

County of Crawford

Single Audit

December 31, 2015

MaherDuessel
Certified Public Accountants

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COUNTY OF CRAWFORD, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	
Management's Discussion and Analysis	i
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	7
Statement of Net Position – Proprietary Funds	8
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	9
Statement of Cash Flows – Proprietary Funds	10
Statement of Net Position – Fiduciary Funds	11
Statement of Changes in Net Position – Fiduciary Funds	12

COUNTY OF CRAWFORD, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS

(Continued)

	<u>Page No.</u>
Notes to Financial Statements	13
 Required Supplementary Information:	
Pension Plan Disclosures:	
Schedules of Required Supplementary Information – Pension Plan	
Schedule of Changes in the County’s Net Pension Liability and Related Ratios	44
Schedule of County Contributions and Investment Returns	45
Notes to Schedules of Required Supplementary Information – Pension Plan	46
 Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	48
Statement of Changes in Assets and Liabilities – All Agency Funds	49
Schedule of Expenditures of Federal Awards	50
Notes to Schedule of Expenditures of Federal Awards	52
Schedule of Department of Human Services Expenditures	53
 Independent Auditor's Reports Required by the Uniform Guidance:	
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 <i>Government Auditing Standards</i>	54

COUNTY OF CRAWFORD, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS

(Continued)

	<u>Page No.</u>
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 <i>Single Audit Supplement</i>	56
Schedule of Findings and Questioned Costs	58
Summary Schedule of Prior Audit Findings	60
 DHS-Funded Financial Assistance Program Exhibits:	
Independent Accountant's Report on Applying Agreed-Upon Procedures	61
Exhibits	63
 Information required by Pennsylvania Department of Human Services:	
Independent Accountant's Report on Applying Agreed-Upon Procedures	70
Reconciliation – Federal Awards Passed through the Pennsylvania Department of Human Services Expenditures per the SEFA to Revenue Received per the Pennsylvania Audit Confirmation Reply	71
 Single Audit Report Distribution List to State and Federal Entities	 72

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, 2015, 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 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, liabilities, 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, 2015 or the changes in financial position thereof for the year then ended.

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, 2015, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which requires the County to record its net pension liability and related items on the government-wide financial statements and proprietary fund financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension information on pages i through xiv and 44 through 46 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, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
September 21, 2016

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, 2015. 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 - 43).

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$59.75 million at December 31, 2015.
- As of December 31, 2015, unrestricted net position was \$27.5 million or 45% of total expenses.
- The total fund balance of the General Fund at December 31, 2015 was \$30.7 million or 95% of the total fund balance.
- The County's real property tax rate was 18.85 mills for both 2015 and 2014.
- The County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which resulted in a restatement of \$7,782,272 to government-wide net position for governmental activities as of January 1, 2015 to record the County's net pension liability and a restatement of \$3,200,845 to business-type activities net position as of January 1, 2015 to record the Crawford County Care Center's net pension liability.

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,

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 Liquid Fuels). 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.

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 49 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 43 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 44 to 46 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 47 to 48 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County presents its financial statements using the reporting model required by GASB Statement No. 34, *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."* 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, 2015 and 2014 is presented below:

County of Crawford, Pennsylvania Summary Statements of Net Position December 31, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 37,784,653	\$ 38,565,013	\$ 8,421,727	\$ 7,281,176	\$ 46,206,380	\$ 45,846,189
Capital assets	31,262,409	24,273,556	1,403,958	1,476,625	32,666,367	25,750,181
Total Assets	69,047,062	62,838,569	9,825,685	8,757,801	78,872,747	71,596,370
Deferred outflows of resources	5,032,294	-	1,983,750	-	7,016,044	-
Liabilities						
Current and other liabilities	6,861,167	5,803,501	612,115	692,845	7,473,282	6,496,346
Non-current liabilities	13,846,877	9,891,780	4,814,326	3,200,845	18,661,203	13,092,625
Total Liabilities	20,708,044	15,695,281	5,426,441	3,893,690	26,134,485	19,588,971
Net Position						
Net investment in capital assets	28,110,555	22,223,556	1,403,958	1,476,625	29,514,513	23,700,181
Restricted	2,705,385	2,011,703	-	-	2,705,385	2,011,703
Unrestricted	22,555,372	22,908,029	4,979,036	3,387,486	27,534,408	26,295,515
Total Net Position, as restated	\$ 53,371,312	\$ 47,143,288	\$ 6,382,994	\$ 4,864,111	\$ 59,754,306	\$ 52,007,399

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 by \$59.75 million at December 31, 2015, an increase from December 31, 2014 of approximately \$7.75 million. The increase is mainly attributable to the purchase of capital assets and an increase in deferred outflows of resources related to pensions, offset by payments of long-term debt and an increase in net pension liability.

Of the net position, \$2.7 million is restricted for various purposes; \$27.5 million is unrestricted and available to support operations or provide for the payment of long-term debt at the government-wide level; and \$29.5 million is net investment in capital assets.

The following table presents the change in net position for the years ended December 31, 2015 and 2014:

County of Crawford, Pennsylvania Change in Net Position Year Ended December 31, 2015 (With Comparative Totals for the Year Ended December 31, 2014)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 4,944,175	\$ 6,736,947	\$ 12,681,734	\$ 12,824,701	\$ 17,625,909	\$ 19,561,648
Operating grants and contributions	20,528,789	19,567,644	-	-	20,528,789	19,567,644
Capital grants and contributions	6,595,278	480,316	-	-	6,595,278	480,316
General revenues:						
Taxes	22,952,263	22,743,555	-	-	22,952,263	22,743,555
Interest and investment income	119,170	80,987	7,392	6,719	126,562	87,706
Other	1,311,020	1,336,839	-	-	1,311,020	1,336,839
Total revenues	<u>56,450,695</u>	<u>50,946,288</u>	<u>12,689,126</u>	<u>12,831,420</u>	<u>69,139,821</u>	<u>63,777,708</u>
Program expenses:						
General government	13,321,689	12,715,319	-	-	13,321,689	12,715,319
Public safety	11,540,200	11,024,517	-	-	11,540,200	11,024,517
Public works	753,889	866,329	-	-	753,889	866,329
Human services	16,995,782	18,080,628	11,170,243	11,944,640	28,166,025	30,025,268
Culture and recreation	509,238	525,580	-	-	509,238	525,580
Conservation and development	407,717	431,571	-	-	407,717	431,571
Insurance claims and related expenses	6,605,595	5,417,497	-	-	6,605,595	5,417,497
Interest	88,561	107,723	-	-	88,561	107,723
Total program expenses	<u>50,222,671</u>	<u>49,169,164</u>	<u>11,170,243</u>	<u>11,944,640</u>	<u>61,392,914</u>	<u>61,113,804</u>
Change in Net Position	6,228,024	1,777,124	1,518,883	886,780	7,746,907	2,663,904
Net position - beginning, as restated	<u>47,143,288</u>	<u>45,366,164</u>	<u>4,864,111</u>	<u>3,977,331</u>	<u>52,007,399</u>	<u>49,343,495</u>
Net position - ending	<u><u>\$ 53,371,312</u></u>	<u><u>\$ 47,143,288</u></u>	<u><u>\$ 6,382,994</u></u>	<u><u>\$ 4,864,111</u></u>	<u><u>\$ 59,754,306</u></u>	<u><u>\$ 52,007,399</u></u>

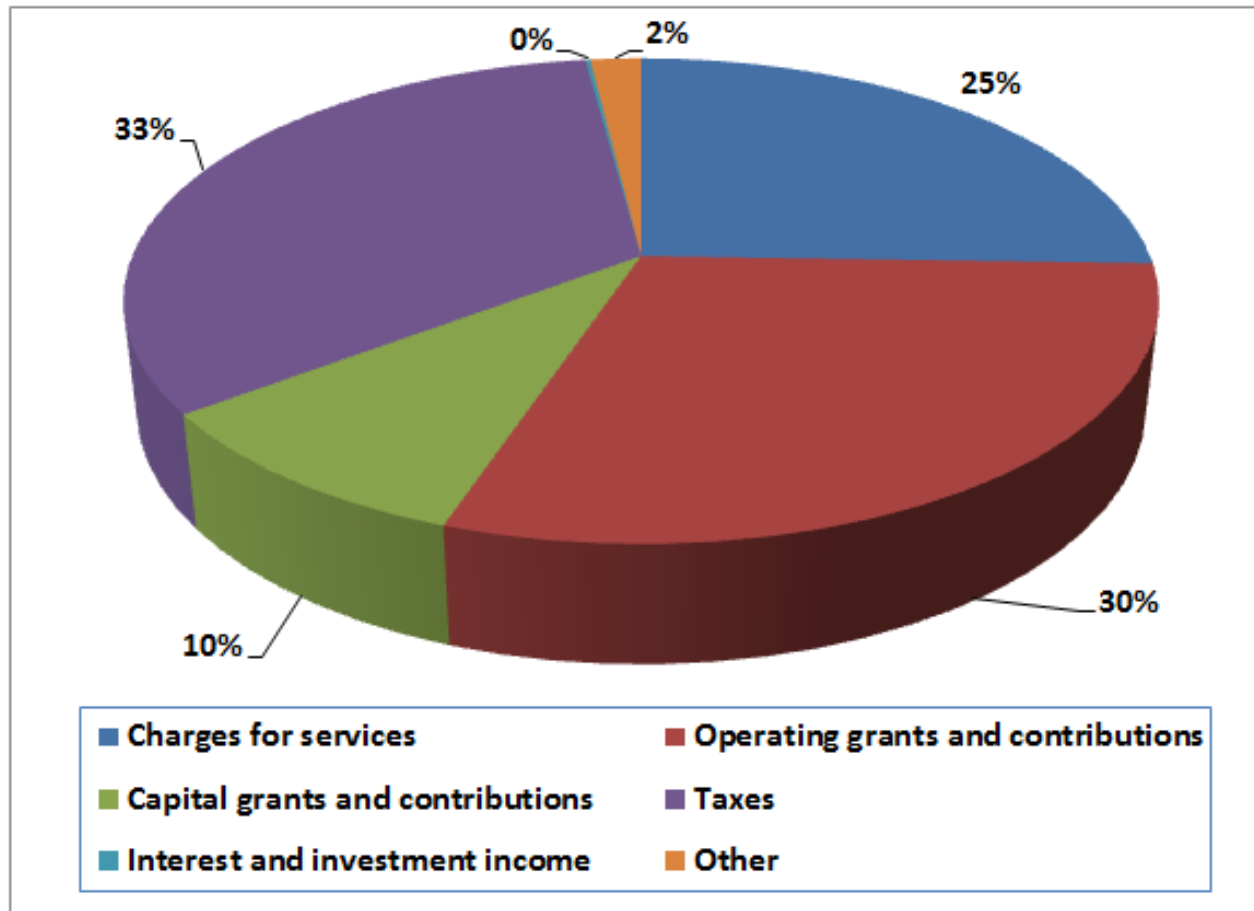
The year 2014 was restated for adoption of GASB Statement No. 68.

