

# County of Crawford

## Single Audit

December 31, 2014

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

Pursuing the profession while promoting the public good®  
[www.md-cpas.com](http://www.md-cpas.com)

# COUNTY OF CRAWFORD, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2014

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>Independent Auditor's Report</b>	
<b>Management's Discussion and Analysis</b>	i
<b>Financial Statements:</b>	
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, 2014

## TABLE OF CONTENTS

(Continued)

	<u>Page No.</u>
Notes to Financial Statements	13
 <b>Required Supplementary Information:</b>	
Pension Plan Disclosures:	
Schedules of Required Supplementary Information – Pension Plan:	
Schedule of Changes in the County’s Net Pension Liability and Related Ratios	42
Schedule of County Contributions and Investment Returns	43
Notes to Schedules of Required Supplementary Information – Pension Plan	44
Employer Pension Plan Disclosures:	
Schedule of Contributions from Employers and Other Contributing Entities	45
Schedule of Funding Progress	46
Note to Schedules of Required Supplementary Information – Employer	47
 <b>Supplementary Information:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	49
Statement of Changes in Assets and Liabilities – All Agency Funds	50
Schedule of Expenditures of Federal Awards	51
Notes to Schedule of Expenditures of Federal Awards	53

# COUNTY OF CRAWFORD, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2014

## TABLE OF CONTENTS

(Continued)

	<u>Page No.</u>
Schedule of Department of Human Services Expenditures	54
 <b>Independent Auditor's Reports Required by OMB Circular A-133:</b>	
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>	55
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 OMB Circular A-133 and the DHS <i>Single Audit Supplement</i>	57
Schedule of Findings and Questioned Costs	59
Summary Schedule of Prior Audit Findings	61
 <b>DHS-Funded Financial Assistance Program Exhibits:</b>	
Independent Accountant's Report on Applying Agreed-Upon Procedures	62
Exhibits	64
 <b>Single Audit Report Distribution List to State and Federal Entities</b>	
	73

## 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, 2014, 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 *Governmental 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, 2014 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension information on pages i through xiv and 42 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements 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 U.S. Office of Management and Budget Circular A-133, *Audits of*

*States, Local Governments, and Non-Profit Organizations*, 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 and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the 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 and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the 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 August 21, 2015, 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  
August 21, 2015

**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, 2014. 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 - 41).

## ***FINANCIAL HIGHLIGHTS***

- The assets of the County exceeded its liabilities by \$62.99 million at December 31, 2014.
- As of December 31, 2014, unrestricted net position was \$37.3 million or 61% of total expenses.
- The total fund balance of the General Fund at December 31, 2014 was \$30.1 million or 95% of the total fund balance.
- The County's real property tax rate was 18.85 mills for both 2014 and 2013.

## ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

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

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

A detailed explanation of all three components follows:

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

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

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

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

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

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

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

The County reports two 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 two *major* funds (General and Human Services). Data from the other *nonmajor* governmental funds are combined into a single, aggregated presentation (total nonmajor funds). Individual fund data for the other governmental funds is provided as additional information in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

*Agency Funds* – Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Sheriff, Treasurer, Register of Wills/Recorder of Deeds, Prothonotary, District Justice Courts, and Clerk of Courts) and other County offices that are subsequently disbursed to the County, other governments, or individuals for whom it was collected. A financial statement for the agency funds can be found on page 50 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 41 of this report.

**Required Supplementary Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding and its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 42 to 47 of this report.

The combining and individual fund statements are presented as additional information immediately following the required pension supplementary information on pages 48 to 49 of this report.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## *FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE*

The County presents its financial statements using the reporting model required by Governmental Accounting Standards Board (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, 2014 and 2013 is presented below:

**County of Crawford, Pennsylvania  
Summary Statements of Net Position  
December 31, 2014 and 2013**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>						
Current and other assets	\$ 38,565,013	\$ 39,424,025	\$ 7,281,176	\$ 7,061,890	\$ 45,846,189	\$ 46,485,915
Capital assets	<u>24,273,556</u>	<u>22,021,263</u>	<u>1,476,625</u>	<u>1,194,466</u>	<u>25,750,181</u>	<u>23,215,729</u>
<b>Total Assets</b>	<u>62,838,569</u>	<u>61,445,288</u>	<u>8,757,801</u>	<u>8,256,356</u>	<u>71,596,370</u>	<u>69,701,644</u>
<b>Liabilities</b>						
Current and other liabilities	4,590,170	4,222,715	375,366	774,902	4,965,536	4,997,617
Non-current liabilities	<u>3,322,839</u>	<u>4,074,137</u>	<u>317,479</u>	<u>303,278</u>	<u>3,640,318</u>	<u>4,377,415</u>
<b>Total Liabilities</b>	<u>7,913,009</u>	<u>8,296,852</u>	<u>692,845</u>	<u>1,078,180</u>	<u>8,605,854</u>	<u>9,375,032</u>
<b>Net Position</b>						
Net investment in capital assets	22,223,556	19,130,367	1,476,625	1,194,466	23,700,181	20,324,833
Restricted	2,011,703	1,825,460	-	-	2,011,703	1,825,460
Unrestricted	<u>30,690,301</u>	<u>32,192,609</u>	<u>6,588,331</u>	<u>5,983,710</u>	<u>37,278,632</u>	<u>38,176,319</u>
<b>Total Net Position</b>	<u>\$ 54,925,560</u>	<u>\$ 53,148,436</u>	<u>\$ 8,064,956</u>	<u>\$ 7,178,176</u>	<u>\$ 62,990,516</u>	<u>\$ 60,326,612</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$62.99 million at December 31, 2014, an increase from December 31, 2013 of approximately \$2.7 million. The increase is mainly attributable to the purchase of capital assets and payments of long-term debt.

Of the net position, \$2 million is restricted for various purposes; \$37.3 million is unrestricted and available to support operations or provide for the payment of long-term debt at the government-wide level; and \$23.7 million is net investment in capital assets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the change in net position for the years ended December 31, 2014 and 2013:

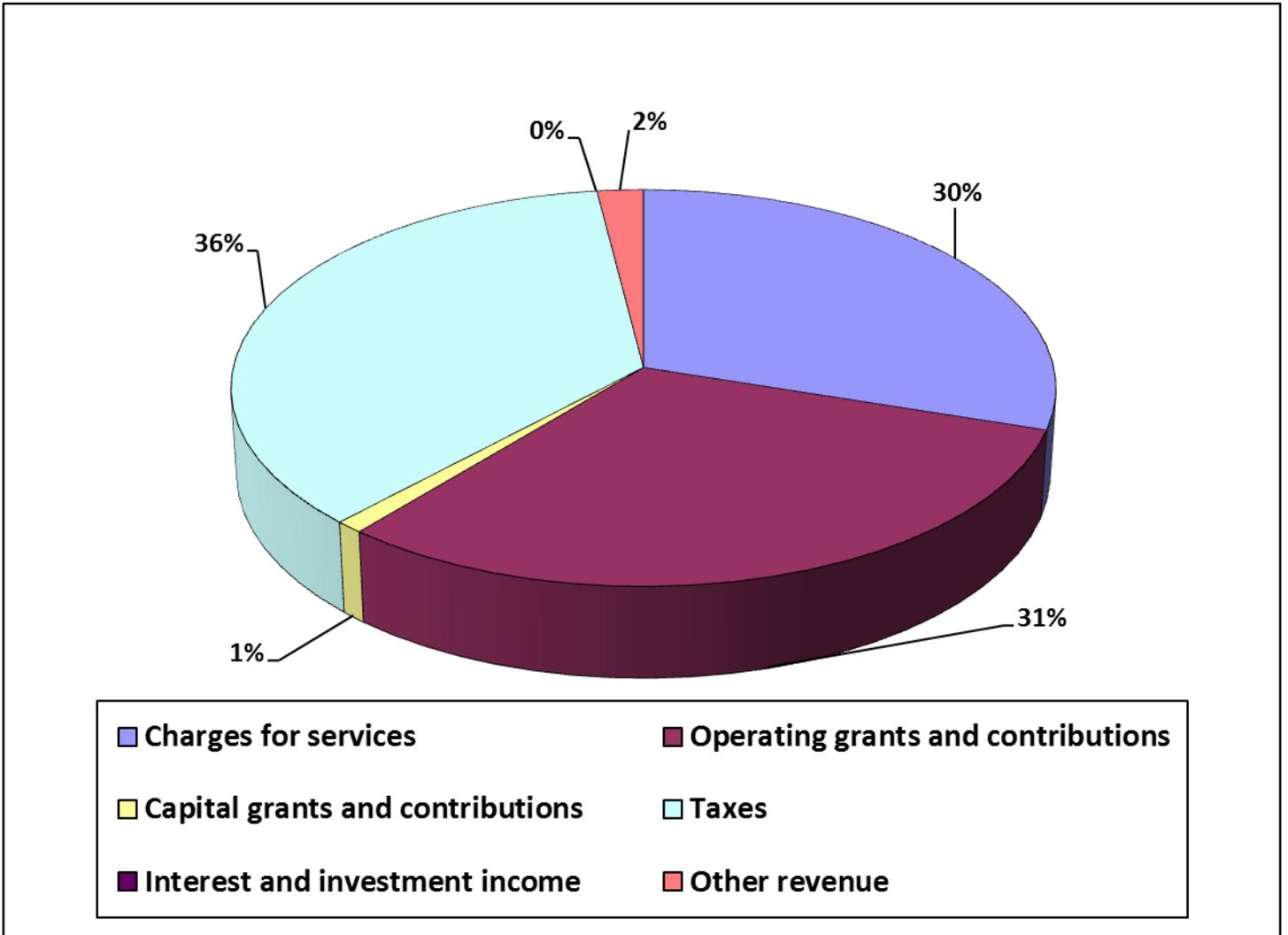
County of Crawford, Pennsylvania						
Change in Net Position						
Year Ended December 31, 2014						
(With Comparative Totals for the Year Ended December 31, 2013)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 6,736,947	\$ 5,400,634	\$ 12,824,701	\$ 13,053,884	\$ 19,561,648	\$ 18,454,518
Operating grants and contributions	19,567,644	19,740,873	-	-	19,567,644	19,740,873
Capital grants and contributions	480,316	439,834	-	-	480,316	439,834
General revenues:						
Taxes	22,743,555	22,458,536	-	-	22,743,555	22,458,536
Interest and investment income	80,987	97,087	6,719	1,193	87,706	98,280
Other	1,336,839	1,433,964	-	-	1,336,839	1,433,964
Total revenues	<u>50,946,288</u>	<u>49,570,928</u>	<u>12,831,420</u>	<u>13,055,077</u>	<u>\$ 63,777,708</u>	<u>\$ 62,626,005</u>
Program expenses:						
General government	12,715,319	14,023,287	-	-	12,715,319	14,023,287
Public safety	11,024,517	10,612,594	-	-	11,024,517	10,612,594
Public works	866,329	724,772	-	-	866,329	724,772
Human services	18,080,628	17,214,874	11,944,640	11,880,474	30,025,268	29,095,348
Culture and recreation	525,580	531,620	-	-	525,580	531,620
Conservation and development	431,571	280,751	-	-	431,571	280,751
Insurance claims and related expenses	5,417,497	6,352,441	-	-	5,417,497	6,352,441
Interest	107,723	144,253	-	11,035	107,723	155,288
Total program expenses	<u>49,169,164</u>	<u>49,884,592</u>	<u>11,944,640</u>	<u>11,891,509</u>	<u>61,113,804</u>	<u>61,776,101</u>
Special item - impairment loss	-	(1,675,389)	-	-	-	(1,675,389)
<b>Change in Net Position</b>	1,777,124	(1,989,053)	886,780	1,163,568	2,663,904	(825,485)
Net position - beginning	<u>53,148,436</u>	<u>55,137,489</u>	<u>7,178,176</u>	<u>6,014,608</u>	<u>60,326,612</u>	<u>61,152,097</u>
Net position - ending	<u>\$ 54,925,560</u>	<u>\$ 53,148,436</u>	<u>\$ 8,064,956</u>	<u>\$ 7,178,176</u>	<u>\$ 62,990,516</u>	<u>\$ 60,326,612</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## *SOURCES OF REVENUES*

The following chart graphically depicts the government-wide sources of revenues for the fiscal year ended December 31, 2014:

