

**COUNTY OF JEFFERSON  
BROOKVILLE, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

COUNTY OF JEFFERSON  
YEAR ENDED DECEMBER 31, 2016

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COUNTY OF JEFFERSON  
YEAR ENDED DECEMBER 31, 2016

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# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITOR'S REPORT

County Commissioners  
County of Jefferson  
Brookville, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF JEFFERSON, PENNSYLVANIA as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the COUNTY OF JEFFERSON, PENNSYLVANIA's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jefferson County Conservation District, which represents 86.0%, 105.3%, and 78.0%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for the Jefferson County Conservation District, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Jefferson County Fair Authority were not audited in accordance with *Government Auditing Standards*. 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.

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# Zelenkofske Axelrod LLC

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

## **Opinion**

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF JEFFERSON, PENNSYLVANIA, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Adoption of GASB Statements**

As described in Note 1 to the financial statements, in 2016 the County adopted the provisions of Governmental Accounting Standards Board Statement No. 72, "*Fair Value Measurement and Application*", Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", Statement No. 77, "*Tax Abatement Disclosures*", Statement No. 78, "*Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*", and Statement No. 79, "*Certain External Investments Pools and Pool Participants*". Our opinion is not modified in respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years, and Schedule of Employer Contributions – Last 10 Years on pages 4 through 16 and 49 through 55 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.

# Zelenkofske Axelrod LLC

County Commissioners  
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## *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF JEFFERSON, PENNSYLVANIA's basic financial statements. The accompanying other supplementary information on pages 57 through 66 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Pittsburgh, Pennsylvania  
September 28, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The COUNTY OF JEFFERSON, hereafter referred to as the "COUNTY", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments (hereafter "GASB 34"), and related standards. GASB 34 enhances information provided to the users of its financial statements. This section of the financial reporting package presents our discussion and analysis of the COUNTY's financial performance during the year ended December 31, 2016. We recommend that it be read in conjunction with the accompanying basic financial statements in order to obtain a thorough understanding of the COUNTY's financial condition at December 31, 2016.

**FINANCIAL HIGHLIGHTS****Real Estate Taxes**

The COUNTY'S assessed valuation increased from \$835,549,060 in 2015 to \$847,256,560 in 2016. The COUNTY's mill rate was 11.75 mills for 2016. In 2016, \$10,019,890 of real estate tax revenue was received for General Fund purposes. The COUNTY transferred from the General Fund \$1,285,547 to the Debt Service Fund for Debt Service purposes.

**COUNTY'S NET POSITION**

The COUNTY's Statement of Net Position in 2016 has a total Net Position of \$24,043,370.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)****OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial section of this report consists of four parts:

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

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the COUNTY's budget to actual figures for the General Fund and major special revenue funds, as well as certain pension information. In addition to the required elements, an other supplementary section is included with combining and other statements that provide particulars about non-major funds.

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

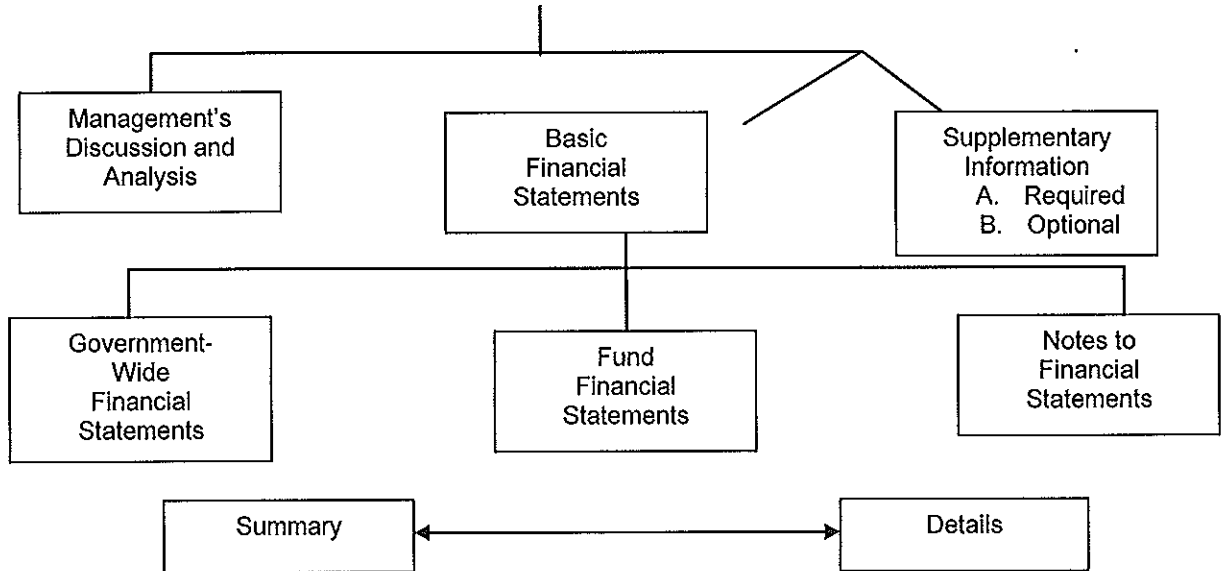
- *Government-wide financial statements*, the first two statements, provide information about the COUNTY's overall financial status as well as the financial status of the COUNTY's discrete and blended component units.
- *Fund financial statements*, the remaining statements, focus on individual parts of the COUNTY's government. They provide more detail on operations than the government-wide statements. There are two types of fund financial statements:
  - *Governmental funds statements* show how general government services such as public safety, public works, human services, culture and recreation, conservation and development, and economic development were financed in the short term, as well as what remains for future spending.
  - *Fiduciary funds statements* reflect activities involving resources that are held by the COUNTY as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the COUNTY's programs.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Table A-1: Organization of the County's annual financial report

Required Components of the Annual Financial Statements



**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Table A-2 summarizes the major features of the COUNTY's financial statements, including the area of the COUNTY's activities they cover and the types of information they contain.

**Table A-2: Major features of the government-wide and fund financial statements**

	Government-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Primary government and certain component units (except fiduciary funds)	The day-to-day operating activities of the County, such as public safety and public works	Instances in which the County administers resources on behalf of others
Required Financial Statements	-Statement of net position -Statement of activities	-Balance Sheet -Statement of revenues, expenditures and changes in fund balance	-Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities both financial and capital, short term and long term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

### Government-wide financial statements

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

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

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

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

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the COUNTY can exercise influence and/or be obligated to provide financial support. The COUNTY has one blended component unit: the Jefferson County Solid Waste Authority and two discretely presented component units: the Jefferson County Conservation District and the Jefferson County Fair Authority that are included in the financial statements. Complete and detailed financial statements for the component units are available for public inspection in the COUNTY's Finance Department. (See Note 1, Notes to the Financial Statements for additional information).

There is one category of activity for the primary government:

- Governmental activities include the COUNTY's basic services such as general and judicial administration, corrections, public safety, public works and human services. Property taxes and state and federal grants finance most of these activities.

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

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

- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

- Allocate net position balances as follows:
  - Net Investment in Capital Assets
  - Restricted net position is net position with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
  - Unrestricted net position is net position that does not meet any of the above restrictions

**Fund Financial Statements**

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

The COUNTY has two kinds of funds:

- *Governmental funds* include most of the COUNTY's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps the financial resources available in the near future to finance the COUNTY's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The COUNTY adopts an annual budget for the General Fund, as required by state law, certain special revenue funds and capital projects funds. A budgetary comparison of the COUNTY's General Fund and major special revenue funds is presented as required supplementary information.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## Net Position

The COUNTY's total assets were \$50,160,210 at December 31, 2016.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements.

Table A-3  
County of Jefferson  
Condensed Statement of Net Position

	Governmental Activities		Changes from 2015 to 2016	Percentage Change
	2015	2016		
<b>Assets:</b>				
Capital Assets	\$ 31,851,795	\$ 35,732,263	\$ 3,880,468	12.18%
Other Assets	9,177,945	14,427,947	5,250,002	57.20%
<b>Total Assets</b>	<b>41,029,740</b>	<b>50,160,210</b>	<b>9,130,470</b>	<b>22.25%</b>
<b>Deferred Outflows of Resources:</b>				
Pension	527,314	1,607,151	1,079,837	204.78%
<b>Total Assets and Deferred Outflows</b>	<b>\$ 41,557,054</b>	<b>\$ 51,767,361</b>	<b>\$ 10,210,307</b>	<b>24.57%</b>
<b>Liabilities:</b>				
Long-Term Debt Outstanding	\$ 13,960,760	\$ 23,737,058	\$ 9,776,298	70.03%
Other Liabilities	3,079,015	3,840,677	761,662	24.74%
<b>Total Liabilities</b>	<b>17,039,775</b>	<b>27,577,735</b>	<b>10,537,960</b>	<b>61.84%</b>
<b>Deferred Inflows of Resources:</b>				
Pension	-	146,256	146,256	100%
<b>Total Liabilities and Deferred Inflows</b>	<b>\$ 17,039,775</b>	<b>\$ 27,723,991</b>	<b>\$ 10,684,216</b>	<b>62.70%</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	17,831,710	13,486,953	(4,344,757)	-24.37%
Restricted Net Position	5,112,050	6,690,968	1,578,918	30.89%
Unrestricted Net Position	1,573,519	3,865,449	2,291,930	145.66%
<b>Total Net Position</b>	<b>\$ 24,517,279</b>	<b>\$ 24,043,370</b>	<b>\$ (473,909)</b>	<b>-1.93%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Change in Net Position

The following statement of activities represents changes in net position for the year ended December 31, 2016. It shows revenues by source and expenses by function for governmental activities and the government as a whole.

**Table A-4**  
**County of Jefferson**  
**Condensed Statement of Activities**

	Governmental Activities		Changes From 2015 to 2016	Percentage Change
	2015	2016		
<b>Program Revenues:</b>				
Charges for Services	\$ 2,943,677	\$ 2,726,652	\$ (217,025)	-7.37%
Operating Grants and Contributions	8,602,176	9,116,078	513,902	5.97%
Capital Grants and Contributions	933,732	1,640,971	707,239	75.74%
<b>General Revenues:</b>				
Real Estate Taxes	9,543,122	9,916,517	373,395	3.91%
Hotel Tax	156,173	152,322	(3,851)	-2.47%
Investment Earnings	112,235	176,937	64,702	57.65%
Rental Income	12,222	13,765	1,543	12.62%
	<u>22,303,337</u>	<u>23,743,242</u>	<u>1,439,905</u>	<u>6.46%</u>
<b>Expenses:</b>				
General Government –				
Administrative	1,205,624	1,603,221	397,597	32.98%
General Government - Judicial	4,313,067	4,424,292	111,225	2.58%
Public Safety	6,028,765	6,611,667	582,902	9.67%
Public Works	792,642	886,771	94,129	11.88%
Human Services	7,288,514	8,308,262	1,019,748	13.99%
Culture and Recreation	371,800	357,225	(14,575)	-3.92%
Conservation and Development	192,394	193,157	763	0.40%
Economic Development	900,864	1,393,497	492,633	54.68%
Interest on Long-Term Debt	803,744	439,059	(364,685)	-45.37%
	<u>21,897,414</u>	<u>24,217,151</u>	<u>2,319,737</u>	<u>10.59%</u>
Change in Net Position	405,923	(473,909)	(879,832)	-216.75%
Net Position - January 1 - Beginning of Year	<u>24,111,356</u>	<u>24,517,279</u>	405,923	1.68%
Net Position - December 31- End of Year	<u>\$ 24,517,279</u>	<u>\$ 24,043,370</u>	<u>\$ (473,909)</u>	<u>-1.93%</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2016, real estate taxes brought in \$9,916,517.

**Table A-5**  
**County of Jefferson**  
**Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Program:		
General Government - Administration	\$ 1,603,221	\$ (128,440)
General Government - Judicial	4,424,292	(2,943,100)
Public Safety	6,611,667	(4,604,109)
Public Works	886,771	(351,650)
Human Services	8,308,262	(1,556,131)
Culture and Recreation	357,225	(357,225)
Conservation and Development	193,157	(193,157)
Economic and Development	1,393,497	(160,579)
Debt Service	439,059	(439,059)
	<u>\$ 24,217,151</u>	<u>\$ (10,733,450)</u>

The COUNTY relied on real estate taxes and other general revenues to fund 44.32% of its governmental activities in 2016.

The real estate tax is based on the assessed value of real property. Changes in the assessed valuation affect tax revenues. The rate of taxation in 2016 was 11.75 mills for general purposes.

Approximately 66.52% of judicial system spending came from property tax and other general revenues with the remainder coming from grants, fines, and courts costs. Property taxes and other general revenues covered 69.64% of public safety cost with the remainder coming from grants and fees covering room and board at the county prison.