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, 2015:

**County of Crawford, Pennsylvania
Government-Wide Sources of Revenues
Total Revenues \$69,139,821**



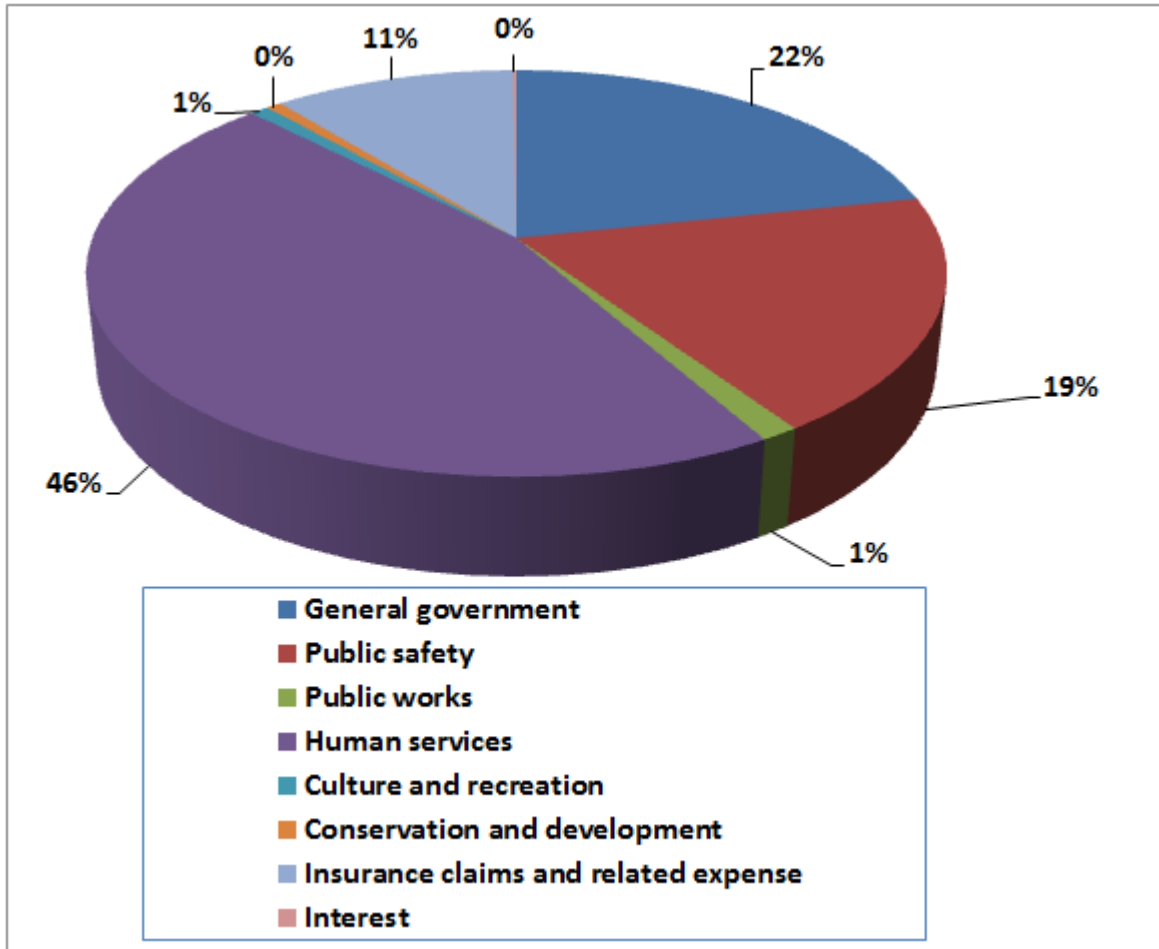
The government-wide revenues of \$69.1 million were derived primarily from taxes, which make up 33% of total revenues. The second largest source of revenue for the County was program-based operating grants and contributions, representing 30% of the total revenues. The third largest source of revenue was charges for services, which is 25% of the 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, 2015:

**County of Crawford, Pennsylvania
Government-Wide Program Expenses
Total Expenses \$61,392,914**

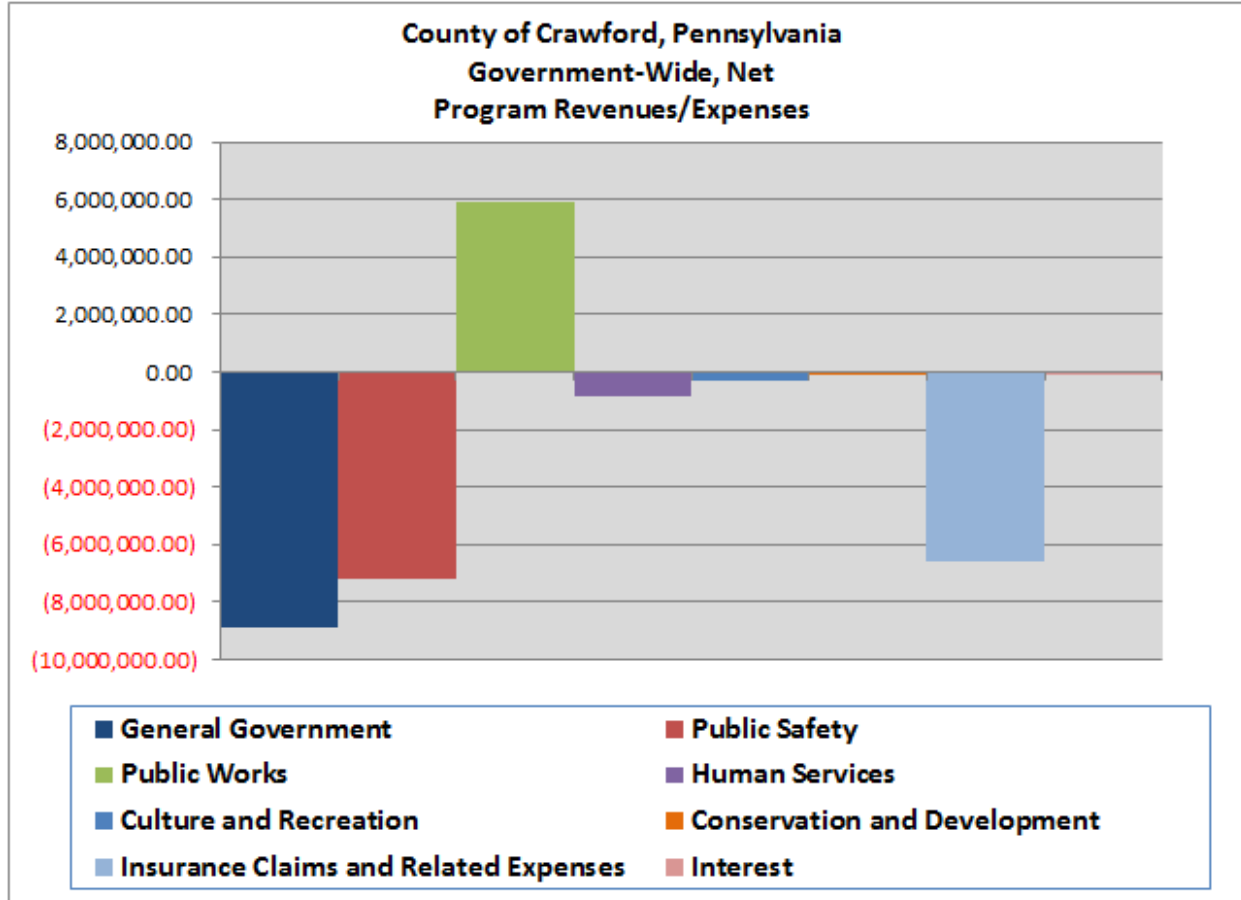


The largest area of expenses was Human Services, which totaled \$28.1 million or 46% of all expenses. Human Services provides a vast array of social services programs including Children and Youth, Mental Health, Intellectual Disabilities, and Early Intervention Services. Human Services Expenses also include the operation of the Crawford County Care Center, a County-operated nursing home. Following Human Services totaling \$13.3 million, General Government represented 22% of all expenses, followed by Public Safety with \$11.5 million in expenses representing 19% of expenses, and Insurance Claims and Related Expenses at \$6.6 million or 11% of the total. The next largest area of expense was Public Works at \$0.75 million or 1% of the total, followed by Culture and Recreation, with \$0.5 million in expenses or 1%, Conservation and Development at \$0.4 million or 0.66%, and interest payments on long-term debt at \$0.09 million or .14%.

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, 2015.



General government required the most general revenues for support, needing \$8.9 million during 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reports three major governmental funds (General, Human Services, and Liquid Fuels). 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: 911, Community Development Block Grant (CDBG), and Capital Projects. The combining statements of the nonmajor governmental funds can be found on pages 47 through 48.

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, 2015 and 2014:

MANAGEMENT'S DISCUSSION AND ANALYSIS

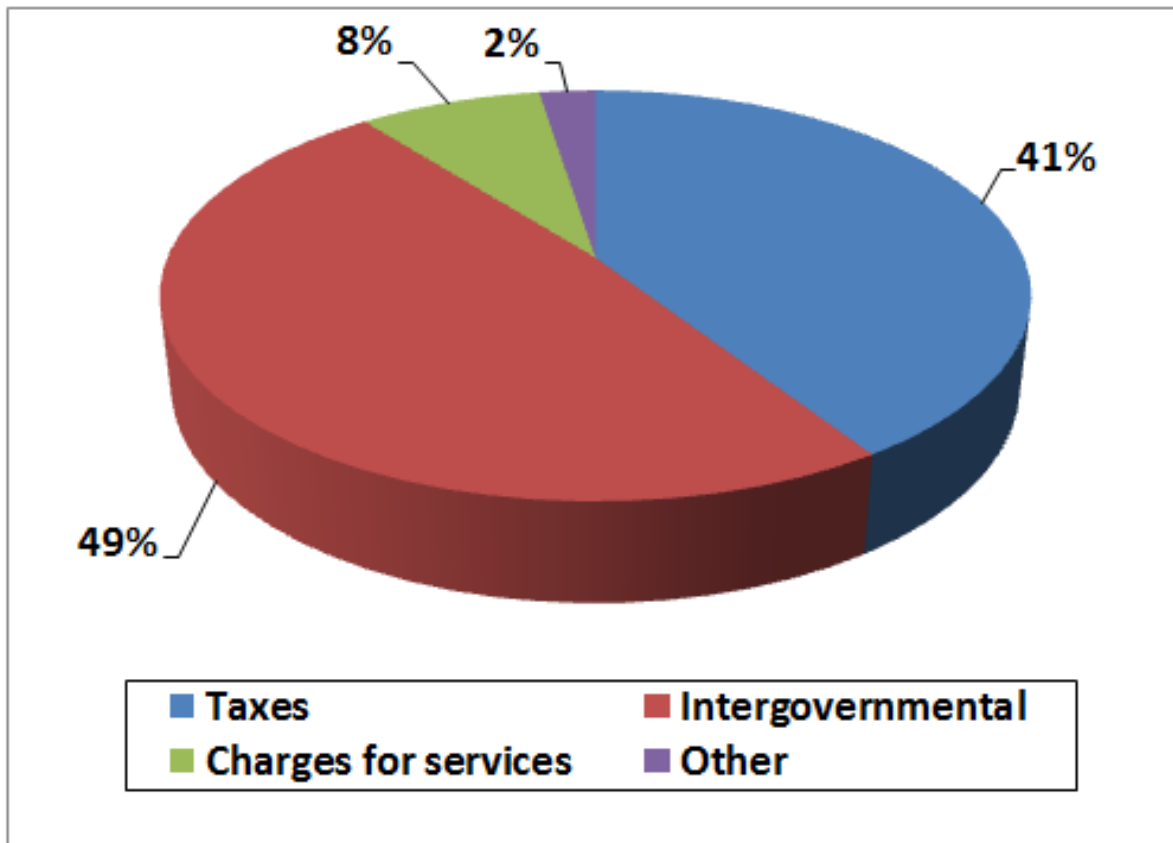
County of Crawford, Pennsylvania Statements of Revenues, Expenditures, and Changes in Fund Balances Years Ended December 31, 2015 and 2014