**County of Crawford, Pennsylvania  
Government-Wide Sources of Revenues  
Total Revenues \$63,777,708**



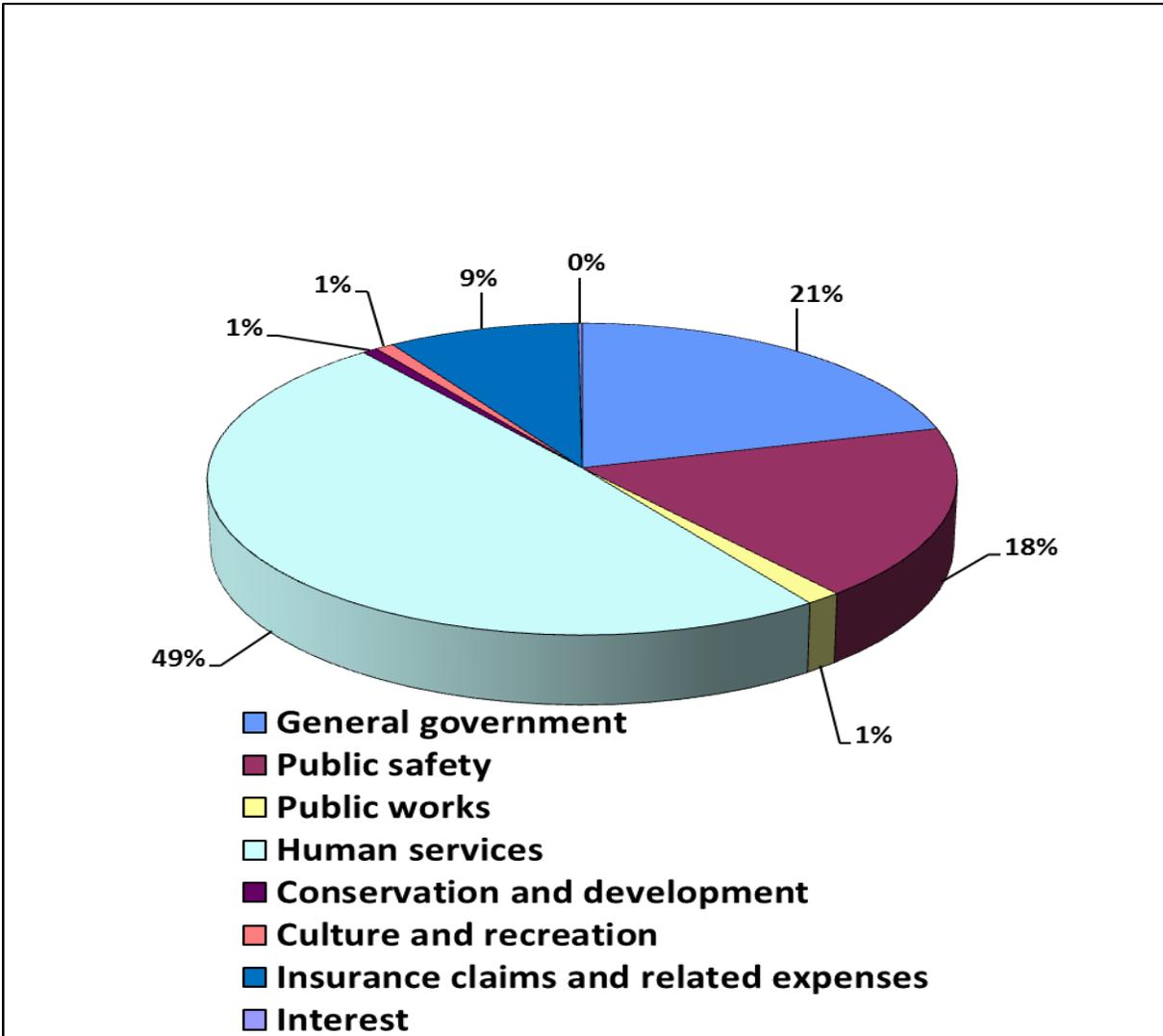
The government-wide revenues of \$63.8 million were derived primarily from taxes, which make up 36% of total revenues. The second largest source of revenue for the County was program-based operating grants and contributions, representing 31% of the total revenues. The third largest source of revenue was charges for services, which is 30% 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, 2014:

**County of Crawford, Pennsylvania  
Government-Wide Program Expenses  
Total Expenses \$61,113,804**



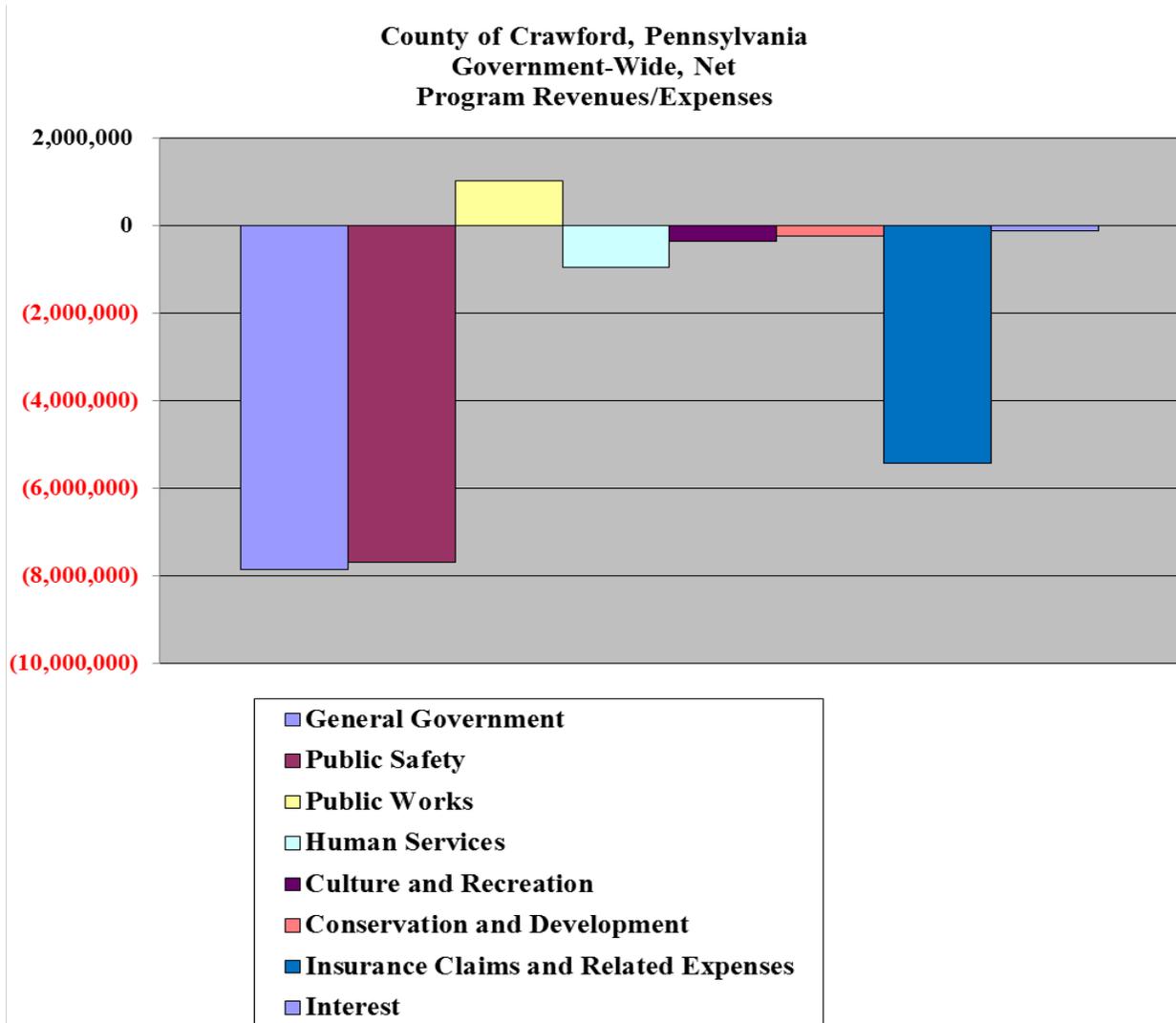
The largest area of expenses was Human Services which totaled \$30.0 million or 49% of all expenses. Human Services provides a vast array of social services programs including Children and Youth, Mental Health, Intellectual Disabilities, and Early Intervention Services. Human Services Expenses also include the operation of the Crawford County Care Center, a County-operated nursing home. Following Human Services totaling \$12.7 million, General Government represented 21% of all expenses, followed by Public Safety with \$11.0 million in expenses representing 18% of expenses, and Insurance Claims and Related Expenses at \$5.4 million or 9%

# MANAGEMENT'S DISCUSSION AND ANALYSIS

of the total. The next largest area of expense was Public Works at \$0.9 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 1%, and interest payments on long-term debt at \$0.1 million or .18%.

## *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, 2014.



General government required the most general revenues for support needing \$7.8 million during 2014.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

The County reports two major governmental funds (General and Human Services). The Human Services Fund consists of Mental Health and Intellectual disabilities and Children and Youth Services.

The County also reports total nonmajor governmental funds, which include several nonmajor funds. The largest of these include: Liquid Fuels, 911, 911 Wireless, Community Development Block Grant (CDBG), and Capital Projects. The combining statements of the nonmajor governmental funds can be found on pages 48 through 49.

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, 2014 and 2013:

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

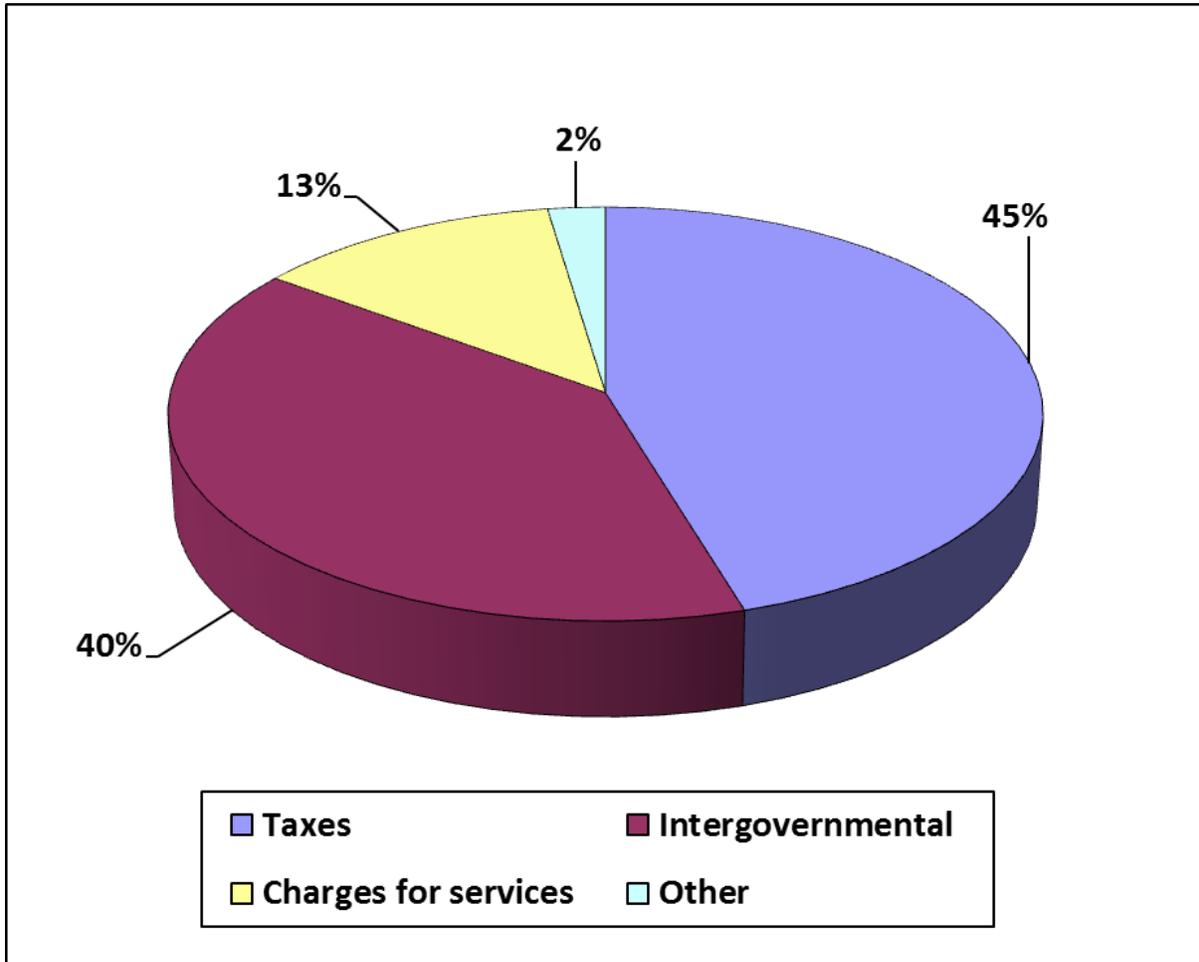
**County of Crawford, Pennsylvania**  
**Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Years Ended December 31, 2014 and 2013**