Public works, human services, culture and recreation, conservation and development, economic and development and debt service expenditures required 39.66%, 18.73%, 100%, 100%, 11.52% and 100% respectively, from property taxes and other general revenue.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Capital Assets

The COUNTY's capital assets, net of accumulated depreciation, was \$35,732,263 at December 31, 2016. A summary of capital assets at December 31, 2016 is as follows:

Governmental Activities:	
Capital assets not being depreciated (cost):	
Land	\$ 428,760
Construction in progress	6,052,601
Total capital assets not being depreciated	<u>6,481,361</u>
Capital assets being depreciated (cost):	
Buildings and improvements	26,331,073
Furniture, fixtures, and equipment	2,801,308
Vehicles	743,654
Bridges, roads, and rail trails	25,233,844
Total capital assets being depreciated	<u>55,109,879</u>
Less accumulated depreciation for:	
Buildings and improvements	13,442,470
Furniture, fixtures, and equipment	2,682,706
Vehicles	645,195
Bridges, roads, and rail trails	9,088,606
Total accumulated depreciation	<u>25,858,977</u>
Total capital assets being depreciated, net	<u>29,250,902</u>
Total capital assets, governmental activities	<u>\$ 35,732,263</u>

The total depreciation expense in 2016 to the governmental activities was \$1,197,048.

See Note 5 to the financial statements for further detail on capital assets.

## Debt Administration

At December 31, 2016, the COUNTY had \$22,903,335 of long term bonds and notes outstanding. The COUNTY's long term debt increased 58.2% in 2016.

**County of Jefferson**  
**Statement of Long Term Debt**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligations	\$ 14,418,843	\$ 10,998,889	\$ (2,491,284)	\$ 22,926,448
G.O. Discount	(25,215)	-	2,102	(23,113)
Total G.O. Bond Payable	<u>14,393,628</u>	<u>10,998,889</u>	<u>(2,489,182)</u>	<u>22,903,335</u>
Capital Lease	9,591	-	(9,591)	-
Total Debt Obligations	<u>14,403,219</u>	<u>10,998,889</u>	<u>(2,498,773)</u>	<u>22,903,335</u>
Compensated Absences	<u>208,378</u>	<u>219,226</u>	<u>(208,378)</u>	<u>219,226</u>
Total Long Term Liabilities	<u>\$ 14,611,597</u>	<u>\$ 11,218,115</u>	<u>\$ (2,707,151)</u>	<u>\$ 23,122,561</u>

See Note 7 to the financial statements for further detail on long term debt.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**FUND FINANCIAL STATEMENTS****GOVERNMENTAL FUNDS**

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

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

The COUNTY's governmental funds include the General Fund, special revenue funds, capital project funds, and the debt service funds. The General Fund is the chief operating fund for the COUNTY. Special revenue funds are restricted to specific legislated use. Capital project funds account for the proceeds of bond issues. Debt service funds account for the accumulation of financial resources for, and the payment of, general long-term obligations' principal, interest, and related costs. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements.

**GOVERNMENTAL FUND REVENUES**

Governmental fund revenues by source at December 31, 2015, and December 31, 2016, were as follows.

**Table A-8**  
**County of Jefferson**  
**Revenues and Other Financing Sources by Source, Governmental Funds**

	2015	2016	Changes from 2015 to 2016	Percentage Variance
Revenues and other financing sources:				
Taxes	\$ 9,711,640	\$ 10,172,212	\$ 460,572	4.74%
Licenses, fees and permits	56,438	52,993	(3,445)	-6.10%
Intergovernmental	9,535,910	10,757,049	1,221,139	12.81%
Charges for services	2,580,669	2,334,970	(245,699)	-9.52%
Costs and fines	294,347	338,689	44,342	15.06%
Interest and rents	136,678	190,702	54,024	39.53%
Debt Proceeds	12,446,111	10,998,889	(1,447,222)	-11.63%
Operating transfers in	2,458,307	2,820,881	362,574	14.75%
 Total revenue and other financing sources	 <u>\$ 37,220,100</u>	 <u>\$ 37,666,385</u>	 <u>\$ 446,285</u>	 <u>1.20%</u>

Governmental fund revenues totaled \$37,666,385 for the year ended December 31, 2016. This is a net increase of \$446,285 from 2015. The increase was largely due to an increase taxes in the amount of \$460,572 and intergovernmental revenues in the amount of \$1,221,139 from 2015. The increase in taxes collected was due to a .25 increase in the millage rate to 11.75. The licenses and permits decreased in 2016 by \$3,445. Pistol permits was \$2,842 less in 2016 and small games of chance license was less in 2016 by \$650. Intergovernmental grant revenues net increase of \$1,221,139 was due to an increase from 2015 in the Department of Development Fund in the amount of \$559,159 related to the development projects in the business park. Business Park Phases 1 and 2 totaled \$306,079 and the Punxsutawney Health Center \$278,080, Children and Youth received \$388,696 more funding in 2016, the 911 Center received additional \$255,626 in 2016 and Solid Waste Authority received additional grant funding of \$102,492 in 2016. Charges for services had a decrease of 9.52% from 2015 in the amount of \$245,699. The decrease was due to a decrease in General Fund General Government in the amount of \$130,500, Department of Development fees decreased \$43,248 in 2016 and \$154,926 in the 911 fund due to the state distributing the 911 funding to the County. Fines and Cost increased \$44,342 or 15.06% in 2016. The interest and rents increase of \$55,024 was due to the increase in dividends the County received from PCORP from the Workers Compensation and Unemployment Trust fund. The County refinanced the 2012 Debt in 2015 and the additional debt proceeds were used for the prison construction. The net debt proceeds decreased \$1,447,222 from 2015. Operating transfers increased because the County had to match more funding to Children and Youth and the Department of Development in 2016.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at December 31, 2015 and December 31, 2016 are as follows:

**Table A-9**  
**County of Jefferson**  
**Expenditures and Other Financing Uses by Function, Governmental Funds**

	2015	2016	Changes from 2015 to 2016	Percentage Of Change
Expenditures and other financing uses:				
General government – Administrative	\$ 2,414,870	\$ 2,647,290	\$ 232,420	9.62%
General government – Judicial	3,374,764	3,457,053	82,289	2.44%
Public safety	6,995,427	10,494,067	3,498,640	50.01%
Public works	432,541	569,338	136,797	31.63%
Human services	7,208,663	8,027,243	818,580	11.36%
Culture and recreation	224,090	209,515	(14,575)	-6.50%
Conservation and development	178,384	179,017	633	0.35%
Economic development	866,615	1,357,159	490,544	56.60%
Debt service	12,591,421	2,929,718	(9,661,703)	-76.73%
Operating transfers out	2,458,307	2,820,881	362,574	14.75%
 Total expenditures and other financing uses	 \$ 36,745,082	 \$ 32,691,281	 \$ (4,053,801)	 -11.03%

Governmental fund expenditures totaled \$32,691,281 for the year ended December 31, 2016. This represents a decrease of \$4,053,801 or 11.03% from 2015. The main decrease in 2016 was the refinancing of the 2010 bond with the 2015 note totaling \$11,695,000. In 2015, a \$10,000,000 note was issued for the prison project. \$751,111 of the allotment was drawn down in 2015. The remaining balance was drawn in 2016 totaling \$10,000,000. There was no principal payment on the 2015 Prison note in 2016.

Expenditures increased in General Government Administration, General Government Judicial, Public Safety, Public Works, Human Services, Conservation and Development and Operating Transfers. Debt Service and Culture and Recreation decreased in 2016.

General government administration expenditures increased by \$232,420 or 9.62% in 2016. The departments that had increases were Commissioners by \$20,239, Information Service increased \$70,758, Finance increased \$39,525, Human Resources increased by \$68,135 and Treasurer increased \$9,385. The Finance increase was mainly due to an increase in professional services that assisted the department on a staffing. The information Service increase was due to the purchase of equipment security and new software.

General government judicial expenditures net increased \$82,289 or 2.44% in 2016. Courts increased \$30,037, Coroner increased \$24,563, Public Defender increased \$20,086, and the Sheriff increased \$71,456 while the District Attorney had a decrease of \$10,955, Confiscated Funds decreased \$22,940, and Domestic Relations decreased \$50,751 in 2016.

Public safety expenditures increased \$3,498,640 or 50.1% in 2016 which was due to various departmental increases and the jail expansion project. The Jail expenditures increased in the amount of \$254,095 in 2016. Adult Probation decreased \$13,934 and Juvenile Probation increased \$19,775 in 2016. The Jail capital expansion expenditures in 2016 totaled \$4,708,290. The 911 Fund expenditures increased in 2016 the amount of \$98,712.

Public works expenditures increased by \$136,797 or 31.63% in 2016. The COUNTY's bridge maintenance and construction program in Liquid Fuel program increased \$102,019 and the Solid Waste Authority expenditures increased in 2016 in the amount of \$29,778.

Human service's expenditures increased by \$818,580 in 2016. This was an 11.36% overall increase in human services program expenditures. Children and Youth's expenditures increased from 2015 in the amount of \$809,681. The Independent Living program expenditures increased in 2016 by \$27,921. Community Action decreased expenditures in 2016 by \$55,860.

Culture and recreation program expenditures decreased by \$14,575 or 6.50% in 2016. This was decrease was due to completion of the Rails to Trails project in 2015. In 2015 Rails to Trails had expenditures of \$15,010 and none in 2016. Hotel tax expenditures increased by \$9,017 in 2016.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Conservation and development expenditures increased in 2016 by \$633 or 0.35%.

Economic development program expenditures increased by \$490,544 or 56.60% in 2016. The Jefferson County Business Park had expenditures of \$584,159 in 2016. The RACP expenditures in 2016 was \$50,000. The Community Development Block Grant (CDBG) Fund expenditures increased by \$22,987 in 2016 to \$495,874. In 2016 the COUNTY expenditures for the PA Housing Program decreased by \$94,932.

Debt Service expenditures decreased in 2016 by \$9,661,703 or 76.73%. The 2010 Bond was refinanced with a note of \$11,695,000 in 2015. In 2015, a \$10,000,000 note was issued for the prison expansion of which only \$751,111 was drawn. In 2016 the County drew down on the \$10,000,000 in order to complete the Jail project in 2017.

Operating Transfers increased by \$362,574 or 14.75% in 2016. The General Fund County match to Children and Youth Fund increased by \$136,785 in 2016. Transfers to the 911 Fund decreased by \$74,814. Debt Service increased by \$136,100 and Department of Development increased County match in 2016 by \$52,836.

**Governmental Fund Balances**

Table A-10 reflects ending balances for governmental funds at December 31, 2016:

**Table A-10**  
**Ending Fund Balances, Governmental Funds**

<u>Fund</u>	<u>Fund Balance</u>
General Fund	\$ 4,632,951
911 Fund	229,280
Capital Jail Project Fund	3,922,947
Debt Service Fund	648,967
Non-Major Governmental Funds	<u>1,889,774</u>
 Total Governmental Fund Balances	 <u><u>\$ 11,323,919</u></u>

**BUDGETARY HIGHLIGHTS**

The COUNTY in 2016 recorded in the General Fund excess revenue and other financing sources over expenditures and other financing uses in the amount of \$84,375. The General Fund's 2016 ending fund balance was \$4,632,951. This increase was due to staying within the County 2016 Budget. The fund balance non-spendable amount is \$112,406 which is made of inventories and prepaid expenditures in 2016. The restricted fund balance totals \$6,690,968, which is restricted for governmental programs, debt service, and capital projects. The assigned fund balance totals \$4,227,315 which is earmarked for governmental programs and debt service. The unassigned balance for the General Fund is \$293,230. The Children and Youth Fund revenues increased \$643,059 in 2016 but their expenditures also increased by \$809,680 which caused the County to increase the match by \$166,100. The Domestic Relations Fund revenues decreased in 2016 by \$62,467. Domestic Relations expenditures decreased in 2016 by \$50,751. General Fund still had to increase Domestic Relations County match by \$11,716 in 2016. The 911 Fund in 2016 stayed within their budget which showed a very slight increase of \$377. The General Fund did not match the 911 Fund in 2016. The Community Action Fund reported a decrease in revenue and expenditures in the amount of \$55,860.

