

County of Crawford

Single Audit

December 31, 2017

MaherDuessel

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COUNTY OF CRAWFORD, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2017

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Independent Auditor's Report

**Board of County
Commissioners
County of Crawford,
Pennsylvania**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Crawford, Pennsylvania (County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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 unmodified and adverse audit opinions.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements referred to above do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. We cannot determine the amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses that the accompanying statements should present for the omitted discretely-presented component units in order to comply with accounting principles generally accepted in the United States of America.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the County as of December 31, 2017 or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the County as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension information on pages i through xiv and 51 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements and the statement of changes in assets and liabilities – all agency funds 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 is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements. Similarly, the accompanying schedule of Department of Human Services (DHS) expenditures is presented for purposes of additional analysis as required by the Commonwealth of Pennsylvania Department of Human Services and is also not a required part of the financial statements.

The combining nonmajor fund financial statements, the statement of changes in assets and liabilities – all agency funds, the schedule of expenditures of federal awards, and the schedule of DHS expenditures 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 combining nonmajor fund financial statements, the statement of changes in assets and liabilities – all agency funds, the schedule of expenditures of federal awards, and the schedule of DHS expenditures 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 21, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
September 21, 2018

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The management of the County of Crawford, Pennsylvania (County) is pleased to present to the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements (pages 1 - 12) and the notes to financial statements (pages 13 - 50).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$56.39 million at December 31, 2017.
- As of December 31, 2017, unrestricted net position was \$15.9 million or 24% of total expenses.
- The total fund balance of the County's General Fund at December 31, 2017 was \$27.8 million.
- The County's real property tax rate was 19.10 mills for both 2017 and 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to financial statements.

This report also contains other supplementary information in addition to the financial statements themselves.

A detailed explanation of all three components follows:

1. Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to the private sector. There are two government-wide financial statements. They are:

- The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the County is improving or deteriorating.
- The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

MANAGEMENT'S DISCUSSION AND ANALYSIS

items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include: general government, public safety, public works, human services, culture and recreation, and conservation and development. The business-type activities of the County include the operation of the Crawford County Care Center. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The government-wide financial statements can be found on pages 1 and 2 of the financial statements.

2. Fund Financial Statements – The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental Funds – Governmental funds are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports three major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for these three *major* funds (General, Human Services, and Capital Projects). Data from the other *nonmajor* governmental funds are combined into a single, aggregated presentation (total nonmajor funds). Individual fund data for the other governmental funds is provided as additional information in the form of combining statements elsewhere in this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The governmental funds financial statements can be found on pages 3 to 7 of this report.

Proprietary Funds – The County maintains two proprietary funds. One is an enterprise fund and the other is an Internal Service Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The County uses enterprise funds to account for the Crawford County Care Center. Internal service funds are established to finance, administer, and account for departments or agencies of a government whose exclusive or nearly exclusive purpose is to provide goods or services to the government's other departments on a cost-reimbursement basis. The County established an Internal Service Fund to account for self-insured general liability, workers' compensation, and health insurance charges to other departments or agencies of the government. The proprietary fund financial statements can be found on pages 8 to 10.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The fiduciary funds financial statements can be found on pages 11 and 12 of this report. They include the Pension Trust Fund and the Agency Funds. The Agency Funds are the fees, fines, and costs, etc., collected by the County Row Officers, held in trust for disbursement to third parties.

Agency Funds – Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Sheriff, Treasurer, Register of Wills, Recorder of Deeds, Prothonotary, District Justice Courts, and Clerk of Courts) and other County offices that are subsequently disbursed to the County, other governments, or individuals for whom it was collected. A financial statement for the agency funds can be found on page 56 of this report.

3. Notes to Financial Statements – The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 13 to 50 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding and its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 51 to 53 of this report.

The combining and individual fund statements for nonmajor governmental funds are presented as additional information immediately following the required pension supplementary information on pages 54 to 55 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The statement of net position and the statement of activities report information about the County as a whole and about its activities to measure the results of the year's activities.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The County's net position at December 31, 2017 and 2016 is presented below:

**County of Crawford, Pennsylvania
Summary Statements of Net Position
December 31, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 28,092,043	\$ 33,021,279	\$ 9,744,075	\$ 9,004,233	\$ 37,836,118	\$ 42,025,512
Capital assets	52,029,604	44,683,159	1,554,414	1,613,837	53,584,018	46,296,996
Total Assets	80,121,647	77,704,438	11,298,489	10,618,070	91,420,136	88,322,508
Deferred outflows of resources	2,165,204	3,161,362	751,289	1,143,408	2,916,493	4,304,770
Liabilities						
Current and other liabilities	7,479,087	8,212,666	1,242,384	879,904	8,721,471	9,092,570
Non-current liabilities	21,898,286	21,498,712	2,378,625	4,194,274	24,276,911	25,692,986
Total Liabilities	29,377,373	29,711,378	3,621,009	5,074,178	32,998,382	34,785,556
Deferred inflows of resources	3,672,381	4,859	1,274,253	1,757	4,946,634	6,616
Net Position						
Net investment in capital assets	36,044,787	32,033,185	1,554,414	1,613,837	37,599,201	33,647,022
Restricted	2,933,775	3,287,157	-	-	2,933,775	3,287,157
Unrestricted	10,258,535	15,829,221	5,600,102	5,071,706	15,858,637	20,900,927
Total Net Position	\$ 49,237,097	\$ 51,149,563	\$ 7,154,516	\$ 6,685,543	\$ 56,391,613	\$ 57,835,106

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$56.4 million at December 31, 2017, a decrease from December 31, 2016 of approximately \$1.4 million. The decrease is mainly attributable to the purchase of capital assets, which was more than offset by a decrease in cash and investments, a decrease in deferred outflows of resources related to pensions, and an increase in deferred inflows of resources related to pensions.

Of the net position, \$2.9 million is restricted for various purposes; \$15.9 million is unrestricted and available to support operations or provide for the payment of long-term debt at the government-wide level; and \$37.6 million is net investment in capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the change in net position for the years ended December 31, 2017 and 2016:

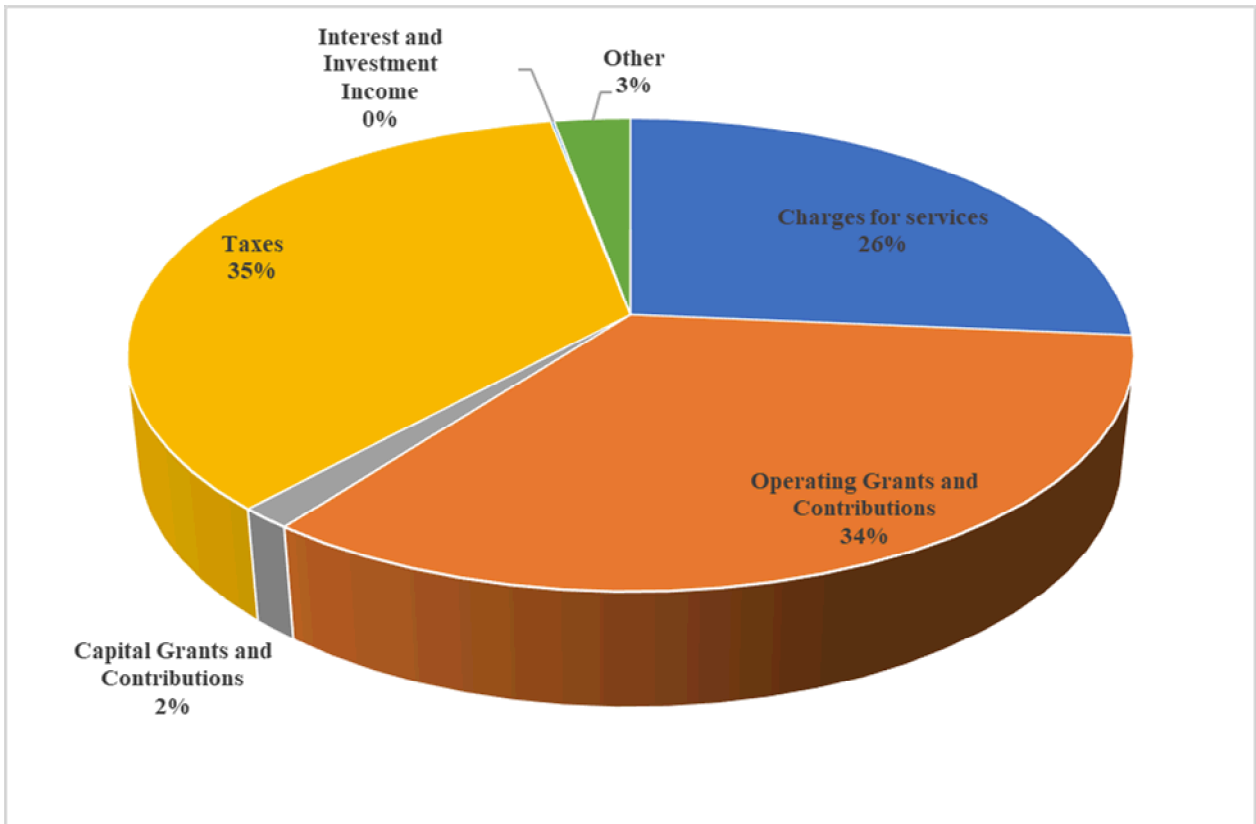
County of Crawford, Pennsylvania						
Change in Net Position						
Year Ended December 31, 2017						
(With Comparative Totals for the Year Ended December 31, 2016)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 5,270,165	\$ 4,503,252	\$ 12,024,672	\$ 12,589,158	\$ 17,294,837	\$ 17,092,410
Operating grants and contributions	22,204,894	21,696,066	-	-	22,204,894	21,696,066
Capital grants and contributions	961,346	2,105,253	-	-	961,346	2,105,253
General revenues:						
Taxes	23,085,342	23,343,568	-	-	23,085,342	23,343,568
Interest and investment income	77,772	211,863	3,168	5,586	80,940	217,449
Other	1,888,490	1,246,548	-	-	1,888,490	1,246,548
Total revenues	<u>53,488,009</u>	<u>53,106,550</u>	<u>12,027,840</u>	<u>12,594,744</u>	<u>65,515,849</u>	<u>65,701,294</u>
Program expenses:						
General government	15,115,665	16,935,815	-	-	15,115,665	16,935,815
Public safety	11,561,403	10,139,603	-	-	11,561,403	10,139,603
Public works	1,205,043	1,197,337	-	-	1,205,043	1,197,337
Human services	18,965,232	18,962,768	11,558,867	12,292,195	30,524,099	31,254,963
Culture and recreation	576,466	604,934	-	-	576,466	604,934
Conservation and development	358,341	387,445	-	-	358,341	387,445
Insurance claims and related expenses	7,250,379	6,999,064	-	-	7,250,379	6,999,064
Interest	367,946	101,333	-	-	367,946	101,333
Total program expenses	<u>55,400,475</u>	<u>55,328,299</u>	<u>11,558,867</u>	<u>12,292,195</u>	<u>66,959,342</u>	<u>67,620,494</u>
Change in Net Position	(1,912,466)	(2,221,749)	468,973	302,549	(1,443,493)	(1,919,200)
Net position - beginning	<u>51,149,563</u>	<u>53,371,312</u>	<u>6,685,543</u>	<u>6,382,994</u>	<u>57,835,106</u>	<u>59,754,306</u>
Net position - ending	<u>\$ 49,237,097</u>	<u>\$ 51,149,563</u>	<u>\$ 7,154,516</u>	<u>\$ 6,685,543</u>	<u>\$ 56,391,613</u>	<u>\$ 57,835,106</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOURCES OF REVENUES

The following chart graphically depicts the government-wide sources of revenues for the fiscal year ended December 31, 2017:

**County of Crawford, Pennsylvania
Government-Wide Sources of Revenues
Total Revenues \$65,515,849**



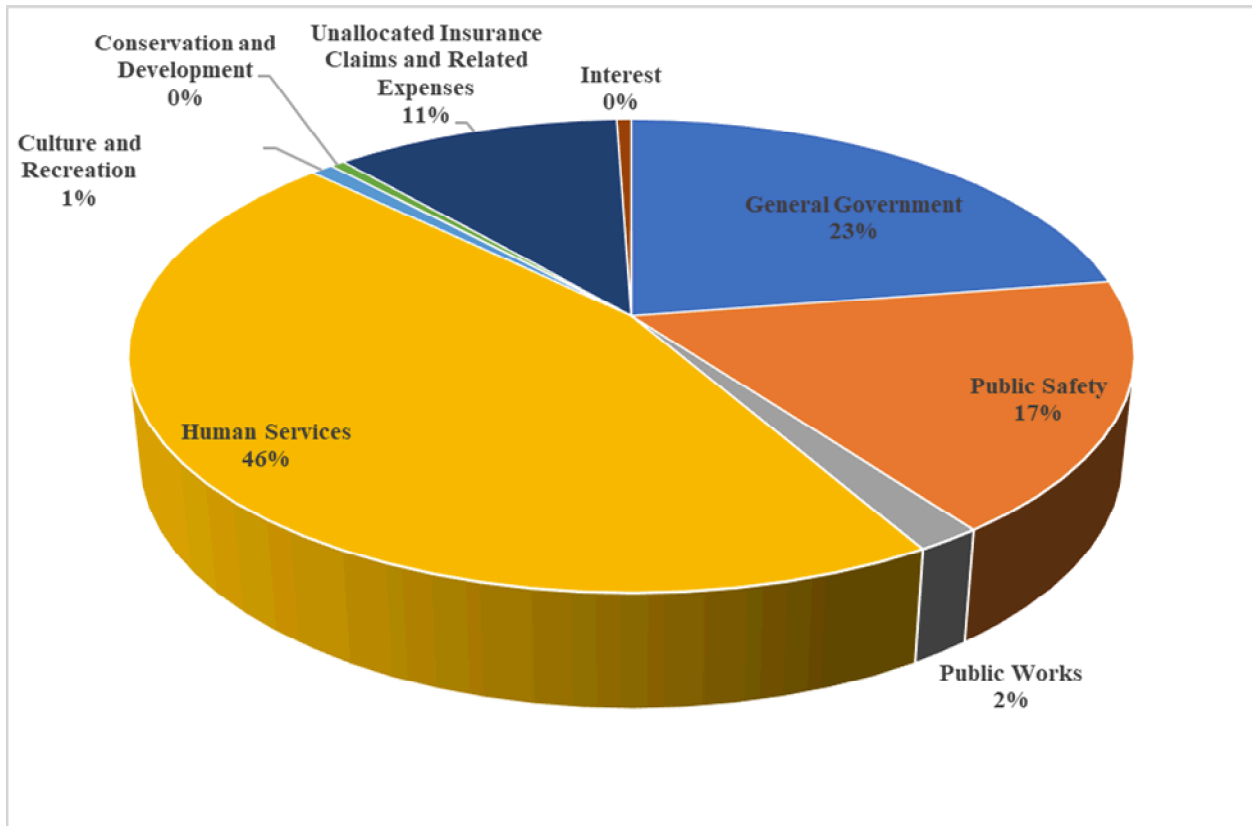
The government-wide revenues of \$65.5 million were derived primarily from taxes, which make up 35% of total revenues. The second largest source of revenue for the County was program-based operating grants and contributions, representing 34% of the total revenues. The third largest source of revenue was charges for services, which is 26% of total revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROGRAM EXPENSES

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2017:

County of Crawford, Pennsylvania Government-Wide Program Expenses Total Expenses \$66,959,342