	<b>Governmental Funds</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>		
Taxes	\$ 22,869,094	\$ 22,837,587
Intergovernmental	20,047,960	20,180,707
Charges for services	6,331,493	5,036,910
Fine and forfeitures	294,042	246,818
Investment earnings	67,076	81,163
Payment in lieu of taxes	143,399	142,317
Miscellaneous	680,290	707,089
Total revenues	<u>50,433,354</u>	<u>49,232,591</u>
<b>Expenditures:</b>		
General government	15,625,974	16,265,716
Public safety	12,095,128	11,619,580
Public works	1,891,398	886,042
Human services	19,235,942	18,382,660
Culture and recreation	453,456	446,841
Conservation and recreation	494,517	338,040
Debt service	952,063	1,010,502
Capital outlay	468,780	483,839
Total expenditures	<u>51,217,258</u>	<u>49,433,220</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(783,904)</u>	<u>(200,629)</u>
<b>Other Financing Sources (Uses):</b>		
Transfers in	7,544,393	1,739,617
Transfers out	<u>(3,682,384)</u>	<u>(1,739,617)</u>
Total other financing sources (uses)	<u>3,862,009</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	3,078,105	(200,629)
Fund balance, beginning	28,588,206	28,788,835
Fund balance, ending	<u>\$ 31,666,311</u>	<u>\$ 28,588,206</u>

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental funds revenues, by source, for the year ended December 31, 2014 were:

**County of Crawford, Pennsylvania  
Governmental Funds  
Revenues Classified by Source  
Total Revenues \$50,433,354**

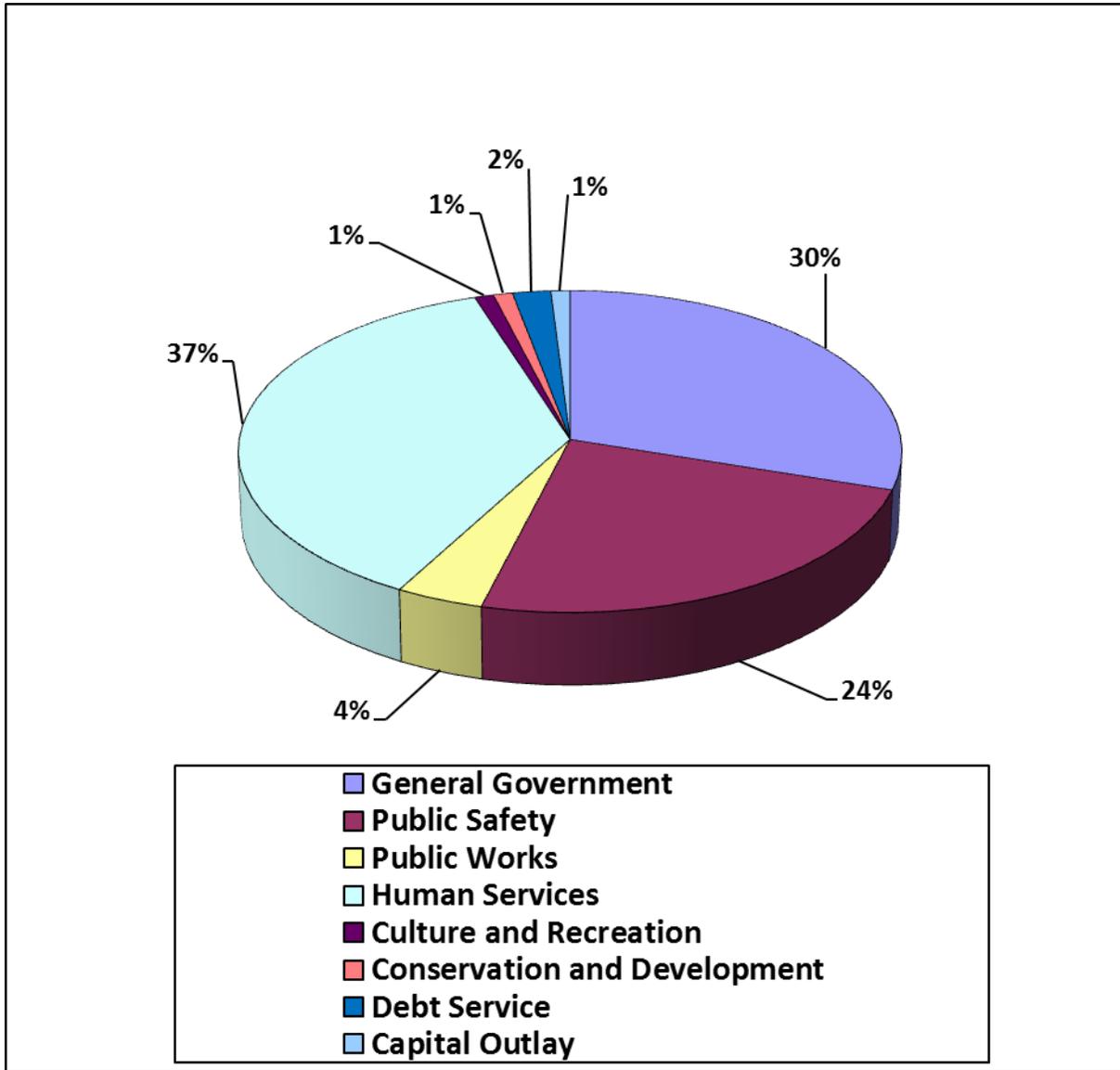


Governmental funds revenues totaled \$50.4 million for the year ended December 31, 2014, of which \$22.9 million (45%) came from Taxes. Intergovernmental (Federal and State) revenues accounted for \$20.0 million (40%) in revenue. Charges for services reached \$6.3 million (13%) in revenue. Other revenues 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, 2014 were:

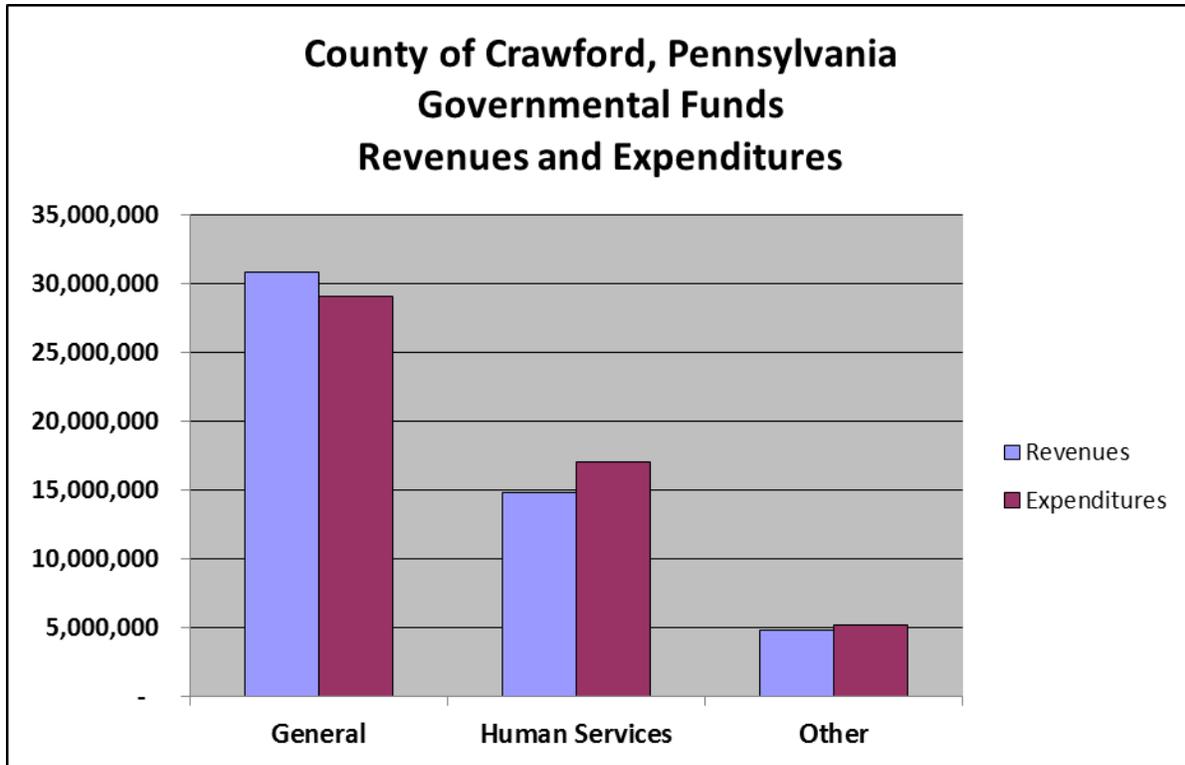
**County of Crawford, Pennsylvania  
Governmental Funds  
Expenditures Classified by Function  
Total Expenditures \$51,217,258**



Governmental funds expenditures totaled \$51.3 million for the year ended December 31, 2014, of which \$19.2 million (37%) were human services expenditures. General government and public safety expenditures were \$15.6 million (30%) and \$12.1 million (24%), respectively.

# **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, 2014:



## ***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, 2014 is found on page 7 of the financial statements.

Overall, the County had a favorable variance between the final budget and the actual net change in fund balance of \$2.5 million.

The County had a favorable variance between the final budget and actual revenue of approximately \$3.7 million. The largest contributor to the variance was the surplus of tax revenue versus the budget. In addition, there was a surplus of intergovernmental revenues and charges for services over the budgeted amount due to non-budgeting for several pass-through grants and Liquid Fuels funding and increased funding for Mental Health.

The County's actual expenditures for 2014 exceeded the final budget by approximately \$2.5 million. The majority of the variance occurred in the General Government function where actual expenditures were in excess of the final budget by approximately \$2.1 million. The variance is primarily due to non-budgeted expenditures for building, infrastructure, architectural design, and library tax disbursements, as well as the County matching expenditures for Children and Youth Services.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ***CAPITAL ASSETS***

The County's total investment in capital assets including infrastructure as of December 31, 2014 amounts to \$25.8 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, 2014, the County has \$3.6 million of long-term debt, including compensated absences, of which \$1,870,318 is payable in 2015.

## ***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, 2014

Assets	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 30,410,176	\$ 3,471,368	\$ 33,881,544
Receivables:			
Accounts receivable, net	1,008,684	1,637,814	2,646,498
Taxes receivable, net	3,578,278	-	3,578,278
Intergovernmental receivable	4,851,955	-	4,851,955
Internal balances	(2,137,903)	2,137,903	-
Prepaid expenses and other assets	853,823	34,091	887,914
Capital assets, not being depreciated/amortized	1,276,759	158,863	1,435,622
Capital assets, net of accumulated depreciation/amortization	22,996,797	1,317,762	24,314,559
<b>Total Assets</b>	<b>62,838,569</b>	<b>8,757,801</b>	<b>71,596,370</b>
<b>Liabilities</b>			
Accounts payable	2,315,806	188,547	2,504,353
Accrued payroll and related liabilities	999,887	186,819	1,186,706
Accrued interest payable	30,504	-	30,504
Intergovernmental payable	9,867	-	9,867
Unearned revenue	894,598	-	894,598
Net pension obligation	339,508	-	339,508
Noncurrent liabilities:			
Due within one year	1,552,839	317,479	1,870,318
Due in more than one year	1,770,000	-	1,770,000
<b>Total Liabilities</b>	<b>7,913,009</b>	<b>692,845</b>	<b>8,605,854</b>
<b>Net Position</b>			
Net investment in capital assets	22,223,556	1,476,625	23,700,181
Restricted for:			
Adoption counseling	16,243	-	16,243
Offender supervision	312,407	-	312,407
Operating reserve	114,460	-	114,460
Substance abuse education	10,106	-	10,106
District attorney	44,622	-	44,622
Roads and bridges	792,141	-	792,141
Emergency services	190,437	-	190,437
Other special revenue fund services	531,287	-	531,287
Unrestricted	30,690,301	6,588,331	37,278,632
<b>Total Net Position</b>	<b>\$ 54,925,560</b>	<b>\$ 8,064,956</b>	<b>\$ 62,990,516</b>