	Governmental Funds	
	2015	2014
Revenues:		
Taxes	\$ 22,792,309	\$ 22,869,094
Intergovernmental	27,124,067	20,047,960
Charges for services	4,529,952	6,331,493
Fines and forfeitures	311,932	294,042
Investment earnings	111,044	67,076
Payment in lieu of taxes	147,788	143,399
Miscellaneous	825,129	680,290
Total revenues	<u>55,842,221</u>	<u>50,433,354</u>
Expenditures:		
General government	16,786,767	15,625,974
Public safety	12,814,549	12,095,128
Public works	6,902,404	1,891,398
Human services	18,393,432	19,235,942
Culture and recreation	437,860	453,456
Conservation and development	482,886	494,517
Debt service	372,271	952,063
Capital outlay	99,851	468,780
Total expenditures	<u>56,290,020</u>	<u>51,217,258</u>
(Deficiency) of Revenues Over Expenditures	<u>(447,799)</u>	<u>(783,904)</u>
Other Financing Sources (Uses):		
Proceeds from issuance of debt	169,095	-
Transfers in	2,567,716	7,544,393
Transfers out	(1,784,355)	(3,682,384)
Total other financing sources	<u>952,456</u>	<u>3,862,009</u>
Net Change in Fund Balance	<u>504,657</u>	<u>3,078,105</u>
Fund balance, beginning	<u>31,666,311</u>	<u>28,588,206</u>
Fund balance, ending	<u><u>\$ 32,170,968</u></u>	<u><u>\$ 31,666,311</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds revenues, by source, for the year ended December 31, 2015 were:

**County of Crawford, Pennsylvania
Governmental Funds
Revenues Classified by Source
Total Revenues \$55,842,221**

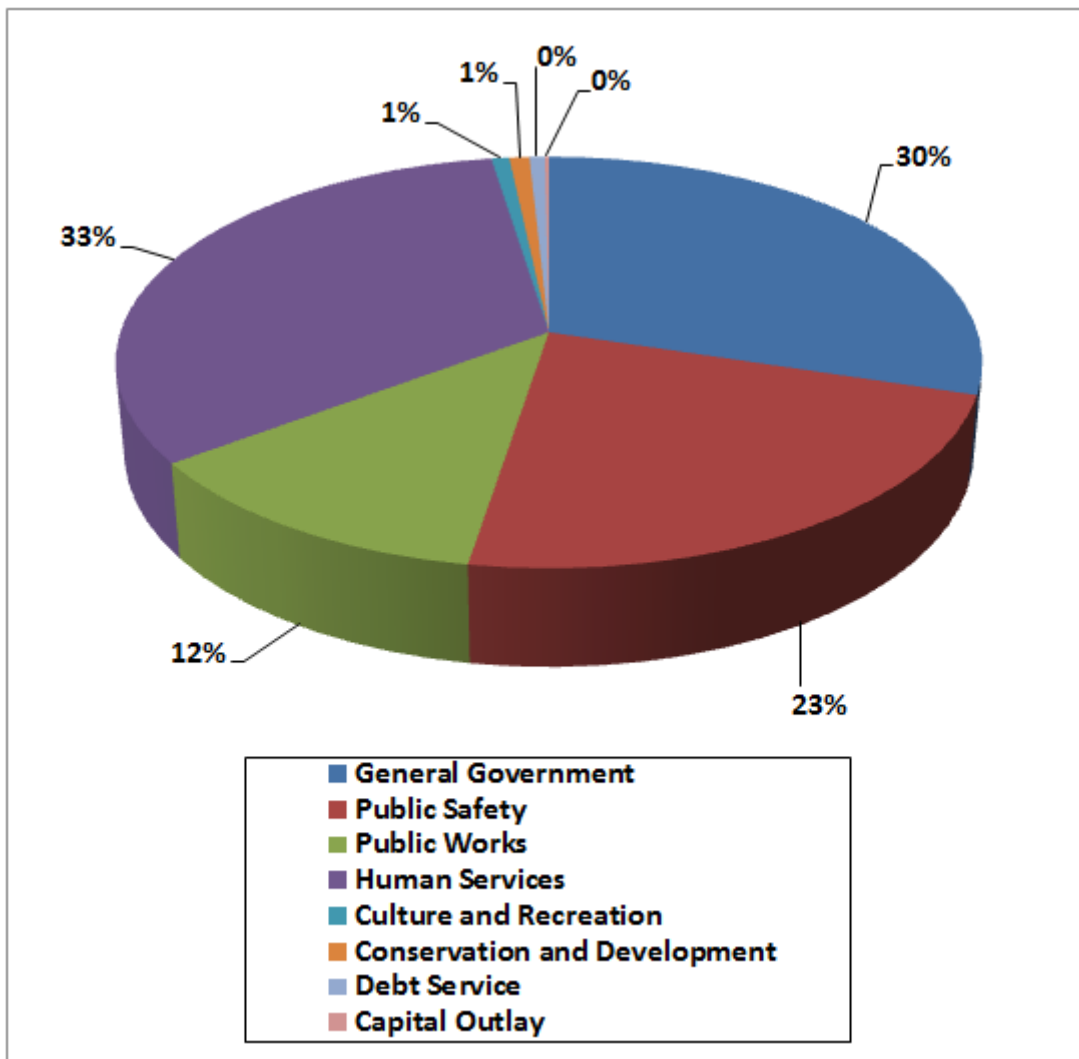


Governmental funds revenues totaled \$55.8 million for the year ended December 31, 2015, of which \$27.1 million (49%) came from Intergovernmental (Federal and State) revenues. Taxes accounted for \$22.8 million (41%) in revenue. Charges for services reached \$4.5 million (8%) in revenue. Other revenues including fines and forfeitures, investment earnings, rental income, payment in lieu of taxes, and miscellaneous revenues in total comprise approximately 2% of total revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds expenditures, by function, for the year ended December 31, 2015 were:

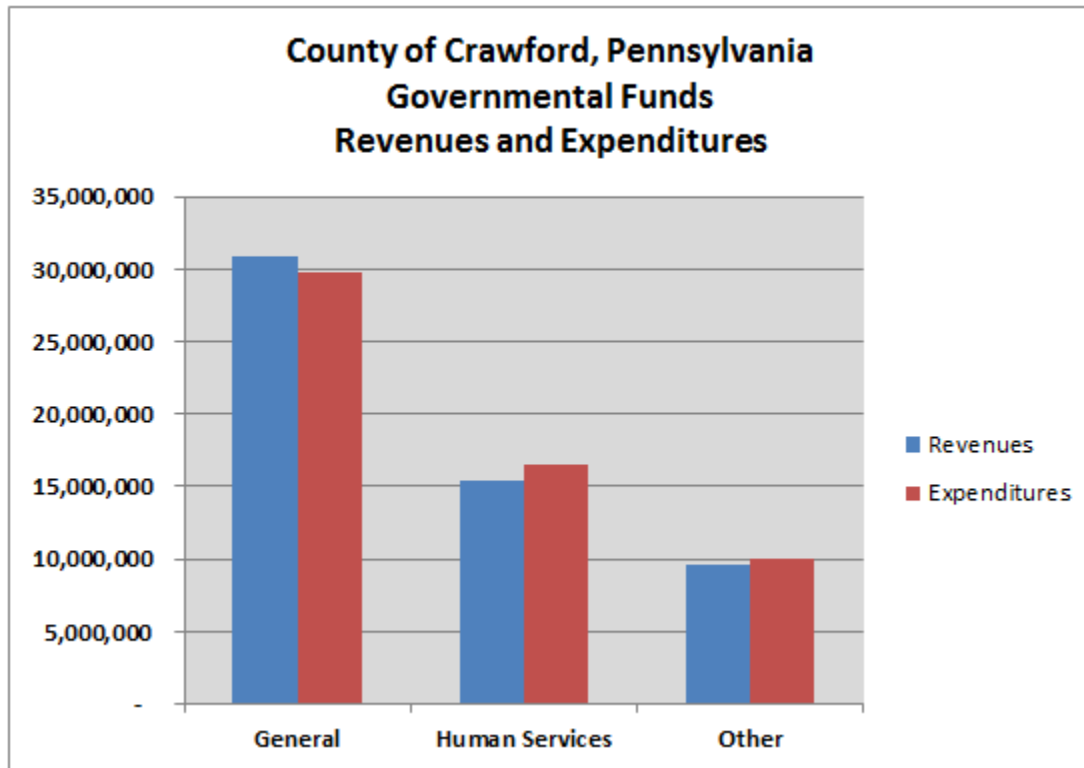
**County of Crawford, Pennsylvania
Governmental Funds
Expenditures Classified by Function
Total Expenditures \$56,290,020**



Governmental funds expenditures totaled \$56.3 million for the year ended December 31, 2015, of which \$18.4 million (33%) were human services expenditures. General government and public safety expenditures were \$16.8 million (30%) and \$12.8 million (23%), respectively. Expenditures for public works were \$6.9 million (12%). Other expenditures totaling \$1.4 million (2%) 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, 2015:



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, 2015 is found on page 7 of the financial statements.

Overall, the County had a minimal unfavorable variance between the final budget and the actual net change in fund balance of \$0.5 million or 1.67% of final budgeted revenues of \$29.9 million.

The County had an unfavorable variance between the final budget and actual revenue of approximately \$1.1 million. The largest contributors to the variance were due to both intergovernmental revenues and charges for services being less than budget by \$0.8 million and \$0.5 million, respectively. The deficit in intergovernmental revenues was due to non-budgeting for several pass-through grants. The deficit in charges for services was primarily due to non-budgeting for certain judicial revenues and unanticipated volume decreases in certain fee based revenues.

The County's actual expenditures for 2015 exceeded the final budget by approximately \$0.5 million. The majority of the variance occurred in the General Government function where actual expenditures were in excess of the final budget by approximately \$0.4 million. The variance is primarily due to non-budgeted expenditures for building, infrastructure, architectural design, and

MANAGEMENT'S DISCUSSION AND ANALYSIS

library tax disbursements, as well as the County matching expenditures for Children and Youth Services.

CAPITAL ASSETS

The County's total investment in capital assets including infrastructure as of December 31, 2015 amounts to \$32.7 million, net of accumulated depreciation. This investment includes 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, 2015, the County has \$18.6 million of long-term debt, including net pension liability of \$17.0 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, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,936,230	\$ 2,700,775	\$ 15,637,005
Investments	11,145,259	-	11,145,259
Receivables:			
Accounts receivable, net	1,297,510	1,883,145	3,180,655
Taxes receivable, net	3,661,746	-	3,661,746
Intergovernmental receivable	11,557,425	-	11,557,425
Internal balances	(3,798,875)	3,798,875	-
Prepaid expenses and other assets	985,358	38,932	1,024,290
Capital assets, not being depreciated/amortized	10,323,472	-	10,323,472
Capital assets, net of accumulated depreciation/amortization	20,938,937	1,403,958	22,342,895
Total Assets	69,047,062	9,825,685	78,872,747
Deferred Outflows of Resources			
Deferred outflows of resources for pension	5,032,294	1,983,750	7,016,044
Liabilities			
Accounts payable	3,974,405	200,181	4,174,586
Accrued payroll and related liabilities	256,275	87,056	343,331
Accrued interest payable	26,794	-	26,794
Intergovernmental payable	22,322	-	22,322
Unearned revenue	987,889	-	987,889
Compensated absences	1,288,482	324,878	1,613,360
Bonds payable	305,000	-	305,000
Noncurrent liabilities:			
Bonds payable	1,465,000	-	1,465,000
Notes payable	169,095	-	169,095
Net pension liability	12,212,782	4,814,326	17,027,108
Total Liabilities	20,708,044	5,426,441	26,134,485
Net Position			
Net investment in capital assets	28,110,555	1,403,958	29,514,513
Restricted for:			
Adoption counseling	17,129	-	17,129
Child support enforcement	310,426	-	310,426
District attorney	44,617	-	44,617
Offender supervision	381,247	-	381,247
Other	112,190	-	112,190
Substance abuse education	1,328	-	1,328
Tourism promotion	15,832	-	15,832
Roads and bridges	642,719	-	642,719
Emergency services	738,698	-	738,698
Other special revenue fund services	441,199	-	441,199
Unrestricted	22,555,372	4,979,036	27,534,408
Total Net Position	\$ 53,371,312	\$ 6,382,994	\$ 59,754,306