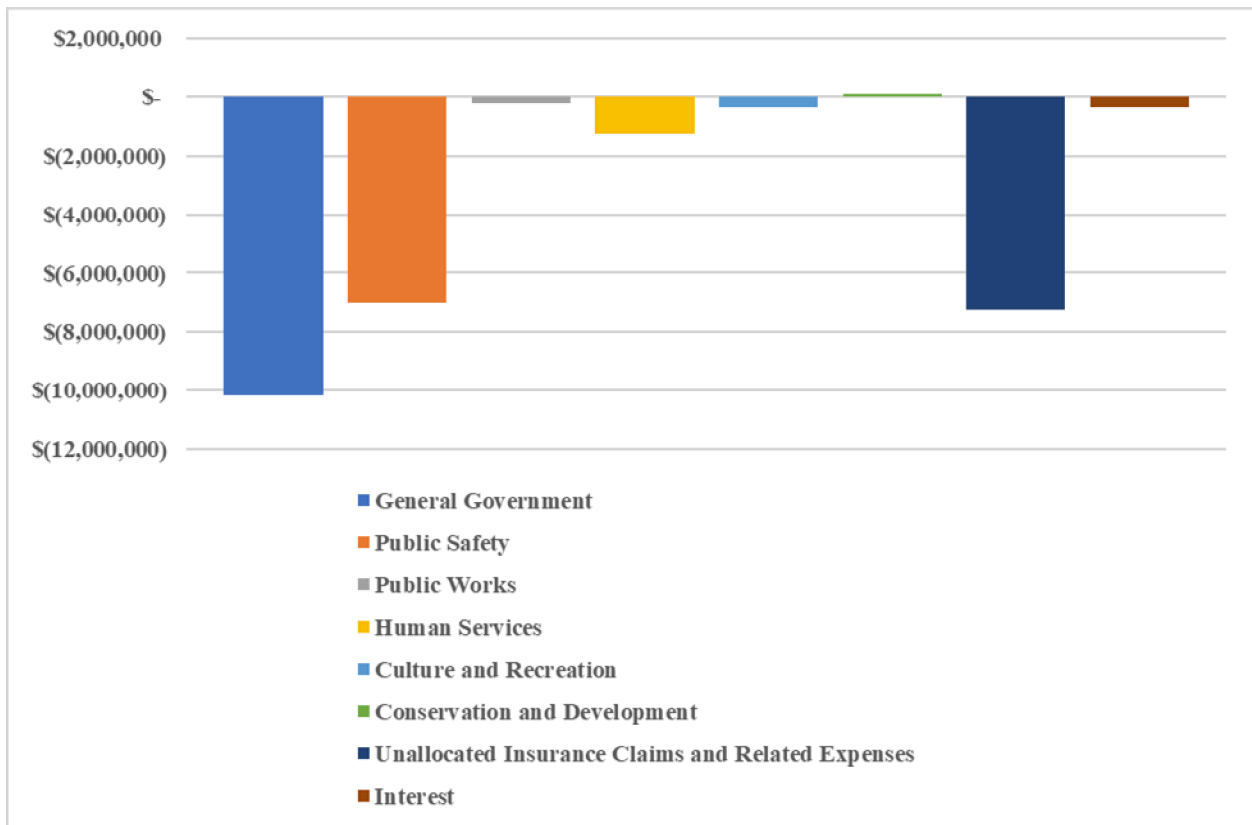
The largest area of expenses was Human Services, which totaled \$30.5 million or 46% of all expenses. Human Services provides a vast array of social services programs including Children and Youth, Mental Health, Intellectual Disabilities, and Early Intervention Services. Human Services Expenses also include the operation of the Crawford County Care Center, a County-operated nursing home. Following Human Services, General Government at \$15.1 million represented 23% of all expenses, followed by Public Safety with \$11.6 million in expenses representing 17% of expenses, and Insurance Claims and Related Expenses at \$7.2 million or 11% of the total. The next largest area of expense was Public Works at \$1.2 million or 1.9% of the total, followed by Culture and Recreation, with \$0.6 million in expenses or 0.9%, Conservation and Development at \$0.4 million or 0.6%, and interest payments on long-term debt at \$0.4 million or 0.6%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NET PROGRAM EXPENSES/REVENUES

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. The following chart graphically depicts the net program expenses/revenues by function/program for the year ended December 31, 2017.

County of Crawford, Pennsylvania Government-Wide Net Program Revenues/Expenses



General government required the most general revenues for support, needing \$10.1 million during 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reports three major governmental funds (General, Human Services, and Capital Projects). The Human Services Fund consists of Mental Health and Intellectual Disabilities and Children and Youth Services.

The County also reports total nonmajor governmental funds, which include several nonmajor funds. The largest of these include: Liquid Fuels, Community Development Block Grant (CDBG), and 911. The combining statements of the nonmajor governmental funds can be found on pages 54 through 55.

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

The following table presents the statements of revenues, expenditures, and changes in fund balances for the years ended December 31, 2017 and 2016:

MANAGEMENT'S DISCUSSION AND ANALYSIS

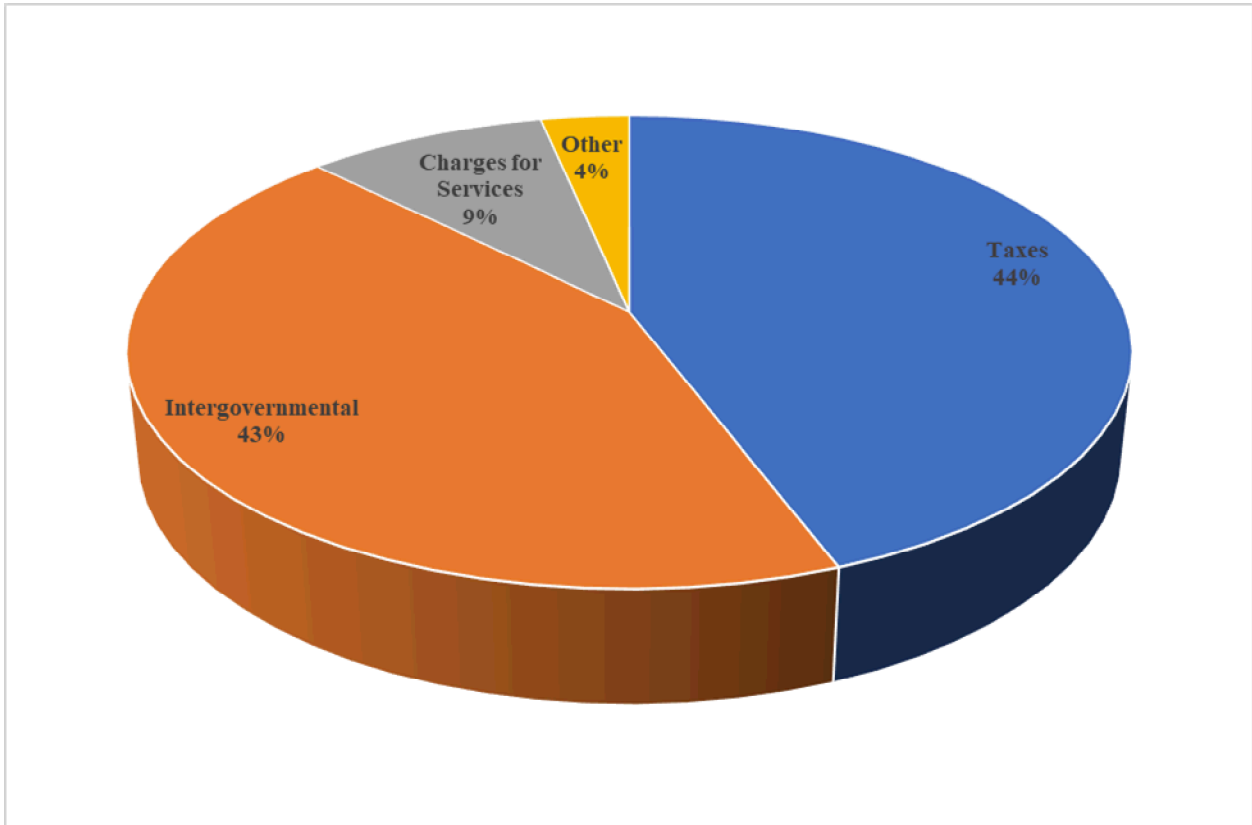
County of Crawford, Pennsylvania
 Statements of Revenues, Expenditures, and Changes in Fund Balances
 Years Ended December 31, 2017 and 2016

	Governmental Funds	
	2017	2016
Revenues:		
Taxes	\$ 23,653,046	\$ 23,064,466
Intergovernmental	23,166,240	23,801,319
Charges for services	4,877,030	4,111,401
Fines and forfeitures	288,653	288,594
Investment earnings	70,969	204,504
Payment in lieu of taxes	138,296	139,502
Miscellaneous	1,293,088	745,769
Total revenues	53,487,322	52,355,555
Expenditures:		
General government	22,889,514	28,556,018
Public safety	14,520,536	13,472,779
Public works	1,347,034	2,232,314
Human services	20,360,105	20,012,767
Culture and recreation	597,865	566,546
Conservation and development	429,377	437,416
Debt service	992,121	385,806
Capital outlay	3,469	104,492
Total expenditures	61,140,021	65,768,138
(Deficiency) of Revenues Over Expenditures	(7,652,699)	(13,412,583)
Other Financing Sources (Uses):		
Proceeds from issuance of debt	6,015,988	8,903,036
Transfers in	3,002,564	2,351,533
Transfers out	(3,002,564)	(2,351,533)
Total other financing sources	6,015,988	8,903,036
Net Change in Fund Balance	(1,636,711)	(4,509,547)
Fund balance, beginning	27,661,421	32,170,968
Fund balance, ending	\$ 26,024,710	\$ 27,661,421

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds revenues, by source, for the year ended December 31, 2017 were:

**County of Crawford, Pennsylvania
Governmental Funds
Revenues Classified by Source
Total Revenues \$53,487,322**

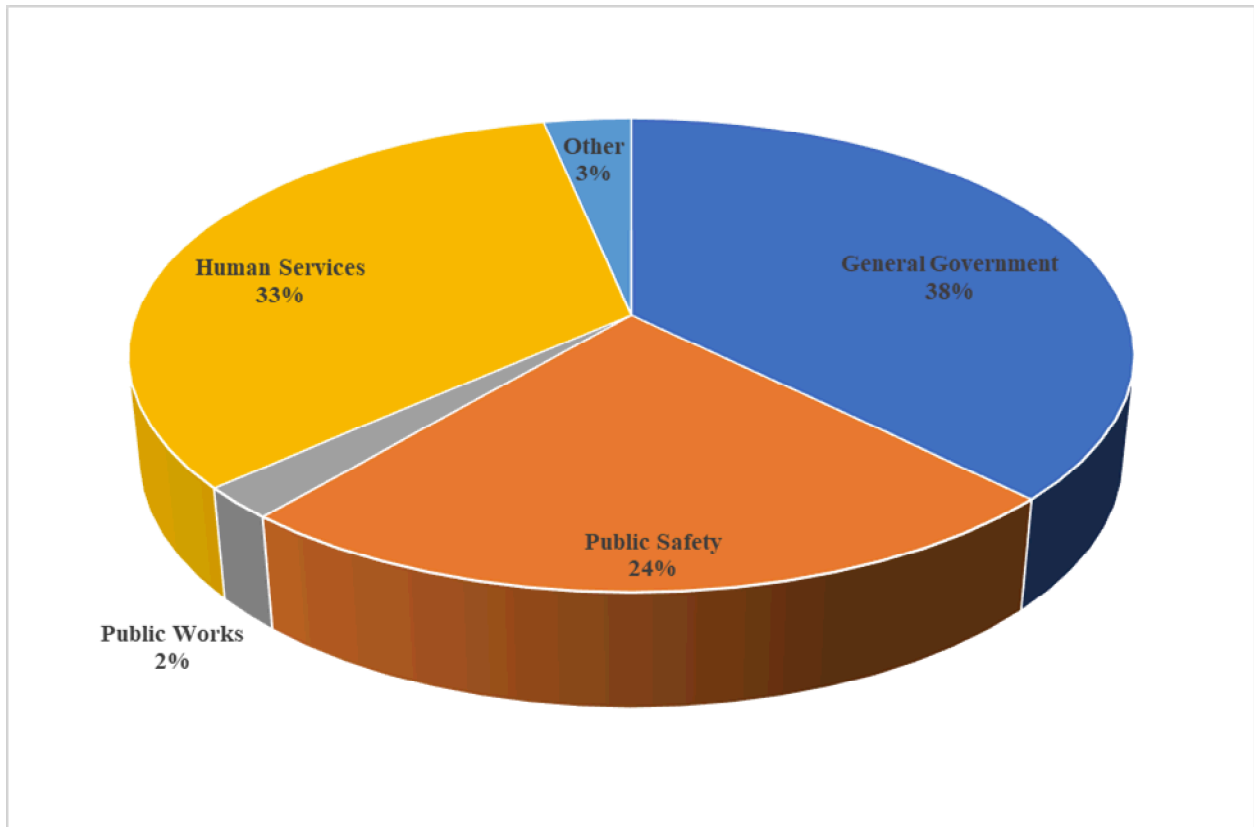


Governmental fund revenues totaled \$53.5 million for the year ended December 31, 2017, of which \$23.1 million (43%) came from Intergovernmental (Federal and State) revenues. Taxes accounted for \$23.7 million (44%) in revenue. Charges for services reached \$4.9 million (9%) in revenue. Other revenues of \$1.8 million including fines and forfeitures, investment earnings, payment in lieu of taxes, and miscellaneous revenues in total comprise approximately 4% of total revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds expenditures, by function, for the year ended December 31, 2017 were:

**County of Crawford, Pennsylvania
Governmental Funds
Expenditures Classified by Function
Total Expenditures \$61,140,021**

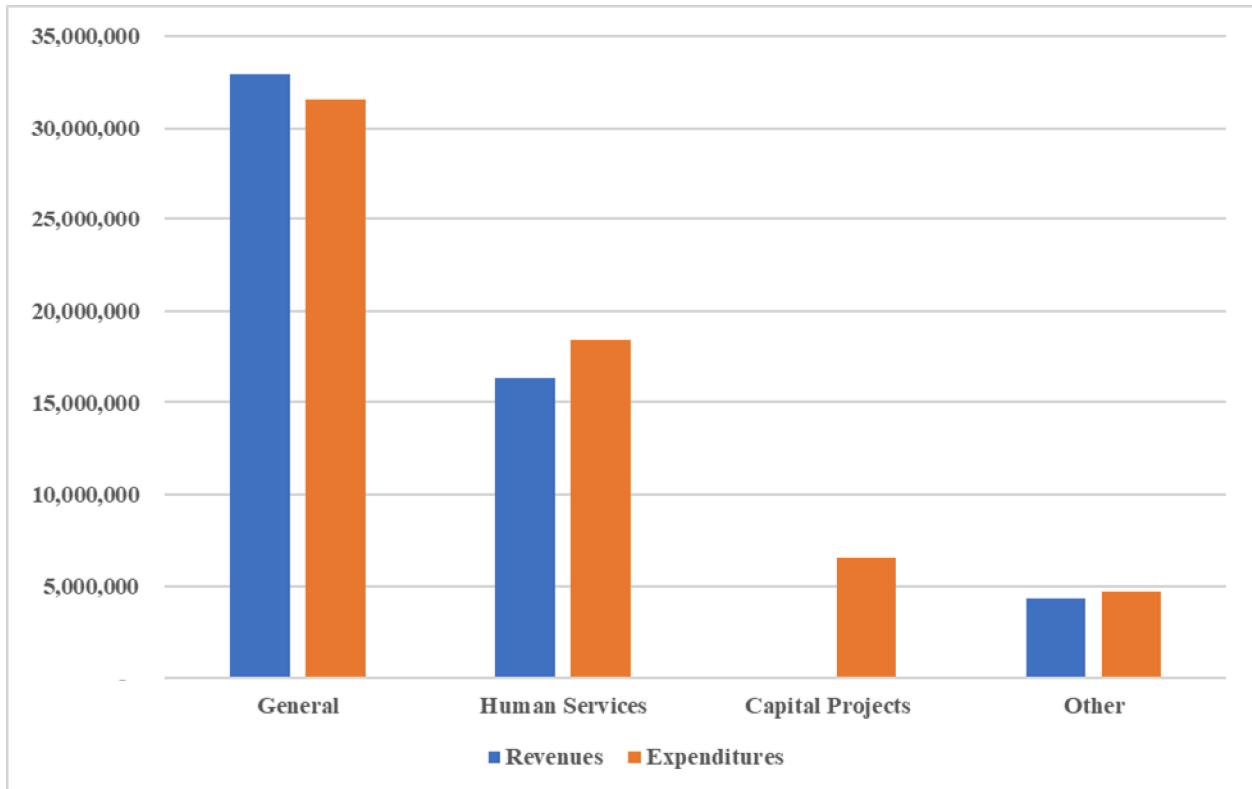


Governmental fund expenditures totaled \$61.1 million for the year ended December 31, 2017, of which \$20.4 million (33%) were human services expenditures. General government and public safety expenditures were \$22.9 million (38%) and \$14.5 million (24%), respectively. Expenditures for public works were \$1.3 million (2%). Other expenditures totaling \$2.0 million (3%) were made for culture and recreation, conservation and development, debt service, and capital outlay.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart graphically depicts the total revenues received and expenditures incurred for the governmental funds for the year ended December 31, 2017:

**County of Crawford, Pennsylvania
Governmental Funds
Revenues and Expenditures**



GENERAL FUND BUDGETARY HIGHLIGHTS

The statement of revenues, expenditures, and changes in fund balance – budget to actual – General Fund for the year ended December 31, 2017 is found on page 7 of the financial statements.