See accompanying notes to financial statements.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 12,715,319	\$ 3,051,464	\$ 1,859,082	\$ -	\$ (7,804,773)	\$ -	\$ (7,804,773)
Public safety	11,024,517	1,531,119	1,809,869	-	(7,683,529)	-	(7,683,529)
Public works	866,329	1,418,436	-	476,246	1,028,353	-	1,028,353
Human services	18,080,628	522,997	15,732,956	-	(1,824,675)	-	(1,824,675)
Culture and recreation	525,580	134,334	50,000	4,070	(337,176)	-	(337,176)
Conservation and development	431,571	78,597	115,737	-	(237,237)	-	(237,237)
Unallocated insurance claims and related expenses	5,417,497	-	-	-	(5,417,497)	-	(5,417,497)
Interest	107,723	-	-	-	(107,723)	-	(107,723)
Total governmental activities	49,169,164	6,736,947	19,567,644	480,316	(22,384,257)	-	(22,384,257)
<b>Business-type activities:</b>							
Human services	11,944,640	12,824,701	-	-	-	880,061	880,061
Total business-type activities	11,944,640	12,824,701	-	-	-	880,061	880,061
Total primary government	\$ 61,113,804	\$ 19,561,648	\$ 19,567,644	\$ 480,316	(22,384,257)	880,061	(21,504,196)
<b>General revenues:</b>							
Taxes:							
Property taxes					22,112,458	-	22,112,458
Per capita taxes					225,762	-	225,762
Hotel taxes					261,936	-	261,936
Payments in lieu of taxes					143,399	-	143,399
Unrestricted investment earnings					80,987	6,719	87,706
Miscellaneous					1,336,839	-	1,336,839
Total general revenues and special item					24,161,381	6,719	24,168,100
<b>Change in Net Position</b>					1,777,124	886,780	2,663,904
Net position - beginning					53,148,436	7,178,176	60,326,612
Net position - ending					\$ 54,925,560	\$ 8,064,956	\$ 62,990,516

See accompanying notes to financial statements.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	General Fund	Human Services Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 29,047,876	\$ -	\$ 4,411,287	\$ 33,459,163
Receivables:				
Accounts receivable, net	323,504	210,380	181,725	715,609
Taxes receivable, net	3,578,278	-	-	3,578,278
Intergovernmental receivable	852,433	3,775,872	223,650	4,851,955
Due from other funds	1,224,555	2,234,042	380	3,458,977
Prepaid expenses and other assets	1,123,528	122,408	3,266	1,249,202
<b>Total Assets</b>	<b>\$ 36,150,174</b>	<b>\$ 6,342,702</b>	<b>\$ 4,820,308</b>	<b>\$ 47,313,184</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 420,210	\$ 957,504	\$ 163,867	\$ 1,541,581
Cash advance from General Fund	-	6,784,622	-	6,784,622
Accrued payroll and related liabilities	772,859	221,350	5,678	999,887
Intergovernmental payable	9,857	-	10	9,867
Due to other funds	2,234,422	427,177	184,473	2,846,072
Unearned revenue	-	566,831	296,969	863,800
<b>Total Liabilities</b>	<b>3,437,348</b>	<b>8,957,484</b>	<b>650,997</b>	<b>13,045,829</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	2,601,044	-	-	2,601,044
<b>Fund Balance (Deficit):</b>				
Nonspendable - prepaid items	810,322	-	3,266	813,588
Restricted:				
Adoption counseling	16,243	-	-	16,243
Offender supervision	312,407	-	-	312,407
Other	114,460	-	-	114,460
Substance abuse education	10,106	-	-	10,106
District attorney	44,622	-	-	44,622
Roads and bridges	-	-	792,141	792,141
Emergency services	-	-	190,437	190,437
Other special revenue	-	-	531,287	531,287
Debt service	862,673	-	-	862,673
Committed:				
District attorney	1,067	-	-	1,067
Warden	4,284	-	-	4,284
Woodcock Park	4,556	-	-	4,556
Assigned:				
Flower fund	1,698	-	-	1,698
Commissary fund	286,211	-	-	286,211
Capital projects	-	-	2,652,180	2,652,180
Unassigned	27,643,133	(2,614,782)	-	25,028,351
<b>Total Fund Balance (Deficit)</b>	<b>30,111,782</b>	<b>(2,614,782)</b>	<b>4,169,311</b>	<b>31,666,311</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)</b>	<b>\$ 36,150,174</b>	<b>\$ 6,342,702</b>	<b>\$ 4,820,308</b>	<b>\$ 47,313,184</b>

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, 2014

<b>Total Fund Balance - Governmental Funds</b>			\$ 31,666,311
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.			24,273,556
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.			2,601,044
Internal service funds are used by management to charge the costs of workers' compensation, 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.			77,500
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	\$ (2,050,000)		
Accrued interest on bonds	(30,504)		
Compensated absences	<u>(1,272,839)</u>	(3,353,343)	
Net pension obligation is reflected on the statement of financial position, but is not considered a use of available resources for the fund statements.			<u>(339,508)</u>
<b>Net Position of Governmental Activities</b>			<u>\$ 54,925,560</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, 2014

	General Fund	Human Services Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 22,869,094	\$ -	\$ -	\$ 22,869,094
Intergovernmental	3,619,498	14,080,474	2,347,988	20,047,960
Charges for services	3,419,328	543,947	2,368,218	6,331,493
Fines and forfeitures	294,042	-	-	294,042
Investment earnings	54,590	-	12,486	67,076
Payment in lieu of taxes	143,399	-	-	143,399
Miscellaneous	474,358	163,253	42,679	680,290
Total revenues	30,874,309	14,787,674	4,771,371	50,433,354
<b>Expenditures:</b>				
Current:				
General government	15,200,250	-	425,724	15,625,974
Public safety	9,901,644	927,266	1,266,218	12,095,128
Public works	255,000	-	1,636,398	1,891,398
Human services	1,884,613	16,094,917	1,256,412	19,235,942
Culture and recreation	453,456	-	-	453,456
Conservation and development	494,517	-	-	494,517
Debt service:				
Principal	250,000	-	590,896	840,896
Interest	102,689	-	8,478	111,167
Capital outlay	468,780	-	-	468,780
Total expenditures	29,010,949	17,022,183	5,184,126	51,217,258
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,863,360	(2,234,509)	(412,755)	(783,904)
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,867,509	2,234,509	1,442,375	7,544,393
Transfers out	(3,676,885)	-	(5,499)	(3,682,384)
Total other financing sources	190,624	2,234,509	1,436,876	3,862,009
<b>Net Change in Fund Balance</b>	2,053,984	-	1,024,121	3,078,105
Fund balance (deficit) - beginning	28,057,798	(2,614,782)	3,145,190	28,588,206
Fund balance (deficit) - ending	\$ 30,111,782	\$ (2,614,782)	\$ 4,169,311	\$ 31,666,311

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, 2014

**Net Change in Fund Balance - Total Governmental Funds** \$ 3,078,105

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. 2,252,293

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (268,938)

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 deferred and 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. 840,896

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. (4,056,264)

Some expenses 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. (68,968)

**Change in Net Position of Governmental Activities** \$ 1,777,124

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, 2014

	Budgeted Amounts		Actual amounts (Budgetary Basis)	Variance with
	Original	Final	(See Note 2)	Final Budget
<b>Revenues:</b>				
Taxes	\$ 21,372,800	\$ 21,372,800	\$ 23,050,766	\$ 1,677,966
Intergovernmental	3,302,950	3,302,950	4,251,302	948,352
Charges for services	2,712,701	2,712,701	3,871,809	1,159,108
Fines and forfeitures	287,010	287,010	328,625	41,615
Investment earnings	50,100	50,100	63,576	13,476
Payment in lieu of taxes	151,842	151,842	163,340	11,498
Miscellaneous	308,410	308,410	155,816	(152,594)
Total revenues	<u>28,185,813</u>	<u>28,185,813</u>	<u>31,885,234</u>	<u>3,699,421</u>
<b>Expenditures:</b>				
Current:				
General government	13,358,473	13,358,473	15,458,044	(2,099,571)
Public safety	9,904,969	9,904,969	10,072,848	(167,879)
Public works	255,000	255,000	260,251	(5,251)
Human services	1,783,118	1,783,118	1,934,556	(151,438)
Culture and recreation	376,357	376,357	461,656	(85,299)
Conservation and development	362,243	362,243	500,721	(138,478)
Debt service:				
Principal	294,090	294,090	264,956	29,134
Interest	102,688	102,688	104,825	(2,137)
Capital outlay	652,909	652,909	477,659	175,250
Total expenditures	<u>27,089,847</u>	<u>27,089,847</u>	<u>29,535,516</u>	<u>(2,445,669)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,095,966</u>	<u>1,095,966</u>	<u>2,349,718</u>	<u>1,253,752</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,108,074	1,108,074	3,867,509	2,759,435
Transfers out	(2,205,640)	(2,205,640)	(3,676,885)	(1,471,245)
Total other financing sources (uses)	<u>(1,097,566)</u>	<u>(1,097,566)</u>	<u>190,624</u>	<u>1,288,190</u>
<b>Net Change in Fund Balance</b>	(1,600)	(1,600)	2,540,342	<u>\$ 2,541,942</u>
Fund balance - beginning	<u>28,057,798</u>	<u>28,057,798</u>	<u>28,057,798</u>	
Fund balance - ending	<u>\$ 28,056,198</u>	<u>\$ 28,056,198</u>	<u>\$ 30,598,140</u>	

See accompanying notes to financial statements.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2014

	Business-type Activities Crawford County Care Center	Governmental Activities Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,471,368	\$ 3,735,635
Receivables:		
Accounts receivable, net	1,637,814	293,075
Prepaid expenses and other assets	34,091	-
Total current assets	5,143,273	4,028,710
Non-current assets:		
Capital assets, not being depreciated/amortized	158,863	-
Capital assets, net of accumulated depreciation and amortization of \$5,449,317	1,317,762	-
<b>Total Assets</b>	<b>6,619,898</b>	<b>4,028,710</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and incurred insurance expenses	188,547	774,225
Accrued payroll and related liabilities	186,819	-
Due to other funds	612,905	-
Unearned revenue	-	426,177
Compensated absences	317,479	-
<b>Total Current Liabilities</b>	<b>1,305,750</b>	<b>1,200,402</b>
<b>Net Position</b>		
Net investment in capital assets	1,476,625	-
Unrestricted	3,837,523	2,828,308
<b>Total Net Position</b>	<b>5,314,148</b>	<b>\$ 2,828,308</b>
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	2,750,808	
<b>Net Position of Business-type Activities (page 1)</b>	<b>\$ 8,064,956</b>	

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, 2014

	Business-type Activities Crawford County Care Center	Governmental Activities Internal Service Fund
<b>Operating Revenues:</b>		
Charges for services	\$ 12,655,751	\$ -
Miscellaneous	168,950	127,520
Employer contributions	-	6,901,964
Total operating revenues	12,824,701	7,029,484
<b>Operating Expenses:</b>		
Personnel services	9,866,220	-
Materials and supplies	1,062,590	-
Services	1,473,255	-
Depreciation and amortization	254,682	-
Bad debt	472,860	-
Other operating expenses	635,186	700,320
Claims	-	4,717,177
Total operating expenses	13,764,793	5,417,497
Operating income (loss)	(940,092)	1,611,987
<b>Nonoperating Revenues (Expenses):</b>		
Investment earnings	6,719	13,911
<b>Income (Loss) Before Transfers</b>	<b>(933,373)</b>	<b>1,625,898</b>
Transfers out	-	(3,862,009)
<b>Change in Net Position</b>	<b>(933,373)</b>	<b>(2,236,111)</b>
Net position - beginning	6,247,521	5,064,419
Net position - ending	5,314,148	\$ 2,828,308
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise fund.	(1,820,153)	
<b>Change in Net Position of Business-type Activities (page 2)</b>	<b>\$ 886,780</b>	

See accompanying notes to financial statements.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2014

	Business-type Activities Crawford County Care Center	Governmental Activities Internal Service Fund
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 13,535,047	\$ 7,136,173
Payments to employees for salaries and benefits	(9,997,098)	-
Payments to suppliers and claimants	(3,847,450)	(5,322,829)
Net cash provided by (used in) operating activities	(309,501)	1,813,344
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	6,719	13,911
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Transfers (to) from other funds	(264,607)	(3,872,652)
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(536,841)	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,104,230)	(2,045,397)
Cash and cash equivalents at January 1, 2014	4,575,598	5,781,032
Cash and cash equivalents at December 31, 2014	\$ 3,471,368	\$ 3,735,635
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income (loss)	\$ (940,092)	\$ 1,611,987
Adjustments to reconcile change in operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	254,682	-
Change in current assets:		
Accounts receivable	710,346	75,891
Prepaid expenses and other assets	50,898	266,000
Change in current liabilities:		
Accounts payable and incurred insurance expenses	(254,457)	(171,332)
Accrued payroll and related liabilities	(145,079)	-
Unearned revenue	-	30,798
Compensated absences	14,201	-
Net cash provided by (used in) operating activities	\$ (309,501)	\$ 1,813,344