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 13,321,689	\$ 2,919,248	\$ 1,495,966	\$ -	\$ (8,906,475)	\$ -	\$ (8,906,475)
Public safety	11,578,365	1,016,773	3,338,067	-	(7,223,525)	-	(7,223,525)
Public works	753,889	-	55,281	6,592,706	5,894,098	-	5,894,098
Human services	16,995,782	686,990	15,488,354	-	(820,438)	-	(820,438)
Culture and recreation	509,238	141,164	50,000	2,572	(315,502)	-	(315,502)
Conservation and development	407,717	180,000	101,121	-	(126,596)	-	(126,596)
Unallocated insurance claims and related expenses	6,605,595	-	-	-	(6,605,595)	-	(6,605,595)
Interest	88,561	-	-	-	(88,561)	-	(88,561)
Total governmental activities	50,260,836	4,944,175	20,528,789	6,595,278	(18,192,594)	-	(18,192,594)
Business-type activities:							
Human services	11,170,243	12,681,734	-	-	-	1,511,491	1,511,491
Total business-type activities	11,170,243	12,681,734	-	-	-	1,511,491	1,511,491
Total primary government	\$ 61,431,079	\$ 17,625,909	\$ 20,528,789	\$ 6,595,278	(18,192,594)	1,511,491	(16,681,103)
General revenues:							
Taxes:							
Property taxes					22,322,237	-	22,322,237
Per capita taxes					218,621	-	218,621
Hotel taxes					263,617	-	263,617
Payments in lieu of taxes					147,788	-	147,788
Unrestricted investment earnings					119,170	7,392	126,562
Miscellaneous					1,349,185	-	1,349,185
Total general revenues					24,420,618	7,392	24,428,010
Change in Net Position					6,228,024	1,518,883	7,746,907
Net position - beginning, as restated					47,143,288	4,864,111	52,007,399
Net position - ending					\$ 53,371,312	\$ 6,382,994	\$ 59,754,306

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General Fund	Human Services Fund	Liquid Fuels Fund	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 5,598,902	\$ -	\$ 547,100	\$ 3,652,705	\$ 9,798,707
Investments	11,145,259	-	-	-	11,145,259
Receivables:					
Accounts receivable, net	437,811	68,748	756,897	7,153	1,270,609
Taxes receivable, net	3,661,746	-	-	-	3,661,746
Cash advance to Human Services Fund	9,772,437	-	-	-	9,772,437
Intergovernmental receivable	1,666,259	9,337,306	50,834	503,026	11,557,425
Due from other funds	2,177,696	1,337,525	44,570	-	3,559,791
Prepaid expenses and other assets	1,232,797	129,617	1,681	16,642	1,380,737
Total Assets	\$ 35,692,907	\$ 10,873,196	\$ 1,401,082	\$ 4,179,526	\$ 52,146,711
Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)					
Liabilities:					
Accounts payable	\$ 860,388	\$ 1,033,841	\$ 704,617	\$ 886,298	\$ 3,485,144
Cash advance from General Fund	-	9,772,437	-	-	9,772,437
Accrued payroll and related liabilities	178,809	68,862	2,075	6,529	256,275
Intergovernmental payable	22,312	-	-	10	22,322
Due to other funds	1,338,102	1,288,915	49,990	192,257	2,869,264
Unearned revenue	-	894,081	-	63,010	957,091
Total Liabilities	2,399,611	13,058,136	756,682	1,148,104	17,362,533
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,613,210	-	-	-	2,613,210
Fund Balance (Deficit):					
Nonspendable - prepaid items	959,591	-	1,681	16,642	977,914
Restricted:					
Adoption counseling	17,129	-	-	-	17,129
Child support enforcement	310,426	-	-	-	310,426
District attorney	44,617	-	-	-	44,617
Offender supervision	381,247	-	-	-	381,247
Other	112,190	-	-	-	112,190
Substance abuse education	1,328	-	-	-	1,328
Tourism promotion	15,832	-	-	-	15,832
Roads and bridges	-	-	642,719	-	642,719
Emergency services	-	-	-	738,698	738,698
Other special revenue	-	-	-	441,199	441,199
Committed:					
Capital projects	523,000	-	-	-	523,000
District attorney	1,067	-	-	-	1,067
Warden	3,882	-	-	-	3,882
Woodcock Park	4,714	-	-	-	4,714
Assigned:					
Flower fund	2,455	-	-	-	2,455
Commissary fund	265,425	-	-	-	265,425
Capital projects	-	-	-	1,834,883	1,834,883
Unassigned	28,037,183	(2,184,940)	-	-	25,852,243
Total Fund Balance (Deficit)	30,680,086	(2,184,940)	644,400	3,031,422	32,170,968
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)	\$ 35,692,907	\$ 10,873,196	\$ 1,401,082	\$ 4,179,526	\$ 52,146,711

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, 2015

Total Fund Balance - Governmental Funds		\$ 32,170,968
Amounts reported for governmental activities in the statement of net position (page 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		31,262,409
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.		2,613,210
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.		(2,240,416)
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 payable	\$ (1,939,095)	
Accrued interest on bonds	(26,794)	
Compensated absences	<u>(1,288,482)</u>	(3,254,371)
The net pension liability is reflected on the statement of financial position, but is not considered a current expenditure for the governmental fund statements.		(12,212,782)
Deferred outflows of resources for pension are recorded and amortized in the statement of net position. Additionally, deferred outflows of resources for pension are not recorded on the fund financial statements.		<u>5,032,294</u>
Net Position of Governmental Activities		<u>\$ 53,371,312</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, 2015

	General Fund	Human Services Fund	Liquid Fuels Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 22,792,309	\$ -	\$ -	\$ -	\$ 22,792,309
Intergovernmental	3,612,680	14,407,170	6,453,495	2,650,722	27,124,067
Charges for services	3,364,561	712,801	-	452,590	4,529,952
Fines and forfeitures	311,932	-	-	-	311,932
Investment earnings	99,054	-	3,376	8,614	111,044
Payment in lieu of taxes	147,788	-	-	-	147,788
Miscellaneous	493,287	265,151	12,511	54,180	825,129
Total revenues	30,821,611	15,385,122	6,469,382	3,166,106	55,842,221
Expenditures:					
Current:					
General government	15,895,175	-	-	891,592	16,786,767
Public safety	10,375,237	1,220,638	-	1,218,674	12,814,549
Public works	285,281	-	6,617,123	-	6,902,404
Human services	1,865,588	15,238,079	-	1,289,765	18,393,432
Culture and recreation	437,860	-	-	-	437,860
Conservation and development	482,886	-	-	-	482,886
Debt service:					
Principal	280,000	-	-	-	280,000
Interest	92,271	-	-	-	92,271
Capital outlay	99,851	-	-	-	99,851
Total expenditures	29,814,149	16,458,717	6,617,123	3,400,031	56,290,020
Excess (Deficiency) of Revenues Over Expenditures	1,007,462	(1,073,595)	(147,741)	(233,925)	(447,799)
Other Financing Sources (Uses):					
Proceeds from issuance of debt	-	-	-	169,095	169,095
Transfers in	1,064,279	1,503,437	-	-	2,567,716
Transfers out	(1,503,437)	-	-	(280,918)	(1,784,355)
Total other financing sources (uses)	(439,158)	1,503,437	-	(111,823)	952,456
Net Change in Fund Balance	568,304	429,842	(147,741)	(345,748)	504,657
Fund balance (deficit) - beginning	30,111,782	(2,614,782)	792,141	3,377,170	31,666,311
Fund balance (deficit) - ending	\$ 30,680,086	\$ (2,184,940)	\$ 644,400	\$ 3,031,422	\$ 32,170,968

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, 2015

Net Change in Fund Balance - Total Governmental Funds	\$ 504,657
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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.

6,988,853

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

12,166

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.

110,905

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.

(2,317,916)

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.

929,359

Change in Net Position of Governmental Activities

\$ 6,228,024

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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 22,261,800	\$ 22,411,800	\$ 22,709,075	\$ 297,275
Intergovernmental	3,549,604	3,597,604	2,782,799	(814,805)
Charges for services	3,340,957	3,141,457	2,580,575	(560,882)
Fines and forfeitures	278,005	310,005	244,514	(65,491)
Investment earnings	50,100	78,100	86,538	8,438
Payment in lieu of taxes	140,042	148,042	114,909	(33,133)
Miscellaneous	317,597	251,097	235,257	(15,840)
Total revenues	29,938,105	29,938,105	28,753,667	(1,184,438)
Expenditures:				
Current:				
General government	14,866,561	14,953,511	15,354,650	(401,139)
Public safety	9,909,320	9,813,320	10,023,132	(209,812)
Public works	225,000	225,000	276,213	(51,213)
Human services	1,837,486	1,850,286	1,798,571	51,715
Culture and recreation	450,929	447,179	421,735	25,444
Conservation and development	635,342	635,342	465,301	170,041
Debt service:				
Principal	280,000	280,000	271,110	8,890
Interest	92,270	92,270	88,619	3,651
Capital outlay	38,000	38,000	83,181	(45,181)
Total expenditures	28,334,908	28,334,908	28,782,512	(447,604)
Excess of Revenues Over Expenditures	1,603,197	1,603,197	(28,845)	(1,632,042)
Other Financing Sources (Uses):				
Transfers in	732,563	732,563	1,064,279	331,716
Transfers out	(2,334,360)	(2,334,360)	(1,503,437)	830,923
Total other financing sources (uses)	(1,601,797)	(1,601,797)	(439,158)	1,162,639
Net Change in Fund Balance	1,400	1,400	(468,003)	\$ (469,403)
Fund balance - beginning	30,111,782	30,111,782	30,111,782	
Fund balance - ending	\$ 30,113,182	\$ 30,113,182	\$ 29,643,779	

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2015

	Business-type Activities Crawford County Care Center	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,700,775	\$ 3,137,523
Receivables:		
Accounts receivable, net	1,883,145	26,901
Prepaid expenses and other assets	38,932	-
Total current assets	4,622,852	3,164,424
Non-current assets:		
Capital assets, net of accumulated depreciation and amortization of \$5,646,927	1,403,958	-
Total Assets	6,026,810	3,164,424
Deferred Outflows of Resources		
Deferred outflows of resources for pension	1,983,750	-
Liabilities		
Current liabilities:		
Accounts payable and incurred insurance expenses	200,181	489,261
Accrued payroll and related liabilities	87,056	-
Due to other funds	690,527	-
Unearned revenue	-	426,177
Compensated absences	324,878	-
Total current liabilities	1,302,642	915,438
Noncurrent liabilities:		
Net pension liability	4,814,326	-
Total Liabilities	6,116,968	915,438
Net Position		
Net investment in capital assets	1,403,958	-
Unrestricted	489,634	2,248,986
Total Net Position	1,893,592	\$ 2,248,986
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	4,489,402	
Net Position of Business-type Activities (page 1)	\$ 6,382,994	

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, 2015

	Business-type Activities <u>Crawford County Care Center</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:		
Charges for services	\$ 12,673,330	\$ -
Miscellaneous	8,404	21,021
Employer contributions	-	6,780,487
Total operating revenues	<u>12,681,734</u>	<u>6,801,508</u>
Operating Expenses:		
Personnel services	9,369,739	-
Materials and supplies	945,293	-
Services	1,573,086	-
Depreciation and amortization	197,610	-
Bad debt	276,369	-
Other operating expenses	546,740	781,162
Incurred claims and adjustments	-	5,824,433
Total operating expenses	<u>12,908,837</u>	<u>6,605,595</u>
Operating income (loss)	<u>(227,103)</u>	<u>195,913</u>
Nonoperating Revenues (Expenses):		
Investment earnings	7,392	8,126
Income (Loss) Before Transfers	<u>(219,711)</u>	<u>204,039</u>
Transfers out	-	(783,361)
Change in Net Position	<u>(219,711)</u>	<u>(579,322)</u>
Net position - beginning, as restated	<u>2,113,303</u>	<u>2,828,308</u>
Net position - ending	1,893,592	<u>\$ 2,248,986</u>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise fund	<u>(1,738,594)</u>	
Change in Net Position of Business-type Activities (page 2)	<u>\$ 1,518,883</u>	