Overall, the County had an unfavorable variance between the final budget and the actual net change in fund balance of \$1.6 million or 5.3% of final budgeted revenues of \$31.1 million.

The County had a favorable variance between the final budget and actual revenue of approximately \$0.5 million. The primary factors causing the variance were taxes were \$0.9 million more than anticipated, while intergovernmental revenues, fines and forfeitures, and payment in lieu of taxes combined were \$0.4 million less than anticipated.

The County's actual expenditures for 2017 were less than the final budget by approximately \$0.7 million. The majority of the variance occurred in the General Government function where actual

MANAGEMENT'S DISCUSSION AND ANALYSIS

expenditures were less than the final budget by approximately \$0.8 million. The variance is primarily due to actual expenditures for employee benefits and capital expenditures being less than expected.

CAPITAL ASSETS

The County's total investment in capital assets as of December 31, 2017 amounts to \$53.6 million, net of accumulated depreciation. This investment includes construction in progress, land and land improvements, buildings, equipment, vehicles, and infrastructure. There was an increase in capital assets during the year due to the purchase of County vehicles, IT equipment and software, buildings, infrastructure and architectural design, and bridge maintenance and replacement.

LONG-TERM DEBT

As of December 31, 2017, the County has \$25.2 million of long-term debt, including net pension liability of \$9.2 million.

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 report or requests for additional information should be directed, in writing, to:

Office of the County Commissioners
County of Crawford, Pennsylvania
903 Diamond Park
Meadville, PA 16335

FINANCIAL STATEMENTS

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,780,497	\$ 691,285	\$ 13,471,782
Investments	10,588,516	-	10,588,516
Receivables:			
Accounts receivable, net	1,877,342	2,431,826	4,309,168
Taxes receivable, net	3,243,511	-	3,243,511
Intergovernmental receivable	4,990,289	-	4,990,289
Internal balances	(6,562,076)	6,562,076	-
Prepaid expenses and other assets	1,173,964	58,888	1,232,852
Capital assets, not being depreciated/amortized	1,309,503	-	1,309,503
Capital assets, net of accumulated depreciation/amortization	50,720,101	1,554,414	52,274,515
Total Assets	80,121,647	11,298,489	91,420,136
Deferred Outflows of Resources			
Deferred outflows of resources for pension	2,165,204	751,289	2,916,493
Liabilities			
Accounts payable	3,057,617	647,227	3,704,844
Accrued payroll and related liabilities	404,660	124,694	529,354
Accrued interest payable	58,146	-	58,146
Intergovernmental payable	30,024	-	30,024
Unearned revenue	1,785,506	-	1,785,506
Compensated absences	1,268,134	470,463	1,738,597
Bonds payable	875,000	-	875,000
Noncurrent liabilities:			
Bonds payable	15,043,119	-	15,043,119
Net pension liability	6,855,167	2,378,625	9,233,792
Total Liabilities	29,377,373	3,621,009	32,998,382
Deferred Inflows of Resources			
Deferred inflows of resources for pension	3,672,381	1,274,253	4,946,634
Net Position			
Net investment in capital assets	36,044,787	1,554,414	37,599,201
Restricted for:			
Adoption counseling	18,693	-	18,693
Child support enforcement	301,023	-	301,023
District attorney	48,485	-	48,485
Offender supervision	482,777	-	482,777
Other	77,357	-	77,357
Substance abuse education	6,130	-	6,130
Tourism promotion	57,671	-	57,671
Roads and bridges	658,352	-	658,352
Emergency services	856,886	-	856,886
Other special revenue fund services	426,401	-	426,401
Unrestricted	10,258,535	5,600,102	15,858,637
Total Net Position	\$ 49,237,097	\$ 7,154,516	\$ 56,391,613

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 15,115,665	\$ 3,326,459	\$ 1,641,201	\$ -	\$ (10,148,005)	\$ -	\$ (10,148,005)
Public safety	11,561,403	914,308	3,653,429	-	(6,993,666)	-	(6,993,666)
Public works	1,205,043	-	28,174	961,346	(215,523)	-	(215,523)
Human services	18,965,232	693,426	16,578,408	-	(1,693,398)	-	(1,693,398)
Culture and recreation	576,466	161,045	50,000	-	(365,421)	-	(365,421)
Conservation and development	358,341	174,927	253,682	-	70,268	-	70,268
Unallocated insurance claims and related expenses	7,250,379	-	-	-	(7,250,379)	-	(7,250,379)
Interest	367,946	-	-	-	(367,946)	-	(367,946)
Total governmental activities	55,400,475	5,270,165	22,204,894	961,346	(26,964,070)	-	(26,964,070)
Business-type activities:							
Human services	11,558,867	12,024,672	-	-	-	465,805	465,805
Total business-type activities	11,558,867	12,024,672	-	-	-	465,805	465,805
Total primary government	\$ 66,959,342	\$ 17,294,837	\$ 22,204,894	\$ 961,346	(26,964,070)	465,805	(26,498,265)
General revenues:							
Taxes:							
Property taxes					22,441,812	-	22,441,812
Per capita taxes					224,440	-	224,440
Hotel taxes					419,090	-	419,090
Payments in lieu of taxes					138,296	-	138,296
Unrestricted investment earnings					77,772	3,168	80,940
Miscellaneous					1,750,194	-	1,750,194
Total general revenues					25,051,604	3,168	25,054,772
Change in Net Position					(1,912,466)	468,973	(1,443,493)
Net position - beginning					51,149,563	6,685,543	57,835,106
Net position - ending					\$ 49,237,097	\$ 7,154,516	\$ 56,391,613

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	General Fund	Human Services Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 11,143,697	\$ -	\$ 23,839	\$ 1,957,067	\$ 13,124,603
Investments	10,588,516	-	-	-	10,588,516
Receivables:					
Accounts receivable, net	1,069,014	275,116	12,414	508,513	1,865,057
Taxes receivable, net	3,243,511	-	-	-	3,243,511
Intergovernmental receivable	1,040,243	3,515,453	-	434,593	4,990,289
Due from other funds	3,488,131	516,474	-	-	4,004,605
Prepaid expenses and other assets	1,086,365	22,298	-	65,301	1,173,964
Total Assets	\$ 31,659,477	\$ 4,329,341	\$ 36,253	\$ 2,965,474	\$ 38,990,545
Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)					
Liabilities:					
Accounts payable	\$ 881,619	\$ 1,045,847	\$ 66,698	\$ 630,135	\$ 2,624,299
Accrued payroll and related liabilities	288,744	100,727	-	15,189	404,660
Intergovernmental payable	-	-	-	30,024	30,024
Due to other funds	461,230	747,061	1,609,698	76,779	2,894,768
Cash advance from General Fund	-	3,041,472	-	-	3,041,472
Unearned revenue	-	1,579,099	-	206,407	1,785,506
Total Liabilities	1,631,593	6,514,206	1,676,396	958,534	10,780,729
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,185,106	-	-	-	2,185,106
Fund Balance (Deficit):					
Nonspendable - prepaid items	883,159	22,298	-	65,301	970,758
Restricted:					
Adoption counseling	18,693	-	-	-	18,693
Child support enforcement	301,023	-	-	-	301,023
District attorney	48,485	-	-	-	48,485
Offender supervision	482,777	-	-	-	482,777
Other	77,357	-	-	-	77,357
Substance abuse education	6,130	-	-	-	6,130
Tourism promotion	57,671	-	-	-	57,671
Roads and bridges	-	-	-	658,352	658,352
Emergency services	-	-	-	856,886	856,886
Other special revenue	-	-	-	426,401	426,401
Committed:					
Capital projects	880,791	-	-	-	880,791
Contingencies	25,000	-	-	-	25,000
District attorney	713	-	-	-	713
Warden	3,214	-	-	-	3,214
Woodcock Park	1,628	-	-	-	1,628
Assigned:					
Flower fund	3,607	-	-	-	3,607
Commissary fund	480,050	-	-	-	480,050
Unassigned	24,572,480	(2,207,163)	(1,640,143)	-	20,725,174
Total Fund Balance (Deficit)	27,842,778	(2,184,865)	(1,640,143)	2,006,940	26,024,710
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)	\$ 31,659,477	\$ 4,329,341	\$ 36,253	\$ 2,965,474	\$ 38,990,545

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

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

DECEMBER 31, 2017

Total Fund Balance - Governmental Funds		\$ 26,024,710
<p>Amounts reported for governmental activities in the statement of net position (page 1) are different because:</p>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		52,029,604
Property taxes receivable will be collected next year and are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		2,185,106
Internal service funds are used by management to charge the costs of general liability and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(5,395,580)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable	\$ (15,918,119)	
Accrued interest on bonds	(58,146)	
Compensated absences	<u>(1,268,134)</u>	(17,244,399)
The net pension liability is reflected on the statement of financial position, but is not considered a current expenditure for the governmental fund statements.		(6,855,167)
Deferred outflows and inflows of resources for pension are recorded and amortized in the statement of net position and are not recorded on the fund financial statements.		<u>(1,507,177)</u>
Net Position of Governmental Activities		<u><u>\$ 49,237,097</u></u>

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2017

	General Fund	Human Services Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 23,653,046	\$ -	\$ -	\$ -	\$ 23,653,046
Intergovernmental	3,563,796	15,580,017	-	4,022,427	23,166,240
Charges for services	3,987,243	722,699	-	167,088	4,877,030
Fines and forfeitures	288,653	-	-	-	288,653
Investment earnings	63,563	-	1,086	6,320	70,969
Payment in lieu of taxes	138,296	-	-	-	138,296
Miscellaneous	1,195,172	39,498	-	58,418	1,293,088
Total revenues	32,889,769	16,342,214	1,086	4,254,253	53,487,322
Expenditures:					
Current:					
General government	15,964,487	-	6,522,423	402,604	22,889,514
Public safety	11,194,807	1,422,817	-	1,902,912	14,520,536
Public works	288,176	-	-	1,058,858	1,347,034
Human services	2,036,549	16,996,886	-	1,326,670	20,360,105
Culture and recreation	597,865	-	-	-	597,865
Conservation and development	429,377	-	-	-	429,377
Debt service:					
Principal	635,000	-	-	-	635,000
Interest	356,842	-	-	279	357,121
Capital outlay	3,469	-	-	-	3,469
Total expenditures	31,506,572	18,419,703	6,522,423	4,691,323	61,140,021
Excess (Deficiency) of Revenues Over Expenditures	1,383,197	(2,077,489)	(6,521,337)	(437,070)	(7,652,699)
Other Financing Sources (Uses):					
Proceeds from issuance of debt	-	-	6,015,988	-	6,015,988
Transfers in	-	2,077,564	925,000	-	3,002,564
Transfers out	(3,002,564)	-	-	-	(3,002,564)
Total other financing sources (uses)	(3,002,564)	2,077,564	6,940,988	-	6,015,988
Net Change in Fund Balance	(1,619,367)	75	419,651	(437,070)	(1,636,711)
Fund balance (deficit) - beginning	29,462,145	(2,184,940)	(2,059,794)	2,444,010	27,661,421
Fund balance (deficit) - ending	\$ 27,842,778	\$ (2,184,865)	\$ (1,640,143)	\$ 2,006,940	\$ 26,024,710

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balance - Total Governmental Funds \$ (1,636,711)

Amounts reported for governmental activities in the statement of activities (page 2) are different because:

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

7,346,445

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(567,704)

The issuance of long-term debt (e.g., bonds, leases) 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 net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(5,380,988)

Internal service funds are used by management to charge the costs of general liability, workers' compensation, and health care insurance to individual funds. The net revenue (loss) of certain activities of internal service funds is reported with governmental activities.

(1,777,235)

Some expenses (including pension) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

103,727

Change in Net Position of Governmental Activities

\$ (1,912,466)

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 23,296,196	\$ 23,260,196	\$ 24,128,684	\$ 868,488
Intergovernmental	3,528,397	3,534,297	3,295,155	(239,142)
Charges for services	3,122,562	3,154,562	3,128,922	(25,640)
Fines and forfeitures	276,200	282,000	209,077	(72,923)
Investment earnings	27,400	25,500	38,294	12,794
Payment in lieu of taxes	140,142	140,142	100,594	(39,548)
Miscellaneous	261,157	255,357	238,647	(16,710)
Total revenues	30,652,054	30,652,054	31,139,373	487,319
Expenditures:				
Current:				
General government	15,863,180	15,838,864	15,046,757	792,107
Public safety	10,375,479	10,369,001	10,599,424	(230,423)
Public works	360,000	360,000	271,805	88,195
Human services	1,935,348	1,947,751	1,929,492	18,259
Culture and recreation	394,155	394,155	572,738	(178,583)
Conservation and development	463,624	463,624	401,667	61,957
Debt service:				
Principal	635,000	635,000	618,932	16,068
Interest	439,680	439,680	351,547	88,133
Capital outlay	18,067	50,000	3,325	46,675
Total expenditures	30,484,533	30,498,075	29,795,687	702,388
Excess of Revenues Over Expenditures	167,521	153,979	1,343,686	1,189,707
Other Financing Sources (Uses):				
Transfers in	2,705,663	2,705,663	-	(2,705,663)
Transfers out	(2,873,184)	(2,859,642)	(3,002,564)	(142,922)
Total other financing sources (uses)	(167,521)	(153,979)	(3,002,564)	(2,848,585)
Net Change in Fund Balance	-	-	(1,658,878)	\$ (1,658,878)
Fund balance - beginning	29,462,145	29,462,145	29,462,145	
Fund balance - ending	<u>\$ 29,462,145</u>	<u>\$ 29,462,145</u>	<u>\$ 27,803,267</u>	

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2017

	Business-type Activities Crawford County Care Center	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 691,285	\$ 2,697,366
Receivables:		
Accounts receivable, net	2,431,826	12,285
Prepaid expenses and other assets	58,888	-
Total current assets	3,181,999	2,709,651
Non-current assets:		
Capital assets, net of accumulated depreciation and amortization	1,554,414	-
Total Assets	4,736,413	2,709,651
Deferred Outflows of Resources		
Deferred outflows of resources for pension	751,289	-
Liabilities		
Current liabilities:		
Accounts payable and incurred insurance expenses	647,227	433,318
Accrued payroll and related liabilities	124,694	-
Due to other funds	1,109,837	-
Compensated absences	470,463	-
Total current liabilities	2,352,221	433,318
Noncurrent liabilities:		
Net pension liability	2,378,625	-
Total Liabilities	4,730,846	433,318
Deferred Inflows of Resources		
Deferred inflows of resources for pension	1,274,253	-
Net Position		
Net investment in capital assets	1,554,414	-
Unrestricted	(2,071,811)	2,276,333
Total Net Position	(517,397)	\$ 2,276,333
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise fund over time	7,671,913	
Net Position of Business-type Activities (page 1)	\$ 7,154,516	