**NEXT YEAR'S BUDGET**

The COUNTY adopted a 2017 operating budget prior to December 31, 2016. The budget was based on 100% assessed valuation for real estate taxes. The 2017 real estate tax mill was increased to 12.0 mills, an increase of .25 mills. The Hotel Room Tax was set for 5%. \$1,200,000 will be transferred from the General Fund to Debt Service to cover the 2017 Debt Service payments.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

COUNTY OF JEFFERSON  
County Commissioners  
Courthouse Annex  
155 Main Street, Jefferson Place  
Brookville, PA 15825

COUNTY OF JEFFERSON  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	Primary Government		Discretely Presented Component Units
	Governmental Activities	Total	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 7,129,220	\$ 7,129,220	\$ 1,165,078
Investments	2,029,920	2,029,920	-
Accounts Receivable	348,783	348,783	-
Taxes Receivable	1,167,508	1,167,508	-
Due From Other Governments	2,966,955	2,966,955	36,607
Inventory	8,243	8,243	-
Prepaid Assets	104,163	104,163	6,511
Restricted Cash			
Cash for Debt Service	658,025	658,025	-
Cash for Escheat	13,376	13,376	-
Cash for Revolving Funds	1,754	1,754	-
Capital Assets not being depreciated	6,481,361	6,481,361	-
Capital Assets being depreciated, Net	29,250,902	29,250,902	11,332
<b>Total Assets</b>	<b>50,160,210</b>	<b>50,160,210</b>	<b>1,219,528</b>
<u>Deferred Outflows of Resources</u>			
Pension	1,607,151	1,607,151	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>51,767,361</b>	<b>51,767,361</b>	<b>1,219,528</b>
<b>Liabilities</b>			
Accounts Payable	1,613,445	1,613,445	3,365
Accrued Expenses and Withholdings	102,817	102,817	-
Escheat Payable	13,376	13,376	-
Unearned Revenue	17,221	17,221	730
Due to Other Governments	146,701	146,701	-
Interest Payable	11,325	11,325	7,879
Other Current Liabilities	608,946	608,946	-
Current Portions of Long Term Liabilities:			
General Obligation Bonds Payable	415,000	415,000	-
General Debt Obligation Note Payable	692,620	692,620	9,313
Compensated Absences	219,226	219,226	-
Non-Current Portions of Long Term Liabilities:			
General Obligation Bonds Payable	1,181,887	1,181,887	206,375
General Obligation Note Payable	20,613,828	20,613,828	-
Net Pension Liability	1,941,343	1,941,343	-
<b>Total Liabilities</b>	<b>27,577,735</b>	<b>27,577,735</b>	<b>227,662</b>
<u>Deferred Inflows of Resources</u>			
Pension	146,256	146,256	-
<b>Net Position</b>			
Net Investment in Capital Assets	13,486,953	13,486,953	11,332
Restricted Net Position	6,690,968	6,690,968	-
Unrestricted Net Position	3,865,449	3,865,449	980,534
<b>Total Net Position</b>	<b>\$ 24,043,370</b>	<b>\$ 24,043,370</b>	<b>\$ 991,866</b>

The accompanying notes are an integral part of the financial statements.

COUNTY OF JEFFERSON  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Indirect Charges	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Total	Discretely Presented Component Unit
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 2,819,694	\$ (1,216,473)	\$ 1,073,524	\$ 401,257	-	\$ (128,440)	\$ (128,440)	
Judicial Government	3,753,287	671,005	958,487	522,705	-	(2,943,100)	(2,943,100)	
Public Safety	6,251,589	360,078	469,464	1,538,094	-	(4,604,109)	(4,604,109)	
Public Works	880,355	6,416	73,645	-	461,476	(351,650)	(351,650)	
Human Services	8,145,256	163,006	98,109	6,654,022	-	(1,556,131)	(1,556,131)	
Culture/Recreation	357,225	-	-	-	-	(357,225)	(357,225)	
Conservation/Development	192,134	1,023	-	-	-	(193,157)	(193,157)	
Economic/Development	1,378,552	14,945	53,423	-	1,179,495	(160,579)	(160,579)	
Interest on Long-Term Debt	439,059	-	-	-	-	(439,059)	(439,059)	
<b>Total Governmental Activities</b>	<b>24,217,151</b>	<b>-</b>	<b>2,726,652</b>	<b>9,116,078</b>	<b>1,640,971</b>	<b>(10,733,450)</b>	<b>(10,733,450)</b>	
<b>Total Primary Government</b>	<b>\$ 24,217,151</b>	<b>\$ -</b>	<b>\$ 2,726,652</b>	<b>\$ 9,116,078</b>	<b>\$ 1,640,971</b>	<b>\$ (10,733,450)</b>	<b>\$ (10,733,450)</b>	
<b>Component Unit</b>								
Jefferson County Conservation District	\$ 1,127,553	\$ -	\$ 737,561	\$ 553,851	\$ -			\$ 163,859
Jefferson County Fair Authority	372,009	-	296,129	67,386	-			(8,494)
<b>Total Component Unit</b>	<b>\$ 1,499,562</b>	<b>\$ -</b>	<b>\$ 1,033,690</b>	<b>\$ 621,237</b>	<b>\$ -</b>			<b>\$ 155,365</b>
<b>General Revenues:</b>								
Real Estate Tax						9,916,517	9,916,517	-
Hotel Tax						152,322	152,322	-
Unrestricted Investment Earnings						190,702	190,702	1,092
<b>Total General Revenues</b>						<b>10,259,541</b>	<b>10,259,541</b>	<b>1,092</b>
<b>Change in Net Position</b>						<b>(473,909)</b>	<b>(473,909)</b>	<b>156,457</b>
<b>Net Position - Beginning</b>						<b>24,517,279</b>	<b>24,517,279</b>	<b>835,409</b>
<b>Net Position - Ending</b>						<b>\$ 24,043,370</b>	<b>\$ 24,043,370</b>	<b>\$ 991,866</b>

The accompanying notes are an integral part of the financial statements.

COUNTY OF JEFFERSON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

Assets	General Fund	Children and Youth	Domestic Relations	911 Fund	Community Action Fund	Capital Jail Project Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 3,305	\$ -	\$ 864,261	\$ 526,385	\$ -	\$ 4,152,170	\$ -	\$ 1,583,099	\$ 7,129,220
Investments	1,500,000	-	52,955	-	-	-	-	476,965	2,029,920
Accounts Receivable	274,756	2,174	44	-	33,670	-	-	38,139	348,763
Taxes Receivable	1,121,706	-	-	-	-	-	-	45,802	1,167,508
Due From Other Governments	295,129	2,144,894	74,151	275,433	3,963	-	-	173,385	2,966,955
Due From Other Funds	3,413,017	-	-	-	-	4,860	-	119,679	3,537,556
Inventory	8,243	-	-	-	-	-	-	8,243	8,243
Prepaid Assets	104,163	-	-	-	-	-	-	-	104,163
Restricted Cash	-	-	-	-	-	-	-	-	-
Cash for Debt Service	-	-	-	-	-	-	658,025	-	658,025
Cash Escheats	13,376	-	-	-	-	-	-	-	13,376
Cash for Revolving Funds	-	-	-	-	-	-	-	1,754	1,754
<b>Total Assets</b>	<b>\$ 6,733,695</b>	<b>\$ 2,147,068</b>	<b>\$ 991,411</b>	<b>\$ 801,818</b>	<b>\$ 37,633</b>	<b>\$ 4,157,030</b>	<b>\$ 658,025</b>	<b>\$ 2,438,823</b>	<b>\$ 17,965,503</b>
<b>Liabilities: Deferred Inflows of Resources, and Fund Balances</b>									
Liabilities:									
Accounts Payable	\$ 646,050	\$ 481,168	\$ 5,543	\$ 37,126	\$ 1,226	\$ 234,083	\$ -	\$ 208,249	\$ 1,613,445
Accrued Expenses and Withholdings	66,578	18,932	4,071	8,874	-	-	-	4,362	102,817
Escheat Payable	13,376	-	-	-	-	-	-	-	13,376
Unearned Revenue	-	-	-	-	-	-	-	17,221	17,221
Due to Other Governments	39,731	-	-	-	33,670	-	-	73,300	146,701
Due to Other Funds	124,541	1,646,968	981,797	526,538	2,737	-	9,058	245,917	3,537,556
Other Current Liabilities	608,946	-	-	-	-	-	-	-	608,946
<b>Total Liabilities</b>	<b>1,499,222</b>	<b>2,147,068</b>	<b>991,411</b>	<b>572,538</b>	<b>37,633</b>	<b>234,083</b>	<b>9,058</b>	<b>549,049</b>	<b>6,040,062</b>
Deferred Inflows of Resources									
Unavailable revenue - Property Taxes	601,522	-	-	-	-	-	-	-	601,522
<b>Fund Balances</b>									
Nonspendable:	112,406	-	-	-	-	-	-	-	112,406
Restricted:									
General Government	-	-	-	-	-	-	-	597,524	597,524
Judicial Government	-	-	-	-	-	-	-	146,025	146,025
Public Safety	-	-	-	229,280	-	-	-	317,850	547,130
Public Works	-	-	-	-	-	-	-	655,314	655,314
Conservation/Development	-	-	-	-	-	-	-	151,285	151,285
Culture and Recreation	-	-	-	-	-	-	-	11,804	11,804
Capital Projects	-	-	-	-	-	3,922,947	-	9,972	3,932,919
Debt Service	-	-	-	-	-	-	648,967	-	648,967
Assigned:									
General Government	299,500	-	-	-	-	-	-	-	299,500
Judicial Government	516,750	-	-	-	-	-	-	-	516,750
Public Safety	536,500	-	-	-	-	-	-	-	536,500
Human Services	625,500	-	-	-	-	-	-	-	625,500
Conservation/Development	175,850	-	-	-	-	-	-	-	175,850
Debt Service	2,073,165	-	-	-	-	-	-	-	2,073,165
Unassigned:	293,280	-	-	-	-	-	-	-	293,280
<b>Total Fund Balances</b>	<b>4,632,951</b>	<b>-</b>	<b>-</b>	<b>229,280</b>	<b>-</b>	<b>3,922,947</b>	<b>648,967</b>	<b>1,889,774</b>	<b>11,323,919</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,733,695</b>	<b>\$ 2,147,068</b>	<b>\$ 991,411</b>	<b>\$ 801,818</b>	<b>\$ 37,633</b>	<b>\$ 4,157,030</b>	<b>\$ 658,025</b>	<b>\$ 2,438,823</b>	<b>\$ 17,965,503</b>

The accompanying notes are an integral part of the financial statements.

COUNTY OF JEFFERSON  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 DECEMBER 31, 2016

Total Fund Balances of Governmental Funds:	\$ 11,323,919
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital Assets, including infrastructure assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	35,732,263
The funds record only the tax revenue received through a period of 60 days subsequent to year-end. The statement of net position includes a receivable for the County's anticipated collections on the levy.	601,522
Long-term liabilities are not due and payable in the current period and accordingly not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Long-term liabilities at year-end consist of:	
Net Pension Liability	(1,941,343)
Deferred Outflows of Resources - Pension	1,607,151
Deferred Inflows of Resources - Pension	(146,256)
General Obligation Bonds Payable	(1,620,000)
General Obligation Note Payable	(21,306,448)
Accrued Interest Payable	(11,325)
Unamortized Bond Discount	23,113
Compensated Absences	(219,226)
Total Net Position of Governmental Activities	<u>\$ 24,043,370</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF JEFFERSON  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2016

	General Fund	Children and Youth Fund	Domestic Relations Fund	911 Fund	Community Action Fund	Capital Jail Project Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Real Estate and Hotel Taxes	\$ 10,019,890	-	\$ -	\$ -	\$ -	-	\$ -	\$ 152,322	\$ 10,172,212
Licenses and Permits	52,993	-	-	-	-	-	-	-	52,993
Grants and Gifts	654,646	4,834,106	272,829	1,106,631	1,627,133	-	-	2,261,704	10,757,049
Charges for Services	1,887,470	90,702	7,279	10	-	-	4,575	344,934	2,334,970
Fines and Costs	338,689	-	-	-	-	-	-	-	338,689
Interest and Rents	184,434	-	320	1,556	-	471	921	3,000	190,702
<b>Total Revenues</b>	<b>13,138,122</b>	<b>4,924,808</b>	<b>280,428</b>	<b>1,108,197</b>	<b>1,627,133</b>	<b>471</b>	<b>5,496</b>	<b>2,761,960</b>	<b>23,846,615</b>
<b>Expenditures</b>									
General Government	2,426,024	-	-	-	-	53,245	780	167,241	2,647,290
Judicial Government	3,012,335	-	405,293	-	-	-	-	39,425	3,457,053
Public Safety	4,435,136	-	-	1,107,820	-	4,655,045	-	296,066	10,494,067
Public Works	179,000	-	-	-	-	-	-	390,338	569,338
Human Services	408,828	5,737,185	-	-	1,627,133	-	-	254,097	8,027,243
Culture/Recreation	54,500	-	-	-	-	-	-	155,015	209,515
Conservation/Development	179,017	-	-	-	-	-	-	179,017	358,034
Economic/Development	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	2,929,718	1,357,159	4,286,877
<b>Total Expenditures</b>	<b>10,694,640</b>	<b>5,737,185</b>	<b>405,293</b>	<b>1,107,820</b>	<b>1,627,133</b>	<b>4,708,290</b>	<b>2,930,498</b>	<b>2,659,341</b>	<b>29,870,400</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,443,282</b>	<b>(812,377)</b>	<b>(124,865)</b>	<b>377</b>	<b>-</b>	<b>(4,707,819)</b>	<b>(2,925,002)</b>	<b>102,619</b>	<b>(6,023,785)</b>
<b>Other Financing Sources (Uses)</b>									
Loan Proceeds	-	-	-	-	-	9,248,889	1,750,000	-	10,998,889
Operating Transfers In	147,362	811,855	124,865	-	-	-	1,285,547	451,252	2,820,881
Operating Transfers (Out)	(2,506,269)	-	-	-	-	-	-	(314,612)	(2,820,881)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,358,907)</b>	<b>811,855</b>	<b>124,865</b>	<b>-</b>	<b>-</b>	<b>9,248,889</b>	<b>3,035,547</b>	<b>136,640</b>	<b>10,998,889</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>84,375</b>	<b>(522)</b>	<b>-</b>	<b>377</b>	<b>-</b>	<b>4,541,070</b>	<b>110,545</b>	<b>239,259</b>	<b>4,975,104</b>
<b>Fund Balances - Beginning of Year</b>	<b>4,548,576</b>	<b>522</b>	<b>-</b>	<b>228,903</b>	<b>-</b>	<b>(618,123)</b>	<b>538,422</b>	<b>1,650,515</b>	<b>6,348,815</b>
<b>Fund Balances - End of Year</b>	<b>\$ 4,632,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 229,280</b>	<b>\$ -</b>	<b>\$ 3,922,947</b>	<b>\$ 648,967</b>	<b>\$ 1,889,774</b>	<b>\$ 11,323,919</b>

The accompanying notes are an integral part of the financial statements.