See accompanying notes to financial statements.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2014

<b>Assets</b>	Nonexpendable Pension Trust Fund	Agency Funds
Cash and cash equivalents	\$ 6,356,346	\$ 3,215,805
Receivables	76,316	-
Investments, at fair value:		
Money market funds	606,259	-
Bond mutual funds	19,338,705	-
Equity mutual funds	31,229,550	-
Hedge funds	2,382,801	-
Alternative investment mutual funds	4,410,614	-
<b>Total Assets</b>	<b>64,400,591</b>	<b>3,215,805</b>
<hr/> <b>Liabilities</b> <hr/>		
Due to others	-	3,215,805
Other liabilities	2,009	-
<b>Total Liabilities</b>	<b>2,009</b>	<b>\$ 3,215,805</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 64,398,582</b>	

See accompanying notes to financial statements.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2014

	<u>Nonexpendable Pension Trust</u>
<b>Additions:</b>	
<hr/>	
Contributions:	
Employer	\$ 2,225,894
Plan members	2,124,387
	<hr/>
Total contributions	4,350,281
	<hr/>
Investment earnings:	
Net decrease in the fair value of investments	(704,577)
Interest and dividends	2,428,784
	<hr/>
Total investment earnings	1,724,207
Less investment expense	(223,076)
	<hr/>
Net investment earnings	1,501,131
	<hr/>
Total additions	5,851,412
	<hr/>
<b>Deductions:</b>	
<hr/>	
Administrative expenses	25,969
Benefits	3,401,003
	<hr/>
Total deductions	3,426,972
	<hr/>
<b>Change in Net Position</b>	2,424,440
Net position - beginning	61,974,142
	<hr/>
Net position - ending	\$ 64,398,582
	<hr/> <hr/>

See accompanying notes to financial statements.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

### 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 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. The County provides payroll services for the Solid Waste Authority in addition to subsidizing its operations.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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 - This authority oversees the operations of the Port Meadville Airport.

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.

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

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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 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.

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

---

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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 funds' 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 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.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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 and Recorder of Deeds, Sheriff, Prothonotary and 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.

### Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

### 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

### Deferred Inflows of Resources

In addition to liabilities, the statement of financial position 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 that applies to a future period 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

---

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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 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 funds, only in the proprietary funds.

### 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.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

- 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.

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.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

- 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 oversight, accounting, financial reporting, 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.

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.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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.

	<u>General Fund</u>
Net change in fund balance - General Fund as presented (modified accrual)	\$ 2,053,984
Adjustment to reconcile accounts and property taxes receivable to budgetary basis	1,010,925
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	<u>(524,567)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u><u>\$ 2,540,342</u></u>

For the year ended December 31, 2014, expenditures exceeded appropriations in the general government department, public safety department, public works department, human services department, culture and recreation department, conservation and development department, and also due to debt service interest payments of the General Fund. These overages were funded by greater than anticipated revenues and 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 2014 financial statements:

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

GASB Statement No. 67, *“Financial Reporting for Pension Plans.”* The objective of this Statement is to improve financial reporting by state and local governmental pension plans.

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

GASB Statement No. 70, *“Accounting and Financial Reporting for Non-exchange Financial Guarantees.”* This statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

### 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. 68, *“Accounting and Financial Reporting for Pensions,”* and Statement No. 71, *“Pension Transition for Contributions Made Subsequent to the Measurement Date,”* effective for fiscal years beginning after June 15, 2014 (the County’s financial statements for the year ending December 31, 2015). These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits.

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 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. 72, *“Fair Value Measurement and Application,”* effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

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 GASB 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 GASB Statement No. 45.

GASB Statement No. 76, “*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*,” effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes GASB Statement No. 55.

### **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.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

### 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 \$34,102,993 at December 31, 2014, \$820,153 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 \$33,881,544 as of December 31, 2014, are reported as cash and cash equivalents in the statement of net position.

### 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 \$3,215,805 and the bank balance was \$3,475,063. Of the bank balance, \$779,717 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 \$6,356,346 at December 31, 2014. The bank balance of the checking deposit as of December 31, 2014 was \$6,356,346. 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

---

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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.

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, 2014, 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, 2014, 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, 2014 was 18.25 mills (property tax) and 0.6 mills (library tax assessment) applied to an assessable base of \$1,188,054,104 for general County purposes. Property taxes attach as an enforceable lien on

---

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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.

Current property taxes receivable at December 31, 2014 consist of the face value of the tax levy uncollected at year-end. Taxes collected within 60 days are recorded as revenue in the fund-level statements, with the balance of the levy accounted for as unavailable revenue.

### 5. ALLOWANCE FOR UNCOLLECTIBLES

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

The Care Center accounts receivable are shown net of an allowance for uncollectible accounts totaling \$459,694.

Property tax receivables are shown net of an allowance for uncollectible accounts equal to \$392,573 calculated as follows:

<u>Year</u>	<u>Uncollectible</u>
2014	2.5%
2013	2.5%
2012	5.5%
2011	8.5%
2010	55%
2009	75%
2008 and prior	100%

Per capita tax receivables are shown net of an allowance for uncollectible accounts equal to \$11,681.

### 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

---

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

zero percent interest, beginning in 2009. The County also loaned the Dairy Committee \$130,000 in 2008, to be repaid in annual installments of \$15,000 at zero percent interest. As of December 31, 2014, promissory notes receivable total \$313,206.

### 7. CAPITAL ASSETS

A summary of governmental activities fixed assets for the year ended December 31, 2014 is as follows:

	Balance at January 1, 2014	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2014
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 637,636	\$ -	\$ -	\$ 637,636
Construction in progress	-	639,123	-	639,123
Total capital assets, not being depreciated	637,636	639,123	-	1,276,759
Capital assets, being depreciated:				
Buildings	19,534,162	448,677	-	19,982,839
Land improvements	1,922,767	38,908	-	1,961,675
Equipment	7,328,000	718,380	-	8,046,380
Vehicles	1,414,298	205,589	(66,980)	1,552,907
Infrastructure	11,052,322	1,242,973	-	12,295,295
Total capital assets, being depreciated	41,251,549	2,654,527	(66,980)	43,839,096
Less: accumulated depreciation	(19,867,922)	(1,042,373)	67,996	(20,842,299)
Total capital assets, being depreciated net	21,383,627	1,612,154	1,016	22,996,797
Governmental activities, capital assets, net	\$ 22,021,263	\$ 2,251,277	\$ 1,016	\$ 24,273,556

Depreciation expense was charged to functions/programs as follows:

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Governmental activities:	
General government	\$ 57,213
Public safety	520,865
Public works	239,538
Human services	104,925
Culture and recreation	<u>119,832</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,042,373</u></u>

A summary of business-type activities fixed assets for the year ended December 31, 2014 is as follows:

	January 1, 2014	Additions	Deletions	December 31, 2014
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 158,863	\$ -	\$ 158,863
Capital assets, being depreciated:				
Buildings	5,164,315	209,579	-	5,373,894
Land improvements	606,865	156,721	-	763,586
Equipment	506,868	11,678	-	518,546
Vehicles	111,053	-	-	111,053
Total capital assets, being depreciated	<u>6,389,101</u>	<u>377,978</u>	<u>-</u>	<u>6,767,079</u>
Less: accumulated depreciation	<u>(5,194,635)</u>	<u>(254,682)</u>	<u>-</u>	<u>(5,449,317)</u>
Total capital assets, being depreciated net	<u>1,194,466</u>	<u>123,296</u>	<u>-</u>	<u>1,317,762</u>
Business-type activities, capital assets, net	<u><u>\$ 1,194,466</u></u>	<u><u>\$ 282,159</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,476,625</u></u>

Depreciation expense and amortization expense on assets charged to the single business-type activity was \$238,244 and \$16,438, respectively, and was charged to human services expense.

### 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2014, as well as interfund transfers for the year ended December 31, 2014, were as follows:

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental activities:				
General	\$ 1,224,555	\$ 2,234,422	\$ 3,867,509	\$ 3,676,885
Human Services	2,234,042	427,177	2,234,509	-
Aggregate remaining funds	380	184,473	1,442,375	5,499
Business-type activities:				
Care Center	-	612,905	-	-
Internal Service Fund	-	-	-	3,862,009
	<u>\$ 3,458,977</u>	<u>\$ 3,458,977</u>	<u>\$ 7,544,393</u>	<u>\$ 7,544,393</u>

The purpose of the majority of the interfund payables 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 during 2014 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 Employee's 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 of the Plan are reported at fair value as further described in Note 3.

### Plan Description

The Plan, as administrated by the County's Retirement Board (Board), is a single-employer defined benefit pension plan governed by the County Pension Law Act 96 (Act) of 1971, as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. Management of the Plan is vested in the Board, which consists of five members: three elected

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

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, 2014, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	242
Inactive plan members entitled to but not yet receiving benefits	39
Active plan members	<u>606</u>
Total plan members	<u><u>887</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 and 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.

*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.

---

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

*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 \$2,225,894 in 2014.

### Net Pension Liability

The components of the net pension liability of the Plan at December 31, 2014 are as follows:

Total pension liability	\$ 75,721,207
Plan fiduciary net position	<u>(64,398,582)</u>
Net pension liability	<u>\$ 11,322,625</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>85.05%</u>

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods in the measurement:

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

Actuarial valuation date	1/1/2015 *
Actuarial cost method	Entry Age Normal
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.

\* Measurement date of 12/31/2014

*Changes in Actuarial Assumptions.* The Plan recognized no changes in actuarial assumptions for the January 1, 2015 actuarial valuation.

*Investment Policy* – The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. 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, 2014:

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35 - 70%	5.4%
International equity	10 - 15%	5.5%
Fixed income	20 - 50%	1.3%
Real estate	0 - 15%	4.5%
Cash	0 - 10%	0.0%
	100.0%	

*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, 2014, the annual money-weighted rate of return on Plan investments, net of investment expense, was 3.82%.

*Concentrations* – At December 31, 2014, there were no individual investments that are required to be disclosed that constituted more than 5% of any of the Plan net position available for benefits. In addition, the Plan did not have any investment transactions with related parties during the year.

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

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

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
\$ 16,177,944	\$ 11,322,625	\$ 3,895,896

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

### Additional Employer Disclosures Required by GASB Statements No. 27 and 50

The information below is with regard to employer pension activity for the year ended December 31, 2014. Costs and contributions were based upon an actuarial valuation performed as of January 1, 2014, as required by the Act.

The Plan assumptions under the Act are as follows:

Actuarial valuation date	1/1/2014
Actuarial cost method	Entry Age
Amortization method	Level Percentage of Projected Payroll
Asset valuation method	Method prescribed by Pennsylvania State Law, Act 44
Amortization period	8.96 years
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.5%
Underlying inflation rate	3.0%
Cost-of-living adjustments	none

The County's annual pension cost, percentage of the annual pension costs contributed, and net pension obligation for the past three years are as follows:

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2012	\$ 2,364,200	100.7%	\$ 372,681
12/31/2013	2,496,807	100.6%	356,694
12/31/2014	2,208,708	100.8%	339,508

The County's net pension obligation (NPO) as of December 31, 2014 is calculated as follows:

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Annual required contribution	\$ 2,225,894
Interest on NPO	26,752
Adjustment to the ARC	<u>(43,938)</u>
Annual pension cost	2,208,708
Contribution made	<u>(2,225,894)</u>
Change in NPO	(17,186)
NPO, 12/31/2013	<u>356,694</u>
NPO, 12/31/2014	<u><u>\$ 339,508</u></u>

The County's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2014, under the Act, is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
\$61,981,836	\$72,794,810	\$(10,812,974)	85.15%	\$22,188,086	-48.73%

The schedule of funding progress, included as required supplementary information immediately following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### 10. NONCURRENT LIABILITIES

#### General Obligation Bonds

On December 30, 2010, the County issued an aggregate amount \$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 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

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

interest refunds over the life of the bonds are \$39,272 on the Series A Bonds and \$274,977 on the Series B Bonds.

### Note Payable

A 5.25% note is payable in monthly installments of \$6,591, including interest, commencing July 1, 1998 and originally continuing until July 9, 2016, at which time a balloon payment will be due. The purpose of the note is to help fund renovations at the Quality Living Center. The note is collateralized by the tangible property located within the Quality Living Center. The County paid off this note early during 2014.