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2017

	Business-type Activities Crawford County Care Center	Governmental Activities Internal Service Fund
Operating Revenues:		
Charges for services	\$ 12,009,641	\$ -
Employer contributions	15,031	7,010,681
Total operating revenues	12,024,672	7,010,681
Operating Expenses:		
Personnel services	9,214,377	-
Materials and supplies	888,969	-
Services	1,728,272	-
Depreciation and amortization	188,428	-
Bad debt	396,288	-
Other operating expenses	686,873	865,800
Incurred claims and adjustments	-	6,384,579
Total operating expenses	13,103,207	7,250,379
Operating loss	(1,078,535)	(239,698)
Nonoperating Revenues:		
Investment earnings	3,168	6,803
Change in Net Position	(1,075,367)	(232,895)
Net position - beginning	557,970	2,509,228
Net position - ending	(517,397)	\$ 2,276,333
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise fund	(1,544,340)	
Change in Net Position of Business-type Activities (page 2)	\$ 468,973	

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2017

	Business-type Activities Crawford County Care Center	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 11,661,898	\$ 7,012,129
Payments to employees for salaries and benefits	(9,218,476)	-
Payments to suppliers and claimants	(3,506,989)	(7,341,071)
Net cash used in operating activities	(1,063,567)	(328,942)
Cash Flows from Investing Activities:		
Interest on investments	3,168	6,803
Cash Flows from Non-Capital Financing Activities:		
Transfers from other funds	431,563	-
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(129,005)	-
Net Decrease in Cash and Cash Equivalents	(757,841)	(322,139)
Cash and cash equivalents at January 1, 2017	1,449,126	3,019,505
Cash and cash equivalents at December 31, 2017	\$ 691,285	\$ 2,697,366
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (1,078,535)	\$ (239,698)
Adjustments to reconcile change in operating loss to net cash used in operating activities:		
Pension expense	(151,034)	-
Depreciation and amortization expense	188,428	-
Change in assets and liabilities:		
Accounts receivable	(362,774)	1,448
Prepaid expenses and other assets	(22,132)	-
Accounts payable and incurred insurance expenses	215,545	(90,692)
Accrued payroll and related liabilities	(8,135)	-
Compensated absences	155,070	-
Net cash used in operating activities	\$ (1,063,567)	\$ (328,942)

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2017

	Nonexpendable Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 2,102,591	\$ 1,538,380
Receivables	29,572	-
Investments:		
Money markets	285,035	-
Mutual funds - fixed income	10,613,539	-
Mutual funds - equity	39,428,389	-
Private equity trust	953,821	-
Global opportunities fund	11,862,455	-
Hedge fund	3,371,357	-
Alternative core bond fund	9,576,502	-
	78,223,261	1,538,380
Liabilities		
Due to others	-	1,538,380
Other liabilities	38,866	-
	38,866	\$ 1,538,380
Net Position Restricted for Pension Benefits	\$ 78,184,395	

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2017

	<u>Nonexpendable Pension Trust</u>
Additions:	
Contributions:	
Employer	\$ 2,544,392
Plan members	2,247,009
Total contributions	<u>4,791,401</u>
Investment earnings:	
Net increase in the fair value of investments	9,066,106
Interest and dividends	1,458,701
Total investment earnings	10,524,807
Less investment expense	<u>(77,401)</u>
Net investment earnings	<u>10,447,406</u>
Total additions	<u>15,238,807</u>
Deductions:	
Administrative expenses	25,560
Benefits	5,461,450
Total deductions	<u>5,487,010</u>
Change in Net Position	9,751,797
Net position - beginning	<u>68,432,598</u>
Net position - ending	<u>\$ 78,184,395</u>

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

1. Reporting Entity

The County of Crawford, Pennsylvania (County) is a municipal government governed by a three-member elected Board of Commissioners. The County provides services in many areas to its residents, including various general government services, public safety, public works, human services, culture and recreation, and conservation and development. These programs are financed mainly through the assessment of taxes, charges for services, and federal and state grants.

The reporting entity for the County includes the accounts of all County operations, including administrative and judicial general government, corrections, and health and welfare. These financial statements include the primary government (the County, a general purpose local government, and all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the County) and do not reflect all component units that meet the criteria for inclusion according to the Governmental Accounting Standards Board (GASB).

Related Organizations

The following separately administered organizations are related organizations to the County. Such organizations have the majority of their governing board appointed by the County Commissioners and the County is financially accountable for some of them. However, as described above, these financial statements include only the primary government.

Crawford County Drug and Alcohol Executive Commission, Inc. (Commission) - This non-profit commission operates the drug and alcohol abuse prevention and treatment program for the County. In addition to providing County match funds and federal and state pass-through grant funding, the County provides payroll services for the Commission.

Crawford Area Transportation Authority (Transportation Authority) - This is an operating authority created to provide and coordinate mass transportation services to the County. The County provides local match funds, an annual operating subsidy, and a construction subsidy to the Transportation Authority.

The Quality Living Center of Crawford County (Center) - This non-profit corporation operates a personal care facility. The County owns the land and building operated by the Center, which they lease to the Center at an annual rent of \$1. The County is responsible for maintenance and repairs of the leased property, and provides an annual operating

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

subsidy to the Center. The Center also contracts with the County's Human Services Fund to provide certain services.

Crawford County Solid Waste Authority (Solid Waste Authority) - This authority was created to oversee the management of municipal solid waste in Crawford County. In addition to providing state pass-through grant funding and matching funds, the County provides payroll services for the Solid Waste Authority in addition to partially subsidizing its operations.

Crawford County Hospital Authority - This authority was created for the purpose of financing hospitals within the County.

Crawford County Industrial Development Authority – This authority was created for the purpose of developing industry by securing low-interest loans for businesses in Crawford County.

Crawford County Regional Airport Authority (Airport Authority) - This authority oversees the operations of the Port Meadville Airport. The County provides an annual operating subsidy to the Airport Authority as well as long-term zero interest financing.

Crawford County Soil Conservation District - This locally organized and operated unit of government, functioning under Pennsylvania law, was created to promote protection, maintenance, improvement, and wise use of the land, water, and other related resources.

Crawford County Fair Association (Fair) – This non-profit organization plans and operates the annual Fair. The County owns the fairground's land and buildings, which they rent to the Fair for two weeks of the year. The County is responsible for maintenance and repairs of the fairgrounds, and provides payroll services for the Fair. The County also provides long-term zero interest financing to the Fair's Dairy Committee.

2. Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County. All fiduciary activities are reported only in the fund financial statements. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental grants, are reported

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers for services provided and rents and 2) operating grants. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the County are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

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

Governmental fund financial statements are reported using the current financial resources 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 revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and the internal service fund are charges to customers for services provided. Operating expenses for the enterprise fund and the internal service fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The enterprise fund's patient revenue is reported at the estimated net realizable amounts from the residents and third-party payers. Revenues under third-party payer agreements are subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and ultimate final settlements are reported as adjustments become known.

The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The County reports the following major governmental funds:

The *General Fund* is the principal operating fund of the County, which is used to account for all financial resources not accounted for in other funds.

The *Human Services Fund* accounts for the expenditure of a combination of revenues received from various federal, state, and County sources. These accounts are restricted for the provision of specified social services to eligible recipients. The Human Services Fund is comprised of Children and Youth Services, Mental Health and Intellectual Disabilities Services, and Early Intervention Services provided by the County.

The *Capital Projects Fund* accounts for financial resources to be used to fund certain capital projects.

The County reports the following major enterprise fund:

The *Crawford County Care Center Fund* accounts for the operations of the Crawford County Care Center (Care Center), which is a skilled nursing facility that provides long-term nursing care.

Additionally, the County reports the following funds:

The *Internal Service Fund* accounts for self-insured workers' compensation, general liability and health insurance charges to other departments or agencies of the government.

The *Pension Trust Fund* accounts for the activities related to accumulation of resources for the benefit of current and future retirees of the County.

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

Interfund Activity in the Government-Wide Financial Statements

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other

COUNTY OF CRAWFORD, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2017

funds and cash advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated, so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated, so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated, so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated, so that only the net amount is included as transfers in the business-type activities column.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased.

Investments

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

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include land and land improvements, building and improvements, equipment, vehicles, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with initial, individual cost of more than of \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 assets lives are not capitalized. These costs are charged to operations when incurred.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	50 years
Buildings	20 - 40 years
Land improvements	20 - 30 years
Equipment	5 - 20 years
Vehicles	2 – 8 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category:

Certain amounts determined in connection with pension accounting requirements are reported as deferred outflows of resources on the government-wide financial

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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statements and proprietary fund statement of net position. This amount is determined based on an actuarial valuation performed for the pension plan. Note 9 presents additional information about the pension plan.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

Unavailable revenue is reported only on the governmental funds' balance sheet and represents property taxes which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

Certain amounts determined in connection with pension accounting requirements are reported as deferred inflows of resources on the government-wide financial statements and the proprietary fund statement of net position. These amounts are determined based on an actuarial valuation performed for the pension plan.

Unearned Revenues

Unearned revenues are reported in government-wide financial statements and fund financial statements. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues represent monies received but not yet earned.

Compensated Absences

Calculation of the liability amount is determined by the appropriate vacation, sick, and lump-sum payments, which would be available to employees if they would leave or retire from the County.

The County accrues accumulated unpaid vacation when (1) the obligation relates to rights that vest or accumulate, (2) the payment of the obligation is probable, and (3) the amount can be reasonably estimated. Unused vacation leave is paid upon an employee's retirement or upon termination after one year of service. Sick leave not taken is paid only to retiring

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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employees, at varying rates. No liability for these amounts is included in the governmental fund statements, only in the proprietary fund statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as advances and prepaid expenditures.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. The County's restricted fund balances consist of external enabling legislation for the federal, state, or local government grants.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the County Commissioners. Such commitment is made via a resolution of the County Commissioners and must be made prior to the end of the fiscal year. A commitment can only be modified or removed by an equal action of the County Commissioners.
- Assigned – This category represents intentions of the County to use the funds for specific purposes. The County Commissioners have the authority to assign amounts to be used for specific purposes.
- Unassigned – This category includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications.

COUNTY OF CRAWFORD, PENNSYLVANIA

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

Net Position

Accounting standards requires the classification of net position into these components – net investment in capital assets; restricted; and unrestricted. These classifications are defined below:

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

COUNTY OF CRAWFORD, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2017

Allocation of Indirect Expenses

The County allocates indirect expenses, primarily comprised of central governmental services, to operating functions and programs benefiting from those services. Central services include overall County management, centralized budgetary formulation and oversight, accounting, financial reporting, information technology services, personnel, purchasing, cash management, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These charges are included in direct expenses in the statement of activities.

Budgets and Budgetary Accounting

The County adopts an annual budget for its General Fund on a cash basis. Unexpended budget appropriations expire at year-end and do not carry forward to future periods. The budgetary control for the Human Services Fund is maintained through enforcement of related grant provisions.

On or before October 1 of each year, each department submits a proposed operating budget for the ensuing calendar year. The proposed budgets include proposed expenditures and the means of financing them. The proposed budget is compiled and made available for public inspection for at least 20 days prior to the date for adopting the budget. After the inspection period has been satisfied, the budget is legally adopted no later than December 31 of the year before the one for which it is effective.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Encumbrance accounting is employed in the Liquid Fuels Fund, one of the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported in fund balance and do not constitute expenditures or liabilities, because the commitments will be appropriated and honored during the subsequent year.

The following is a reconciliation of the actual results of operations in the statement of revenues, expenditures, and changes in fund balance – General Fund to the budgetary cash basis of accounting used in the statement of revenues, expenditures, and changes in fund balance – budget and actual – General Fund.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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	<u>General Fund</u>
Net change in fund balance - General Fund as presented (modified accrual)	\$ (1,619,367)
Adjustment to reconcile accounts and property taxes receivable to budgetary basis	(1,750,396)
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	<u>1,710,885</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u><u>\$ (1,658,878)</u></u>

For the year ended December 31, 2017, expenditures exceeded appropriations in the public safety and culture and recreation departments. These overages were funded by excess of revenues over budgets amounts.

Estimates

The preparation of the financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ than those estimates.

Adopted Pronouncements

The requirements of the following GASB Statements were adopted for the County's 2017 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact to the County's financial statements.

GASB Statement No. 74, *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans."* This Statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement replaces Statement No. 43.

GASB Statement No. 80, *"Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14."* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

COUNTY OF CRAWFORD, PENNSYLVANIA

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GASB Statement No. 81, *“Irrevocable Split-Interest Agreements.”* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *“Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.”* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *“Financial Reporting for Pension Plans,”* No. 68, *“Accounting and Financial Reporting for Pensions,”* and No. 73, *“Accounting and 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.”*

Pending Pronouncements

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

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

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

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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

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

GASB Statement No. 87, *"Leases,"* effective for fiscal years beginning after December 15, 2019 (the County's financial statements for the year ending December 31, 2020). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,"* effective for fiscal years beginning after June 15, 2018 (the County's financial statements for the year ending December 31, 2019). The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period,"* effective for fiscal years beginning after December 15, 2019 (the County's financial statements for the year ending December 31, 2020). The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

3. Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker's

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

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

The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County's formal investment policy does not limit its investment choices based on credit ratings by nationally recognized statistical rating organizations.

Deposits

The following is a description of the County's deposit risks:

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. Of the bank balance of \$14,935,161 at December 31, 2017, \$516,200 was covered by federal depository insurance. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits, with carrying amounts of \$13,349,920 as of December 31, 2017, are reported as cash and cash equivalents.

Cash Equivalent Investments

The County's cash equivalent investment in the Pennsylvania Local Government Investment Trust (PLGIT) (an external investment) cannot be classified by risk category because the investment is not evidenced by securities that exist in physical or book entry form. PLGIT was established as a common law trust organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of this fund is to enable such governmental units to pool available funds for investment. The County's position in the external investment pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. All investments in external investment pools that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The County can withdraw funds from the external investment pools. However, there is a one-day holding period for withdrawals.

COUNTY OF CRAWFORD, PENNSYLVANIA

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As of December 31, 2017, the investment in PLGIT of \$121,862 (book and bank balance), is considered to be a cash equivalent for presentation on the government-wide statement of net position and the governmental funds balance sheet.

Investments

As of December 31, 2017, the County had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
<u>Governmental activities</u>					
Debt securities:					
U.S. Treasury Notes and Bonds	\$ 331,079	\$ 231,894	\$ 99,185	\$ -	\$ -
U.S. Government Agency Obligations	2,803,910	982,554	1,197,719	154,907	468,730
Certificates of deposit	7,144,741	283,914	6,860,827	-	-
Total debt securities and certificates of deposit	10,279,730	<u>\$ 1,498,362</u>	<u>\$ 8,157,731</u>	<u>\$ 154,907</u>	<u>\$ 468,730</u>
Money markets	<u>308,786</u>				
Total	<u>\$ 10,588,516</u>				

U.S. Treasury Notes and Bonds and U.S. Government Agency Obligations are valued at fair value using various techniques, which may consider the reported sales of similar securities, market price quotations, and data (such as broker quotes, yields, bids, and reference data) (Level 2). The County's investments in money markets and certificates of deposit are reported at amortized cost, which approximates market.

The following is a description of the County's investment risks:

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the County will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The County does not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2017, the full bank balance of all of the County's certificates of deposits was insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2017, the County's remaining investment balance of \$3,443,775 (bank and book balance) was

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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exposed to custodial credit risk. All of the County's investments, other than certificates of deposits, were uninsured and held by the counterparty. The counterparty is a member of the Securities Investor Protection Corporation (SIPC), which provides insurance coverage up to \$500,000 of the net equity balance, including up to \$250,000 in cash, in the event the counterparty fails, owing the County cash and securities that are missing from their accounts. This coverage does not extend to losses incurred due to fraud, misrepresentation, or investment decisions.

Concentration of Credit Risk - The County's investment policy is to invest in U.S. Government or federal agency securities for which there is no limit to the investment amount.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy is to invest funds to meet its projected cash flow requirements. Investments are made at the discretion of the County, as long as such investments are made at approved financial institutions and are fully collateralized by securities with a fair value equal to or exceeding the cost of the investment. Investments must be made in accordance with the Commonwealth of Pennsylvania's Act 72. The County's investments in PLGIT and money markets have maturities of less than one year.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. As of December 31, 2017, the County's investments in PLGIT and debt securities have received AAA and AA ratings, respectively, from Standard & Poor's.