COUNTY OF JEFFERSON  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 4,975,104

Amounts reported for governmental activities in the Statement of Activities  
 are different because:

Governmental funds report capital purchases as expenditures. In the Statement of Activities, the cost of these assets is depreciated over the estimated useful lives and is reported as depreciation expense. The difference in the current period between capital expenditures (\$5,077,516) and depreciation expense (\$1,197,048) is a reconciling item.

Capital Assets Additions	\$ 5,077,516	
Depreciation Expense	<u>(1,197,048)</u>	3,880,468

Governmental funds report tax receipts through only 60 days of subsequent period. The Statement of Activities includes full amount of levy deemed collectible by County. The decrease in revenue is due to a decrease in the unavailable revenue - property taxes balance at the end of 2016. (103,373)

The issuance of long-term liabilities provide financial resources to governmental funds and contribute to the change in fund balance. However, the issuance of debt does not affect the Statement of Activities since it increases long-term liabilities in the Statement of Net Position. Accordingly, the repayment of principal is reported as an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position. The amounts related to the above items that make up the differences are:

Principal Repayments		2,491,284
Proceeds on Note		(10,998,889)
Capital Lease Principal Payments		9,591
Compensated Absences		(10,848)
Decrease in Pension Benefits		(716,621)

Pursuant to the modified accrual basis of accounting, governmental funds do not recognize expenditures for transactions that are not normally paid with expendable available financial resources. Pursuant to the accrual basis of accounting, the Statement of Activities reports expenses and liabilities regardless of when financial resources are available. In addition, interest on long-term debt is not recognized in the governmental funds until due, while it is accrued in the Statement of Activities. The differences for the items discussed above are:

Accrual of interest on long-term debt		1,477
Amortization of Bond Discount		<u>(2,102)</u>

Change in Net Position of governmental activities \$ (473,909)

The accompanying notes are an integral part of the financial statements.

COUNTY OF JEFFERSON  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2016

	<u>Agency Fund</u>
Assets	
Cash and Cash Equivalents	<u>\$ 889,015</u>
Total Assets	<u><u>\$ 889,015</u></u>
Liabilities	
Funds Held in Fiduciary Capacity	<u>\$ 889,015</u>
Total Liabilities	<u><u>\$ 889,015</u></u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Jefferson (the "County") was formed in 1804, and operates under the direction of an elected Board of Commissioners which provides the following services: general government, judicial government, public safety, public works, human services, culture/recreation, and conservation/development. The County follows the criteria promulgated by the Governmental Accounting Standards Board ("GASB") Statement No. 61 "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34" for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County of Jefferson (the Primary Government) and its Component Units. The Blended and Discretely Presented Component Units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

1. Component Units

a. Blended Component Unit

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Component Unit discussed below has been included in the financial Reporting Entity as a Blended Component Unit.

The Jefferson County Solid Waste Authority (the "Authority") was established to collect fees and account for expenditures related to the hauling of municipal waste. The County can significantly influence the operations of the Authority by hiring and dismissing employees of the Authority. Therefore, the Authority is included in the Special Revenue Funds of the financial statements of the Reporting Entity. The reporting period for the Authority is for the year ended December 31, 2016.

b. Discretely Presented Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Component Units described below have been included in the financial reporting entity as discretely presented component units.

The Jefferson County Conservation District ("Conservation District") was established in 1946, and is a local agency designated by the Board of Commissioners of Jefferson County as a provider of a wide range of conservation services, contracted through an agreement based on a calendar year beginning in January. The Conservation District serves as a multi-purpose administering and service entity for a number of programs funded by state and county grants that, although subject to specific funding source requirements, has a relevant purpose toward the corporate mission. The County provides a significant amount of the operating funds for the Conservation District as well as owning all assets used by the Conservation District.

The Jefferson County Fair Authority ("Authority") was first established as an Authority (originally called the Jefferson County Ag and Youth Fair Authority) on August 29th, 1989, under the Municipalities Authorities Act of 1945. On June 27, 1997 the Authority's by-laws were amended to change the legal name to the Jefferson County Fair Authority. The Authority was formed to create, foster and conduct annually, an agricultural fair and exposition for peoples of rural and urban residences, occupations and education. The Authority is governed by a Board of Directors, consisting of eleven unpaid members who are appointed to five-year terms by the commissioners of Jefferson County.

COUNTY OF JEFFERSON  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

2. Related Organizations

The Board of Commissioners is also responsible for appointing the members of the Boards of other organizations, but the County's accountability for these organizations generally does not extend beyond making the appointments. The County does not designate management nor does it have the ability to significantly influence the operations of these entities. In addition, the County does not supply significant funding (either directly or as a result of special financing relationships) and has no responsibility for fiscal matters for these entities. These organizations include:

- Clearfield-Jefferson Counties Regional Airport Authority
- Housing Authority of the County of Jefferson
- Jefferson County Area Agency on Aging
- Jefferson County Park Authority
- Jefferson County Hospital Authority
- Clearfield-Jefferson Drug and Alcohol Commission, Inc.
- Area Transportation Authority of North Central Pennsylvania
- Clearfield-Jefferson Mental Health/Mental Retardation Program
- Jefferson County Municipal Authority

B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all the non-fiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are affected by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

COUNTY OF JEFFERSON  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
 (Continued)

Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than expenditures.

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 collected 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 365 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Operating and capital grants and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the County receives cash.

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

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than fund liabilities. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Children and Youth Fund is used to account for Human Service expenditures on Domestic Child Care.
- The 911 Fund is used to account for Public Safety expenditures related to the operation of the County's 911 System.

COUNTY OF JEFFERSON  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
 (Continued)

The County reports the following major governmental funds: (Continued)

- The Domestic Relations Fund is used to account for Judicial expenditures related to domestic issues.
- The Community Action Fund is used to account for Human Services pass-thru grants to Human Service Agencies.
- The Capital Jail Project Fund is used to account for the cost on the prison construction.
- The Debt Service Fund is used to account for the County's long term debt expenditures.

Additionally, the County reports the following fund type:

- The Fiduciary Funds consist of the Agency Fund, which is for recording of restricted revenues of the various row offices of the County. The row office funds, in essence, are escrow funds maintained by the row offices for bail posted, funds held for sheriff sale, realty transfer taxes held and other funds reserved for disposition of legal action.

D) Assets, Liabilities, and Net Position or Fund Balances

1. Cash and Cash Equivalents

Cash and cash equivalents include certain short-term investments generally maturing in three months or less, when acquired.

2. Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds."

3. Investments

Investments for the County are reported at fair value. Investments that do not have an established market value are reported at estimated values.

4. Restricted Assets

Assets whose use is limited to a specific purpose have been classified as "restricted" in the statement of net position and balance sheets and offset by either corresponding liabilities or reserved and restricted net position or fund balance. The restricted amounts are held for future debt service payments, special project funds and funds held in fiduciary capacity, as detailed in Note 3.

5. Capital Assets

The cost of capital assets acquired for general government purposes is recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the County's capitalization threshold has been met.

COUNTY OF JEFFERSON  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

5. Capital Assets (continued)

Capital assets, which include land; construction in progress; buildings and improvements; furniture, fixtures and equipment; and infrastructure assets including bridges, roads and rail trail are recorded in the government-wide financial statements. Capital assets are defined by the County as assets with a value of \$5,000 or more and useful life longer than one year. This capitalization threshold is applied to individual capital assets rather than to groups/sets of capital assets (e.g., chairs, desks, etc.). Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

In accordance with GASB Statement No. 34, the County's infrastructure has been capitalized retroactively to 1980.

Capital assets of the County are depreciated using the straight-line method over the estimated useful lives of purchased, donated, and leased assets as follows:

Bridges, roads and rail trail	25-50 years
Vehicles	5-7 years
Buildings and improvements	20-40 years
Furniture, fixtures and equipment	3-20 years

6. Compensated Absences

County policy permits employees to accrue thirty days or 240 hours of earned, but unused vacation per year. Sick leave benefits are not paid upon termination. Unused vacation benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is recorded. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

7. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Unearned Revenues

Revenues that are received but not earned are recorded as unearned revenue in the County's financial statements. In the County's governmental funds, unearned revenues arise when the potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

9. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows related to pensions are described further in Note 6. Under the accrual basis of accounting, the government-wide statement of net position reports a net difference between projected and actual earnings on pension plan investments related to pensions, changes in assumptions related to pensions, and contributions subsequent to the measurement date related to pensions as a deferred outflow of resources. The net difference between projected and actual earnings is amortized over a five-year closed period beginning the year in which the difference occurred. The changes in assumptions are amortized over a six-year closed period beginning the year in which the changes occurred. The contributions subsequent to the measurement date will be recognized in the subsequent year.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, the governmental funds report unavailable revenue from property taxes as a deferred inflow of resources. Deferred inflows related to pensions are described further in Note 6. The deferred inflows of resources related to pensions are amortized over a six-year closed period beginning the year in which the difference occurred.



COUNTY OF JEFFERSON  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

10. Net Position/Fund Balances

GASB Statement No. 54 establishes accounting and financial standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions as follow:

- A. Non-spendable - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally to be maintained intact.
- B. Restricted - This classification consists of amounts that are restricted to specific purposes. This component of net position consists of constraints placed on net position use through external restrictions, such as constitution provisions or enabling legislation.
- C. Committed - This classification consists of amounts used for specific purposes imposed by formal actions of the County's highest level of decision-making authority (Commissioners). The removal or modification of the use of committed funds can only be accomplished by formal action prior to fiscal year-end by the County's highest level of authority.
- D. Assigned - This classification consists of amounts constrained by the County to be used for specific purposes that are neither restricted nor committed. The present procedure is for the Finance Director and Commissioners to jointly assign amounts to be used for specific purposes before issuance of audited financial statements.
- E. Unassigned - This component of net position consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

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

The government-wide activities fund financial statements utilize a Net Position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

10. Net Position/Fund Balances (Continued)

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specified purpose. The various reserves and designations are established by actions of the Board of Commissioners and management and can be increased, reduced or eliminated by similar actions.

11. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

12. Pensions

For purposes of measuring the net pension liability and deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania Municipal Retirement System (PMRS) and additions to/deductions from PMRS's fiduciary net position have been determined on the same basis as they are reported by PMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

13. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

E) Budgets and Budgetary Accounting

Legal Requirements

Commonwealth of Pennsylvania statutes require that County Governments establish budgetary systems and adopt annual operating budgets. An annual budget is required to be legally adopted for the General Fund since real estate taxes are levied to finance its operation. Although not legally required, the County also adopts annual budgets for its Capital Projects Fund and certain Special Revenue Funds. Budgetary data is presented on the basis of accounting principles generally accepted in the United States of America for all funds that adopt annual budgets. Budgets are based on estimates of revenues and expenditures and are approved by the Commissioners. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

County Budget Process

1. Prior to October 1, the department heads submit to the County Commissioners proposed operating budgets for the fiscal year which commences January 1.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

E) Budgets and Budgetary Accounting (Continued)

2. The Commissioners then interview all department heads to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.
3. Subsequently, the County administrator's office assembles the preliminary projections of revenues and expenditures into a formal budget incorporating any revisions or adjustments resulting from the Commissioners' review.
4. Public hearings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
5. After the 20 day inspection period, but prior to December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.
6. The formal budgeting process is employed as a planning device. The budget adopted is on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budget amounts are as originally adopted, or as amended by the County Commissioners.

Level of Control

The County maintains budgetary control at the individual fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

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

Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with operating departments.

F) Adoption of Governmental Accounting Standards Board Statements

In June 2015, the GASB adopted the requirements of Statement No. 72, "*Fair Value Measurement and Application*". The adoption of this statement resulted in additional disclosures in Note 2, but had no effect on previously reported amounts.

In June 2015, the GASB issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The adoption of this statement had no effect on previously reported amounts.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F) Adoption of Governmental Accounting Standards Board Statements (Continued)

In June 2015, the GASB issued Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local*". The adoption of this statement had no effect on previously reported amounts.

In August 2015, the GASB issued Statement No. 77, "*Tax Abatement Disclosures*". The County is required to adopt Statement No. 77 for its calendar year 2016 financial statements. The adoption of this statement resulted in the addition of Note 18, but had no effect on previously reported amounts.

In December 2015, the GASB issued Statement No. 78, "*Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". The adoption of this statement had no effect on previously reported amounts.

In December 2015, the GASB issued Statement No. 79, "*Certain External Investment Pools and Pool Participants*". The adoption of this statement had no effect on previously reported amounts.

G) Pending Changes in Accounting Principles

In June 2015, the GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The County is required to adopt Statement No. 74 for its calendar year 2017 financial statements.

In June 2015, the GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The County is required to adopt Statement No. 75 for its calendar year 2018 financial statements.

In January of 2016, The GASB issued Statement No. 80 "*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*". The County is required to adopt statement No. 80 for its calendar year 2017 financial statements.