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

Years Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 280,000	\$ 92,270	\$ 372,270
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>\$ 2,050,000</u>	<u>\$ 345,989</u>	<u>\$ 2,395,989</u>

### Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended December 31, 2014 was as follows:

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

<b>Governmental Activities</b>	Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014	Due Within One Year
QLC Note	\$ 590,896	\$ -	\$ (590,896)	\$ -	\$ -
GOB, Series A of 2010	612,000	-	(250,000)	362,000	280,000
GOB, Series B of 2012	1,688,000	-	-	1,688,000	-
Compensated absences	1,183,241	1,487,482	(1,397,884)	1,272,839	1,272,839
Noncurrent liabilities	\$ 4,074,137	\$ 1,487,482	\$ (2,238,780)	\$ 3,322,839	\$ 1,552,839
<b>Business-Type Activities</b>	Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014	Due Within One Year
Compensated absences	\$ 303,278	\$ 317,635	\$ (303,434)	\$ 317,479	\$ 317,479

### 11. LEASES

The County leases certain office space and equipment under operating lease arrangements expiring over the next several years, which contain cancellation provisions and are subject to annual appropriations. The following is a schedule of future minimum lease payments for operating leases with initial or remaining lease terms in excess of one year as of December 31, 2014:

2015	\$ 541,881
2016	427,665
2017	150,705
2018	22,456
2019	19,445
	\$ 1,162,152

Total rent payments made during 2014 amounted to \$620,065.

### 12. SELF-INSURANCE

The County maintains a self-insurance program for its workers' compensation coverage plan, a self-insurance program for a portion of its liability coverage plan, and a self-insurance program for health care coverage, which are all accounted for as an internal service fund.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

### Worker's Compensation and General Liability

The County had long been granted an exemption from the necessity of insuring its liability to pay compensation under the Pennsylvania Workers' Compensation Act (the Act), 77 P.S. p.1 et. Seq, such exemption being commonly referred to as self-insured status. In order to continue to remain in self-insured status, the County secured the payment of benefits under the Act in accordance with section 501 of the Act and applicable regulations. The County remained this way through October 2014 and thereafter moved to outside insurance.

On a regular basis, the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation Division, calculated the funding status of the County's Workers' Compensation dedicated asset account. This dedicated asset account must meet the required asset level as prescribed by applicable regulations. The County had recently received exemption from the Department of Labor from the necessity of insuring its liability to pay compensation as provided for and subject to the Act and authorized it to operate as a self-insurer for the period of January 1, 2014 to January 1, 2015. The State has changed the beginning of the future annual self-insurance periods to January 1, the beginning of the County's fiscal year. This realignment will enable the State to monitor the filing of each renewal application.

The outstanding liability is calculated based on taking an average of the last three years' outstanding liabilities. The average calculation took into consideration any change in the number of claims between years and any change in the number of long-term claims. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

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.

The County's self-funded liability coverage plan covers the first \$125,000 of claims, with any excess claims being covered through commercial insurance policies. The fund charges premiums to the General Fund based on an amount determined by the administering insurance company. Insurance companies serve as claims administrators, whereby they review and process claims. The premiums are based on anticipated claims, estimated costs of administering the plan, and satisfying claims. The County maintains insurance policies that limit the County's maximum workers' compensation liability per occurrence to \$500,000 and the maximum commercial liability per occurrence to \$25,000. Claims expenditures and liabilities are reported when it is probable that a loss can be reasonably estimated.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

### 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, 2013	\$ 385,039	\$ 100,041	\$ -	\$ 485,080
Incurred claims and claim adjustments	63,200	165,357	5,821,151	6,049,708
Payments on claims and claim adjustment expenses	<u>(53,214)</u>	<u>(175,408)</u>	<u>(5,360,609)</u>	<u>(5,589,231)</u>
Liability at December 31, 2013	<u>395,025</u>	<u>89,990</u>	<u>460,542</u>	<u>945,557</u>
Incurred claims and claim adjustments	50,249	25,856	4,641,072	4,717,177
Payments on claims and claim adjustment expenses	<u>(127,629)</u>	<u>(65,064)</u>	<u>(4,695,816)</u>	<u>(4,888,509)</u>
Liability at December 31, 2014	<u>\$ 317,645</u>	<u>\$ 50,782</u>	<u>\$ 405,798</u>	<u>\$ 774,225</u>

### **13. COMMITMENTS AND CONTINGENCIES**

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

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

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

---

significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

At December 31, 2014, the County has construction commitments totaling \$428,800 for the demolition of the Talon Building.

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.

### **14. REVENUE CONCENTRATION**

Of the County's total governmental revenues for the primary government, approximately 45% and 39% is derived from taxes and intergovernmental revenues, respectively. Taxes consist of the collection of property and per capita taxes. Intergovernmental revenues consist of federal and state operating grants from various funding sources used to finance projects and services provided to Crawford County citizens. Substantially all revenue received in the enterprise fund is derived predominantly from third-party payers. The County has amounts receivable arising from the property tax levies, earned income, and various other activities. These amounts are generally due from taxpayers and citizens of the County and are, thus, subject to the economic conditions of that geographic area.

### **15. SUBSEQUENT EVENT**

Subsequent to year-end, the County Board of Commissioners approved the issuance of up to \$17 million in debt for the purpose of the construction of a proposed judicial center. Issuance of such debt is anticipated to occur during 2015 or 2016.

**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, 2014

<b>Total Pension Liability:</b>	
Service cost	\$ 923,741
Interest	5,245,366
Differences between expected and actual experience	2,268,873
Benefit payments, including refunds of member contributions	<u>(3,401,003)</u>
<b>Net Changes in Total Pension Liability</b>	5,036,977
<b>Total Pension Liability - Beginning</b>	<u>70,684,230</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 75,721,207</u>
<b>Plan Fiduciary Net Position:</b>	
Contributions - employer	\$ 2,225,894
Contributions - member	2,124,387
Net investment income	1,501,131
Benefit payments, including refunds of member contributions	(3,401,003)
Administrative expense	<u>(25,969)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	2,424,440
<b>Plan Fiduciary Net Position - Beginning</b>	<u>61,974,142</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 64,398,582</u>
<b>Net Pension Liability - Ending (a-b)</b>	<u>\$ 11,322,625</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>85.05%</u>
<b>Covered Employee Payroll</b>	<u>\$ 22,188,086</u>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	51.03%

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, 2014

#### Schedule of County Contributions

Actuarially determined contribution	\$ 2,225,894
Contribution required under Act 205	
Contributions in relation to the actuarially determined contribution	<u>2,225,894</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	<u>\$ 22,188,086</u>
Contributions as a percentage of covered employee payroll	10.03%

#### Investment Returns

Annual money-weighted rate of return, net of investment expense	3.82%
---	-------

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, 2014

---

### Actuarial Methods and Assumptions under Governmental Accounting Standards Board Statement No. 67

The information presented in the “Required Supplementary Information – Pension Plan” was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates are as follows:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	21 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

### 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.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

DECEMBER 31, 2014

<u>Calendar Year</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	\$ 1,111,705	112%
2010	1,778,081	100%
2011	2,092,659	100%
2012	2,381,375	100%
2013	2,512,794	100%
2014	2,225,894	100%

See accompanying note to schedules of required supplementary information - employer.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Excess of AAL as a Percentage of Covered Payroll
1/1/2009	\$ 45,042,546	\$ 50,076,977	\$ (5,034,431)	89.9%	\$ 17,830,389	-28.2%
1/1/2010	45,440,729	55,168,873	(9,728,144)	82.4%	20,157,693	-48.3%
1/1/2011	46,393,920	58,385,248	(11,991,328)	79.5%	20,755,123	-57.8%
1/1/2012	48,912,973	62,824,581	(13,911,608)	77.9%	21,092,999	-66.0%
1/1/2013	53,433,326	67,455,631	(14,022,305)	79.2%	21,568,850	-65.0%
1/1/2014	61,981,836	72,794,810	(10,812,974)	85.1%	22,188,086	-48.7%

See accompanying note to schedules of required supplementary information - employer.

# COUNTY OF CRAWFORD, PENNSYLVANIA

## NOTE TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - EMPLOYER

YEAR ENDED DECEMBER 31, 2014

---

### Actuarial Methods and Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	1/1/2014
Actuarial cost method	Entry Age
Asset valuation method	Method prescribed by Pennsylvania State Law, Act 44
Amortization method	Level Percentage of Projected Payroll
Amortization period	8.96 years
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	4.5%
Cost of living adjustments	none

\* Includes inflation at 3%.

There were no benefit changes or changes in actuarial assumptions recognized in the actuarial valuation dated January 1, 2014.

## **Supplementary Information**

## **OTHER GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

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

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

The **911 and 911 Wireless Funds** are 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, 2014

Assets	Special Revenue Funds					Capital Projects	Total Nonmajor Governmental Funds
	Liquid Fuels	CDBG	911	911 Wireless	Special Revenue All Other		
Cash and cash equivalents	\$ 794,518	\$ 390	\$ 175,712	\$ 254,130	\$ 534,357	\$ 2,652,180	\$ 4,411,287
Receivables:							
Accounts receivable, net	85,901	-	33,426	-	62,398	-	181,725
Intergovernmental receivable	3,167	123,650	19,120	-	77,713	-	223,650
Due from other funds	-	-	-	-	380	-	380
Prepaid expenses and other assets	-	-	3,266	-	-	-	3,266
<b>Total Assets</b>	<b>\$ 883,586</b>	<b>\$ 124,040</b>	<b>\$ 231,524</b>	<b>\$ 254,130</b>	<b>\$ 674,848</b>	<b>\$ 2,652,180</b>	<b>\$ 4,820,308</b>
<b>Liabilities and Fund Balance</b>							
Liabilities:							
Accounts payable	\$ 78,961	\$ 49,200	\$ 6,448	\$ 11,382	\$ 17,876	\$ -	\$ 163,867
Accrued payroll and related liabilities	5,678	-	-	-	-	-	5,678
Intergovernmental payable	-	-	-	-	10	-	10
Due to other funds	6,806	74,450	31,373	8,507	63,337	-	184,473
Unearned revenue	-	390	-	234,241	62,338	-	296,969
Total Liabilities	91,445	124,040	37,821	254,130	143,561	-	650,997
Fund Balance:							
Nonspendable	-	-	3,266	-	-	-	3,266
Restricted:							
Roads and bridges	792,141	-	-	-	-	-	792,141
Emergency services	-	-	190,437	-	-	-	190,437
Hazmat	-	-	-	-	148,314	-	148,314
Affordable housing	-	-	-	-	82,750	-	82,750
Records improvement	-	-	-	-	300,223	-	300,223
Assigned	-	-	-	-	-	2,652,180	2,652,180
Total Fund Balance	792,141	-	193,703	-	531,287	2,652,180	4,169,311
<b>Total Liabilities and Fund Balance</b>	<b>\$ 883,586</b>	<b>\$ 124,040</b>	<b>\$ 231,524</b>	<b>\$ 254,130</b>	<b>\$ 674,848</b>	<b>\$ 2,652,180</b>	<b>\$ 4,820,308</b>

# COUNTY OF CRAWFORD, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds					Capital Projects	Total Nonmajor Governmental Funds
	Liquid Fuels	CDBG	911	911 Wireless	Total Other Special Revenue		
<b>Revenues:</b>							
Intergovernmental	\$ 336,733	\$ 381,274	\$ -	\$ 287,231	\$ 1,342,750	\$ -	\$ 2,347,988
Charges for services	1,418,436	-	558,487	-	391,295	-	2,368,218
Investment earnings	2,773	9	662	777	1,791	6,474	12,486
Miscellaneous	216	-	38,871	-	3,592	-	42,679
<b>Total revenues</b>	<b>1,758,158</b>	<b>381,283</b>	<b>598,020</b>	<b>288,008</b>	<b>1,739,428</b>	<b>6,474</b>	<b>4,771,371</b>
<b>Expenditures:</b>							
Current:							
General government	-	381,283	-	-	44,424	17	425,724
Public safety	-	-	812,667	288,008	165,543	-	1,266,218
Public works	1,636,398	-	-	-	-	-	1,636,398
Human services	-	-	-	-	1,256,412	-	1,256,412
Debt service:							
Principal	-	-	-	-	590,896	-	590,896
Interest	-	-	-	-	8,478	-	8,478
<b>Total expenditures</b>	<b>1,636,398</b>	<b>381,283</b>	<b>812,667</b>	<b>288,008</b>	<b>2,065,753</b>	<b>17</b>	<b>5,184,126</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>121,760</b>	<b>-</b>	<b>(214,647)</b>	<b>-</b>	<b>(326,325)</b>	<b>6,457</b>	<b>(412,755)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	579,702	862,673	1,442,375
Transfers out	-	-	(5,499)	-	-	-	(5,499)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(5,499)</b>	<b>-</b>	<b>579,702</b>	<b>862,673</b>	<b>1,436,876</b>
<b>Net Change in Fund Balance</b>	<b>121,760</b>	<b>-</b>	<b>(220,146)</b>	<b>-</b>	<b>253,377</b>	<b>869,130</b>	<b>1,024,121</b>
Fund balance - beginning	670,381	-	413,849	-	277,910	1,783,050	3,145,190
Fund balance - ending	<u>\$ 792,141</u>	<u>\$ -</u>	<u>\$ 193,703</u>	<u>\$ -</u>	<u>\$ 531,287</u>	<u>\$ 2,652,180</u>	<u>\$ 4,169,311</u>