Agency Funds

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net position. The carrying amount of deposits for the row offices and other County offices was \$1,538,380 and the bank balance was \$1,365,574. Of the bank balance, \$565,094 was covered by federal depository insurance. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Pension Trust Fund – Deposits

The Pension Trust Fund deposits are held separately from those of other County funds. The Pension Trust Fund cash and cash equivalents book value was \$2,102,591 at December 31,

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2017. The bank balance of the checking deposit as of December 31, 2017 was \$2,112,275. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining bank balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Pension Trust Fund - Investments

The Pension Trust Fund investments are held separately from those of other County funds. The County's Pension Committee determines the investment managers for the Pension Trust Fund and meet periodically with the trustees to discuss the general categories of investments to be made.

The Pension Trust Fund categorizes its fair value measurements within the fair value hierarchy established by GAAP. The Pension Trust Fund had the following recurring fair value measurements at December 31, 2017:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Mutual funds - fixed income	\$ 10,613,539	\$ 10,613,539	\$ -	\$ -
Mutual funds - equity:				
Real estate	2,678,386	2,678,386	-	-
Large blend	16,000,372	16,000,372	-	-
Small blend	1,349,239	1,349,239	-	-
Foreign large blend	16,360,206	16,360,206	-	-
Mid cap growth	3,040,186	3,040,186	-	-
Total Mutual Funds - Equity	39,428,389	39,428,389	-	-
Private equity trust	953,821	-	-	913,689
Total Investments by Fair Value Level	50,995,749	\$ 50,041,928	\$ -	\$ 913,689
Investments Measured at NAV:				
Global Opportunities Fund	11,862,455			
Hedge Fund	3,371,357			
Alternative Core Bond Fund	9,576,502			
Total Investments measured at NAV	24,810,314			
Total investments measured at fair value	\$ 75,806,063			

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Mutual funds and common stock classified in Level 1 are valued using quoted market prices in active markets for those securities. Private equity trusts classified in Level 3 are valued based upon the County's share of the trust assets held. The underlying assets of the private equity trust are primarily invested in limited partnerships or other pooled investment vehicles that are organized to make investments in large-cap buyout, mid-cap buyout, special situations, and venture/growth capital investment funds, as well as securities, including co-investments. The Pension Trust Fund's investment in money markets of \$285,035 is reported at amortized cost, which approximates market.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as determined by investment managers under the so-called "practical expedient" is presented on the following table. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

<u>Instrument</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Global Opportunities Fund (1)	\$ 11,862,455	\$ 500,000	Monthly	22nd calendar day of prior month
Hedge Fund (2)	3,371,357	-	Quarterly	45 days
Alternative Core Bond Fund (3)	<u>9,576,502</u>	<u>-</u>	Daily	None
Total Investments Measured at NAV	<u>\$ 24,810,314</u>			

(1) *Global Opportunities Fund*. This investment type includes the Wellington Trust Company, National Association, CTF Global Opportunities Fund (Global Opportunities Fund). The investment strategy of the Global Opportunities Fund is to provide a long-term total return in excess of the MSCI All Country World Index.

(2) *Hedge Fund*. This investment type includes the ABS Offshore SPC (Hedge Fund). The investment strategy of the Hedge Fund is to generate global equity market returns while maintaining a moderate level of risk, as measure by the standard deviation of monthly returns.

(3) *Alternative Core Bond Fund*. This investment type includes the IR&M Core Bond Fund LLC (Bond Fund). The investment strategy of the Bond Fund is to outperform the

COUNTY OF CRAWFORD, PENNSYLVANIA

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Bloomberg Barclays U.S. Aggregate Index by investing primarily in investment-grade fixed income securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Pension Trust Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a description of the County's Pension Trust Fund investment risks:

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County does not have a formal investment policy for credit risk. As of December 31, 2017, the County's Pension Trust Fund does not have any investments in fixed income securities.

Custodial Credit Risk - For investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Fund will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside entity. The County's Pension Trust Fund does not have a formal investment policy for custodial credit risk.

Interest Rate Risk - The Pension Trust Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2017, the County's Pension Trust Fund does not have any investments in fixed income securities.

Risks and Uncertainties

Financial instruments, which potentially expose the County to concentrations of credit risk, include investments in marketable securities. As a matter of policy, the County maintains investment balances only with institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate risk and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such a change could materially affect the amount reported on the statement of net position.

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4. Property Taxes

The County is permitted by state law to levy taxes up to 25 mills of assessed valuation. The millage rate levied by the County for the year ended December 31, 2017 was 19.1 mills (property tax), applied to an assessable base of \$1,213,870,491 for general County purposes. Of this amount, 0.25 mills is restricted for payment of interest and principal on the indebtedness incurred under the Local Government Debt Act to finance the construction of the new Judicial Center and 0.6 mills is for the library tax assessment. Property taxes attach as an enforceable lien on property as of January 1 and are levied on March 1. These taxes are billed by the County and collected by elected tax collectors. Taxes paid through April 30 are reduced by a 3% discount. Amounts paid after June 30 are assessed a 10% penalty. The current year tax levy becomes delinquent after December 31. The County collects delinquent property taxes on behalf of itself and other taxing authorities within the County.

Current property taxes receivable at December 31, 2017 consist of the face value of the tax levy uncollected at year-end. Taxes collected within 60 days are recorded as revenue in the fund-level statements, with the balance of the levy accounted for as unavailable revenue.

5. Allowance for Uncollectibles

All trade and tax receivables are shown net of an allowance for uncollectibles. The County estimates the allowance for uncollectibles using historical collection data and, in certain cases, specific account analysis.

The Care Center accounts receivable are shown net of an allowance for uncollectible accounts totaling \$641,937.

Property tax receivables are shown net of an allowance for uncollectible accounts equal to \$221,739 calculated as follows:

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<u>Year</u>	<u>Uncollectible</u>
2017	2.5%
2016	2.5%
2015	5.5%
2014	8.5%
2013	55%
2012	75%
2011 and prior	100%

Per capita tax receivables are shown net of an allowance for uncollectible accounts equal to \$13,218.

6. Promissory Notes

In 2008, the County loaned the Crawford County Regional Airport Authority (Airport Authority) \$393,206 to be repaid by increasing increments over a fifteen-year term at zero percent interest, beginning in 2009.

In April 2017, the County agreed to modify the Promissory Note with the Airport Authority changing the required annual principal repayments to \$20,000 annually for the years 2017 through 2027, with a final payment of \$3,206 due on or before June 30, 2028. The Airport Authority is current with their repayments.

In April 2017, the County entered into a loan agreement with Hudson Commonwealth Asset Management, LLC (Hudson) to finance the development and construction of low-income residential rental units in the Borough of Conneaut Lake, Pennsylvania, to be known as Evans Square. Under the agreement, the County will loan Hudson \$25,000 of Pennsylvania Act 137 funds for a period of thirty years at zero percent interest. During November 2017, the loan agreement was amended with an additional amount of \$30,000 to bring the total loan to \$55,000. The loan matures on April 5, 2047, at which time the entire loan principal is due and payable.

As of December 31, 2017, promissory notes receivable, included in other assets on the statement of net position, total \$258,206.

COUNTY OF CRAWFORD, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2017

7. Capital Assets

A summary of governmental activities capital assets for the year ended December 31, 2017 is as follows:

	Balance at January 1, 2017	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2017
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 637,636	\$ -	\$ -	\$ 637,636
Construction in progress	15,379,555	642,924	(15,350,612)	671,867
Total capital assets, not being depreciated	16,017,191	642,924	(15,350,612)	1,309,503
Capital assets, being depreciated:				
Buildings	20,033,960	22,490,140	(38,946)	42,485,154
Land improvements	2,019,569	102,347	-	2,121,916
Equipment	8,286,122	657,605	-	8,943,727
Vehicles	1,611,475	43,760	(52,059)	1,603,176
Infrastructure	19,972,657	543,744	-	20,516,401
Total capital assets, being depreciated	51,923,783	23,837,596	(91,005)	75,670,374
Less: accumulated depreciation	(23,257,815)	(1,783,463)	91,005	(24,950,273)
Total capital assets, being depreciated, net	28,665,968	22,054,133	-	50,720,101
Governmental activities, capital assets, net	\$ 44,683,159	\$ 22,697,057	\$ (15,350,612)	\$ 52,029,604

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 535,815
Public safety	615,363
Public works	407,766
Human services	106,008
Culture and recreation	118,511
Total depreciation expense - governmental activities	\$ 1,783,463

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

A summary of business-type activities capital assets for the year ended December 31, 2017 is as follows:

	January 1, 2017	Transfers/ Additions	Deletions	December 31, 2017
Business-type activities:				
Capital assets, being depreciated:				
Buildings	\$ 5,551,623	\$ -	\$ -	\$ 5,551,623
Land improvements	763,586	-	-	763,586
Equipment	1,021,147	89,705	-	1,110,852
Vehicles	111,053	39,300	-	150,353
Total capital assets, being depreciated	<u>7,447,409</u>	<u>129,005</u>	<u>-</u>	<u>7,576,414</u>
Less: accumulated depreciation	<u>(5,833,572)</u>	<u>(188,428)</u>	<u>-</u>	<u>(6,022,000)</u>
Total capital assets, being depreciated, net	<u>1,613,837</u>	<u>(59,423)</u>	<u>-</u>	<u>1,554,414</u>
Business-type activities, capital assets, net	<u>\$ 1,613,837</u>	<u>\$ (59,423)</u>	<u>\$ -</u>	<u>\$ 1,554,414</u>

8. Interfund Receivables, Payables, and Transfers

Individual fund receivable and payable balances at December 31, 2017, as well as interfund transfers for the year ended December 31, 2017, were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental activities:				
General	\$ 3,488,131	\$ 461,230	\$ -	\$ 3,002,564
Human Services	516,474	747,061	2,077,564	-
Capital Projects	-	1,609,698	925,000	-
Aggregate remaining funds	-	76,779	-	-
Business-type activities:				
Care Center	-	1,109,837	-	-
Internal Service Fund	-	-	-	-
	<u>\$ 4,004,605</u>	<u>\$ 4,004,605</u>	<u>\$ 3,002,564</u>	<u>\$ 3,002,564</u>

COUNTY OF CRAWFORD, PENNSYLVANIA

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The purpose of the majority of the interfund receivables due from the General Fund are amounts due for Human Services unpaid local grant match contributions. The primary purpose of the interfund payable amounts due for the Human Services, Capital Projects, aggregate remaining, and Care Center funds is for expenses, such as pension, payroll, and cost allocation expenses, which are initially paid by and reimbursed to the General Fund. A large portion of the General Fund interfund transfers out and Human Service Fund transfers in represents the County's required contribution to various programs based upon Pennsylvania Department of Human Services requirements.

Included in the Human services Fund on the balance sheet is \$3,041,472 of cash advance from the General Fund to cover timing difference of receivables.

9. Crawford County Employees' Retirement System

Summary of Significant Accounting Policies

Financial information of the Crawford County Employees' Retirement System (Plan) is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Employer contributions to the Plan are recognized when due as required by applicable law. Employee contributions are recognized in the period in which the contribution is due. Investments are reported at fair value as further described in Note 3.

Plan Description

The Plan, as administrated by the County's Retirement Board (Board), is a single-employer defined benefit pension plan governed by the County Pension Law Act 96 (Act) of 1971, as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. Management of the Plan is vested in the Board, which consists of five members: three elected County Commissioners, the County Chief Clerk, and the County Treasurer. The benefit provisions were established by action of the Board on January 1, 1962. The Board retains exclusive control over the plan document. The Plan is qualified under Internal Revenue Code Section 401 (a) and thus is tax-exempt. The Plan is reported as the Employees' Retirement Fund in the accompanying financial statements. Separate Plan financial statements are not available.

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All full-time County employees become Plan members immediately upon becoming an employee. Membership in the Plan is optional for elected officials. At December 31, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	269
Inactive plan members entitled to but not yet receiving benefits	56
Active plan members	<u>585</u>
Total plan members	<u><u>910</u></u>

Benefits Provided

Retirement Benefit – Plan members with 20 years of service are eligible to retire at age 55. Plan members that have completed five years of credited service or who have attained age 60 are eligible to retire. Members are eligible for voluntary early retirement upon completion of 20 years of service and involuntary early retirement upon completion of eight years of service. Members are fully vested upon completion of five years of credited service or reaching 60 years of age. Retirement benefits for Plan members are calculated as a percent of the member’s highest three-year average salary times the member’s years of service depending on class basis, plus a monthly annuity based on the actuarial equivalent of the member’s accumulated contributions with credited interest.

Disability Retirement Benefit – All Plan members are eligible for disability benefits upon total and permanent disability after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of highest average salary at time of retirement plus a monthly annuity based on the actuarial equivalent of the member’s accumulated contributions with credited interest.

Death Benefit – Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member’s contributions paid in a lump sum. Upon the death of a terminated or retired member, the beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased benefit and beneficiary must, at least, equal the member’s accumulated contributions with interest.

Cost-of-Living Adjustments – On an ad hoc basis, cost-of-living adjustments to each member’s retirement allowance shall be reviewed at least once in every three years subsequent to the member’s retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

COUNTY OF CRAWFORD, PENNSYLVANIA

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Contributions

The Plan participants and the County are obligated by the plan document to make all required contributions to the Plan. Participants are required to contribute 8% of their annual covered salary. The contributions required of the County are actuarially determined. The County contributed the required \$2,554,392 for 2017.

Changes in Net Pension Liability

The changes in the net pension liability of the County for the year ended December 31, 2017 were as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2016	\$ 84,223,453	\$ 68,432,598	\$ 15,790,855
Changes for the year:			
Service cost	3,251,143	-	3,251,143
Interest	6,213,102	-	6,213,102
Differences between expected and actual experience	(808,061)	-	(808,061)
Contributions - employer	-	2,544,392	(2,544,392)
Contributions - employee	-	2,247,009	(2,247,009)
Net investment income	-	10,447,406	(10,447,406)
Benefit payments, including refunds	(5,461,450)	(5,461,450)	-
Administrative expense	-	(25,560)	25,560
Net changes	<u>3,194,734</u>	<u>9,751,797</u>	<u>(6,557,063)</u>
Balances at December 31, 2017	<u>\$ 87,418,187</u>	<u>\$ 78,184,395</u>	<u>\$ 9,233,792</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>89.44%</u>

COUNTY OF CRAWFORD, PENNSYLVANIA

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Actuarial assumptions – The total pension liability was determined by an actuarial valuation performed on January 1, 2017, and rolled forward to December 31, 2017, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	7.5%
Projected salary increases	4.5%
Underlying inflation rate	3.0%
Cost-of-living adjustments	n/a

Actuarial assumptions are based on past experience under the Plan and reasonable future expectations which represent the best estimate of anticipated experience under the Plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

Mortality rates are based on the RP-2013 Annuitant and Non-Annuitant Mortality Tables for Males and Female with no projected improvement.

Changes in Actuarial Assumptions – The Plan recognized no changes in actuarial assumptions for the December 31, 2017 actuarial valuation.

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

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

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of December 31, 2017:

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.5%	5.4% - 6.4%
International equity	32.5%	5.5% -6.5%
Fixed income	30.0%	1.3% -3.3%
Real estate/ alternative	15.0%	4.5% -5.5%
Cash	0.0%	0.0% - 1.0%
	<u>100.0%</u>	

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2017, the annual money-weighted rate of return on Plan investments, net of investment expense, was 15.71%.

Concentrations – At December 31, 2017, there were no individual investments that are required to be disclosed that constituted more than 5% of any of the Plan net position available for benefits. In addition, the Plan did not have any investment transactions with related parties during the year.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.5%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
\$ 19,785,042	\$ 9,233,792	\$ 1,448,811

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

For the year ended December 31, 2017, the County recognized pension expense of approximately \$2.3 million. At December 31, 2017, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,697	\$ 674,174
Net difference between projected and actual earnings on pension plan investments	2,881,796	4,272,460
Total	\$ 2,916,493	\$ 4,946,634

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

Year Ending December 31		
2018	\$	179,659
2019		179,658
2020		(1,080,245)
2021		(1,200,908)
2022		(108,305)
	\$	(2,030,141)

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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10. Noncurrent Liabilities

General Obligation Bonds

On December 30, 2010, the County issued \$1,688,000 of Taxable Recovery Zone Economic Development Bonds, Series B of 2010, bearing interest at 4.51% and maturing September 1, 2016 - 2020. The proceeds of the Series B Bonds, net of issuance costs of, were deposited into the Capital Projects Fund to be used to fund certain capital projects. The County has filed irrevocable elections to be eligible for 45% interest refunds on the Series B Bonds. The amounts of expected interest refunds over the life of the bonds are \$274,977 on the Series B Bonds.