In March of 2016, The GASB issued Statement No. 81 "*Irrevocable Split-Interest Agreements*". The County is required to adopt statement No. 81 for its calendar year 2017 financial statements.

In March of 2016, The GASB issued Statement No. 82 "*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*". The County is required to adopt statement No. 82 for its calendar year 2017 financial statements.

In November 2016, The GASB issued Statement No. 83 "*Certain Asset Retirement Obligations*". The County is required to adopt statement No. 83 for its calendar year 2018 financial statements.

In In January 2017, The GASB issued Statement No. 84 "*Fiduciary Activities*". The County is required to adopt statement No. 84 for its calendar year 2018 financial statements.

March of 2017, The GASB issued Statement No. 85 "*Omnibus 2017*". The County is required to adopt statement No. 85 for its calendar year 2017 financial statements.

In May of 2017, The GASB issued Statement No. 86 "*Certain Debt Extinguishment Issues*". The County is required to adopt statement No. 86 for its calendar year 2017 financial statements.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

G) Pending Changes in Accounting Principles

In June of 2017, The GASB issued Statement No. 87 "Leases". The County is required to adopt statement No. 87 for its calendar year 2019 financial statements. The County has not completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: DEPOSIT AND INVESTMENT RISK

The components of cash, cash equivalents, and investments at December 31, 2016, are as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
General Fund	\$ 16,681	\$ 1,500,000	\$ 1,516,681
Domestic Relations Fund	864,261	52,955	917,216
911 Fund	526,385	-	526,385
Capital Jail Project Fund	4,152,170	-	4,152,170
Debt Service Fund	658,025	-	658,025
Nonmajor Funds	1,584,853	476,965	2,061,818
Fiduciary Funds	889,015	-	889,015
	<u>\$ 8,691,390</u>	<u>\$ 2,029,920</u>	<u>\$ 10,721,310</u>
Total			

*Interest Rate Risk* – All of the investments held at December 31, 2016 were in certificates of deposit totaling \$2,029,920. The County had \$1,500,000 of investments with maturities of less than one year and \$529,920 with maturities of one year to five years. The County 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.

*Custodial Credit Risk* – For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2016, the County's cash, restricted cash balances, and certificates of deposit for its governmental activities and fiduciary funds were \$10,721,310 and its bank balances were \$9,135,639. Of those bank balances, \$8,540,157 were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name. Of the bank balances, \$595,482 was covered by Federal Depository Insurance. None of the County's investments were exposed to custodial credit risk at December 31, 2016.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

## NOTE 3: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose have been classified as "restricted" on the balance sheet. Restricted assets are comprised of the following:

<u>Governmental Funds</u>	Revolving <u>Funds</u>	Escheats <u>Funds</u>	Debt <u>Funds</u>
General Fund	\$ -	\$ 13,376	\$ -
CDBG Fund	1,754	-	-
Debt Service Funds	-	-	658,025
	<u>          </u>	<u>          </u>	<u>          </u>
Total Governmental Funds	<u>\$ 1,754</u>	<u>\$ 13,376</u>	<u>\$ 658,025</u>

The revolving funds are used for special projects for the CDBG programs. The escheat funds are funds held in fiduciary capacity. The debt funds are restricted for future debt payments.

## NOTE 4: REAL ESTATE TAXES

Real estate taxes for the calendar year are levied on March 1 of each year. Any unpaid real estate taxes attach as an enforceable lien on property as of January 1 of the following year. Taxes are levied on March 1 and payable with a 2% discount to April 30, with no discount or penalty to June 30 and with a 10% penalty from July 1 to the first Monday in May of the subsequent year. The County bills these taxes which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities. Real estate property taxes levied for 2016 are recorded as receivables, net of estimated uncollectible. The net receivables collected during 2016 and expected to be collected within the first sixty (60) days of 2017 are recognized as revenue in 2016. Net receivables estimated to be collectible on or after March 1 are reflected in unearned revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectability.

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on funded debt.

The County's 2016 real estate taxes are based on assessed values established by the County's Bureau of Assessments. The total 2016 real estate tax levied equaled \$9,955,265, based on a total County assessed valuation of \$847,256,560. Based on the 2016 levy of 11.75 mills for general purposes a property owner would pay \$11.75 per \$1,000 of assessed valuation.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

## NOTE 5: CAPITAL ASSETS

A summary of changes in the capital assets for the year ended December 31, 2016 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated (cost):				
Land	\$ 428,760	\$ -	\$ -	\$ 428,760
Construction in progress	1,263,170	4,789,431	-	6,052,601
Total capital assets not being depreciated	<u>1,691,930</u>	<u>4,789,431</u>	<u>-</u>	<u>6,481,361</u>
Capital assets being depreciated (cost):				
Buildings and improvements	26,288,474	42,599	-	26,331,073
Furniture, fixtures, and equipment	2,717,591	83,717	-	2,801,308
Vehicles	707,534	36,120	-	743,654
Bridges, roads, and rail trail	25,108,195	125,649	-	25,233,844
Total capital assets being depreciated	<u>54,821,794</u>	<u>288,085</u>	<u>-</u>	<u>55,109,879</u>
Less accumulated depreciation for:				
Buildings and improvements	12,918,456	524,014	-	13,442,470
Furniture, fixtures, and equipment	2,586,516	96,190	-	2,682,706
Vehicles	602,357	42,838	-	645,195
Bridges, roads, and rail trail	8,554,600	534,006	-	9,088,606
Total accumulated depreciation	<u>24,661,929</u>	<u>1,197,048</u>	<u>-</u>	<u>25,858,977</u>
Total capital assets being depreciated, net	<u>30,159,865</u>	<u>(908,963)</u>	<u>-</u>	<u>29,250,902</u>
Total capital assets, governmental activities	<u>\$ 31,851,795</u>	<u>\$ 3,880,468</u>	<u>\$ -</u>	<u>\$ 35,732,263</u>

Depreciation expense was charged to functions/programs of the County as follows:

<b>Governmental activities</b>	
General Government	\$ 124,649
Judicial	158,911
Public Safety	265,653
Public Works	446,982
Recreation & Culture	147,710
Humans Services	23,442
Conservation and Development	13,117
Economic and Development	16,584
Total Depreciation Expense – Governmental Activities	<u>\$ 1,197,048</u>

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

NOTE 6: DEFINED BENEFIT PENSION PLAN

**A. General Information about the Pension Plan**

*Plan Description.* The County, through a January 2004 agreement, provides employee pension benefits through participation in the Pennsylvania Municipal Retirement System (PMRS). The PMRS was created by the Pennsylvania General Assembly in 1974 with the passage of the Pennsylvania Municipal Retirement Law 1974, P.L. 34, No. 15. PMRS administers pension plans on a contracted basis for any municipality or institution supported and maintained by a Pennsylvania municipality. This agent multiple-employer public employee retirement system maintains each municipality's account separately with that municipality's contributions and related employee contributions, and earnings segregated into separate accounts. PMRS issues a separate Comprehensive Annual Financial Report, which can be obtained by contacting the PMRS accounting office at P.O. Box 1165, Harrisburg, PA 17108-1165.

*Benefits Provided.* Benefit terms were established under the 2004 agreement between PMRS and the County, changes to benefit terms can only occur by modification of this agreement. Major provisions of the 2004 agreement include the following:

All full-time and permanent part-time County employees are required to participate in the System. Benefits vest after five years of service. Employees can retire with an annual retirement benefit after 20 years of service provided age 55 has been attained, or at age 60.

The normal form of payment of retirement benefits is a monthly annuity available for the life of the retired employee. One and two-thirds percent of the employee's average salary for the final three years of service multiplied by the number of years of service, and any fraction thereof, is used to calculate the normal retirement benefit funded solely by the County's contributions. Supplemental benefits are derived from employee contributions and interest earnings of the fund. A retiree may elect to receive a reduced amount of benefit and provide a death benefit in the form of annuity or lump sum to the designated beneficiary. The plan also provides death and disability benefits for an active employee.

*Employees Covered by Benefit Terms.* At December 31, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	100
Inactive Employees Entitled to but Not Yet Receiving Benefits	18
Active Employees	154
Total	<u>272</u>

Contributions:

County employees are mandated to contribute at least 7% of their wages, while the County's contributions are determined by an actuarial valuation by PMRS performed biannually. The contribution requirements of plan members and the County are established and may be amended by the PMRS Board of Trustees.



COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

**B. Net Pension Liability**

The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	5.5%, net of investment and certain administration expenses
Projected salary increases	Age/Merit Scale including inflation ranging from 2.8% to 7.05%
Inflation	3.0%

Mortality rates pre-retirement were based on the RP-2000 Scale with 1 year set back for males and 5 year set back for females. Mortality rates Post-Retirement were based on the RP-2000 Sex-Distinct Mortality Table. The current mortality assumptions, while not reflecting projections for improvements are subject to experience review every four years at which time recommendations of changes to reflect changes in experience over those expected from the tables applied over the five year period preceding the experience analysis are received and reviewed by the Board. Such experience is required by State statute.

The actuarial assumptions used in the December 31, 2015 valuation were based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015 as well as subsequent Board approved assumption changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges expected future real rates of return (expected returns, net of pension plan 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equities (large capitalized firms)	25%	6.9%
Domestic equities (small capitalized firms)	15%	6.8%
International equities (international developed markets)	15%	4.0%
International equities (emerging markets)	10%	7.6%
Real estate	20%	7.1%
Fixed income	15%	2.4%
Total	100%	5.9%

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

## NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

**B. Net Pension Liability**

*Discount rate.* The discount rate used to measure the total pension liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rates and employers will continue the historical and legally required practice of contributing to the Plan based on an Actuarially Determined Contribution, reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level dollar amount over a closed period. Based on these assumptions the pension plan's projected Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

**C. Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/14	\$ 25,288,721	\$ 24,997,580	\$ 291,141
Service Cost	983,298	-	983,298
Interest Cost	1,415,620	-	1,415,620
Changes of Benefit Terms	-	-	-
Changes for Experience	(219,384)	-	(219,384)
Changes of Assumptions	281,214	-	281,214
Contributions - Employer	-	457,349	(457,349)
Contributions - PMRS assessment	-	580	(580)
Contributions - Member	-	392,209	(392,209)
PMRS Investment Income	-	1,387,873	(1,387,873)
Market Value Investment Income	-	(1,363,608)	1,363,608
Benefit Payments	(1,041,478)	(1,041,478)	-
PMRS Administrative Expense	-	(6,000)	6,000
Additional Administrative expense	-	(57,857)	57,857
Net Changes	1,419,270	(230,932)	1,650,202
Balances at 12/31/15	\$ 26,707,991	\$ 24,766,648	\$ 1,941,343

*Sensitivity of the pension liability to changes in the discount rate.* The following presents the net pension liability of the Authority, calculated using the discount rate of 5.5%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current rate:

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
	County's Net Pension Liability	\$ 4,273,790	\$ 1,941,343

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PMRS financial report.

COUNTY OF JEFFERSON  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2016

## NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

**D. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended December 31, 2016, the County recognized pension expense of \$(716,566). At December 31, 2016 the County reported deferred inflows and outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions Subsequent to the Measurement Date	\$ 554,867	\$ -
Changes in assumptions	187,476	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	146,256
	<u>864,808</u>	<u>-</u>
Total	<u>\$ 1,607,151</u>	<u>\$ 146,256</u>

The \$554,867 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017 financial statements. The other deferred inflows and outflows of resources will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Governmental Activities</u>
2017	\$ 306,348
2018	306,350
2019	283,025
2020	<u>10,305</u>
Total	<u>\$ 906,028</u>

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

## NOTE 7: LONG-TERM DEBT

A summary of changes in long-term debt and loans obligations follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 2,025,000	\$ -	\$ (405,000)	\$ 1,620,000	\$ 415,000
General Obligation Note Payable	12,393,843	10,998,889	(2,086,284)	21,306,448	692,620
Total General Obligation Bonds and Note Payable	14,418,843	10,998,889	(2,491,284)	22,926,448	1,107,620
Bond Discount	(25,215)	-	2,102	(23,113)	-
Net Bond and Note Payable	14,393,628	10,998,889	(2,489,182)	22,903,335	1,107,620
Capital Lease Payable	9,591	-	(9,591)	-	-
Total Debt Obligations	14,403,219	10,998,889	(2,498,773)	22,903,335	1,107,620
Compensated Absences	208,378	219,226	(208,378)	219,226	219,226
Total Governmental Activities Long-Term Liabilities	\$ 14,611,597	\$ 11,218,115	\$ (2,707,151)	\$ 23,122,561	\$ 1,326,846

An analysis of debt service requirements to maturity on the General Obligation Bonds Payable and Note Payable is as follows:

Years Ended December 31:	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2017	\$ 1,107,620	\$ 590,545	\$ 1,698,165
2018	1,131,912	566,164	1,698,076
2019	1,067,545	632,531	1,700,076
2020	1,092,398	602,486	1,694,884
2021	1,125,521	521,285	1,646,806
2022-2026	5,479,607	2,755,427	8,235,034
2027-2031	6,072,783	2,163,250	8,236,033
2032-2036	5,849,062	705,177	6,554,239
Total	\$ 22,926,448	\$ 8,536,865	\$ 31,463,313