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Business-type Activities Crawford County Care Center	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 12,436,403	\$ 7,067,682
Payments to employees for salaries and benefits	(9,832,372)	-
Payments to suppliers and claimants	(3,334,695)	(6,890,559)
Net cash provided by (used in) operating activities	(730,664)	177,123
Cash Flows from Investing Activities:		
Interest on investments	7,392	8,126
Cash Flows from Non-Capital Financing Activities:		
Transfers (to) from other funds	77,622	(783,361)
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(124,943)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(770,593)	(598,112)
Cash and cash equivalents at January 1, 2015	3,471,368	3,735,635
Cash and cash equivalents at December 31, 2015	\$ 2,700,775	\$ 3,137,523
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (227,103)	\$ 195,913
Adjustments to reconcile change in operating income (loss) to net cash provided by (used in) operating activities:		
Pension (income) expense	(370,269)	-
Depreciation and amortization expense	197,610	-
Change in assets and liabilities:		
Accounts receivable	(245,331)	266,174
Prepaid expenses and other assets	(4,841)	-
Accounts payable and incurred insurance expenses	11,634	(284,964)
Accrued payroll and related liabilities	(99,763)	-
Compensated absences	7,399	-
Net cash provided by (used in) operating activities	\$ (730,664)	\$ 177,123

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2015

	Nonexpendable Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 2,975,780	\$ 1,596,235
Receivables	24,100	-
Investments, at fair value:		
Money market funds	475,410	-
Bond mutual funds	11,275,231	-
Equity mutual funds	38,994,875	-
Hedge funds	1,236,938	-
Alternative investment mutual funds	8,953,650	-
Total Assets	63,935,984	1,596,235
Liabilities		
Due to others	-	\$ 1,596,235
Net Position Restricted for Pension Benefits	\$ 63,935,984	

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Nonexpendable Pension Trust
Additions:	
Contributions:	
Employer	\$ 2,422,992
Plan members	2,246,842
Total contributions	4,669,834
Investment earnings (loss):	
Net decrease in the fair value of investments	(3,387,175)
Interest and dividends	2,051,165
Total investment earnings	(1,336,010)
Less investment expense	(97,724)
Net investment earnings (loss)	(1,433,734)
Total additions	3,236,100
Deductions:	
Administrative expenses	27,088
Benefits	3,671,610
Total deductions	3,698,698
Change in Net Position	(462,598)
Net position - beginning	64,398,582
Net position - ending	\$ 63,935,984

See accompanying notes to financial statements.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 subsidy to the Center.

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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 Redevelopment Authority - This authority was created for the purpose of revitalizing the Crawford County Industrial Park.

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 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.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, 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 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.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 funds and 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.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 stated at fair value (generally based on quoted market prices).

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 cost of prepaid items is recorded as expenditures/expenses 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 estimated fair market 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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 in conjunction with pension accounting requirements. Differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments are recorded as deferred outflows of resources related to pensions on the government-wide financial statements and the proprietary fund statement of net position. This amount is determined based on an actuarial valuations performed for the plan. Note 9 presents additional information about the pension plan.

In addition to liabilities, the statement of financial 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 government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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

YEAR ENDED DECEMBER 31, 2015

employees, at varying rates. The portion of the liability recorded for sick leave relates only to the buy-back which occurs on January 31 of the subsequent year. 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. This category includes amounts set aside for capital projects.
- 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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 controls for the Human Services Fund and Liquid Fuels Fund are 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 as reservations of fund balances 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

YEAR ENDED DECEMBER 31, 2015

	General Fund
	<hr/>
Net change in fund balance - General Fund as presented (modified accrual)	\$ 568,304
Adjustment to reconcile accounts and property taxes receivable to budgetary basis	(2,067,945)
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	<hr/> 1,031,638
Net change in fund balance - General Fund budgetary basis (cash basis)	<hr/> <u>\$ (468,003)</u>

For the year ended December 31, 2015, expenditures exceeded appropriations in the general government department, public safety department, public works department, and for capital outlays. These overages were funded by available fund balance.

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 2015 financial statements:

GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* and Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date."* These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 9). As a result of this implementation, the government-wide net position for governmental activities as of January 1, 2015 was restated with a decrease of \$7,782,272 to record the County's net pension liability. Additionally, the business-type activities net position was restated with a decrease of \$3,200,845 to record the Care Center's net pension liability.

GASB Statement No. 69, *"Government Combinations and Disposals of Government Operations."* This statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

transferred or sold. For the year ended December 31, 2015, the County has no mergers, acquisitions, or operations that have been transferred or sold to report.

Pending Pronouncements

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

GASB Statement No. 72, "*Fair Value Measurement and Application*," effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

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

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

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

GASB Statement No. 76, "*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes GASB No. 55.

GASB Statement No. 77, *"Tax Abatement Disclosures,"* effective for fiscal years beginning after December 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances.

GASB Statement No. 78, *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,"* effective for fiscal years beginning after December 31, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *"Accounting and Financial Reporting for Pensions."* The issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions.

GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants,"* effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for the election to measure all of its investments at amortized cost for financial reporting purposes.

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

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

GASB Statement No. 82, *"Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73,"* effective for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). The objective of this statement

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 Statement 68, and Amendments to Certain Provisions of Statements 67 and 68.”*

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. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds 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 \$17,042,107 at December 31, 2015, \$512,938 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 \$15,637,005 as of December 31, 2015, are reported as cash and cash equivalents and cash advances.

Investments

The County’s investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. As of December 31, 2015, the County had the following investments:

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Governmental activities					
Debt securities:					
U.S. Treasury Notes and Bonds	\$ 671,049	\$ -	\$ 671,049	\$ -	\$ -
U.S. Government Agency Obligations	1,780,583	-	366,847	365,261	1,048,475
Certificates of deposit	8,550,961	3,032,600	5,518,361	-	-
Total debt securities and certificates of deposit	11,002,593	\$ 3,032,600	\$ 6,556,257	\$ 365,261	\$ 1,048,475
Money markets	142,666				
Total	\$ 11,145,259				

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, 2015, the full bank balance of all of the County's certificates of deposits was insured by FDIC. As of December 31, 2015, the County's remaining investment balance of \$8,594,298 (bank and book balance) was exposed to custodial credit risk. All of the County's investments other than certificates of deposits were uninsured and held by the counterparty, but not in the County's name. 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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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, 2015, the County's investments in debt securities have received AA ratings 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 \$1,596,235 and the bank balance was \$1,893,222. Of the bank balance, \$734,879 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 include book value of \$2,975,780 at December 31, 2015. The bank balance of the checking deposit as of December 31, 2015 was \$2,987,117. 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

The Pension Trust Fund investments are held separately from those of other County funds. Investments of the plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Hedge funds are valued using the net asset value per share as determined by the hedge fund administrators as provided by the custodian. 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.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County does not have a formal investment policy for credit risk. As of December 31, 2015, the County's Pension Trust Fund does not have any investments in fixed income securities.

Custodial Credit Risk - For deposits and 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, 2015, 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.

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, 2015 was 18.25 mills (property tax) and 0.6 mills (library tax assessment) applied to an assessable base of \$1,193,236,385 for general County purposes. 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 at December 31. The County collects delinquent property taxes on behalf of itself and other taxing authorities within the County.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Current property taxes receivable at December 31, 2015 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.

For 2016, the County's millage rate for property taxes increased from 18.25 mills to 18.5 mills. The increase of 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. The library assessment of 0.6 mills remains unchanged for 2016.

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 \$459,694.

Property tax receivables are shown net of an allowance for uncollectible accounts equal to \$367,779 calculated as follows:

<u>Year</u>	<u>Uncollectible</u>
2015	2.5%
2014	2.5%
2013	5.5%
2012	8.5%
2011	55%
2010	75%
2009 and prior	100%

Per capita tax receivables are shown net of an allowance for uncollectible accounts equal to \$11,877.

6. PROMISSORY NOTES

Included in other assets on the statement of net position are two promissory notes from the Crawford County Regional Airport Authority (Airport Authority) and the Crawford County Fair Association Dairy Committee (Dairy Committee). In 2008, the County loaned the Airport Authority \$393,206 to be repaid by increasing increments over a fifteen-year term at zero percent interest, beginning in 2009. The County also loaned the Dairy Committee

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

\$130,000 in 2008, to be repaid in annual installments of \$15,000 at zero percent interest. As of December 31, 2015, promissory notes receivable total \$273,206. Both the Airport Authority and Dairy Committee are current with their repayments.

7. CAPITAL ASSETS

A summary of governmental activities capital assets for the year ended December 31, 2015 is as follows:

	Balance at January 1, 2015	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 637,636	\$ -	\$ -	\$ 637,636
Construction in progress	1,882,096	7,803,740	-	9,685,836
Total capital assets, not being depreciated	2,519,732	7,803,740	-	10,323,472
Capital assets, being depreciated:				
Buildings	19,982,839	-	-	19,982,839
Land improvements	1,961,675	-	-	1,961,675
Equipment	8,046,380	382,089	-	8,428,469
Vehicles	1,552,907	125,435	(99,283)	1,579,059
Infrastructure	11,052,322	49,880	-	11,102,202
Total capital assets, being depreciated	42,596,123	557,404	(99,283)	43,054,244
Less: accumulated depreciation	(20,842,299)	(1,358,105)	85,097	(22,115,307)
Total capital assets, being depreciated, net	21,753,824	(800,701)	(14,186)	20,938,937
Governmental activities, capital assets, net	\$ 24,273,556	\$ 7,003,039	\$ (14,186)	\$ 31,262,409

Depreciation expense was charged to functions/programs as follows:

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Governmental activities:	
General government	\$ 361,447
Public safety	522,900
Public works	231,406
Human services	122,756
Culture and recreation	<u>119,596</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,358,105</u></u>

A summary of business-type activities capital assets for the year ended December 31, 2015 is as follows:

	January 1, 2015	Transfers/ Additions	Deletions	December 31, 2015
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 158,863</u>	<u>\$ -</u>	<u>\$ (158,863)</u>	<u>\$ -</u>
Capital assets, being depreciated:				
Buildings	5,373,894	177,729	-	5,551,623
Land improvements	763,586	-	-	763,586
Equipment	518,546	106,077	-	624,623
Vehicles	<u>111,053</u>	<u>-</u>	<u>-</u>	<u>111,053</u>
Total capital assets, being depreciated	<u>6,767,079</u>	<u>283,806</u>	<u>-</u>	<u>7,050,885</u>
Less: accumulated depreciation	<u>(5,449,317)</u>	<u>(197,610)</u>	<u>-</u>	<u>(5,646,927)</u>
Total capital assets, being depreciated, net	<u>1,317,762</u>	<u>86,196</u>	<u>-</u>	<u>1,403,958</u>
Business-type activities, capital assets, net	<u><u>\$ 1,476,625</u></u>	<u><u>\$ 86,196</u></u>	<u><u>\$ (158,863)</u></u>	<u><u>\$ 1,403,958</u></u>

Depreciation expense on assets charged to the single business-type activity was \$197,610, and was charged to human services expense.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2015, as well as interfund transfers for the year ended December 31, 2015, were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental activities:				
General	\$ 2,177,696	\$ 1,338,102	\$ 1,064,279	\$ 1,503,437
Human Services	1,337,525	1,288,915	1,503,437	-
Liquid Fuels	44,570	49,990	-	-
Aggregate remaining funds	-	192,257	-	280,918
Business-type activities:				
Care Center	-	690,527	-	-
Internal Service Fund	-	-	-	783,361
	<u>\$ 3,559,791</u>	<u>\$ 3,559,791</u>	<u>\$ 2,567,716</u>	<u>\$ 2,567,716</u>

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, aggregate remaining, and Care Center funds is for expenses, such as pension, payroll, and cost allocation expenses, which are initially paid 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. The interfund transfer out of the Internal Service Fund was due to the closing of the self-insured workers' compensation fund and the transfer of accumulated net fund balance to the General Fund.