Annual debt service requirements to maturity related to the above-discussed noncurrent liabilities are as follows:

Years Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 355,000	\$ 51,899	\$ 406,899
2019	380,000	35,667	415,667
2020	400,000	18,340	418,340
	<u>\$ 1,135,000</u>	<u>\$ 105,906</u>	<u>\$ 1,240,906</u>

Construction Notes Payable

On November 19, 2015, the County issued a Tax-Exempt General Obligation Note, Series of 2015 (2015 Construction Note). The 2015 Construction Note is in the form of a draw-down, term loan with a maximum principal amount of \$10,000,000 to finance the construction of the Judicial Center. At December 31, 2017, the full \$10,000,000 was drawn on the 2015 Construction Note. Until November 19, 2020 (the "Initial Change Date"), the 2015 Construction Note bears interest at a rate of 2.22% per annum on the outstanding principal balance. On the Initial Change Date and every 60 months thereafter until the maturity date, the interest will be adjusted and reset at 65% of the sum of the then current Federal Home Loan Bank of Pittsburgh five-year rate plus 2.25%; however, the interest rate shall not increase to more than 3.22% on the Initial Change Date, more than 3.97% on the second Change Date, more than 4.47% on the third Change Date, nor more than 4.97% on the final Change Date.

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Annual debt service requirements to maturity on the 2015 Construction Note are as follows:

Years Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 310,000	\$ 215,229	\$ 525,229
2019	315,000	208,347	523,347
2020	320,000	201,354	521,354
2021	325,000	194,250	519,250
2022	335,000	187,035	522,035
2023-2027	1,790,000	820,623	2,610,623
2028-2032	2,080,000	610,056	2,690,056
2033-2037	2,485,000	362,193	2,847,193
2038-2040	1,735,000	78,033	1,813,033
	<u>\$ 9,695,000</u>	<u>\$ 2,877,120</u>	<u>\$ 12,572,120</u>

On January 5, 2016, the County issued a Tax-Exempt General Obligation Note, Series of 2016 (2016 Construction Note). The 2016 Construction Note is in the form of a draw-down, term loan with a maximum principal amount of \$7,000,000 to finance the construction of the Judicial Center. At December 31, 2017, \$5,075,704 was drawn on the 2016 Construction Note. Until January 5, 2021 (the "Initial Change Date"), the Construction Note bears interest at a rate of 2.22% per annum on the outstanding principal balance. On the Initial Change Date and every 60 months thereafter until the maturity date, the interest will be adjusted and reset at 65% of the sum of the then current Federal Home Loan Bank of Pittsburgh five-year rate plus 2.25%; however, the interest rate shall not increase to more than 3.22% on the Initial Change Date, more than 3.97% on the second Change Date, more than 4.47% on the third Change Date, nor more than 4.97% on the final Change Date.

The County is currently making interest-only payments on the 2016 Construction Note. Repayment of principal will begin in November 2018 and extend through November 2041. The remaining amount of the note was drawn in January 2018.

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Annual debt service requirements to maturity on the 2016 Construction Note are as follows:

Years Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 210,000	\$ 155,400	\$ 365,400
2019	215,000	150,627	365,627
2020	215,000	145,854	360,854
2021	220,000	140,970	360,970
2022	225,000	135,975	360,975
2023-2027	1,210,000	600,732	1,810,732
2028-2032	1,405,000	453,990	1,858,990
2033-2037	1,690,000	279,831	1,969,831
2038-2041	1,610,000	73,926	1,683,926
	\$ 7,000,000	\$ 2,137,305	\$ 9,137,305

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended December 31, 2017 was as follows:

	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
Governmental Activities					
GOB, Series B of 2010	\$ 1,465,000	\$ -	\$ (330,000)	\$ 1,135,000	\$ 355,000
GON, Series of 2015	9,001,963	998,037	(305,000)	9,695,000	310,000
GON, Series of 2016	70,168	5,017,951	-	5,088,119	210,000
Compensated absences	1,304,952	1,553,656	(1,590,474)	1,268,134	1,268,134
Noncurrent liabilities	\$ 11,842,083	\$ 7,569,644	\$ (2,225,474)	\$ 17,186,253	\$ 2,143,134
Business-Type Activities					
Compensated absences	\$ 315,393	\$ 155,070	\$ -	\$ 470,463	\$ 470,463

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

11. Leases

The County leases certain office space and equipment under operating lease arrangements expiring over the next several years, which contain cancellation provisions and are subject to annual appropriations. The following is a schedule of future minimum lease payments for operating leases with initial or remaining lease terms in excess of one year as of December 31, 2017:

2018	\$ 648,336
2019	563,208
2020	442,672
2021	343,044
2022	282,305
2023-2025	<u>482,916</u>
	<u>\$ 2,762,481</u>

Total rent payments made during 2017 amounted to \$953,217.

12. Self-Insurance

The County maintains a self-insurance program for a portion of its liability coverage plan and a self-insurance program for health care coverage, which are accounted for as an internal service fund. The County previously maintained self-insurance coverage for workers' compensation. Effective November 1, 2014, the County became fully insured for workers' compensation through the Pennsylvania Counties Workers' Compensation Trust (PComp). Any liabilities existing at October 31, 2014 are recorded in the fund, with all new claims being handled through PComp.

General Liability

The County's self-funded liability coverage plan covers the first \$125,000 of claims, with any excess claims being covered through commercial insurance policies. The fund charges premiums to the General Fund based on an amount determined by the administering insurance company. Insurance companies serve as claims administrators, whereby they review and process claims. The premiums are based on anticipated claims, estimated costs of administering the plan, and satisfying claims. The County maintains insurance policies that limit the County's maximum commercial liability per occurrence to \$10,000. Claims

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

expenditures and liabilities are reported when it is probable that a loss can be reasonably estimated.

Health Care

Beginning on January 1, 2013, the County maintains a self-insurance program for health and prescription drug coverage for eligible employees. Employees contribute between \$40.00 and \$105.00 per month depending on level of coverage and if the employee is in a union. The fund charges premiums to each County department based on the number of participating employees. The premiums are based on estimated costs for health care coverage during the year. The fund covers claims up to \$125,000 per person, per illness, with the excess claims being covered through commercial insurance policies. Claims expenditures and liabilities are reported when it is probable that a loss can be reasonably estimated.

The following represents changes in those aggregate liabilities for workers' compensation, liability coverage, and health care during the past two years:

	<u>Workers' Compensation Coverage Plan</u>	<u>Liability Coverage Plan</u>	<u>Health Care Plan</u>	<u>Total</u>
Liability at January 1, 2016	\$ 18,972	\$ 38,465	\$ 431,824	\$ 489,261
Incurred claims and claim adjustments	-	13,824	6,159,898	6,173,722
Payments on claims and claim adjustment expenses	<u>(18,861)</u>	<u>(31,499)</u>	<u>(6,088,613)</u>	<u>(6,138,973)</u>
Liability at December 31, 2016	<u>111</u>	<u>20,790</u>	<u>503,109</u>	<u>524,010</u>
Incurred claims and claim adjustments	1,360	17,272	423,545	442,177
Payments on claims and claim adjustment expenses	<u>(1,359)</u>	<u>(25,617)</u>	<u>(505,893)</u>	<u>(532,869)</u>
Liability at December 31, 2017	<u>\$ 112</u>	<u>\$ 12,445</u>	<u>\$ 420,761</u>	<u>\$ 433,318</u>

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

13. Commitments and Contingencies

The County participates in both state and federally assisted grant programs. These grant programs are subject to program compliance audits by the grantors or their representatives. The County is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The Care Center is subject to the laws and regulations governing the Medicare and Medicaid programs. These laws and regulations are complex and subject to interpretation. The Care Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government reviews and interpretation as well as significant regulatory action including fines, penalties, refunding of prior reimbursements, and exclusion from the Medicare and Medicaid programs.

In May 2017, the County entered into a Management Service Agreement with Premier Healthcare Resources, Inc. (Premier) for the Care Center. Under the agreement, Premier provides services in the areas of administration, clinical, and financial support as well as assistance with admissions, marketing, and business office operations. Compensation ranges from \$10,000 to \$15,000 per month dependent upon Premier's attainment of certain operational improvement goals.

In September 2017, the County entered into a second agreement with Premier for a three-year term on essentially the same terms as the prior agreement. Compensation under this latter agreement ranges from \$19,450 to \$25,450 per month subject to Premier's attainment of certain operational improvement goals. In February 2018, by Amendment I to the letter agreement, the base monthly compensation amount was reduced to \$18,450.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

14. Revenue Concentration

Of the County's total governmental revenues, approximately 44% and 43% is derived from taxes and intergovernmental revenues, respectively. Taxes consist of the collection of property and per capita taxes. Intergovernmental revenues consist of federal and state operating grants from various funding sources used to finance projects and services provided to Crawford County citizens. Substantially all revenue received in the enterprise fund is derived predominantly from third-party payers. The County has amounts receivable arising from the property tax levies, earned income, and various other activities. These amounts are generally due from taxpayers and citizens of the County and are, thus, subject to the economic conditions of that geographic area.

15. Tax Abatements

The County's Local Economic Revitalization Tax Assistance (LERTA) tax abatement is authorized by Board Resolution. Recipients are eligible for tax abatement for various reasons such as development costs, property location, or renovations that would otherwise result in increased property assessment. All LERTA tax abatements are based on the increase of value of the improvement.

The County's Keystone Opportunity Zones (KOZ/KOEZ) abatement is authorized by the State. Upon approval from the State credits are issued for the value of the land and improvements.

The following are the County's tax abatement programs:

- 5-year LERTA - available for residential properties, defined by Municipality.
- 5-year Commercial LERTA - available for commercial/industrial properties, defined by Municipality.
- 10-year Commercial LERTA - available for commercial/industrial properties, defined by Municipality.
- 1-year KOZ/KOEZ – available as defined by the State within specified zones of County

Tax abatements are recaptured by the County at the end of the abatement period. There were no amounts received or receivable from other governments in association with the foregone taxes. The County did not make other commitments other than to reduce taxes as part of the tax abatement agreements.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

During 2017, real estate tax abatements were as follows:

<u>Abatements</u>	<u>Tax Dollars</u>
LERTA Residential	\$ 7,727
LERTA Commercial	7,921
KOZ/KOEZ	34,381

**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -
PENSION PLAN

SCHEDULE OF CHANGES IN THE COUNTY'S NET
PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31
LAST TEN YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:				
Service cost	\$ 3,251,143	\$ 3,317,096	\$ 1,017,412	\$ 923,741
Interest	6,213,102	5,943,610	5,620,200	5,245,366
Differences between expected and actual experience	(808,061)	(1,859,677)	2,275,883	2,268,873
Benefit payments, including refunds of member contributions	<u>(5,461,450)</u>	<u>(4,140,668)</u>	<u>(3,671,610)</u>	<u>(3,401,003)</u>
Net Changes in Total Pension Liability	3,194,734	3,260,361	5,241,885	5,036,977
Total Pension Liability - Beginning	<u>84,223,453</u>	<u>80,963,092</u>	<u>75,721,207</u>	<u>70,684,230</u>
Total Pension Liability - Ending (a)	<u>\$ 87,418,187</u>	<u>\$ 84,223,453</u>	<u>\$ 80,963,092</u>	<u>\$ 75,721,207</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 2,544,392	\$ 2,594,482	\$ 2,422,992	\$ 2,225,894
Contributions - member	2,247,009	2,238,483	2,246,842	2,124,387
Net investment income	10,447,406	3,831,385	(1,433,734)	1,501,131
Benefit payments, including refunds of member contributions	(5,461,450)	(4,140,668)	(3,671,610)	(3,401,003)
Administrative expense	<u>(25,560)</u>	<u>(27,068)</u>	<u>(27,088)</u>	<u>(25,969)</u>
Net Change in Plan Fiduciary Net Position	9,751,797	4,496,614	(462,598)	2,424,440
Plan Fiduciary Net Position - Beginning	<u>68,432,598</u>	<u>63,935,984</u>	<u>64,398,582</u>	<u>61,974,142</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 78,184,395</u>	<u>\$ 68,432,598</u>	<u>\$ 63,935,984</u>	<u>\$ 64,398,582</u>
Net Pension Liability - Ending (a-b)	<u>\$ 9,233,792</u>	<u>\$ 15,790,855</u>	<u>\$ 17,027,108</u>	<u>\$ 11,322,625</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>89.44%</u>	<u>81.25%</u>	<u>78.97%</u>	<u>85.05%</u>
Covered Payroll	<u>\$ 23,698,140</u>	<u>\$ 25,041,954</u>	<u>\$ 23,861,279</u>	<u>\$ 22,188,086</u>
Net Pension Liability as a Percentage of Covered Payroll	38.96%	63.06%	71.36%	51.03%

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

See accompanying notes to schedules of required supplementary information - pension plan.

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -
PENSION PLAN

SCHEDULES OF COUNTY CONTRIBUTIONS
AND INVESTMENT RETURNS

YEAR ENDED DECEMBER 31
LAST TEN YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Schedule of County Contributions:				
Actuarially determined contribution	\$ 2,544,392	\$ 2,594,482	\$ 2,422,992	\$ 2,225,894
Contributions in relation to the actuarially determined contribution	<u>2,544,392</u>	<u>2,594,482</u>	<u>2,422,992</u>	<u>2,225,894</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 23,698,140</u>	<u>\$ 25,041,954</u>	<u>\$ 23,861,279</u>	<u>\$ 22,188,086</u>
Contributions as a percentage of covered payroll	10.74%	10.36%	10.15%	10.03%
Investment Returns:				
Annual money-weighted rate of return, net of investment expense	15.71%	6.30%	-2.53%	3.82%

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

See accompanying notes to schedules of required supplementary information - pension plan.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

YEAR ENDED DECEMBER 31, 2017

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	18 years
Asset valuation method	The asset method that is prescribed by Pennsylvania State Law, Act 44
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.5%
Underlying inflation rate	3.0%
Cost-of-living adjustments	None
Mortality Table	2013 RP Annuitant and Non-Annuitant for males and females with no projected improvement

Benefit Changes

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

Change in Actuarial Assumptions

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

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned for specified purposes other than debt services or capital projects. Following are the Special Revenue Funds used by the County:

The **Liquid Fuels Fund** accounts for state aid revenues used for the building and improving of roads and bridges through the County.

The **Community Development Block Grant Fund** is used to account for the revenue and expenditures appropriated from the Housing and Community Act of 1974 for the purpose of improving water systems, sanitary sewer systems, storm sewers, housing rehabilitation, public/community facilities, streets and roads, and the removal of architectural barriers.

The **911 Fund** is used to account for money received from phone user charges and potential County contributions to operate the County's emergency communication systems, as well as grants received from the state for E-911 upgrades.

The **Special Revenue All Other Fund** accounts for all other funds that account for proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources comprise a substantial portion of the inflows reported in the special revenue fund.

