\$ 150,152	\$ 99,100	\$ -	\$ -	\$ -	\$ -	\$ -
Fees/costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/program income	544	23	-	521	344	544	23	-	521	344	-	-	-	-	-
Genetic testing fees	196	-	-	196	129	196	-	-	196	129	-	-	-	-	-
Subtotal	155,677	6,242	-	149,435	98,627	155,677	6,242	-	149,435	98,627	-	-	-	-	-
Genetic testing costs	152	-	-	152	100	152	-	-	152	100	-	-	-	-	-
ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 155,829</u>	<u>\$ 6,242</u>	<u>\$ -</u>	<u>\$ 149,587</u>	<u>\$ 98,727</u>	<u>\$ 155,829</u>	<u>\$ 6,242</u>	<u>\$ -</u>	<u>\$ 149,587</u>	<u>\$ 98,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Quarter Ended September 30, 2015															
Salary/overhead (excluding blood tests)	\$ 178,212	\$ 7,579	\$ -	\$ 170,633	\$ 112,618	\$ 178,212	\$ 7,579	\$ -	\$ 170,633	\$ 112,618	\$ -	\$ -	\$ -	\$ -	\$ -
Fees/costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/program income	1,312	57	-	1,255	828	1,312	57	-	1,255	828	-	-	-	-	-
Genetic testing fees	87	-	-	87	57	87	-	-	87	57	-	-	-	-	-
Subtotal	176,813	7,522	-	169,291	111,733	176,813	7,522	-	169,291	111,733	-	-	-	-	-
Genetic testing costs	114	-	-	114	75	114	-	-	114	75	-	-	-	-	-
ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 176,927</u>	<u>\$ 7,522</u>	<u>\$ -</u>	<u>\$ 169,405</u>	<u>\$ 111,808</u>	<u>\$ 176,927</u>	<u>\$ 7,522</u>	<u>\$ -</u>	<u>\$ 169,405</u>	<u>\$ 111,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Quarter Ended December 31, 2015															
Salary/overhead (excluding blood tests)	\$ 164,984	\$ 7,195	\$ 2,218	\$ 155,571	\$ 102,677	\$ 164,984	\$ 7,195	\$ 2,218	\$ 155,571	\$ 102,677	\$ -	\$ -	\$ -	\$ -	\$ -
Fees/costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/program income	709	31	-	678	447	709	31	-	678	447	-	-	-	-	-
Genetic testing fees	294	-	-	294	194	294	-	-	294	194	-	-	-	-	-
Subtotal	163,981	7,164	2,218	154,599	102,036	163,981	7,164	2,218	154,599	102,036	-	-	-	-	-
Genetic testing costs	588	-	-	588	388	588	-	-	588	388	-	-	-	-	-
ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 164,569</u>	<u>\$ 7,164</u>	<u>\$ 2,218</u>	<u>\$ 155,187</u>	<u>\$ 102,424</u>	<u>\$ 164,569</u>	<u>\$ 7,164</u>	<u>\$ 2,218</u>	<u>\$ 155,187</u>	<u>\$ 102,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Clinton, Pennsylvania

Title IV-D Child Support Program

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

EXHIBIT A-1 (c)

County Clinton, Pennsylvania

Year Ended December 31, 2015

Month	MSE Incentive Paid Cost Worksheet Ending Incentive Balance	Audited Title IV-D Account Incentive Balance	Type of Account Structure
January 1	\$ 957,355	\$ 957,355	
March 31	\$ 973,234	\$ 973,234	(X) Separate Bank Account
June 30	\$ 1,008,540	\$ 1,008,540	() Restricted Fund - General Ledger
September 30	\$ 1,022,433	\$ 1,022,433	() Other: _____
December 31	\$ 1,020,215	\$ 1,020,215	

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

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

County Clinton, Pennsylvania Year Ended December 31, 2015

	Single Audit TITLE IV-D Account	Reported TITLE IV-D Account	Single Audit Over/(Under) Reported
Balance at January 1	\$ 1,207,644	\$ 1,207,644	\$ -
Receipts:			
Reimbursements	426,544	426,544	-
Incentives	65,078	65,078	-
Title XIX Incentives	114	114	-
Interest	2,866	2,866	-
Program Income	-	-	-
Genetic Testing Costs	-	-	-
Maintenance of Effort (MOE)	-	-	-
Other: _DRO Court Costs_____	-	-	-
Total Receipts	\$ 494,602	\$ 494,602	\$ -
Intra-fund Transfers - In	65,192	65,192	-
Funds Available	\$ 1,767,438	\$ 1,767,438	\$ -
Disbursements:			
Transfers to General Fund	426,544	426,544	-
Vendor Payments	2,217	2,217	-
Bank Charges	-	-	-
Other: Day Reporting Center	-	-	-
Total Disbursements	\$ 428,761	\$ 428,761	\$ -
Intra-fund Transfers - Out	65,192	65,192	-
Balance at December 31	\$ 1,273,485	\$ 1,273,485	\$ -

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