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

## NOTE 7: LONG-TERM DEBT (CONTINUED)

The following is a summary of bonds and loans outstanding as of December 31, 2016:

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2016</u>
2012	\$ 3,350,000	.45% to 3.125% General Obligation Bond Series 2012 to Refund the 2002 and 2006 General Obligation Bonds. The maturity date on this issue will be on September 15, 2017.	\$ 1,620,000
2015 Construction Loan	\$ 10,000,000	Note Payable at an Interest rate 2.65% Stating on 2-15-2015 with a maturity date on 12-1-5-2035 at final interest rate of 6.55%	10,000,000
2015 Series B Non-Taxable Series B	\$ 9,945,000	Note payable to refund the 2010 Bond Note Payable 2015 Series B at an Interest rate 2.20% as of October 1, 2015 to a final Interest rate 5.50% at maturity on December 1, 2035.	9,645,188
2016 Series C Taxable Series C	\$ 1,750,000	Note payable to refund the 2015 Note C Note Payable 2016 Series C at an Interest rate 2.20% as of January 28, 2016 to a final Interest rate 5.50% at maturity on December 1, 2035.	1,661,260
Total Outstanding Debt:			<u>\$ 22,926,448</u>

## NOTE 8: CAPITAL LEASE PAYABLE

Capital lease payable consists of a vehicle in the Sheriff's Department. In April 2014, the County leased a 2014 Ford E-350 Super Duty Van for the Sheriff's Department, bearing an interest rate of 5.33%, expiring in April 2017. The following is a schedule of future minimum lease payments under the capital lease agreement together with the present value of the net minimum lease payments as of December 31, 2016:

Total Minimum Lease Payments	\$ 9,969
Less: Amount Representing Interest	<u>(378)</u>
Total Present Value of Net Minimum Lease Payments	9,591
Less: Amounts Due within One Year	<u>(9,591)</u>
Long Term Capital Lease Payable	<u>\$ -</u>

COUNTY OF JEFFERSON  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2016

NOTE 9: GUARANTEE OF JEFFERSON COUNTY FAIR AUTHORITY'S DEBT

On November 9, 2009, the Jefferson County Fair Authority ("Fair Authority") borrowed \$300,000 to pay off the existing debt. Principal and interest payments are due annually over 25 years, beginning on January 1, 2010. The final payment on the debt is on January 1, 2034. The interest rate of this debt is 4.21% annually over the first five years of the loan. The new interest rate for each five years thereafter will be adjusted to the bank Qualified Tax-free Swap rate in effect at the time of the adjustment plus 300 basis points. The interest rate will not exceed the tax-free rate of 12%. The debt is guaranteed by the County. As of December 31, 2016, the amount of the County guaranteed debt outstanding is \$215,688. In the event the Fair Authority is unable to make a required payment on the debt, the County will be required to make that payment. The Fair Authority is not required to repay the County for any payments the County makes pursuant to the guarantee.

NOTE 10: RISK MANAGEMENT

The County participates in the Pennsylvania Counties' Workers' Compensation Trust (the "Trust") insurance pool for workers' compensation insurance. Insurance premiums are developed based on employee job descriptions, rate factors, and payroll costs for the year. The Trust has an audit performed each year and the County may be required to pay any additional premium as a result of the audit, or the County may be entitled to a refund as a result of the audit. For the year ended December 31, 2016, the County paid insurance premiums of \$88,885 to the Trust.

NOTE 11: OPERATING LEASES

The County leases office space, computer software and equipment, and communications equipment under several operating leases with expiration dates through 2016.

Future minimum lease payment requirements under the various leases are as follows:

2017	\$ 157,399
2018	93,908
2019	81,496
2020	81,496
2021	81,496
2022-2027	126,600
Total minimum payments required	<u>\$ 622,395</u>

Total rental expense for these leases during 2016 was \$143,749.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

## NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances of each individual fund as of December 31, 2016, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 3,413,017	\$ 124,541
Children and Youth	-	1,646,968
Domestic Relations Fund	-	981,797
911 Fund	-	526,538
Community Action Fund	-	2,737
Capital Jail Project Fund	4,860	-
Debt Services	-	9,058
Non-major Funds	<u>119,679</u>	<u>245,917</u>
Total Interfunds	<u>\$ 3,537,556</u>	<u>\$ 3,537,556</u>

The County utilizes a pooled operating fund to enhance investment return; therefore, interfund receivables and payables are recorded to recognize amounts held by the General Fund in the pooled account on behalf of other funds. In addition, the General Fund has paid expenses on behalf of other funds, therefore, a corresponding interfund receivable and payable has been recorded.

## NOTE 13: INTERFUND OPERATING TRANSFERS

Interfund transfers are executed as a result of the requirements for certain funds to fund a portion of the expenditures or expenses of other funds. Interfund operating transfers were as follows for the year ended December 31, 2016:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 147,362	\$ 2,506,269
Children and Youth	811,855	-
Domestic Relations Fund	124,865	-
911 Fund	-	-
Debt Service	1,285,547	-
Non-Major Funds	<u>451,252</u>	<u>314,612</u>
	<u>\$ 2,820,881</u>	<u>\$ 2,820,881</u>

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

## NOTE 14: FUND BALANCES/NET POSITION

The restricted fund balance/net position included in the fund financial statements represent *portions of fund balances/net position that are restricted for various purposes and are not available for payment of other subsequent expenditures.* The following restrictions are included in the fund financial statements:

**General Fund****Non-Spendable Funds:**

The non-spendable funds consist of prepaid assets and inventory \$ 112,406

**Assigned Funds:****General Government Operational Program Cost**

Funding that will be needed that is not in the 2017 Budget:

IT Department: Phone System upgrade, E-Suite Software	\$ 185,500	
Finance and Human Resources: Software	55,500	
All County Departments: Legal costs for unexpected court trials	58,500	299,500

**Judicial Government Operation Program Cost**

Major trials unexpected and not budgeted in current budget year

Major trials unexpected and not budgeted in current budget year	65,750	
Funding cuts by the Commonwealth of PA that will be effective July 1st; the County did not account for the decrease in Commonwealth funding	125,500	
Courthouse rehab and painting	325,500	516,750

**Public Safety**

Public Safety that effects 911, Jail, APO and JUV:

IT additional cost for equipment such as server, CAD System and additional IT equipment and Software.	135,500	
Prison Expansion Project cost overruns that are not in the current budget to complete the Jail Project	275,500	
Funding cuts by the Commonwealth of PA that will be effective July 1st; the County did not account for the decrease in Commonwealth funding	125,500	536,500

**Human Services**

Additional County Match by the General Fund to support the Children and Youth program. As an example, for the 2015-2016 fiscal year the Commonwealth provided extra funding to the program. In the 2016-2017 fiscal year the Commonwealth may not provide this additional funding; therefore the County will fund the program with additional tax dollars.

625,500

**Conservation & Economic Development**

The County match to support the County's Conservation & Economic Development that is not supported by fees within the program

175,850

**Debt Service**

The County will have one full years of debt principal and interest on hand to be able to meet the scheduled debt payments

2,073,165

**Total Assigned Fund Balance**

**\$ 4,227,265**



COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

## NOTE 14: FUND BALANCES/NET POSITION (CONTINUED)

**911 Fund:**

Restricted Funds:

This restriction represents the amount to be used for the 911 Public Safety Program.

\$ 229,280

**Capital Jail Project Fund:**

Restricted Funds:

This restriction represents the amount to be used for the Jail Expansion Project.

3,922,947

**Debt Service Funds:**

Restricted Funds:

This restriction represents the amount to be used for debt service payments for the long term debt.

648,967

**Non-Major Funds:**

These restrictions represent amounts restricted for the payments of Special Revenue program expenditures.

General Government	597,524
Judicial Government	146,025
Public Safety	317,850
Public Works	655,314
Conservation/ Development	151,285
Culture and Recreation	11,804
Capital Projects Fund 75	9,972

## NOTE 15: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN MAJOR FUND

The Children and Youth Fund had an excess of actual expenditures over budget for the year ended December 31, 2016 as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	Percent of Excess over <u>Appropriations</u>
Children and Youth	\$ 4,535,498	\$ 5,737,185	26.5%

The excess expenditures were covered by greater than anticipated grant revenues as well as additional operating transfers from the General Fund.

## NOTE 16: RELATED PARTIES

The County entered into an emergency agreement with Servpro of Clarion to correct the water damage to the courthouse and administration building in February of 2016. A Commissioner is owner of this company. The amount paid on an emergency basis was \$12,505 in March of 2016.

## NOTE 17: LITIGATION

The County is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the County financial statements.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

NOTE 18: TAX ABATEMENTS

Tax Abatements are the result of agreements that are entered into by the County to forgo real estate tax revenues for the promise by an individual or entity to take specific action that contributes to economic development in the County. The County has two real estate abatement programs: Local Economic Revitalization Tax Assistance ("LERTA") and Keystone Opportunity Zone ("KOZ").

Local Economic Revitalization Tax Assistance (LERTA)

The LERTA program exists pursuant to the Commonwealth of Pennsylvania Local Economic Revitalization Tax Assistance Act 76 of 1977 (72 P.S. §4722, et seq.). Currently, the LERTA is only in certain municipalities that have adopted a LERTA ordinance. There is not a "county-wide" LERTA program. Once a LERTA ordinance is adopted by a municipality, the County will follow with an ordinance specific to the County and that particular municipality. The LERTA exemption must be applied for by the landowner to the municipality. Once approved by the municipality, the approved application is passed to the county for exemption and LERTA schedule. Some school districts also participate in the LERTA in the same manner as the County. LERTA schedules are 6 to 10 years with most municipalities adopting a 10% per year declining schedule on the new construction value. New construction value is determined by the County Assessment Office. The LERTA program is, generally, on both Residential and Commercial properties. Many municipalities have the LERTA as a municipal-wide program, where a few municipalities have specified certain areas that the LERTA would be available. During 2016, approximately 12 properties received the LERTA exemption from the County's real estate property tax at a total of \$15,049 for various projects.

Keystone Opportunity Zone ("KOZ")

The KOZ program exists pursuant to the Commonwealth of Pennsylvania Keystone Opportunity Zone, Keystone Opportunity Expansion Zone, and Keystone Opportunity Improvement Zone Act (73 P.S. §§820.101- 820.1309). A KOZ is designated by Executive Order of the Governor and approved by the local communities. A KOZ provides a significant reduction in state and local taxes. During 2016, ten properties received the KOZ exemption from the County's real estate property tax at a total of \$33,472.

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

COUNTY OF JEFFERSON  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Real Estate	\$ 10,092,180	\$ 10,092,180	\$ 10,019,890	\$ (72,290)
License and Permits	49,100	49,100	52,993	3,893
Grants and Gifts	707,175	707,175	654,646	(52,529)
Charges for Services	1,838,135	1,838,135	1,887,470	49,335
Fines and Costs	327,700	327,700	338,689	10,989
Interest and Rents	94,340	94,340	184,434	90,094
<b>Total Revenues</b>	<b>13,108,630</b>	<b>13,108,630</b>	<b>13,138,122</b>	<b>29,492</b>
Expenditures				
General Government	2,567,521	2,567,521	2,426,024	141,497
Judicial Government	3,104,410	3,104,410	3,012,335	92,075
Public Safety	4,425,135	4,425,135	4,435,136	(10,001)
Public Works	179,000	179,000	179,000	-
Human Services	406,064	406,064	408,828	(2,764)
Culture/Recreation	52,000	52,000	54,500	(2,500)
Conservation/Development	177,941	177,941	179,017	(1,076)
<b>Total Expenditures</b>	<b>10,912,071</b>	<b>10,912,071</b>	<b>10,694,840</b>	<b>217,231</b>
Excess of Revenues Over (Under) Expenditures	<b>2,196,559</b>	<b>2,196,559</b>	<b>2,443,282</b>	<b>246,723</b>
Other Financing Sources (Uses)				
Operating Transfer In	170,000	170,000	147,362	(22,638)
Operating Transfer (Out)	(2,480,589)	(2,480,589)	(2,506,269)	(25,680)
<b>Total Other Financing Sources(Uses)</b>	<b>(2,310,589)</b>	<b>(2,310,589)</b>	<b>(2,358,907)</b>	<b>(48,318)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<b>(114,030)</b>	<b>(114,030)</b>	<b>84,375</b>	<b>198,405</b>
Fund Balance - Beginning of Year	<b>4,548,576</b>	<b>4,548,576</b>	<b>4,548,576</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 4,434,546</b>	<b>\$ 4,434,546</b>	<b>\$ 4,632,951</b>	<b>\$ 198,405</b>