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.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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, 2015, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	247
Inactive plan members entitled to but not yet receiving benefits	46
Active plan members	<u>601</u>
Total plan members	<u><u>894</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. Retirement benefits for Plan members are calculated as a percent of the member's final 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 final average salary at time of retirement plus a monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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 \$2,422,992 for 2015.

Changes in Net Pension Liability

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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 75,721,207	\$ 64,398,582	\$ 11,322,625
Changes for the year:			
Service cost	1,017,412	-	1,017,412
Interest	5,620,200	-	5,620,200
Differences between expected and actual experience	2,275,883	-	2,275,883
Contributions - employer	-	2,422,992	(2,422,992)
Contributions - employee	-	2,246,842	(2,246,842)
Net investment income	-	(1,433,734)	1,433,734
Benefit payments, including refunds	(3,671,610)	(3,671,610)	-
Administrative expense	-	(27,088)	27,088
Net changes	5,241,885	(462,598)	5,704,483
Balances at December 31, 2015	<u>\$ 80,963,092</u>	<u>\$ 63,935,984</u>	<u>\$ 17,027,108</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>78.97%</u>

Actuarial assumptions – The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	7.5%
Projected salary increases	4.5%
Underlying inflation rate	3.0%
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 experience study has not been performed in the last five years.

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, 2015 actuarial valuation.

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	15 - 30%	5.4% - 6.4%
International equity	17.5 - 37.5%	5.5% -6.5%
Fixed income	20 - 40%	1.3% -3.3%
Real estate/ alternative	0 - 10%	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, 2015, the annual money-weighted rate of return on Plan investments, net of investment expense, was (2.53%).

Concentrations – At December 31, 2015, 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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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:

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<u>\$ 22,194,309</u>	<u>\$ 17,027,108</u>	<u>\$ 9,133,053</u>

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

For the year ended December 31, 2015, the County recognized pension expense of approximately \$1.1 million. At December 31, 2015, 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	\$ 1,976,425	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>5,039,619</u>	<u>-</u>
Total	<u>\$ 7,016,044</u>	<u>\$ -</u>

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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Year Ending December 31:

2016	\$	1,559,363
2017		1,559,363
2018		1,559,363
2019		1,559,363
Thereafter		778,592
	\$	<u>7,016,044</u>

10. NONCURRENT LIABILITIES

General Obligation Bonds

On December 30, 2010, the County issued an aggregate amount of \$2,300,000 General Obligation Bonds, comprised of \$612,000 Taxable Build America Bonds, Series A of 2010, bearing interest at 4.11% and maturing September 1, 2014 - 2016; and \$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 A and B Bonds, net of issuance costs of \$32,553, 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 35% and 45% interest refunds on the Series A and B Bonds, respectively. The amounts of expected interest refunds over the life of the bonds are \$39,272 on the Series A Bonds and \$274,977 on the Series B Bonds.

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

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 305,000	\$ 80,824	\$ 385,824
2017	330,000	66,989	396,989
2018	355,000	51,899	406,899
2019	380,000	35,667	415,667
2020	400,000	18,340	418,340
	<u>\$ 1,770,000</u>	<u>\$ 253,719</u>	<u>\$ 2,023,719</u>

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Construction Note Payable

On November 19, 2015, the County issued a Tax-Exempt General Obligation Note, Series of 2015 (Construction Note). The 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, 2015, \$169,095 representing debt issuance costs was drawn on the Construction Note. Until November 19, 2020 (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 Construction Note. Repayment of principal will begin in November 2017 and extend through November 2040.

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended December 31, 2015 was as follows:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
<u>Governmental Activities</u>					
GOB, Series A of 2010	\$ 362,000	\$ -	\$ (280,000)	\$ 82,000	\$ 82,000
GOB, Series B of 2012	1,688,000	-	-	1,688,000	223,000
GON, Series of 2015	-	169,095	-	169,095	-
Compensated absences	1,272,839	1,624,378	(1,608,735)	1,288,482	1,288,482
Noncurrent liabilities	<u>\$ 3,322,839</u>	<u>\$ 1,793,473</u>	<u>\$ (1,888,735)</u>	<u>\$ 3,227,577</u>	<u>\$ 1,593,482</u>
	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
<u>Business-Type Activities</u>					
Compensated absences	<u>\$ 317,479</u>	<u>\$ 324,878</u>	<u>\$ (317,479)</u>	<u>\$ 324,878</u>	<u>\$ 324,878</u>

11. SHORT-TERM DEBT OBLIGATIONS

The County utilized short-term financing during 2015 in the form of a \$5,000,000 line of credit. The line of credit was used to finance Human Services operations through the Commonwealth of Pennsylvania's budget impasse. The County made two draws on the line

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

of credit in September and October 2015 at an interest rate of 2.37%. The line of credit was subsequently paid off prior to December 31, 2015 and closed.

<u>Governmental Activities</u>	Balance at January 1, 2015	Draws	Repayments	Balance at December 31, 2015
Line of Credit	\$ -	\$ 400,000	\$ (400,000)	\$ -

12. 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, 2015:

2016	\$ 698,984
2017	429,834
2018	292,411
2019	243,951
2020	166,380
2021-2025	<u>399,960</u>
	<u>\$ 2,231,520</u>

Total rent payments made during 2015 amounted to \$621,093.

13. 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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 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:

	Workers' Compensation Coverage Plan	Liability Coverage Plan	Health Care Plan	Total
Liability at January 1, 2014	\$ 395,025	\$ 89,990	\$ 460,542	\$ 945,557
Incurred claims and claim adjustments	50,249	25,856	4,641,072	4,717,177
Payments on claims and claim adjustment expenses	(127,629)	(65,064)	(4,695,816)	(4,888,509)
Liability at December 31, 2014	317,645	50,782	405,798	774,225
Incurred claims and claim adjustments	(265,463)	109,067	5,980,829	5,824,433
Payments on claims and claim adjustment expenses	(33,210)	(121,384)	(5,954,803)	(6,109,397)
Liability at December 31, 2015	\$ 18,972	\$ 38,465	\$ 431,824	\$ 489,261

14. 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

COUNTY OF CRAWFORD, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, and exclusion from the Medicare and Medicaid programs.

At December 31, 2015, the County has construction commitments totaling approximately \$9,000,000 related to the construction of the Judicial Center.

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.

15. REVENUE CONCENTRATION

Of the County's total governmental revenues, approximately 41% and 38% 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.

16. SUBSEQUENT EVENTS

On January 5, 2016, the County issued a Tax-Exempt General Obligation Note, Series 2016 with a principal amount of \$7 million. The note is in the form of a draw-down, term loan to finance the construction of the judicial center.

In June 2016, the County authorized the construction of a \$3.5 million Public Safety Building to be funded by County reserves.

**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*

	2015	2014
Total Pension Liability:		
Service cost	\$ 1,017,412	\$ 923,741
Interest	5,620,200	5,245,366
Differences between expected and actual experience	2,275,883	2,268,873
Benefit payments, including refunds of member contributions	(3,671,610)	(3,401,003)
Net Changes in Total Pension Liability	5,241,885	5,036,977
Total Pension Liability - Beginning	75,721,207	70,684,230
Total Pension Liability - Ending (a)	<u>\$ 80,963,092</u>	<u>\$ 75,721,207</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 2,422,992	\$ 2,225,894
Contributions - member	2,246,842	2,124,387
Net investment income	(1,433,734)	1,501,131
Benefit payments, including refunds of member contributions	(3,671,610)	(3,401,003)
Administrative expense	(27,088)	(25,969)
Net Change in Plan Fiduciary Net Position	(462,598)	2,424,440
Plan Fiduciary Net Position - Beginning	64,398,582	61,974,142
Plan Fiduciary Net Position - Ending (b)	<u>\$ 63,935,984</u>	<u>\$ 64,398,582</u>
Net Pension Liability - Ending (a-b)	<u>\$ 17,027,108</u>	<u>\$ 11,322,625</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>78.97%</u>	<u>85.05%</u>
Covered Employee Payroll	<u>\$ 23,861,279</u>	<u>\$ 22,188,086</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	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*

	2015	2014
Schedule of County Contributions		
Actuarially determined contribution	\$ 2,422,992	\$ 2,225,894
Contribution required under Act 205		
Contributions in relation to the actuarially determined contribution	2,422,992	2,225,894
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 23,861,279	\$ 22,188,086
Contributions as a percentage of covered employee payroll	10.15%	10.03%
Investment Returns		
Annual money-weighted rate of return, net of investment expense	-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, 2015

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	20 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
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 **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.

Capital Projects Fund

The following Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds:

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

COUNTY OF CRAWFORD, PENNSYLVANIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
Assets	CDBG	911	Special Revenue All Other		
Cash and cash equivalents	\$ 379	\$ 440,838	\$ 728,818	\$ 2,482,670	\$ 3,652,705
Receivables:					
Accounts receivable, net	-	-	7,153	-	7,153
Intergovernmental receivable	6,543	375,126	121,357	-	503,026
Due from other funds	-	-	-	-	-
Prepaid expenses and other assets	-	16,629	13	-	16,642
Total Assets	<u>\$ 6,922</u>	<u>\$ 832,593</u>	<u>\$ 857,341</u>	<u>\$ 2,482,670</u>	<u>\$ 4,179,526</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ 26,691	\$ 351,465	\$ 508,142	\$ 886,298
Accrued payroll and related liabilities	-	6,434	95	-	6,529
Intergovernmental payable	-	-	10	-	10
Due to other funds	6,546	44,141	1,925	139,645	192,257
Unearned revenue	376	-	62,634	-	63,010
Total Liabilities	<u>6,922</u>	<u>77,266</u>	<u>416,129</u>	<u>647,787</u>	<u>1,148,104</u>
Fund Balance:					
Nonspendable	-	16,629	13	-	16,642
Restricted:					
Roads and bridges	-	-	-	-	-
Emergency services	-	738,698	-	-	738,698
Hazmat	-	-	96,295	-	96,295
Affordable housing	-	-	95,910	-	95,910
Records improvement	-	-	248,994	-	248,994
Assigned	-	-	-	1,834,883	1,834,883
Total Fund Balance	<u>-</u>	<u>755,327</u>	<u>441,212</u>	<u>1,834,883</u>	<u>3,031,422</u>
Total Liabilities and Fund Balance	<u>\$ 6,922</u>	<u>\$ 832,593</u>	<u>\$ 857,341</u>	<u>\$ 2,482,670</u>	<u>\$ 4,179,526</u>