COUNTY OF CRAWFORD, PENNSYLVANIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2017

Assets	Special Revenue Funds				Total Nonmajor Governmental Funds
	Liquid Fuels	CDBG	911	Special Revenue All Other	
Cash and cash equivalents	\$ 683,271	\$ 30,125	\$ 552,727	\$ 690,944	\$ 1,957,067
Receivables:					
Accounts receivable, net	346,726	-	180	161,607	508,513
Intergovernmental receivable	650	2,983	378,796	52,164	434,593
Prepaid expenses and other assets	594	-	9,407	55,300	65,301
Total Assets	\$ 1,031,241	\$ 33,108	\$ 941,110	\$ 960,015	\$ 2,965,474
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 362,914	\$ 980	\$ 11,713	\$ 254,528	\$ 630,135
Accrued payroll and related liabilities	1,209	-	13,980	-	15,189
Intergovernmental payable	-	30,014	-	10	30,024
Due to other funds	8,172	1,997	49,124	17,486	76,779
Unearned revenue	-	117	-	206,290	206,407
Total Liabilities	372,295	33,108	74,817	478,314	958,534
Fund Balance:					
Nonspendable	594	-	9,407	55,300	65,301
Restricted:					
Roads and bridges	658,352	-	-	-	658,352
Emergency services	-	-	856,886	-	856,886
Hazmat	-	-	-	81,496	81,496
Affordable housing	-	-	-	83,124	83,124
Records improvement	-	-	-	261,781	261,781
Assigned	-	-	-	-	-
Total Fund Balance	658,946	-	866,293	481,701	2,006,940
Total Liabilities and Fund Balance	\$ 1,031,241	\$ 33,108	\$ 941,110	\$ 960,015	\$ 2,965,474

COUNTY OF CRAWFORD, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds			Total Other Special Revenue	Total Nonmajor Governmental Funds
	Liquid Fuels	CDBG	911		
Revenues:					
Intergovernmental	\$ 857,895	\$ 314,643	\$ 1,571,584	\$ 1,278,305	\$ 4,022,427
Charges for services	-	-	453	166,635	167,088
Investment earnings	2,921	281	1,368	1,750	6,320
Miscellaneous	12	-	57,061	1,345	58,418
Total revenues	860,828	314,924	1,630,466	1,448,035	4,254,253
Expenditures:					
Current:					
General government	-	314,645	-	87,959	402,604
Public safety	-	-	1,840,204	62,708	1,902,912
Public works	1,058,858	-	-	-	1,058,858
Human services	-	-	-	1,326,670	1,326,670
Interest	-	279	-	-	279
Total expenditures	1,058,858	314,924	1,840,204	1,477,337	4,691,323
Excess of Revenues Over Expenditures	(198,030)	-	(209,738)	(29,302)	(437,070)
Other Financing Sources (Uses):					
Transfers out	-	-	-	-	-
Net Change in Fund Balance	(198,030)	-	(209,738)	(29,302)	(437,070)
Fund balance - beginning	856,976	-	1,076,031	511,003	2,444,010
Fund balance - ending	<u>\$ 658,946</u>	<u>\$ -</u>	<u>\$ 866,293</u>	<u>\$ 481,701</u>	<u>\$ 2,006,940</u>

AGENCY FUNDS

Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Sheriff, Treasurer's Office, Register of Wills/Recorder of Deeds, Prothonotary, District Justice Courts, and Clerk of Courts) and other County offices that are subsequently disbursed to the County, other governments, or individuals for whom it was collected.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2017

	Balance at January 1, 2017	Additions	Deductions	Balance at December 31, 2017
Assets				
Cash and cash equivalents	\$ 1,498,601	\$ 19,642,001	\$ 19,602,222	\$ 1,538,380
Total Assets	\$ 1,498,601	\$ 19,642,001	\$ 19,602,222	\$ 1,538,380
Liabilities				
Due to others	\$ 1,498,601	\$ 19,642,001	\$ 19,602,222	\$ 1,538,380
Total Liabilities	\$ 1,498,601	\$ 19,642,001	\$ 19,602,222	\$ 1,538,380

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
<u>U.S. Department of Agriculture</u>					
Passed Through the Pennsylvania Department of Agriculture:					
Food Distribution Cluster:					
Emergency Food Assistance Program (Administrative Costs)	N/A	10.568	\$ 11,459	\$ 11,459	\$ 11,459
Emergency Food Assistance Program (Food Commodities)	N/A	10.569	68,169	68,169	68,169
Subtotal - Food Distribution Cluster				79,628	79,628
Rural Housing Preservation Grants	N/A	10.433	16,600	16,600	-
Total U.S. Department of Agriculture				96,228	79,628
<u>U.S. Department of Housing and Urban Development</u>					
Continuum of Care Program	N/A	14.267	183,346	183,346	183,346
Passed Through the Pennsylvania Department of Community and Economic Development:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii					
Emergency Solutions Grant Program	N/A	14.228	314,643	314,923	-
	N/A	14.231	135,622	135,622	42,725
Subtotal				450,545	42,725
Total U.S. Department of Housing and Urban Development				633,891	226,071
<u>U.S. Department of Justice</u>					
Bulletproof Vest Partnership Program	N/A	16.607	1,542	2,321	-
Passed Through the Pennsylvania Commission on Crime and Delinquency:					
Violence Against Women Formula Grants	26303-2	16.588	125,000	125,000	53,750
Total U.S. Department of Justice				127,321	53,750
<u>U.S. Department of Transportation</u>					
Passed Through the Pennsylvania Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	N/A	20.205	159,172	351,059	-
Passed Through the Pennsylvania Emergency Management Agency:					
Interagency Hazardous Materials Public Sector Training and Planning Grants					
	FEMA-DR4030-PA-103	20.703	660	660	-
Total U.S. Department of Transportation				351,719	-
<u>U.S. Department of Education</u>					
Passed Through the Pennsylvania Department of Human Services:					
Special Education - Grants for Infants and Families	N/A	84.181	83,253	83,253	83,253
Total U.S. Department of Education				83,253	83,253
<u>U.S. Department of Health and Human Services</u>					
Passed Through the Pennsylvania Department of Human Services:					
Guardianship Assistance	N/A	93.090	39,107	39,107	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

(Continued)

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
<u>U.S. Department of Health and Human Services (continued)</u>					
Passed Through the Pennsylvania Department of Human Services: Projects for Assistance in Transition from Homelessness (PATH)	N/A	93.150	44,898	51,573	51,573
TANF Cluster:					
Temporary Assistance for Needy Families	N/A	93.558	260,977	260,977	260,977
Temporary Assistance for Needy Families	ME# 9661600620	93.558	17,670	<u>17,670</u>	<u>17,670</u>
Subtotal - TANF Cluster				<u>278,647</u>	<u>278,647</u>
Child Support Enforcement	ME#3321114020	93.563	825,382	849,858	-
Child Support Enforcement	ME#3321114020	93.563	148,528	<u>148,528</u>	-
Subtotal				<u>998,386</u>	-
Stephanie Tubbs Jones Child Welfare Services Program	N/A	93.645	232,121	232,121	232,121
Foster Care - Title IV-E	N/A	93.658	2,345,559	2,380,578	2,380,578
Foster Care - Title IV-E - JPO	N/A	93.658	1,107	<u>1,107</u>	-
Subtotal				<u>2,381,685</u>	<u>2,380,578</u>
Adoption Assistance	N/A	93.659	424,914	425,234	-
Social Services Block Grant - Mental Health	N/A	93.667	38,066	38,066	38,066
Social Services Block Grant - Intellectual Disabilities	N/A	93.667	42,828	42,828	42,828
Social Services Block Grant - Children and Youth Services	N/A	93.667	75,677	<u>75,677</u>	<u>75,677</u>
Subtotal				<u>156,571</u>	<u>156,571</u>
Chafee Foster Care Independence Program	ME#102011600	93.674	51,912	51,912	51,912
Medicaid Cluster:					
Medical Assistance Program - Transportation	N/A	93.778	609,824	537,846	537,846
Medical Assistance Program - Children and Youth Services	N/A	93.778	6,951	6,951	-
Medical Assistance Program - Intellectual Disabilities	N/A	93.778	191,155	191,155	10,577
Medical Assistance Program - Early Intervention	N/A	93.778	6,401	6,401	-
Medical Assistance Program - Mental Health	N/A	93.778	2,117	2,117	-
Medical Assistance Program - Domestic Relations	N/A	93.778	1,203	<u>1,203</u>	-
Subtotal - Medicaid Cluster				<u>745,673</u>	<u>548,423</u>
Block Grants for Community Mental Health Services	N/A	93.958	72,029	72,029	72,029
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	N/A	93.104	250,000	2,845	-
Passed Through the Pennsylvania Intermediate Unit #1: Substance Abuse and Mental Health Services - Projects of Regional and National Significance	5U79SM061503-04	93.243	160,004	160,004	146,728
Passed Through the Pennsylvania Department of Drug and Alcohol Programs: Block Grants for Prevention and Treatment of Substance Abuse	NA	93.959	318,293	<u>357,342</u>	<u>357,342</u>
Total U.S. Department of Health and Human Services				<u>5,953,129</u>	<u>4,275,924</u>
<u>U.S. Department of Homeland Security</u>					
Passed Through the Pennsylvania Emergency Management Agency: Emergency Management Performance Grants	N/A	97.042	85,559	85,559	-
Homeland Security Grant Program	N/A	97.067	4,484	<u>4,484</u>	-
Total U.S. Department of Homeland Security				<u>90,043</u>	-
Total Expenditures of Federal Awards				<u>\$ 7,335,584</u>	<u>\$ 4,718,626</u>

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the County of Crawford, Pennsylvania (County) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the net position, change in net position, or cash flows of the County.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The County's federal awards are recognized following the cost principles of the Uniform Guidance. The County has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

3. Emergency Food Assistance Program

In-kind values are reported in the Schedule at the fair value of the commodities received and disbursed.

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULE OF DEPARTMENT OF HUMAN SERVICES EXPENDITURES

YEAR ENDED DECEMBER 31, 2017

<u>Programs</u>	<u>Combined Federal/ State Expenditures</u>
Mental Health Services	\$ 2,952,534
Intellectual Disabilities Services	1,640,233
Early Intervention Services	671,389
Children and Youth	8,952,713 *
Homeless Assistance Program	203,060
Medical Assistance Transportation Program	1,069,841
Child Support Enforcement	998,386
HSDf Block Grant	<u>87,558</u>
Total combined state/federal expenditures	<u>\$ 16,575,714</u>

* Denotes major programs for DHS purposes.

County of Crawford, Pennsylvania

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2017

**Independent Auditor’s 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 County
Commissioners
County of Crawford,
Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the

business-type activities, each major fund, and the aggregate remaining fund information of the County of Crawford, Pennsylvania (County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated September 21, 2018. An adverse opinion was issued on the discretely presented component units opinion unit because, as discussed in Note 1 to the financial statements, the County’s basic financial statements include only the activity of the primary government, the County and do not include the activity of its legal separate component units. An unmodified opinion was issued on the financial statements of the County as listed in the table of contents.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

Board of County Commissioners
County of Crawford, Pennsylvania
Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters

that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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

Mahe Duessel

Pittsburgh, Pennsylvania
September 21, 2018

Independent Auditor’s Report on Compliance for Each Major Federal and Pennsylvania Department of Human Services (DHS) Program and on Internal Control over Compliance Required by the Uniform Guidance and the DHS *Single Audit Supplement*

**Board of County Commissioners
County of Crawford,
Pennsylvania**

Report on Compliance for Each Major Federal and DHS Program

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

Management’s Responsibility

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

Auditor’s 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). Those standards, the Uniform Guidance, and the DHS *Single Audit Supplement* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or DHS program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of County Commissioners
County of Crawford, Pennsylvania
Independent Auditor's Report on Compliance for Each Major Federal
and Pennsylvania Department of Human Services (DHS) Program and on
Internal Control over Compliance Required by the Uniform Guidance and
the DHS Single Audit Supplement

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

Opinion on Each Major Federal and DHS Program

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

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 or 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 or DHS program and to test and report on internal control over compliance in accordance with 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.

Board of County Commissioners
County of Crawford, Pennsylvania
Independent Auditor's Report on Compliance for Each Major Federal
and Pennsylvania Department of Human Services (DHS) Program and on
Internal Control over Compliance Required by the Uniform Guidance and
the DHS Single Audit Supplement

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, material weaknesses may exist that have not been identified.

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 DHS Single Audit Supplement. Accordingly, this report is not suitable for any other purpose.

Mahe Duessel

Pittsburgh, Pennsylvania
September 21, 2018

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

I. Summary of Audit Results

1. Type of auditor's report issued: Adverse Opinion on Aggregate Discretely Presented Component Units, not prepared in accordance with Generally Accepted Accounting Principles.
Unmodified Opinion on all other opinion units, prepared in accordance with Generally Accepted Accounting Principles.

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?
 yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?
 yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

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

7. Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

93.658	Foster Care Title IV-E
--------	------------------------

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

9. Auditee qualified as low-risk auditee? yes no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

COUNTY OF CRAWFORD, PENNSYLVANIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2017

NONE

County of Crawford, Pennsylvania

DHS-Funded Financial Assistance Program Exhibits

Years Ended June 30, 2017 and December 31, 2017
with Independent Accountant's Report

Independent Accountant’s Report on Applying Agreed-Upon Procedures

**Board of County
Commissioners
County of Crawford,
Pennsylvania**

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania Department of Human Services (DHS), and the County of Crawford, Pennsylvania (County), solely to assist you with respect to the financial schedules and exhibits of the County required by the DHS Single Audit Supplement for fiscal years ended June 30, 2017 and December 31, 2017. The County’s management is responsible for the financial schedules and exhibits. The sufficiency of these procedures is solely the responsibility of those specified in the report. 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 verified, by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for the fiscal years ended June 30, 2017 and December 31, 2017, have been accurately compiled and reflect the audited books and records of the County. We have also verified 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.

<u>Program Name</u>	<u>Number</u>	<u>Referenced Schedule/Exhibit</u>
Child Support Enforcement	A-1 (a)	Comparison of Single Audit Expenditures with Reported Expenditures
	A-1 (b)	PACSES OCSE 157 Data Reliability Validation
	A-1 (d)	Comparison of Single Audit Title IV-D Account with Reported Title IV-D Account
Medical Assistance Transportation Program	III	Schedule of Revenues and Expenditures
Early Intervention Services	V(a)EI	Schedule of Revenues, Expenditures, and Carryover Funds
	V(b)EI	Report of Income and Expenditures
Block Grant Counties	VI(a)BG-S	Schedule of Fund Balances - Summary Report
	VI(b)BG-S	Schedule of Fund Balances - Summary Report

Board of County Commissioners
County of Crawford, Pennsylvania
Independent Accountant's Report on
Applying Agreed-Upon Procedures

- b. We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DHS for the period in question.
- c. The processes detailed in paragraphs (a) and (b) above disclosed no adjustments.