COUNTY OF JEFFERSON  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILDREN AND YOUTH FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants and Gifts	\$ 3,577,256	\$ 3,577,256	\$ 4,834,106	\$ 1,256,850
Charges for Service	96,124	96,124	90,702	(5,422)
Total Revenues	<u>3,673,380</u>	<u>3,673,380</u>	<u>4,924,808</u>	<u>1,251,428</u>
Expenditures				
Human Services	4,535,498	4,535,498	5,737,185	(1,201,687)
Total Expenditures	<u>4,535,498</u>	<u>4,535,498</u>	<u>5,737,185</u>	<u>(1,201,687)</u>
Excess of Revenues Over (Under) Expenditures	<u>(862,118)</u>	<u>(862,118)</u>	<u>(812,377)</u>	<u>49,741</u>
Other Financing Sources (Uses)				
Operating Transfer In	862,118	862,118	811,855	(50,263)
Total Other Financing Sources(Uses)	<u>862,118</u>	<u>862,118</u>	<u>811,855</u>	<u>(50,263)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>(522)</u>	<u>(522)</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>522</u>	<u>522</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF JEFFERSON  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DOMESTIC RELATIONS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 240,050	\$ 240,050	\$ 272,829	\$ 32,779
Charges for Service	13,000	13,000	7,279	(5,721)
Interest	150	150	320	170
Total Revenues	<u>253,200</u>	<u>253,200</u>	<u>280,428</u>	<u>27,228</u>
Expenditures				
Judicial Government	<u>455,219</u>	<u>455,219</u>	<u>405,293</u>	<u>49,926</u>
Total Expenditures	<u>455,219</u>	<u>455,219</u>	<u>405,293</u>	<u>49,926</u>
Excess of Revenues Over (Under) Expenditures	<u>(202,019)</u>	<u>(202,019)</u>	<u>(124,865)</u>	<u>77,154</u>
Other Financing Sources (Uses)				
Operating Transfer In	<u>78,173</u>	<u>78,173</u>	<u>124,865</u>	<u>46,692</u>
Total Other Financing Sources(Uses)	<u>78,173</u>	<u>78,173</u>	<u>124,865</u>	<u>46,692</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(123,846)</u>	<u>(123,846)</u>	<u>-</u>	<u>123,846</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (123,846)</u>	<u>\$ (123,846)</u>	<u>\$ -</u>	<u>\$ 123,846</u>

COUNTY OF JEFFERSON  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - 911 FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 1,375,881	\$ 1,375,881	\$ 1,106,631	\$ (269,250)
Charges for Service	-	-	10	10
Interest and Rents	1,600	1,600	1,556	(44)
<b>Total Revenues</b>	<b>1,377,481</b>	<b>1,377,481</b>	<b>1,108,197</b>	<b>(269,284)</b>
Expenditures				
Public Safety	1,111,832	1,111,832	1,107,820	4,012
<b>Total Expenditures</b>	<b>1,111,832</b>	<b>1,111,832</b>	<b>1,107,820</b>	<b>4,012</b>
Excess of Revenues Over (Under) Expenditures	265,649	265,649	377	(265,272)
Other Financing Sources (Uses)				
Operating Transfer In	62,662	62,662	-	(62,662)
<b>Total Other Financing Sources(Uses)</b>	<b>62,662</b>	<b>62,662</b>	<b>-</b>	<b>(62,662)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	328,311	328,311	377	(327,934)
Fund Balance - Beginning of Year	228,903	228,903	228,903	-
<b>Fund Balance - End of Year</b>	<b>\$ 557,214</b>	<b>\$ 557,214</b>	<b>\$ 229,280</b>	<b>\$ (327,934)</b>

COUNTY OF JEFFERSON  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - COMMUNITY ACTION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 1,681,164	\$ 1,681,164	\$ 1,627,133	\$ (54,031)
Total Revenues	<u>1,681,164</u>	<u>1,681,164</u>	<u>1,627,133</u>	<u>(54,031)</u>
Expenditures				
Human Services	<u>1,681,164</u>	<u>1,681,164</u>	<u>1,627,133</u>	<u>54,031</u>
Total Expenditures	<u>1,681,164</u>	<u>1,681,164</u>	<u>1,627,133</u>	<u>54,031</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



COUNTY OF JEFFERSON  
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 YEARS \*

	2014	2015
<b>Total pension liability</b>		
Service cost	\$ 942,881	\$ 983,298
Interest	1,342,962	1,415,620
Changes of benefit terms	-	-
Difference between expected and actual experience	-	(219,384)
Changes of assumptions	-	281,214
Transfers	-	-
Benefit payments, including refunds of member contributions	<u>(963,895)</u>	<u>(1,041,478)</u>
Net change in total pension liability	1,321,948	1,419,270
Total pension liability - beginning	<u>\$ 23,966,773</u>	<u>\$ 25,288,721</u>
Total pension liability - ending (a)	<u>\$ 25,288,721</u>	<u>\$ 26,707,991</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 465,583	\$ 457,349
Contributions - PMRS assessment	-	580
Contributions - member	361,209	392,209
PMRS investment income	1,332,705	1,387,873
Market value investment income	(116,607)	(1,363,608)
Transfers	-	-
Benefit payments, including refunds of member contributions	<u>(963,895)</u>	<u>(1,041,478)</u>
PMRS administrative expense	(5,900)	(6,000)
Additional administrative expense	<u>(51,110)</u>	<u>(57,857)</u>
Net change in plan fiduciary net position	1,021,965	(230,932)
Plan fiduciary net position - beginning	<u>\$ 23,975,595</u>	<u>\$ 24,997,580</u>
Plan fiduciary net position - ending (b)	<u>\$ 24,997,580</u>	<u>\$ 24,766,648</u>
County's net pension liability - ending (a) - (b)	<u>\$ 291,141</u>	<u>\$ 1,941,343</u>
Plan fiduciary net position as a percentage of the total pension liability	98.85%	92.73%
Covered-employee payroll	\$ 4,857,115	\$ 5,040,959
County's net pension liability as a percentage of covered-employee payroll	6.0%	38.5%

\*Information only available for two years. Future years will be assessed as information becomes available.

COUNTY OF JEFFERSON  
SCHEDULE OF COUNTY CONTRIBUTIONS - LAST 10 YEARS \*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 456,396	\$ 457,349	\$ 554,867
Contributions in relation to the actuarially determined contribution	<u>465,583</u>	<u>457,929</u>	<u>554,867</u>
Contribution deficiency (excess)	<u>\$ (9,187)</u>	<u>\$ (580)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,857,115	\$ 5,040,959	\$ 4,940,926
Contributions as a percentage of covered-employee payroll	9.59%	9.08%	11.23%

**Notes to Schedule**

Valuation date:  
Actuarially determined contribution rates are calculated as of January 1 for the even valuation year at least two years prior to the end of the fiscal year in which the contributions were reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar based upon the amortization periods in Act 293
Asset valuation method	Based upon the municipal reserves
Inflation	3.0%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.50%
COLA increases	3.0% for those eligible for a COLA
Pre-Retirement Mortality	Males - RP 2000 with 1 year set back Females - RP 2000 with 5 year set back
Post-Retirement Mortality	Sex distinct RP-2000 Combine Healthy Mortality

\*Information only available for two years. Future years will be assessed as information becomes available.

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

COUNTY OF JEFFERSON  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2016

	Special Revenue Funds	Capital Project 75 Fund	Total Non-Major Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,446,055	\$ 137,044	\$ 1,583,099
Investments	476,965	-	476,965
Accounts Receivable	38,139	-	38,139
Tax Receivable	45,802	-	45,802
Due From Other Governments	168,714	4,671	173,385
Due From Other Funds	119,679	-	119,679
Restricted Cash			
Cash for Revolving Funds	1,754	-	1,754
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 2,297,108</u>	<u>\$ 141,715</u>	<u>\$ 2,438,823</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 201,617	\$ 6,632	\$ 208,249
Accrued Expenses and Withholdings	4,362	-	4,362
Unearned Revenue	17,221	-	17,221
Due from Other Governments	73,300	-	73,300
Due to Other Funds	120,806	125,111	245,917
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>417,306</u>	<u>131,743</u>	<u>549,049</u>
<b>Fund Balances</b>			
Restricted for:			
General Government	597,524	-	597,524
Judicial Government	146,025	-	146,025
Public Safety	317,850	-	317,850
Public Works	655,314	-	655,314
Conservation/Development	151,285	-	151,285
Culture and Recreation	11,804	-	11,804
Capital Projects	-	9,972	9,972
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>1,879,802</u>	<u>9,972</u>	<u>1,889,774</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 2,297,108</u>	<u>\$ 141,715</u>	<u>\$ 2,438,823</u>

COUNTY OF JEFFERSON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds	Capital 75 Fund	Total Non-Major Funds
<b>Revenues</b>			
Hotel Taxes	\$ 152,322	\$ -	\$ 152,322
Grants and Gifts			
General Government	283,705	-	283,705
Judicial Government	20,600	4,671	25,271
Public Safety	118,974	-	118,974
Public Works	461,476	-	461,476
Human Services	192,783	-	192,783
Economic/Development	1,179,495	-	1,179,495
Charges for Services			
General Government	-	6,885	6,885
Judicial Government	45,356	-	45,356
Public Safety	165,625	-	165,625
Public Works	73,645	-	73,645
Economic/Development	53,423	-	53,423
Interest and Rents	2,847	153	3,000
<b>Total Revenues</b>	<b>2,750,251</b>	<b>11,709</b>	<b>2,761,960</b>
<b>Expenditures</b>			
Program and Operating Expenditures			
General Government	-	167,241	167,241
Judicial Government	23,681	15,744	39,425
Public Safety	273,471	22,595	296,066
Public Works	390,338	-	390,338
Human Services	254,097	-	254,097
Culture/Recreation	155,015	-	155,015
Economic/Development	1,357,159	-	1,357,159
<b>Total Expenditures</b>	<b>2,453,761</b>	<b>205,580</b>	<b>2,659,341</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>296,490</b>	<b>(193,871)</b>	<b>102,619</b>
<b>Other Financing Sources (Uses)</b>			
Loan Proceeds		-	-
Operating Transfers In	271,646	179,606	451,252
Operating Transfers (Out)	(314,612)	-	(314,612)
<b>Total Other Financing Sources (Uses)</b>	<b>(42,966)</b>	<b>179,606</b>	<b>136,640</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>253,524</b>	<b>(14,265)</b>	<b>239,259</b>
<b>Fund Balances - Beginning of Year</b>	<b>1,626,278</b>	<b>24,237</b>	<b>1,650,515</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,879,802</b>	<b>\$ 9,972</b>	<b>\$ 1,889,774</b>

COUNTY OF JEFFERSON  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016

	Liquid Fuel Fund	Haz Mat Fund	Human Service Fund	IPP and IPP Expended Fund	Independent Living Fund	Department of Development Fund
<b>Assets</b>						
Cash and Cash Equivalents	\$ 643,093	\$ 69,279	\$ 44,715	\$ -	\$ 72,208	\$ 50,001
Investments	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	9,251
Tax Receivable	-	-	-	-	-	-
Due From Other Governments	-	-	-	20,735	-	-
Due From Other Funds	-	10,119	-	20,637	-	-
Restricted Cash	16,035	-	-	-	-	-
Cash for Revolving Funds	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 659,128</b>	<b>\$ 79,398</b>	<b>\$ 44,715</b>	<b>\$ 41,372</b>	<b>\$ 72,208</b>	<b>\$ 59,252</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 3,814	\$ 2,001	\$ 11,941	\$ 40,388	\$ 25,056	\$ 50,100
Accrued Expenses and Withholdings	-	223	-	984	-	2,379
Unearned Revenue	-	2,761	11,825	-	-	-
Due to Other Governments	-	-	-	-	-	-
Due to Other Funds	-	-	20,949	-	47,152	6,773
<b>Total Liabilities</b>	<b>3,814</b>	<b>4,985</b>	<b>44,715</b>	<b>41,372</b>	<b>72,208</b>	<b>59,252</b>
<b>Fund Balances</b>						
Restricted for:						
General Government	-	-	-	-	-	-
Judicial Government	-	-	-	-	-	-
Public Safety	-	74,413	-	-	-	-
Public Works:						
County Bridges and Road Maintenance	655,314	-	-	-	-	-
Conservation/Development	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>655,314</b>	<b>74,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 659,128</b>	<b>\$ 79,398</b>	<b>\$ 44,715</b>	<b>\$ 41,372</b>	<b>\$ 72,208</b>	<b>\$ 59,252</b>

COUNTY OF JEFFERSON  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2016

	CDBG Fund	Solid Waste Authority Fund	Rails to Trails Fund	Hotel Tax Fund	PA Accessible Housing Fund	Gas Well Impact Fund	Record Improvement Fund
<b>Assets</b>							
Cash and Cash Equivalents	\$ 369	\$ 77,372	\$ -	\$ 55,741	\$ 5,375	\$ 120,559	\$ -
Investments	-	-	-	-	-	476,965	-
Accounts Receivable	14,469	2,075	-	-	-	-	940
Tax Receivable	-	-	-	45,802	-	-	-
Due From Other Governments	7,048	90,931	-	-	50,000	-	-
Due From Other Funds	-	-	11	-	-	-	21,162
Restricted Cash	-	-	-	-	-	-	-
Cash for Revolving Funds	1,754	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 23,640</b>	<b>\$ 170,378</b>	<b>\$ 11</b>	<b>\$ 101,543</b>	<b>\$ 55,375</b>	<b>\$ 597,524</b>	<b>\$ 22,102</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 7,048	\$ 12,149	\$ -	\$ 46,018	\$ -	\$ -	\$ -
Accrued Expenses and Withholdings	-	776	-	-	-	-	-
Unearned Revenue	2,635	-	-	-	-	-	-
Due to Other Governments	-	73,300	-	-	-	-	-
Due to Other Funds	-	-	-	43,732	2,200	-	-
<b>Total Liabilities</b>	<b>9,683</b>	<b>86,225</b>	<b>-</b>	<b>89,750</b>	<b>2,200</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>							
<b>Restricted for:</b>							
General Government	-	-	-	-	-	597,524	-
Judicial Government	-	-	-	-	-	-	22,102
Public Safety	-	-	-	-	-	-	-
Public Works:	-	-	-	-	-	-	-
County Bridges and Road Maintenance	-	-	-	-	-	-	-
Conservation/Development	13,957	84,153	-	-	53,175	-	-
Culture and Recreation	-	-	11	11,793	-	-	-
<b>Total Fund Balances</b>	<b>13,957</b>	<b>84,153</b>	<b>11</b>	<b>11,793</b>	<b>53,175</b>	<b>597,524</b>	<b>22,102</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,640</b>	<b>\$ 170,378</b>	<b>\$ 11</b>	<b>\$ 101,543</b>	<b>\$ 55,375</b>	<b>\$ 597,524</b>	<b>\$ 22,102</b>