## **AGENCY FUNDS**

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

# COUNTY OF CRAWFORD, PENNSYLVANIA

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2014

	Balance at January 1, 2014	Additions	Deductions	Balance at December 31, 2014
<b>Assets</b>				
Cash and cash equivalents	\$ 2,740,478	\$ 21,707,225	\$ 21,231,898	\$ 3,215,805
<b>Total Assets</b>	<b>\$ 2,740,478</b>	<b>\$ 21,707,225</b>	<b>\$ 21,231,898</b>	<b>\$ 3,215,805</b>
<b>Liabilities</b>				
Due to others	\$ 2,740,478	\$ 21,707,225	\$ 21,231,898	\$ 3,215,805
Total Liabilities	\$ 2,740,478	\$ 21,707,225	\$ 21,231,898	\$ 3,215,805

# COUNTY OF CRAWFORD, PENNSYLVANIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2014

<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>U.S. Department of Agriculture</u>				
Passed Through the Pennsylvania Department of Agriculture:				
Emergency Food Assistance Cluster:				
Emergency Food Assistance Program (Administrative Costs)	N/A	10.568	\$ 7,293	\$ 7,546
Emergency Food Assistance Program (Food Commodities)	N/A	10.569	69,113	<u>69,113</u>
Total U.S. Department of Agriculture				<u>76,659</u>
<u>U.S. Department of Housing and Urban Development</u>				
Home Investment Partnerships Program				
	N/A	14.239	157,905	157,905
Passed Through the Pennsylvania Department of Community and Economic Development:				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii				
	N/A	14.228	257,882	381,283
Emergency Solutions Grant Program				
	N/A	14.231	59,784	<u>59,784</u>
Subtotal				<u>441,067</u>
Total U.S. Department of Housing and Urban Development				<u>598,972</u>
<u>U.S. Department of Justice</u>				
Bulletproof Vest Partnership Program				
	N/A	16.607	2,060	2,060
Passed Through the Pennsylvania Commission on Crime and Delinquency:				
Juvenile Accountability Block Grants				
	2013-JB-01-01-23998	16.523	10,000	5,000
Juvenile Accountability Block Grants				
	2012-JB-01-25019	16.523	6,925	<u>6,925</u>
Subtotal				<u>11,925</u>
Juvenile Justice and Delinquency Prevention - Allocation to States				
	2011-JF-FX-0015	16.540	-	28,927
Violence Against Women Formula Grants				
	23793	16.588	34,614	-
Violence Against Women Formula Grants				
	23793-2	16.588	92,699	<u>121,038</u>
Subtotal				<u>121,038</u>
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program				
	23461	16.738	13,646	<u>13,646</u>
Total U.S. Department of Justice				<u>177,596</u>
<u>U.S. Department of Transportation</u>				
Passed Through the Pennsylvania Department of Transportation:				
Highway Planning and Construction				
	N/A	20.205	1,118,345	<u>1,154,188</u>
Passed Through the Pennsylvania Emergency Management Agency:				
Interagency Hazardous Materials Public Sector Training and Planning Grants				
	N/A	20.703	41,305	<u>41,305</u>
Total U.S. Department of Transportation				<u>1,195,493</u>
<u>U.S. General Services Administration</u>				
Passed Through the Pennsylvania Department of General Services:				
Donation of Federal Surplus Personal Property				
	N/A	39.003	29	<u>29</u>
Total U.S. General Services Administration				<u>29</u>
<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	64,769	<u>64,769</u>
Total U.S. Department of Education				<u>64,769</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Pennsylvania Department of Human Services:				
Guardianship Assistance				
	N/A	93.090	28,810	28,810

(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, 2014

(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>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	42,708	26,249
Promoting Safe and Stable Families	N/A	96.556	5,485	5,485
Temporary Assistance for Needy Families	N/A	93.558	262,272	262,272
Temporary Assistance for Needy Families	ME# 9661600620	93.558	36,349	<u>36,349</u>
Subtotal				<u>298,621</u>
Child Support Enforcement	ME#3321114020	93.563	714,377	832,454
Child Support Enforcement	ME#3321114020	93.563	85,073	<u>113,618</u>
Subtotal				<u>946,072</u>
Stephanie Tubbs Jones Child Welfare Services Program	N/A	93.645	232,122	232,122
Foster Care - Title IV-E	N/A	93.658	1,429,499	1,535,184
Adoption Assistance	N/A	93.659	263,793	359,678
Social Services Block Grant	N/A	93.667	154,017	154,018
Chafee Foster Care Independence Program	ME#102011600	93.674	51,912	51,912
Medical Assistance Program - Transportation	N/A	93.778	510,532	512,834
Medical Assistance Program - Children and Youth Services	N/A	93.778	4,982	4,236
Medical Assistance Program - Mental Health/Intellectual Disabilities	N/A	93.778	220,436	205,240
Medical Assistance Program - Early Intervention	N/A	93.778	6,401	<u>6,401</u>
Subtotal				<u>728,711</u>
Block Grants for Community Mental Health Services	N/A	93.958	74,926	74,926
Passed Through the Pennsylvania Department of Health:				
Block Grants for Prevention and Treatment of Substance Abuse	NA	93.959	322,439	<u>322,439</u>
Total U.S. Department of Health and Human Services				<u>4,764,227</u>
<u>U.S. Department of Homeland Security</u>				
Passed Through the Pennsylvania Emergency Management Agency:				
Emergency Management Performance Grants	N/A	97.042	66,016	66,016
Homeland Security Grant Program	N/A	97.067	84,846	<u>22,862</u>
Total U.S. Department of Homeland Security				<u>88,878</u>
Total Expenditures of Federal Awards				<u>\$ 6,966,623</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, 2014

---

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards for the year ended December 31, 2014 is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

### **2. EMERGENCY FOOD ASSISTANCE PROGRAM**

In-kind values are reported in the schedule of expenditures of federal awards 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, 2014

<u>Programs</u>	<u>Combined Federal/ State Expenditures</u>
Mental Health Services	\$ 3,170,013
Intellectual Disabilities Services	1,790,509 *
Early Intervention Services	653,639 *
Children and Youth	7,597,987 *
Homeless Assistance Program	200,069
Medical Assistance Transportation Program	1,088,365 *
Child Support Enforcement	799,450 *
HSDF Block Grant	<u>66,750</u>
Total combined state/federal expenditures	<u><u>\$ 15,366,782</u></u>

\* Denotes major programs for DHS purposes. The amount expended under major DHS programs for the year ended December 31, 2014 is \$11,929,950 or 78% of total DHS financial assistance.

# **County of Crawford, Pennsylvania**

Independent Auditor's Reports  
Required by OMB Circular A-133

Year Ended December 31, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 21, 2015, which was adverse because the financial statements do not include financial data for the County's legally separate component units.

**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. However, material weaknesses may exist that have not been identified. 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 2014-1 in the schedule of findings and questioned costs.

### **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  
August 21, 2015

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 OMB Circular A-133 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) Circular A-133 *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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133, 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, 2014.

### **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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

*Mahe Duessel*

Pittsburgh, Pennsylvania  
August 21, 2015

# COUNTY OF CRAWFORD, PENNSYLVANIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2014

### I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, Adverse Opinion on Aggregate Discretely Presented Component Units

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 Section 510(a) of Circular A-133?  yes  no

7. Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.778	Medical Assistance Program

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000

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 2014-1 - 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

# COUNTY OF CRAWFORD, PENNSYLVANIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2014

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.

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 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.

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, 2014

### **Finding 2013-1- Internal Control over Payroll**

Condition: During our review of the payroll process, we noted two out of a sample of forty timesheets tested that did not include approval of employee time entries by the applicable department head.

Recommendation: We recommend that a process be developed that ensures all timesheets are reviewed and approved prior to payroll being processed.

Status: Finding was resolved in 2014.

### **Finding 2013-2 - 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 2014-1.

**County of Crawford, Pennsylvania**

DHS-Funded Financial Assistance  
Program Exhibits

Years Ended June 30, 2014 and December 31, 2014  
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, 2014 and December 31, 2014, have been accurately compiled and reflect the audited books and records of the County. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS Single Audit Supplement pertaining to this period.

<u>Program Name</u>	<u>Number</u>	<u>Referenced Schedule/Exhibit</u>
Child Support Enforcement	A-1 (a)	Comparison of Single Audit Expenditures with Reported Expenditures
	A-1 (b)	PACSES OCSE 157 Data Reliability Validation
	A-1 (d)	Comparison of Single Audit Title IV-D Account with Reported Title IV-D Account
Children and Youth Social Service Programs	I	Fiscal Summary
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	Schedule of Fund Balances - Summary Report
	VI(b)BG	Schedule of Fund Balances - Summary Report

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

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

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 the Department of Human Services 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  
August 21, 2015

**COUNTY OF CRAWFORD, PENNSYLVANIA**  
**CHILD SUPPORT ENFORCEMENT**  
**COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**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
<b>Quarter Ending: 3/31/2014</b>															
1. Salary & Overhead	\$ 365,707	\$ 17,551	\$ 23,003	\$ 325,153	\$ 214,601	\$ 365,707	\$ 17,551	\$ 23,003	\$ 325,153	\$ 214,601	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	5,157	213	-	4,944	3,263	5,157	213	-	4,944	3,263	-	-	-	-	-
4. Blood Testing Fees	713	-	-	713	471	713	-	-	713	471	-	-	-	-	-
5. Blood Testing Costs	352	-	352	-	-	352	-	352	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 360,189	\$ 17,338	\$ 23,355	\$ 319,496	\$ 210,867	\$ 360,189	\$ 17,338	\$ 23,355	\$ 319,496	\$ 210,867	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Quarter Ending: 6/30/2014</b>															
1. Salary & Overhead	\$ 329,952	\$ 27,709	\$ 43,384	\$ 258,859	\$ 170,847	\$ 329,952	\$ 27,709	\$ 43,384	\$ 258,859	\$ 170,847	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	8	-	-	8	5	8	-	-	8	5	-	-	-	-	-
3. Interest & Program Income	4,691	194	-	4,497	2,968	4,691	194	-	4,497	2,968	-	-	-	-	-
4. Blood Testing Fees	731	-	-	731	482	731	-	-	731	482	-	-	-	-	-
5. Blood Testing Costs	1,024	-	1,024	-	-	1,024	-	1,024	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 325,546	\$ 27,515	\$ 44,408	\$ 253,623	\$ 167,392	\$ 325,546	\$ 27,515	\$ 44,408	\$ 253,623	\$ 167,392	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Quarter Ending: 09/30/2014</b>															
1. Salary & Overhead	\$ 331,642	\$ 15,330	\$ 23,292	\$ 293,020	\$ 193,393	\$ 331,642	\$ 15,330	\$ 23,292	\$ 293,020	\$ 193,393	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	5,720	235	-	5,485	3,620	5,720	235	-	5,485	3,620	-	-	-	-	-
4. Blood Testing Fees	866	-	-	866	572	866	-	-	866	572	-	-	-	-	-
5. Blood Testing Costs	1,440	-	1,440	-	-	1,440	-	1,440	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 326,496	\$ 15,095	\$ 24,732	\$ 286,669	\$ 189,201	\$ 326,496	\$ 15,095	\$ 24,732	\$ 286,669	\$ 189,201	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Quarter Ending: 12/31/2014</b>															
1. Salary & Overhead	\$ 373,568	\$ 16,238	\$ 18,728	\$ 338,602	\$ 223,477	\$ 373,568	\$ 16,238	\$ 18,728	\$ 338,602	\$ 223,477	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	4,427	180	-	4,247	2,803	4,427	180	-	4,247	2,803	-	-	-	-	-
4. Blood Testing Fees	492	-	-	492	325	492	-	-	492	325	-	-	-	-	-
5. Blood Testing Costs	728	-	728	-	-	728	-	728	-	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 369,377	\$ 16,058	\$ 19,456	\$ 333,863	\$ 220,349	\$ 369,377	\$ 16,058	\$ 19,456	\$ 333,863	\$ 220,349	\$ -	\$ -	\$ -	\$ -	\$ -