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

This report is intended solely for the information and use of the Commonwealth of Pennsylvania Department of Human Services and the County of Crawford, Pennsylvania, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Maher Duessel

Pittsburgh, Pennsylvania
September 21, 2018

COUNTY OF CRAWFORD, PENNSYLVANIA
CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Exhibit A-1 (a)

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
Quarter Ending: 3/31/2017															
1. Salary & Overhead	\$ 367,254	\$ 12,716	\$ 45,446	\$ 309,092	\$ 204,001	\$ 367,254	\$ 12,716	\$ 45,446	\$ 309,092	\$ 204,001	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	3,795	138	-	3,657	2,414	3,795	138	-	3,657	2,414	-	-	-	-	-
4. Blood Testing Fees	252	-	-	252	166	252	-	-	252	166	-	-	-	-	-
5. Blood Testing Costs	476	-	474	2	1	476	-	474	2	1	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 363,683	\$ 12,578	\$ 45,920	\$ 305,185	\$ 201,422	\$ 363,683	\$ 12,578	\$ 45,920	\$ 305,185	\$ 201,422	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 6/30/2017															
1. Salary & Overhead	\$ 380,792	\$ 12,569	\$ 22,870	\$ 345,353	\$ 227,933	\$ 380,792	\$ 12,569	\$ 22,870	\$ 345,353	\$ 227,933	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	3,151	110	-	3,041	2,007	3,151	110	-	3,041	2,007	-	-	-	-	-
4. Blood Testing Fees	158	-	-	158	104	158	-	-	158	104	-	-	-	-	-
5. Blood Testing Costs	418	-	418	-	-	418	-	418	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 377,901	\$ 12,459	\$ 23,288	\$ 342,154	\$ 225,822	\$ 377,901	\$ 12,459	\$ 23,288	\$ 342,154	\$ 225,822	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 09/30/2017															
1. Salary & Overhead	\$ 345,022	\$ 12,155	\$ 28,240	\$ 304,627	\$ 201,054	\$ 345,022	\$ 12,155	\$ 28,240	\$ 304,627	\$ 201,054	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	2,957	109	-	2,848	1,880	2,957	109	-	2,848	1,880	-	-	-	-	-
4. Blood Testing Fees	222	-	-	222	147	222	-	-	222	147	-	-	-	-	-
5. Blood Testing Costs	664	-	664	-	-	664	-	664	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 342,507	\$ 12,046	\$ 28,904	\$ 301,557	\$ 199,027	\$ 342,507	\$ 12,046	\$ 28,904	\$ 301,557	\$ 199,027	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 12/31/2017															
1. Salary & Overhead	\$ 373,097	\$ 12,532	\$ 19,212	\$ 341,353	\$ 225,293	\$ 373,097	\$ 12,532	\$ 19,212	\$ 341,353	\$ 225,293	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	3,774	135	-	3,639	2,402	3,774	135	-	3,639	2,402	-	-	-	-	-
4. Blood Testing Fees	103	-	-	103	68	103	-	-	103	68	-	-	-	-	-
5. Blood Testing Costs	304	-	304	-	-	304	-	304	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 369,524	\$ 12,397	\$ 19,516	\$ 337,611	\$ 222,823	\$ 369,524	\$ 12,397	\$ 19,516	\$ 337,611	\$ 222,823	\$ -	\$ -	\$ -	\$ -	\$ -

COUNTY OF CRAWFORD, PENNSYLVANIA

CHILD SUPPORT ENFORCEMENT PACSES OCSE 157 DATA RELIABILITY VALIDATION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Exhibit A-1 (b)

County Crawford

Year Ended 12/31/2017

OCSE 157 Report Line Number	Number of Cases Reviewed	Case Problems Found
Line #1 IV-D cases open at the end of the fiscal year.	*	*
Line #2 IV-D cases open at the end of the fiscal year with support orders established.	*	*
Line #5 Children in IV-D cases open at the end of the fiscal year that were born out of wedlock.	*	*
Line #6 Children in IV-D cases open at the end of the fiscal year with paternity established or acknowledged.	*	*
Line #21 IV-D cases open at the end of the fiscal year with medical support ordered.	*	*
Line #23 IV-D cases open at the end of the fiscal year with health insurance provided as ordered.	*	*
Line #24 Total amount of current support due for the fiscal year for IV-D cases, excluding emancipated children.	*	*
Line #25 Total amount of support disbursed as current support during the fiscal year for IV-D cases, excluding emancipated children.	*	*
Line #28 Cases with arrears due during the fiscal year (10/1/16 - 9/30/17)	*	*
Line #29 Cases paying toward arrears during the fiscal year (10/1/16 - 9/30/17)	*	*

* - Domestic Relations was not audited as a major program during 2017.

COUNTY OF CRAWFORD, PENNSYLVANIA

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

FOR THE TWEVLE MONTH PERIOD ENDED DECEMBER 31, 2017

Exhibit A-1 (d)

	<u>Single Audit Title IV-D Account</u>	<u>Reported Title IV-D Account</u>	<u>Single Audit Over (Under) Reported</u>
Balance, January 1	<u>\$ 270,228</u>	<u>\$ 270,228</u>	<u>\$ -</u>
Receipts:			
Reimbursements	825,335	825,335	-
Incentives	146,188	146,188	-
Title XIX incentives	1,159	1,159	-
Program income	8,434	8,434	-
Genetic testing costs	735	735	-
Maintenance of effort (MOE)	614,957	614,957	-
Other - refunds/credits	<u>880</u>	<u>880</u>	<u>-</u>
	1,597,688	1,597,688	-
Intrafund Transfers - In	<u>146,188</u>	<u>146,188</u>	<u>-</u>
Funds Available	<u>2,014,104</u>	<u>2,014,104</u>	<u>-</u>
Disbursements:			
Incentive paid costs	117,624	117,624	-
Vendor payments	<u>1,450,620</u>	<u>1,450,620</u>	<u>-</u>
	1,568,244	1,568,244	-
Intrafund Transfers - Out	<u>146,188</u>	<u>146,188</u>	<u>-</u>
Balance, December 31	<u><u>\$ 299,672</u></u>	<u><u>\$ 299,672</u></u>	<u><u>\$ -</u></u>

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

COUNTY OF CRAWFORD, PENNSYLVANIA

MEDICAL ASSISTANCE TRANSPORTATION PROGRAM SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2017

Exhibit III

	<u>Reported</u>	<u>Actual</u>
Service Data:		
<hr/>		
Expenditures:		
Group I clients	\$ 1,075,978	\$ 1,075,978
Group II clients	10,869	10,869
	<hr/>	<hr/>
Total expenditures	<u>\$ 1,086,847</u>	<u>\$ 1,086,847</u>
Allocation Data:		
<hr/>		
Revenues:		
Department of Human Services	\$ 1,086,536	\$ 1,086,536
Interest income	311	311
	<hr/>	<hr/>
Total revenues	<u>1,086,847</u>	<u>1,086,847</u>
Funds expended:		
Operating costs	1,082,065	1,082,065
Administrative costs	-	-
	<hr/>	<hr/>
Excess Revenues over Expenditures	<u>\$ 4,782</u>	<u>\$ 4,782</u>

Indirect Cost Rate: 0.06%

COUNTY OF CRAWFORD, PENNSYLVANIA

EARLY INTERVENTION SERVICES SCHEDULE OF REVENUES, EXPENDITURES, AND CARRYOVER FUNDS

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2017

Exhibit V(a)EI

Sources of DHS Funding	Appropriation	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6)	Total Fund Balance (7)
		Carryover Funds (1)	Allotment (2)	Total Allocation (3)				
A. Early Intervention Services								
1. Early Intervention Services	10235	\$ 4,611	\$ 315,392	\$ 320,003	\$ 318,153	\$ 1,850	\$ -	\$ 1,850
2. Early Intervention Training	10235	-	4,431	4,431	4,431	-	-	-
3. Early Intervention Administration	10235	20,276	112,893	133,169	133,169	-	-	-
4. Infant & Toddlers w/Disabilities (Part C)	70170	-	96,865	96,865	96,865	-	-	-
5. IT&F Waiver Administration	10235/70184	-	12,802	12,802	12,802	-	-	-
6. Reserved	00001	-	-	-	-	-	-	-
7. Total		\$ 24,887	\$ 542,383	\$ 567,270	\$ 565,420	\$ 1,850	\$ -	\$ 1,850

COUNTY OF CRAWFORD, PENNSYLVANIA

EARLY INTERVENTION SERVICES REPORT OF INCOME AND EXPENDITURES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2017

Exhibit V(b)E1

	Admin Office	Early Intervention	Service Coordination	Total
TOTAL ALLOCATION				\$ 567,270
II. TOTAL EXPENDITURES	\$ 192,208	\$ 285,796	\$ 333,022	811,026
III. COSTS OVER ALLOCATION				
A. County Funded Eligible	16,992	-	-	16,992
B. County Funded Ineligible	12,701	-	-	12,701
C. Other Eligible	-	-	-	-
D. Other Ineligible	-	-	-	-
Subtotal Costs Over Allocation	29,693	-	-	29,693
IV. REVENUES				
A. Program Service Fees	-	-	-	-
B. Private Insurance	-	-	-	-
C. Medical Assistance	-	-	152,763	152,763
D. Earned Interest	971	-	-	971
E. Other	776	-	-	776
Subtotal Revenues	1,747	-	152,763	154,510
V. DHS REIMBURSEMENT				
A. DHS Categorical Funding 90%	133,169	257,216	162,233	552,618
B. DHS Categorical Funding 100%	12,802	-	-	12,802
Subtotal DHS reimbursement	145,971	257,216	162,233	565,420
VI. COUNTY Match				
10% County Match	14,797	28,580	18,026	61,403
Subtotal County Match	14,797	28,580	18,026	61,403
VII. TOTAL DHS REIMBURSEMENT & COUNTY MATCH	\$ 160,768	\$ 285,796	\$ 180,259	626,823
VIII. TOTAL CARRYOVER				\$ 1,850

COUNTY OF CRAWFORD, PENNSYLVANIA

BLOCK GRANT COUNTIES
SCHEDULE OF FUND BALANCES - SUMMARY REPORT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2017

Exhibit VI(a) BG-5

County Match	5.68%
Actual County Match (\$)	\$ 259,955
Actual County Match (%)	5.68%

Block Grant Reporting	Appropriation	DHS Allocation	Cost Eligible for DHS Participation								Balance of Funds	Adjustments	Total Fund Balance	
			Total Allocation	Mental Health	Intellectual Disabilities	Homeless Assistance	Child Welfare	HSS	D&A	Total				
Sources of Funding														
1. State Human Services Block Grant	Multiple	\$ 4,554,669	\$ 4,554,669	\$ 2,496,470	\$ 893,824	\$ 190,000	\$ 349,964	\$ 126,430	\$ 361,983	\$ 4,418,671	\$ 135,998	\$ 4,720	\$ 140,718	
2. SSBG	Multiple	78,340	78,340	38,065	40,275	-	-	-	-	78,340	-	-	-	
3. SABG	80884	-	-	-	-	-	-	-	-	-	-	-	-	
4. CMHSBG	70167	64,925	64,925	64,925	-	-	-	-	-	64,925	-	-	-	
5. MA	70175	182,789	182,789	-	182,789	-	-	-	-	182,789	-	-	-	
6. Crisis Counseling	80222	-	-	-	-	-	-	-	-	-	-	-	-	
Total for Block Grant		\$ 4,880,723	\$ 4,880,723	\$ 2,599,460	\$ 1,116,888	\$ 190,000	\$ 349,964	\$ 126,430	\$ 361,983	\$ 4,744,725	\$ 135,998	\$ 4,720	\$ 140,718	

Retained Earnings	
I. Unexpended Allocation	\$ 135,998
II. Maximum Retained Earnings (3%)	136,640
III. Waiver Requested Money (if applicable)	-
IV. Total Requested Retained Earnings	\$ 135,998

Prior Year Retained Earnings	
I. FY 15-16 Retained Earnings	\$ 167,766
II. Total Expended Retained Earnings (3%)	131,711
III. Total Expended Retained Earnings - Waiver of 3%	26,297
IV. Amount to be Returned to DHS	\$ 9,758

COUNTY OF CRAWFORD, PENNSYLVANIA

BLOCK GRANT COUNTIES
SCHEDULE OF FUND BALANCES - SUMMARY REPORT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2017

Exhibit VI(b) BG-S

Sources of Funding	Appropriation	Total Carryover	Allotment	DHS Allocation	Costs Eligible for DHS Participation	Balance of Funds	Adjustments	Total Fund Balance
Mental Health Services								
1. State - Personal Care Homes	10252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Federal - Self Directed Care - TTI	70127	-	-	-	-	-	-	-
3. Federal - Infusing Peer Specialist Intro Crisis Service	70127	-	-	-	-	-	-	-
4. Federal - PATH Homeless Grant	70154	-	42,708	42,708	42,708	-	-	-
5. Federal - Capitalization of POMS	70522	-	-	-	-	-	-	-
6. Federal - Project Launch	71021	-	-	-	-	-	-	-
7. Federal - Bio-Terrorism Hospital Preparedness	80343	-	-	-	-	-	-	-
Subtotal Mental Health Services		-	42,708	42,708	42,708	-	-	-
Intellectual Disabilities Services								
1. Temporary NBG Funds for Regional Collaboratives	10255	-	-	-	-	-	-	-
2. Elwyn	10236	-	-	-	-	-	-	-
3. Money Follows the Person	10263	-	-	-	-	-	-	-
Subtotal Intellectual Disabilities Services		-	-	-	-	-	-	-
Drug & Alcohol Services								
1. State-Centers of Excellence	10262	-	-	-	-	-	-	-
Subtotal Drug & Alcohol Services		-	-	-	-	-	-	-
Total for Non-Block Grant Reporting		\$ -	\$ 42,708	\$ 42,708	\$ 42,708	\$ -	\$ -	\$ -

**Information Required by
Pennsylvania Department of
Human Services**

Years Ended December 31, 2017
with Independent Accountant's Report

Independent Accountant's Report on Applying Agreed-Upon Procedures

**Board of County
Commissioners
County of Crawford,
Pennsylvania**

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania Department of Human Services (DHS) and the County of Crawford (County), solely to assist you with respect to the reconciliation schedule required by the DHS *Single Audit Supplement* for the year ended December 31, 2017.

The County's management is responsible for the reconciliation schedule. The sufficiency of these procedures is solely the responsibility of those specified in the report. 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 to be performed on the reconciliation schedule are as follows:

- A) Agree the expenditure amounts listed on the reconciliation schedule under the "Federal Expenditures per the SEFA" column to the audited Schedule of Expenditures of Federal Awards (SEFA).
- B) Agree the receipt amounts listed on the reconciliation schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column to the subrecipient federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.
- C) Recalculate the amounts listed under the "Difference" column and the "% Difference" column.
- D) Agree the amounts listed under the "Difference" column to the audited books and records of the County.
- E) Agree the "Detailed Explanation of the Differences" to the audited books and records of the County.
- F) Based on the procedures detailed in paragraphs (A) through (E) above, disclose any adjustments and/or findings which have not been reflected on the corresponding schedules (list each separately.).

See attached Exhibit XX for the results of the procedures performed.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the reconciliation schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional

Board of County Commissioners
County of Crawford, Pennsylvania
Independent Accountant's Report on Applying
Agreed-Upon Procedures

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 County of Crawford, Pennsylvania, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mahe Duessel

Pittsburgh, Pennsylvania
September 21, 2018

COUNTY OF CRAWFORD, PENNSYLVANIA

RECONCILIATION - FEDERAL AWARDS PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES EXPENDITURES PER THE SEFA TO REVENUE RECEIVED PER THE PENNSYLVANIA AUDIT CONFIRMATION REPLY

YEAR ENDED DECEMBER 31, 2017

EXHIBIT XX

CFDA Name	CFDA Number	Federal Expenditures per the SEFA	Federal Awards Received per the Audit Confirmation Reply from Pennsylvania	Difference	% Difference	Detailed Explanation of the Differences
Special Education - Grants for Infants and Families	84.181	\$ 83,253	\$ 76,448	\$ 6,805	9%	Payment timing difference.
Guardianship Assistance	93.090	39,107	40,679	(1,572)	-4%	Payment timing difference.
Community Mental Health Services for Children with SED	93.104	2,845	375,000	(372,155)	-99%	1
Projects for Assistance in Transition from Homelessness (PATH)	93.150	51,573	45,992	5,581	12%	Payment timing difference.
Promoting Safe and Stable Families	93.556	-	3,665	(3,665)	-100%	Payment timing difference.
Temporary Assistance for Needy Families	93.558	278,647	268,400	10,247	4%	Payment timing difference.
Child Support Enforcement	93.563	998,386	968,107	30,279	3%	Payment timing difference.
Stephanie Tubbs Jones Child Welfare Services Program	93.645	232,121	232,121	-	0%	n/a
Foster Care - Title IV-E	93.658	2,381,685	1,992,841	388,844	20%	2
Adoption Assistance	93.659	425,234	419,165	6,069	1%	Payment timing difference.
Social Services Block Grants	93.667	156,571	154,017	2,554	2%	Payment timing difference.
Chafee Foster Care Independence Program	93.674	51,912	51,912	-	0%	n/a
Medical Assistance Program	93.778	745,673	844,540	(98,867)	-12%	Payment timing difference.
Block Grants for Community Mental Health Services	93.958	72,029	64,925	7,104	11%	Payment timing difference.

n/a - amounts are in agreement

1. Payment timing difference and funds not spent prior to year end.
2. Payment on prior year state confirmation, received in 2017 by the County and 2017 year end timing differences

COUNTY OF CRAWFORD, PENNSYLVANIA

SINGLE AUDIT REPORT DISTRIBUTION LIST TO STATE AND FEDERAL ENTITIES

YEAR ENDED DECEMBER 31, 2017

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Commonwealth of Pennsylvania DHS Bureau of Financial Operations Bertolino Building - Third Floor P.O. Box 2675 Harrisburg, PA 17105-2675	1 copy