COUNTY OF JEFFERSON  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 DECEMBER 31, 2016

	ROD Improvement Fund	Prothonotary Fund	Confiscated Fund	Offender Supervision Fund	Drug Task Force Fund	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ 15,580	\$ 72,167	\$ -	\$ 214,285	\$ 5,311	\$ 1,446,055
Investments	-	-	-	-	-	476,965
Accounts Receivable	1,410	224	646	8,892	232	38,139
Tax Receivable	-	-	-	-	-	45,802
Due From Other Governments	-	-	-	-	-	168,714
Due From Other Funds	-	-	34,138	16,839	738	119,679
Restricted Cash	-	-	-	-	-	1,754
Cash for Revolving Funds	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 16,990</b>	<b>\$ 72,391</b>	<b>\$ 34,784</b>	<b>\$ 240,016</b>	<b>\$ 6,281</b>	<b>\$ 2,297,108</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ -	\$ 242	\$ 31	\$ 2,829	\$ 201,617
Accrued Expenses and Withholdings	-	-	-	-	-	4,362
Unearned Revenue	-	-	-	-	-	17,221
Due to Other Governments	-	-	-	-	-	73,300
Due to Other Funds	-	-	-	-	-	120,806
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>242</b>	<b>31</b>	<b>2,829</b>	<b>417,306</b>
<b>Fund Balances</b>						
Restricted for:						
General Government	-	-	-	-	-	597,524
Judicial Government	16,990	72,391	34,542	-	-	146,025
Public Safety	-	-	-	239,985	3,452	317,850
Public Works:						
County Bridges and Road Maintenance	-	-	-	-	-	655,314
Conservation/Development	-	-	-	-	-	151,285
Culture and Recreation	-	-	-	-	-	11,804
<b>Total Fund Balances</b>	<b>16,990</b>	<b>72,391</b>	<b>34,542</b>	<b>239,985</b>	<b>3,452</b>	<b>1,879,802</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,990</b>	<b>\$ 72,391</b>	<b>\$ 34,784</b>	<b>\$ 240,016</b>	<b>\$ 6,281</b>	<b>\$ 2,297,108</b>



COUNTY OF JEFFERSON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED DECEMBER 31, 2016

	Liquid Fuel Fund	Haz Mat Fund	Human Service Fund	IPP and IPP Expended Fund	Independent Living Fund	Department of Development Fund
<b>Revenues</b>						
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Gifts	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Judicial Government	-	-	-	-	-	-
Public Safety	-	5,792	-	113,182	-	-
Public Works	316,975	-	-	-	-	-
Human Services	-	-	50,325	-	142,458	-
Economic/Development	-	-	-	-	-	634,159
Charges for Services	-	-	-	-	-	-
Judicial Government	-	-	-	-	-	-
Public Safety	-	19,495	-	-	-	-
Public Works	-	-	-	-	-	-
Economic/Development	-	-	-	-	-	53,423
Interest and Rents	336	32	23	-	50	-
<b>Total Revenues</b>	<b>317,311</b>	<b>25,259</b>	<b>50,348</b>	<b>113,182</b>	<b>142,508</b>	<b>687,582</b>
<b>Expenditures</b>						
Program and Operating Expenditures						
Judicial Government	-	-	-	-	-	-
Public Safety	-	28,412	-	188,662	-	-
Public Works	168,082	-	-	-	-	-
Human Services	-	-	50,348	-	203,749	-
Culture/Recreation	-	-	-	-	-	-
Economic/Development	-	-	-	-	-	822,507
<b>Total Expenditures</b>	<b>168,082</b>	<b>28,412</b>	<b>50,348</b>	<b>188,662</b>	<b>203,749</b>	<b>822,507</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>149,229</b>	<b>(3,153)</b>	<b>-</b>	<b>(75,480)</b>	<b>(61,241)</b>	<b>(134,925)</b>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	-	-	-	75,480	61,241	134,925
Operating Transfers (Out)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,480</b>	<b>61,241</b>	<b>134,925</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>149,229</b>	<b>(3,153)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Beginning of Year</b>	<b>506,085</b>	<b>77,566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ 655,314</b>	<b>\$ 74,413</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

COUNTY OF JEFFERSON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2016

	CDBG Fund	Solid Waste Authority Fund	Rails to Trails Fund	Hotel Tax Fund	PA Accessible Housing Fund	Gas Well Impact Fund	Record Improvement Fund
<b>Revenues</b>							
Hotel Taxes	\$ -	\$ -	\$ -	\$ 152,322	\$ -	\$ -	\$ -
Grants and Gifts	-	-	-	-	-	-	-
General Government	-	-	-	-	-	283,705	-
Judicial Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	144,501	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Economic/Development	495,336	-	-	-	50,000	-	-
Charges for Services	-	-	-	-	-	-	-
Judicial Government	-	-	-	-	-	-	10,578
Public Safety	-	-	-	-	-	-	-
Public Works	-	73,645	-	-	-	-	-
Economic/Development	-	-	-	-	-	-	-
Interest and Rents	-	143	-	-	17	2,068	-
<b>Total Revenues</b>	<b>495,336</b>	<b>218,289</b>	<b>-</b>	<b>152,322</b>	<b>50,017</b>	<b>285,773</b>	<b>10,578</b>
<b>Expenditures</b>							
Program and Operating Expenditures							
Judicial Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	222,256	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Culture/Recreation	-	-	-	150,015	-	5,000	-
Economic/Development	495,874	-	-	-	38,778	-	-
<b>Total Expenditures</b>	<b>495,874</b>	<b>222,256</b>	<b>-</b>	<b>150,015</b>	<b>38,778</b>	<b>5,000</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(538)</b>	<b>(3,967)</b>	<b>-</b>	<b>2,307</b>	<b>11,239</b>	<b>280,773</b>	<b>10,578</b>
<b>Other Financing Sources (Uses)</b>							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	(262,250)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(262,250)</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(538)</b>	<b>(3,967)</b>	<b>-</b>	<b>2,307</b>	<b>11,239</b>	<b>18,523</b>	<b>10,578</b>
<b>Fund Balances - Beginning of Year</b>	<b>14,495</b>	<b>88,120</b>	<b>11</b>	<b>9,486</b>	<b>41,936</b>	<b>579,001</b>	<b>11,524</b>
<b>Fund Balances - End of Year</b>	<b>\$ 13,957</b>	<b>\$ 84,153</b>	<b>\$ 11</b>	<b>\$ 11,793</b>	<b>\$ 53,175</b>	<b>\$ 597,524</b>	<b>\$ 22,102</b>

COUNTY OF JEFFERSON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2016

	ROD Improvement Fund	Prothonotary Fund	Confiscated Fund	Offender Supervision Fund	Drug Task Force Fund	Totals
<b>Revenues</b>						
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,322
Grants and Gifts	-	-	-	-	-	283,705
General Government	-	-	-	-	20,600	20,600
Judicial Government	-	-	-	-	-	118,974
Public Safety	-	-	-	-	-	461,476
Public Works	-	-	-	-	-	192,783
Human Services	-	-	-	-	-	1,179,495
Economic/Development	-	-	-	-	-	45,356
Charges for Services	16,143	8,418	9,985	-	232	165,625
Judicial Government	-	-	-	146,190	-	73,645
Public Safety	-	-	-	-	-	53,423
Public Works	-	-	-	-	-	2,847
Economic/Development	-	-	-	-	-	-
Interest and Rents	3	13	-	162	-	-
<b>Total Revenues</b>	<b>16,146</b>	<b>8,431</b>	<b>9,985</b>	<b>146,352</b>	<b>20,832</b>	<b>2,750,251</b>
<b>Expenditures</b>						
Program and Operating Expenditures						
Judicial Government	15,492	720	7,469	-	-	23,681
Public Safety	-	-	-	33,005	23,392	273,471
Public Works	-	-	-	-	-	390,338
Human Services	-	-	-	-	-	254,087
Culture/Recreation	-	-	-	-	-	155,015
Economic/Development	-	-	-	-	-	1,357,159
<b>Total Expenditures</b>	<b>15,492</b>	<b>720</b>	<b>7,469</b>	<b>33,005</b>	<b>23,392</b>	<b>2,453,761</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>654</b>	<b>7,711</b>	<b>2,516</b>	<b>113,347</b>	<b>(2,560)</b>	<b>296,490</b>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	-	-	-	-	-	271,646
Operating Transfers (Out)	-	-	-	(52,362)	-	(314,612)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52,362)</b>	<b>-</b>	<b>(42,966)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>654</b>	<b>7,711</b>	<b>2,516</b>	<b>60,985</b>	<b>(2,560)</b>	<b>253,524</b>
<b>Fund Balances - Beginning of Year</b>	<b>16,336</b>	<b>64,680</b>	<b>32,026</b>	<b>179,000</b>	<b>6,012</b>	<b>1,626,278</b>
<b>Fund Balances - End of Year</b>	<b>\$ 16,990</b>	<b>\$ 72,391</b>	<b>\$ 34,542</b>	<b>\$ 239,985</b>	<b>\$ 3,452</b>	<b>\$ 1,879,802</b>

COUNTY OF JEFFERSON, PENNSYLVANIA  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	(1) Jefferson County Conservation District	(2) Jefferson County Fair Authority	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,041,727	\$ 123,351	\$ 1,165,078
Due From Other Governments	-	36,607	36,607
Prepaid Assets	6,511	-	6,511
Capital Assets, Net of Accumulated Depreciation	-	11,332	11,332
Total Assets	<u>\$ 1,048,238</u>	<u>\$ 171,290</u>	<u>\$ 1,219,528</u>
<b>Liabilities</b>			
Accounts Payable	\$ 3,365	\$ -	\$ 3,365
Interest Payable	-	7,879	7,879
Unearned Revenue	-	730	730
Current Portions of Long Term Liabilities:			
General Debt Obligation Payable	-	9,313	9,313
Long Term Portions of Long Term Liabilities			
General Debt Obligation Payable	-	206,375	206,375
Total Liabilities	<u>3,365</u>	<u>224,297</u>	<u>227,662</u>
<b>Net Position</b>			
Net Investment in Capital Assets	-	11,332	11,332
Unrestricted	1,044,873	(64,339)	980,534
Total Net Position (Deficit)	<u>1,044,873</u>	<u>(53,007)</u>	<u>991,866</u>
Total Liabilities and Net Position	<u>\$ 1,048,238</u>	<u>\$ 171,290</u>	<u>\$ 1,219,528</u>

(1) Jefferson County Conservation District Fiscal Year Ends - December 31, 2016

(2) Jefferson County Fair Authority Fiscal Year Ends - September 30, 2016

COUNTY OF JEFFERSON, PENNSYLVANIA  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2016

	(1) Jefferson County Conservation District	(2) Jefferson County Fair Authority	Total
Operating Revenues:			
Governmental Grants	\$ 469,914	\$ 62,386	\$ 532,300
Charges for Services	737,561	-	737,561
Fair Revenue	-	274,862	274,862
Special Events	-	21,267	21,267
Total Operating Revenues	<u>1,207,475</u>	<u>358,515</u>	<u>1,565,990</u>
Operating Expenses:			
Conservation District Program	1,127,553	-	1,127,553
Recreation - Program - Fair Program	-	361,155	361,155
Total Operating Expenses	<u>1,127,553</u>	<u>361,155</u>	<u>1,488,708</u>
Operating Income	79,922	(2,640)	77,282
Nonoperating Revenue/Income and (Expenses)			
County Contribution	83,937	5,000	88,937
Interest Income	907	185	1,092
Interest Expense	-	(10,854)	(10,854)
Total Nonoperating Revenues (Expenses), Net	<u>84,844</u>	<u>(5,669)</u>	<u>79,175</u>
Changes in Net Position	164,766	(8,309)	156,457
Net Position (Deficit) - Beginning of Year	<u>880,107</u>	<u>(44,698)</u>	<u>835,409</u>
Net Position (Deficit) - End of Year	<u>\$ 1,044,873</u>	<u>\$ (53,007)</u>	<u>\$ 991,866</u>

(1) Jefferson County Conservation District Fiscal Year Ends - December 31, 2016

(2) Jefferson County Fair Authority Fiscal Year Ends - September 30, 2016