# COUNTY OF CRAWFORD, PENNSYLVANIA

## CHILD SUPPORT ENFORCEMENT PACSES OCSE 157 DATA RELIABILITY VALIDATION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

### Exhibit A-1 (b)

County Crawford

Year Ended

12/31/2014

OCSE 157 Report Line Number	Number of Cases Reviewed	Case Problems Found
Line #1 IV-D cases open at the end of the fiscal year.	4	None
Line #2 IV-D cases open at the end of the fiscal year with support orders established.	4	None
Line #5 Children in IV-D cases open at the end of the fiscal year that were born out of wedlock.	4	None
Line #6 Children in IV-D cases open at the end of the fiscal year that were born out of wedlock with paternity resolved.	4	None
Line #21 IV-D cases open at the end of the fiscal year with medical support ordered.	4	None
Line #23 IV-D cases open at the end of the fiscal year with health insurance provided as ordered.	4	None
Line #24 Total amount of current support due for the fiscal year for IV-D cases, excluding emancipated children.	4	None
Line #25 Total amount of support disbursed as current support during the fiscal year for IV-D cases, excluding emancipated children.	4	None
Line #28 Cases with arrears due during the fiscal year (10/1/13 - 9/30/14)	4	None
Line #29 Cases with disbursements on arrears during the fiscal year (10/1/13 - 9/30/14)	4	None

# 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, 2014

Exhibit A-1 (d)

	<u>Single Audit Title IV-D Account</u>	<u>Reported Title IV-D Account</u>	<u>Single Audit Over (Under) Reported</u>
<b>Balance, January 1</b>	\$ 217,784	\$ 217,784	\$ -
<b><u>Receipts:</u></b>			
Reimbursements	612,105	612,105	-
Incentives	121,380	121,380	-
Title XIX incentives	62	62	-
Program income	15,838	15,838	-
Genetic testing costs	2,907	2,907	-
Maintenance of effort (MOE)	759,620	759,620	-
 Total receipts	 1,511,912	 1,511,912	 -
<b>Intrafund Transfers - In</b>	<u>121,380</u>	<u>121,380</u>	<u>-</u>
<b>Funds Available</b>	<u>1,851,076</u>	<u>1,851,076</u>	<u>-</u>
<b><u>Disbursements:</u></b>			
Incentive Paid Costs	111,949	111,949	-
Vendor payments	1,390,532	1,390,532	-
 Total disbursements	 1,502,481	 1,502,481	 -
<b>Intrafund Transfers - Out</b>	<u>121,380</u>	<u>121,380</u>	<u>-</u>
<b>Balance, December 31</b>	<u>\$ 227,215</u>	<u>\$ 227,215</u>	<u>\$ -</u>

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

# COUNTY OF CRAWFORD, PENNSYLVANIA

## COUNTY CHILDREN AND YOUTH SOCIAL SERVICE PROGRAMS

### FISCAL SUMMARY

JULY 1, 2011 THROUGH JUNE 30, 2012

(CAPTURING ALL EXPENDITURES PAID THROUGH JUNE 30, 2014)

#### Exhibit I

	A	B	C	D	E	F	G	H	I	J	K
	Grand Total	Program Income	Title IV-E	TANF	Title XX	Title IV-B	Other Funding	Medical Assistance	Net Total	State Act 148	Local Share
Net Child Welfare Expend											
01. 100% Reimbursement	\$ 215,974	\$ -	\$ 37,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,055	\$ 178,055	\$ -
02. 90% Reimbursement	580,516	15,425	167,412	34,574	-	-	-	-	363,105	326,794	36,311
03. 80% Reimbursement	6,785,963	180,390	1,633,991	244,073	75,677	174,707	-	-	4,477,125	3,581,700	895,425
04. 60% Reimbursement	1,036,924	12,201	184,779	-	-	71,782	-	7,019	761,143	456,685	304,458
05. 50% Reimbursement	67,290	-	-	-	-	-	-	-	67,290	33,646	33,644
06. Total Child Welfare Exp.	8,686,667	208,016	2,024,101	278,647	75,677	246,489	-	7,019	5,846,718	4,576,880	1,269,838
YDC/YFC Placement Costs											
07. 60% DPW Participation	-	-							-	-	-
08. NON-Reimbursable Expenditures	3,773	-	-						3,773	-	3,773
09. Total Expenditures	\$ 8,690,440	\$ 208,016	\$ 2,024,101	\$ 278,647	\$ 75,677	\$ 246,489	\$ -	\$ 7,019	\$ 5,850,491	\$ 4,576,880	\$ 1,273,611
10. Total Title IV-D Collections	\$ 99,621		11. Title IV-D Collections for IV-E Eligible Children \$ 47,070								
12. State Act 148 - Line 6	\$ 4,576,880		13. State Act 148 Allocation	\$ 4,581,948		14. Adjusted State Share (Lower of 12 or 13)			\$ 4,576,880		

# COUNTY OF CRAWFORD, PENNSYLVANIA

## MEDICAL ASSISTANCE TRANSPORTATION PROGRAM SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2014

### Exhibit III

	<u>Reported</u>	<u>Actual</u>
<b>Service Data:</b>		
<hr/>		
Expenditures:		
Group I clients	\$ 894,009	\$ 894,009
Group II clients	74,541	74,541
	<hr/>	<hr/>
Total expenditures	<u>\$ 968,550</u>	<u>\$ 968,550</u>
<b>Allocation Data:</b>		
<hr/>		
Revenues:		
Department of Human Services	\$ 968,352	\$ 968,352
Interest income	198	198
	<hr/>	<hr/>
Total revenues	<u>968,550</u>	<u>968,550</u>
Funds expended:		
Operating costs	766,628	766,628
Administrative costs	201,922	201,922
	<hr/>	<hr/>
<b>Excess Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF CRAWFORD, PENNSYLVANIA

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

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2014

### 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)				
<b>A. Early Intervention Services</b>								
1. Early Intervention Services	10235	\$ 8,766	\$ 277,482	\$ 286,248	\$ 270,139	\$ 16,109	\$ 8,165	\$ 24,274
2. Early Intervention Training	10235	-	4,431	4,431	4,431	-	-	-
3. Early Intervention Administration	10235	1,354	98,815	100,169	97,477	2,692	-	2,692
4. Infant & Toddlers w/Disabilities (Part C)	70170	229	71,636	71,865	71,865	-	-	-
5. IT&F Waiver Administration	10235/70184	-	12,802	12,802	12,802	-	-	-
7. Total		\$ 10,349	\$ 465,166	\$ 475,515	\$ 456,714	\$ 18,801	\$ 8,165	\$ 26,966

# COUNTY OF CRAWFORD, PENNSYLVANIA

## EARLY INTERVENTION SERVICES REPORT OF INCOME AND EXPENDITURES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2014

### Exhibit V(b)EI

		Admin Office	Early Intervention	Supports Coordination	Total
	TOTAL ALLOCATION				\$ 475,515
II.	TOTAL EXPENDITURES	\$ 121,110	\$ 259,627	\$ 274,818	655,555
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	-	-	149,517	149,517
	D. Earned Interest	-	-	-	-
	E. Other	-	-	-	-
	Subtotal Revenues	-	-	149,517	149,517
V.	DHS REIMBURSEMENT				
	A. DHS Categorical Funding 90% Subtotal	97,477	233,664	112,771	443,912
	B. DHS Categorical Funding 100% Subtotal	12,802	-	-	12,802
VI.	COUNTY Match				
	10% County Match	10,831	25,963	12,530	49,324
	Subtotal County Match	10,831	25,963	12,530	49,324
VII.	TOTAL DHS REIMBURSEMENT & COUNTY MATCH	\$ 121,110	\$ 259,627	\$ 125,301	506,038
VIII.	TOTAL CARRYOVER				\$ 18,801

**COUNTY OF CRAWFORD, PENNSYLVANIA**

BLOCK GRANT COUNTIES  
SCHEDULE OF FUND BALANCES - SUMMARY REPORT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2014

**Exhibit VI(a) BG**

County Match	5.68%
Actual County Match (\$)	\$ 243,033
Actual County Match (%)	5.68%

Block Grant Reporting	Appropriation	Cost Eligible for DHS Participation								Balance of Funds	Adjustments	Total Fund Balance	
		DHS Allocation	Mental Health	Intellectual Disabilities	Homeless Assistance	Child Welfare	HSS	D&A	Total				
Sources of Funding													
1. State Human Services Block Grant	Multiple	\$ 4,354,669	\$ 2,432,206	\$ 799,556	\$ 215,350	\$ 333,559	\$ 84,585	\$ 358,934	\$ 4,224,190	\$ 130,479	\$ 17,348	\$ 147,827	
2. SSBG	Multiple	78,340	38,065	40,275	-	-	-	-	78,340	-	-	-	
3. SABG	70113	-	-	-	-	-	-	-	-	-	-	-	
4. CMHSBG	70167	64,925	64,925	-	-	-	-	-	64,925	-	-	-	
5. MA	70175	182,789	-	166,159	-	-	-	-	166,159	16,630	-	16,630	
6. Crisis Counseling	80222	-	-	-	-	-	-	-	-	-	-	-	
<b>Total for Block Grant</b>		<b>\$ 4,680,723</b>	<b>\$ 2,535,196</b>	<b>\$ 1,005,990</b>	<b>\$ 215,350</b>	<b>\$ 333,559</b>	<b>\$ 84,585</b>	<b>\$ 358,934</b>	<b>\$ 4,533,614</b>	<b>\$ 147,109</b>	<b>\$ 17,348</b>	<b>\$ 164,457</b>	

Retained Earnings	
I. Unexpended Allocation	\$ 147,827
II. Maximum Retained Earnings (3%)	130,640
III. Waiver Requested Money (if applicable)	
<b>IV. Total Requested Retained Earnings</b>	<b>\$ 130,479</b>

**COUNTY OF CRAWFORD, PENNSYLVANIA**

BLOCK GRANT COUNTIES  
SCHEDULE OF FUND BALANCES - SUMMARY REPORT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2014

**Exhibit VI(b) BG**

Sources of Funding	Appropriation	Total Carryover	Allotment	DHS Allocation	Costs Eligible for DHS Participation	Balance of Funds	Adjustments	Total Fund Balance
<b>Mental Health Services</b>								
1. State - Act 87 Carryover	10248	\$ -	\$ 5,349	\$ 5,349	\$ 5,349	\$ -	\$ -	\$ -
2. State - NSH Start-Up	10248	-	-	-	-	-	-	-
3. State - Personal Care Home Funding	10252	-	-	-	-	-	-	-
4. Federal - PATH Homeless Grant	70154	-	42,708	42,708	42,708	-	-	-
5. Federal - Capitalization of POMS	70522	-	-	-	-	-	-	-
6. Federal - Youth Suicide Prevention	70651	-	-	-	-	-	-	-
7. Federal - Jail Diversion & Trauma Recovery	70747	-	-	-	-	-	-	-
8. Federal - Bio-Terrorism Hospital Preparedness	80343	-	-	-	-	-	-	-
9. Federal - Adult Health Quality Measures	70127							
10. Federal - Mental Health Systems Transportation	70589	-	-	-	-	-	-	-
<b>Subtotal Mental Health Services</b>		-	48,057	48,057	48,057	-	-	-
<b>Intellectual Disabilities Services</b>								
1. Act 87 Carryover	10255	-	1,952	1,952	1,952	-	-	-
2. Other	10255	-	-	-	-	-	-	-
3. Elwyn	10236	-	-	-	-	-	-	-
4. Money Follows the Person	10263	-	-	-	-	-	-	-
<b>Subtotal Intellectual Disabilities Services</b>		-	1,952	1,952	1,952	-	-	-
<b>Total for Block Grant</b>		\$ -	\$ 50,009	\$ 50,009	\$ 50,009	\$ -	\$ -	\$ -

# COUNTY OF CRAWFORD, PENNSYLVANIA

## SINGLE AUDIT REPORT DISTRIBUTION LIST TO STATE AND FEDERAL ENTITIES

YEAR ENDED DECEMBER 31, 2014

Single Audit Clearinghouse Bureau of the Census Building 66, Room 2417 1201 East 10th Street Jeffersonville, IN 47132	electronic
Commonwealth of Pennsylvania Audit Guide Coordinator Bureau of Audits Forum Place 555 Walnut Street, Ninth Floor Harrisburg, PA 17101	electronic
Bureau of Workmen's Compensation Self-Insurance Division 1171 South Cameron Street Room 103 Harrisburg, PA 17104	1 copy
Commonwealth of Pennsylvania DHS Bureau of Financial Operations Bertolino Building - Third Floor P.O. Box 2675 Harrisburg, PA 17105-2675	1 copy