COUNTY OF CRAWFORD, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	CDBG	911	Total Other Special Revenue		
Revenues:					
Intergovernmental	\$ 51,166	\$ 1,307,606	\$ 1,291,950	\$ -	\$ 2,650,722
Charges for services	-	315,035	137,555	-	452,590
Investment earnings	6	1,345	1,523	5,740	8,614
Miscellaneous	-	44,819	9,361	-	54,180
Total revenues	51,172	1,668,805	1,440,389	5,740	3,166,106
Expenditures:					
Current:					
General government	51,172	-	123,740	716,680	891,592
Public safety	-	1,101,715	116,959	-	1,218,674
Public works	-	-	-	-	-
Human services	-	-	1,289,765	-	1,289,765
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	51,172	1,101,715	1,530,464	716,680	3,400,031
Excess (Deficiency) of Revenues Over Expenditures	-	567,090	(90,075)	(710,940)	(233,925)
Other Financing Sources (Uses):					
Proceeds from issuance of debt	-	-	-	169,095	169,095
Transfers out	-	(5,466)	-	(275,452)	(280,918)
Total other financing sources (uses)	-	(5,466)	-	(106,357)	(111,823)
Net Change in Fund Balance	-	561,624	(90,075)	(817,297)	(345,748)
Fund balance - beginning	-	193,703	531,287	2,652,180	3,377,170
Fund balance - ending	\$ -	\$ 755,327	\$ 441,212	\$ 1,834,883	\$ 3,031,422

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, 2015

	Balance at January 1, 2015	Additions	Deductions	Balance at December 31, 2015
Assets				
Cash and cash equivalents	\$ 3,215,805	\$ 18,417,394	\$ 20,036,964	\$ 1,596,235
Total Assets	<u>\$ 3,215,805</u>	<u>\$ 18,417,394</u>	<u>\$ 20,036,964</u>	<u>\$ 1,596,235</u>
Liabilities				
Due to others	\$ 3,215,805	\$ 18,417,394	\$ 20,036,964	\$ 1,596,235
Total Liabilities	<u>\$ 3,215,805</u>	<u>\$ 18,417,394</u>	<u>\$ 20,036,964</u>	<u>\$ 1,596,235</u>

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2015

<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	\$ 10,840	\$ 9,804	\$ 8,845
Emergency Food Assistance Program (Food Commodities)	N/A	10.569	89,707	89,707	89,707
Total U.S. Department of Agriculture				99,511	98,552
<u>U.S. Department of Housing and Urban Development</u>					
Continuum of Care Program	N/A	14.267	180,206	180,206	-
Passed Through the Pennsylvania Department of Community and Economic Development:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	N/A	14.228	141,885	54,661	-
Emergency Solutions Grant Program	N/A	14.231	38,486	38,213	18,381
Subtotal				92,874	18,381
Total U.S. Department of Housing and Urban Development				273,080	18,381
<u>U.S. Department of Justice</u>					
Bulletproof Vest Partnership Program	N/A	16.607	1,269	1,269	-
Passed Through the Pennsylvania Commission on Crime and Delinquency:					
Juvenile Accountability Block Grants	25019	16.523	3,075	3,075	-
Juvenile Justice and Delinquency Prevention - Allocation to States	25391	16.540	118,180	147,106	145,754
Violence Against Women Formula Grants	23793-3	16.588	127,490	125,000	63,595
Edward Byrne Memorial Justice Assistance Grant Program	26086	16.738	-	39,533	-
Total U.S. Department of Justice				315,983	209,349
<u>U.S. Department of Transportation</u>					
Passed Through the Pennsylvania Department of Transportation:					
Highway Planning and Construction	N/A	20.205	4,645,936	4,912,562	-
Passed Through the Pennsylvania Emergency Management Agency:					
Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	20.703	28,096	28,096	28,096
Total U.S. Department of Transportation				4,940,658	28,096
<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	96,866	95,349	95,349
Total U.S. Department of Education				95,349	95,349
<u>U.S. Department of Health and Human Services</u>					
Passed Through the Pennsylvania Department of Human Services:					
Guardianship Assistance	N/A	93.090	37,724	37,724	-

(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, 2015

(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	52,836	49,826	48,462
Promoting Safe and Stable Families	N/A	93.556	6,025	6,025	-
Temporary Assistance for Needy Families	N/A	93.558	273,405	273,405	273,405
Temporary Assistance for Needy Families	ME# 9661600620	93.558	5,242	5,242	5,242
Subtotal				278,647	278,647
Child Support Enforcement	ME#3321114020	93.563	795,486	795,486	-
Child Support Enforcement	ME#3321114020	93.563	113,888	113,888	-
Subtotal				909,374	-
Stephanie Tubbs Jones Child Welfare Services Program	N/A	93.645	232,122	232,122	232,122
Foster Care - Title IV-E	N/A	93.658	1,344,218	1,379,620	1,049,751
Adoption Assistance	N/A	93.659	355,046	355,046	-
Social Services Block Grant	N/A	93.667	151,038	146,943	71,266
Chafee Foster Care Independence Program	ME#102011600	93.674	51,912	51,912	51,912
Medical Assistance Program - Transportation	N/A	93.778	515,484	515,484	500,484
Medical Assistance Program - Children and Youth Services	N/A	93.778	5,916	5,916	-
Medical Assistance Program -Mental Health/Intellectual Disabilities	N/A	93.778	173,251	149,651	22,013
Medical Assistance Program - Early Intervention	N/A	93.778	6,401	12,803	-
Subtotal				683,854	522,497
Block Grants for Community Mental Health Services	N/A	93.958	64,925	97,388	97,388
Passed Through the Pennsylvania Department of Drug and Alcohol Programs:					
Block Grants for Prevention and Treatment of Substance Abuse	NA	93.959	167,921	341,543	341,543
Total U.S. Department of Health and Human Services				4,570,024	2,693,588
<u>U.S. Department of Homeland Security</u>					
Passed Through the Pennsylvania Emergency Management Agency:					
Hazard Mitigation Grant	N/A	97.039	9,714	12,564	12,564
Emergency Management Performance Grants	N/A	97.042	71,511	71,511	-
Homeland Security Grant Program	N/A	97.067	103,524	103,524	61,013
Total U.S. Department of Homeland Security				187,599	73,577
Total Expenditures of Federal Awards				<u>\$ 10,482,204</u>	<u>\$ 3,216,892</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, 2015

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, 2015. 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 made prior to December 26, 2014 are recognized following the cost principles of OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. The County's federal awards made subsequent to December 26, 2014 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, 2015

<u>Programs</u>	<u>Combined Federal/ State Expenditures</u>
Mental Health Services	\$ 2,618,612
Intellectual Disabilities Services	1,773,399
Early Intervention Services	688,359
Children and Youth	8,039,780
Homeless Assistance Program	197,168
Medical Assistance Transportation Program	1,061,235
Child Support Enforcement	909,394
HSDF Block Grant	<u>77,309</u>
Total combined state/federal expenditures	<u><u>\$ 15,365,256</u></u>

* Denotes major programs for DHS purposes. No funds were expended under major DHS programs for the year ended December 31, 2015.

County of Crawford, Pennsylvania

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2015

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 21, 2016, which was adverse because the financial statements do not include financial data for the County's legally 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 that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. See Finding 2015-001 in the schedule of findings and questioned costs.

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

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*.

The County's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Maher Duessel

Pittsburgh, Pennsylvania
September 21, 2016

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, 2015. 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 *Compliance Supplement* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or DHS program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and DHS Program

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

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

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 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.

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. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
September 21, 2016

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2015

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, Adverse Opinion on Aggregate Discretely Presented Component 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>
20.205	Highway Planning and Construction

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.

Finding 2015-001 - Internal Control over Financial Reporting

Condition: During the audit process, various adjustments were proposed by the auditors in order that the financial statements could be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP financials). Then, using the information provided by management, the auditors prepared the GAAP financials, which were subsequently reviewed by management. These adjustments were necessary to properly reflect current year operations.

COUNTY OF CRAWFORD, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2015

Criteria: Auditing standards have placed more emphasis on determining an entity's ability to fully prepare their own external financial statements, including the posting of all adjustments necessary to present GAAP financials and evaluating the need for all necessary financial statement disclosures.

Cause: Due to the turnover of accounting employees, it is unlikely the County of Crawford, Pennsylvania would have the resources available to prepare their own external financial statements.

Effect: Adjustments were required to be recorded in order for the financial statements to be prepared in accordance with GAAP.

Repeat Finding: This is a repeat of finding 2014-001.

Recommendation: Although we recognize management's efforts and improvements over the prior year report as they have reduced the number of journal entries, we recommend that management continue to evaluate their internal controls over the financial reporting process to ensure that the financial statements are prepared in accordance with GAAP.

Views of Responsible Official and Planned Corrective Action: Management agrees with the finding. See separate Corrective Action Plan.

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, 2015

Finding 2014-001 - Internal Control over Financial Reporting

Condition: During the audit process, various adjustments were proposed by the auditors in order that the financial statements could be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP financials). Then, using the information provided by management, the auditors prepared the GAAP financials, which were subsequently reviewed by management. These adjustments were necessary to properly reflect current year operations.

Recommendation: We recommend that management continue to evaluate their internal controls over the financial reporting process to ensure that the financial statements are prepared in accordance with GAAP.

Status: Finding remains; see current year finding 2015-001.

County of Crawford, Pennsylvania

DHS-Funded Financial Assistance Program Exhibits

**Years Ended June 30, 2015 and December 31, 2015
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. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of DHS. 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, 2015 and December 31, 2015, 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 (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

- 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.

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

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

* * * * *

This report is intended solely for the information and use of DHS and should not be used by those who have not agreed to the procedures, and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Maher Duessel

Pittsburgh, Pennsylvania
September 21, 2016

COUNTY OF CRAWFORD, PENNSYLVANIA
CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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: 3/31/2015															
1. Salary & Overhead	\$ 346,796	\$ 15,480	\$ 27,448	\$ 303,868	\$ 200,553	\$ 346,796	\$ 15,480	\$ 27,448	\$ 303,868	\$ 200,553	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	3,749	142	-	3,607	2,381	3,749	142	-	3,607	2,381	-	-	-	-	-
4. Blood Testing Fees	623	-	-	623	411	623	-	-	623	411	-	-	-	-	-
5. Blood Testing Costs	531	-	531	-	-	531	-	531	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 342,955	\$ 15,338	\$ 27,979	\$ 299,638	\$ 197,761	\$ 342,955	\$ 15,338	\$ 27,979	\$ 299,638	\$ 197,761	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 6/30/2015															
1. Salary & Overhead	\$ 330,996	\$ 14,577	\$ 25,560	\$ 290,859	\$ 191,967	\$ 330,996	\$ 14,577	\$ 25,560	\$ 290,859	\$ 191,967	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	2,802	109	-	2,693	1,777	2,802	109	-	2,693	1,777	-	-	-	-	-
4. Blood Testing Fees	395	-	-	395	261	395	-	-	395	261	-	-	-	-	-
5. Blood Testing Costs	1,137	-	1,137	-	-	1,137	-	1,137	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 328,936	\$ 14,468	\$ 26,697	\$ 287,771	\$ 189,929	\$ 328,936	\$ 14,468	\$ 26,697	\$ 287,771	\$ 189,929	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 09/30/2015															
1. Salary & Overhead	\$ 340,002	\$ 15,638	\$ 23,375	\$ 300,989	\$ 198,653	\$ 340,002	\$ 15,638	\$ 23,375	\$ 300,989	\$ 198,653	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	3,151	122	-	3,029	1,999	3,151	122	-	3,029	1,999	-	-	-	-	-
4. Blood Testing Fees	197	-	-	197	130	197	-	-	197	130	-	-	-	-	-
5. Blood Testing Costs	739	-	739	-	-	739	-	739	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 337,393	\$ 15,516	\$ 24,114	\$ 297,763	\$ 196,524	\$ 337,393	\$ 15,516	\$ 24,114	\$ 297,763	\$ 196,524	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 12/31/2015															
1. Salary & Overhead	\$ 350,390	\$ 14,360	\$ 14,618	\$ 321,412	\$ 212,132	\$ 350,390	\$ 14,360	\$ 14,618	\$ 321,412	\$ 212,132	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	3,125	120	-	3,005	1,983	3,125	120	-	3,005	1,983	-	-	-	-	-
4. Blood Testing Fees	307	-	-	307	203	307	-	-	307	203	-	-	-	-	-
5. Blood Testing Costs	379	-	379	-	-	379	-	379	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 347,337	\$ 14,240	\$ 14,997	\$ 318,100	\$ 209,946	\$ 347,337	\$ 14,240	\$ 14,997	\$ 318,100	\$ 209,946	\$ -	\$ -	\$ -	\$ -	\$ -

COUNTY OF CRAWFORD, PENNSYLVANIA

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

FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2015

Exhibit A-1 (d)

	Single Audit Title IV-D Account	Reported Title IV-D Account	Single Audit Over (Under) Reported
Balance, January 1	<u>\$ 227,216</u>	<u>\$ 227,216</u>	<u>\$ -</u>
Receipts:			
Reimbursements	703,636	703,636	-
Incentives	91,779	91,779	-
Title XIX incentives	396	396	-
Program income	7,810	7,810	-
Genetic testing costs	1,521	1,521	-
Maintenance of effort (MOE)	778,947	778,947	-
Other - refunds/credits	<u>7</u>	<u>7</u>	<u>-</u>
	1,584,096	1,584,096	-
Intrafund Transfers - In	<u>119,079</u>	<u>119,079</u>	<u>-</u>
Funds Available	<u>1,930,391</u>	<u>1,930,391</u>	<u>-</u>
Disbursements:			
Incentive Paid Costs	91,779	91,779	-
Vendor payments	1,465,010	1,465,010	-
Other - refunds/credits	<u>7</u>	<u>7</u>	<u>-</u>
	1,556,796	1,556,796	-
Intrafund Transfers - Out	<u>119,079</u>	<u>119,079</u>	<u>-</u>
Balance, December 31	<u><u>\$ 254,516</u></u>	<u><u>\$ 254,516</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, 2015

Exhibit III

	<u>Reported</u>	<u>Actual</u>
Service Data:		
Expenditures:		
Group I clients	\$ 999,651	\$ 999,651
Group II clients	80,889	80,889
	<u> </u>	<u> </u>
Total expenditures	<u>\$ 1,080,540</u>	<u>\$ 1,080,540</u>
 Allocation Data:		
Revenues:		
Department of Human Services	\$ 1,080,117	\$ 1,080,117
Interest income	423	423
	<u> </u>	<u> </u>
Total revenues	<u>1,080,540</u>	<u>1,080,540</u>
 Funds expended:		
Operating costs	861,203	861,203
Administrative costs	219,337	219,337
	<u> </u>	<u> </u>
 Excess Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>

Indirect Cost Rate: 0.12%

COUNTY OF CRAWFORD, PENNSYLVANIA

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

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2015

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	\$ 24,274	\$ 263,974	\$ 288,248	\$ 278,998	\$ 9,250	\$ 4,436	\$ 13,686
2. Early Intervention Training	10235	-	4,431	4,431	4,431	-	-	-
3. Early Intervention Administration	10235	2,692	130,477	133,169	133,169	-	-	-
4. Infant & Toddlers w/Disabilities (Part C)	70170	-	96,865	96,865	96,865	-	1,517	1,517
5. IT&F Waiver Administration	10235/70184	-	12,802	12,802	12,802	-	-	-
6. Reserved	00001	-	-	-	-	-	-	-
7. Total		\$ 26,966	\$ 508,549	\$ 535,515	\$ 526,265	\$ 9,250	\$ 5,953	\$ 15,203

COUNTY OF CRAWFORD, PENNSYLVANIA

EARLY INTERVENTION SERVICES REPORT OF INCOME AND EXPENDITURES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2015

Exhibit V(b)EI

		Admin Office	Early Intervention	Supports Coordination	Total
	TOTAL ALLOCATION				\$ 535,515
II.	TOTAL EXPENDITURES	\$ 161,310	\$ 283,949	\$ 291,962	737,221
III.	COSTS OVER ALLOCATION				
	A. County Funded Eligible	-	-	-	-
	B. County Funded Ineligible	-	-	-	-
	C. Other Eligible	-	-	-	-
	D. Other Ineligible	-	-	-	-
	Subtotal Costs Over Allocation	-	-	-	-
IV.	REVENUES				
	A. Program Service Fees	-	-	-	-
	B. Private Insurance	-	-	-	-
	C. Medical Assistance	-	-	152,938	152,938
	D. Earned Interest	494	-	-	494
	E. Other	48	425	-	473
	Subtotal Revenues	542	425	152,938	153,905
V.	DHS REIMBURSEMENT				
	A. DHS Categorical Funding 90% Subtotal	133,169	255,172	125,122	513,463
	B. DHS Categorical Funding 100% Subtotal	12,802	-	-	12,802
VI.	COUNTY Match				
	10% County Match	14,797	28,352	13,902	57,051
	Subtotal County Match	14,797	28,352	13,902	57,051
VII.	TOTAL DHS REIMBURSEMENT & COUNTY MATCH	\$ 160,768	\$ 283,524	\$ 139,024	583,316
VIII.	TOTAL CARRYOVER				\$ 9,250

COUNTY OF CRAWFORD, PENNSYLVANIA

BLOCK GRANT COUNTIES SCHEDULE OF FUND BALANCES - SUMMARY REPORT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2015

Exhibit VI(a) BG-S

County Match	5.68%
Actual County Match (\$)	\$ 256,929
Actual County Match (%)	5.68%

Block Grant Reporting			Cost Eligible for DHS Participation									
	Appropriation	DHS Allocation	Mental Health	Intellectual Disabilities	Homeless Assistance	Child Welfare	HSS	D&A	Total	Balance of Funds	Adjustments	Total Fund Balance
Sources of Funding												
1. State Human Services Block Grant	Multiple	\$ 4,475,919	\$ 2,519,288	\$ 893,824	\$ 217,350	\$ 328,554	\$ 76,284	\$ 356,096	\$ 4,391,396	\$ 84,523	\$ 5,071	\$ 89,594
2. SSBG	Multiple	78,340	38,065	40,275	-	-	-	-	78,340	-	-	-
3. SABG	70113	-	-	-	-	-	-	-	-	-	-	-
4. CMHSBG	70167	74,925	74,925	-	-	-	-	-	74,925	-	-	-
5. MA	70175	182,789	-	145,716	-	-	-	-	145,716	37,073	-	37,073
6. Crisis Counseling	80222	-	-	-	-	-	-	-	-	-	-	-
Total for Block Grant		\$ 4,811,973	\$ 2,632,278	\$ 1,079,815	\$ 217,350	\$ 328,554	\$ 76,284	\$ 356,096	\$ 4,690,377	\$ 121,596	\$ 5,071	\$ 126,667

Retained Earnings	
I. Unexpended Allocation	\$ 84,523
II. Maximum Retained Earnings (3%)	134,278
III. Waiver Requested Money (if applicable)	-
IV. Total Requested Retained Earnings	\$ 84,523

Prior Year Retained Earnings	
I. FY 13-14 Retained Earnings	\$ 130,479
II. Total Expended Retained Earnings (3%)	130,479
III. Total Expended Retained Earnings - Waiver of 3%	-
IV. Amount to be Returned to DHS	\$ -

COUNTY OF CRAWFORD, PENNSYLVANIA

BLOCK GRANT COUNTIES SCHEDULE OF FUND BALANCES - SUMMARY REPORT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2015

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 - Adult Health Quality Measures	70127	-	-	-	-	-	-	-
3. Federal - Self Directed Care - TTI	70127	-	-	-	-	-	-	-
4. Federal - Infusing Peer Specialist Intro Crisis Service	70127	-	-	-	-	-	-	-
5. Federal - PATH Homeless Grant	70154	-	42,708	42,708	42,708	-	-	-
6. Federal - Capitalization of POMS	70522	-	-	-	-	-	-	-
7. Federal - Youth Suicide Prevention	70651	-	-	-	-	-	-	-
8. Federal - Jail Diversion & Trauma Recovery	70747	-	-	-	-	-	-	-
9. Federal - Project Launch	71021	-	-	-	-	-	-	-
10. Federal - Bio-Terrorism Hospital Preparedness	80343	-	-	-	-	-	-	-
Subtotal Mental Health Services		-	42,708	42,708	42,708	-	-	-
Intellectual Disabilities Services								
1. Other	10255	-	-	-	-	-	-	-
2. Elwyn	10236	-	-	-	-	-	-	-
3. Money Follows the Person	10263	-	-	-	-	-	-	-
Subtotal Intellectual Disabilities Services		-	-	-	-	-	-	-
Total for Non-Block Grant		\$ -	\$ 42,708	\$ 42,708	\$ 42,708	\$ -	\$ -	\$ -

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

Years Ended December 31, 2015 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 this agreement for the year ended December 31, 2015. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of DHS. 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.).

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of DHS and the management of the County and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report is not intended to be, and should not be, used by anyone other than this specified party.

Maher Duessel

Pittsburgh, Pennsylvania
September 21, 2016

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, 2015

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	\$ 95,349	\$ 72,649	\$ 22,700	31%	Payment timing difference.
Guardianship Assistance	93.090	37,724	33,570	4,154	12%	Payment timing difference.
Projects for Assistance in Transition from Homelessness (PATH)	93.150	49,826	10,677	39,149	367%	Payment timing difference.
Promoting Safe and Stable Families	93.556	6,025	6,025	-	0%	n/a
Temporary Assistance for Needy Families	93.558	278,647	288,276	(9,629)	-3%	Payment timing difference.
Child Support Enforcement	93.563	909,374	995,438	(86,064)	-9%	Payment timing difference.
Stephanie Tubbs Jones Child Welfare Services Program	93.645	232,122	232,122	-	0%	n/a
Foster Care - Title IV-E	93.658	1,298,823	814,446	484,377	59%	Payment timing difference.
Adoption Assistance	93.659	355,046	366,268	(11,222)	-3%	Payment timing difference.
Social Services Block Grants	93.667	146,943	134,433	12,510	9%	Payment timing difference.
Chafee Foster Care Independence Program	93.674	51,912	51,912	-	0%	n/a
Medical Assistance Program	93.778	683,854	694,651	(10,797)	-2%	Payment timing difference.
Block Grants for Community Mental Health Services	93.958	97,388	51,194	46,194	90%	Payment timing difference.

n/a - amounts are in agreement

COUNTY OF CRAWFORD, PENNSYLVANIA

SINGLE AUDIT REPORT DISTRIBUTION LIST TO STATE AND FEDERAL ENTITIES

YEAR ENDED DECEMBER 31, 2015

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Crawford



County

Francis F. Weiderspahn, Jr
Chairman
John M. Amato
Vice-Chairman
John Christopher Soff
Secretary/Treasurer

Commissioners Office

903 Diamond Park
Courthouse
Meadville, Pennsylvania 16335

Gina Chatfield
Chief Clerk
Keith A. Button
Solicitor

CORRECTIVE ACTION PLAN 09-21-2016

U.S. Department of Health and Human Services:

Crawford County respectfully submits the following corrective action plan for the year ended December 31, 2015.

Name and address of independent public accounting firm:

MaherDuessel
503 Martindale Street, Suite 600
Pittsburgh, PA 15212

Audit period: 1-1-15 through 12-31-15

The findings from the September 21, 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS-FINANCIAL STATEMENT AUDIT

Finding Internal Control over Financial Reporting
2015-1

- The CFO is continuing to write policies and procedures to provide continuity over preparation of financial statements and journal entries. The finance office is working closely with the auditors to ensure the correct reporting of transactions throughout the year. The finance office is also preparing schedules to determine the accuracy of accounts and balances for audit preparation. Review of accounts is being done on a monthly basis to ensure items are being posted timely and accurately.

If the U.S. Department of Health and Human Services has questions regarding this plan, please contact Brian J. Connolly, CFO at (814) 333-7312.

Sincerely,

Brian J. Connolly, CPA, CGMA
Chief Financial Officer
bconnolly@co.crawford.pa.us