

**COUNTY OF JEFFERSON  
BROOKVILLE, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

COUNTY OF JEFFERSON  
YEAR ENDED DECEMBER 31, 2017

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COUNTY OF JEFFERSON  
YEAR ENDED DECEMBER 31, 2017

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## 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, 2017, 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 84.7%, 106.8%, and 72.9%, 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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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, 2017, 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 2017 the County adopted the provisions of Governmental Accounting Standards Board Statement No. 74, "*Financial Reporting for Postemployment Benefits Plans Other than Pensions*", Statement No. 80, "*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*", Statement No. 81, "*Irrevocable Split-Interest Agreements*", and Statement No. 82, "*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*". Our opinion is not modified with 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 48 through 54 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.



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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 56 through 65 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 Axlerod LLC*

ZELENKOFSKE AXELROD LLC

Pittsburgh, Pennsylvania  
September 27, 2018

**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, 2017. 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, 2017.

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

The COUNTY'S assessed valuation increased from \$847,256,560 in 2016 to \$847,963,810 in 2017. The COUNTY's mill rate was 12.00 mills for 2017. In 2017, \$10,309,878 of real estate tax revenue was received for General Fund purposes. The COUNTY transferred from the General Fund \$1,697,464 to the Debt Service Fund for Debt Service purposes.

**COUNTY'S NET POSITION**

The COUNTY's Statement of Net Position in 2017 has a total Net Position of \$24,606,716.

**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.

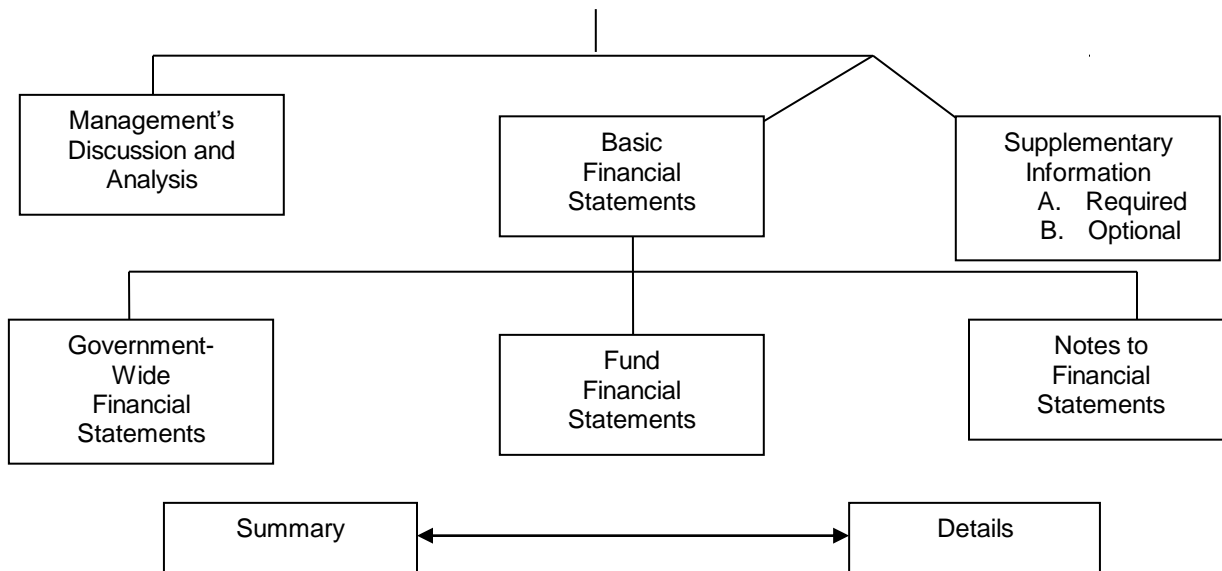
- *Government-wide financial statements*, the first two statements, provide information about the COUNTY's overall financial status as well as the financial status of the COUNTY's discrete and blended component units.
- *Fund financial statements*, the remaining statements, focus on individual parts 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 expensed 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 \$50,285,565 at December 31, 2017.

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 2016 to 2017	Percentage Change
	2016	2017		
<b><u>Assets:</u></b>				
Capital Assets	\$ 35,732,263	\$ 37,125,152	\$ 1,392,889	3.9%
Other Assets	14,427,947	13,160,413	(1,267,534)	-8.8%
Total Assets	<u>50,160,210</u>	<u>50,285,565</u>	<u>125,355</u>	<u>0.25%</u>
Deferred Outflows of Resources:				
Pension	1,607,151	1,205,959	(401,192)	-25.0%
Total Assets and Deferred Outflows	<u>\$ 51,767,361</u>	<u>\$ 51,491,524</u>	<u>\$ (275,837)</u>	<u>-0.5%</u>
<b><u>Liabilities:</u></b>				
Long-Term Liabilities	\$ 23,737,058	\$ 22,554,095	\$ (1,182,963)	-4.98%
Other Liabilities	3,840,677	4,221,021	380,344	9.90%
Total Liabilities	<u>27,577,735</u>	<u>26,775,116</u>	<u>(802,619)</u>	<u>-2.91%</u>
Deferred Inflows of Resources:				
Pension	146,256	109,692	(36,564)	-25.0%
Total Liabilities and Deferred Inflows	<u>\$ 27,723,991</u>	<u>\$ 26,884,808</u>	<u>\$ (839,183)</u>	<u>-3.0%</u>
<b>Net Position:</b>				
Net Investments in Capital Assets	\$ 13,486,953	\$ 15,343,054	\$ 1,856,101	13.8%
Restricted Net Position	6,690,968	4,799,789	(1,891,179)	-28.3%
Unrestricted Net Position	3,865,449	4,463,873	598,424	15.5%
Total Net Position	<u>\$ 24,043,370</u>	<u>\$ 24,606,716</u>	<u>\$ 563,346</u>	<u>2.3%</u>

## 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, 2017. 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 2016 to 2017	Percentage Change
	2016	2017		
<b>Program Revenues:</b>				
Charges for Services	\$ 2,726,652	\$ 2,976,293	\$ 249,641	9.16%
Operating Grants and Contributions	9,116,078	10,567,255	1,451,177	15.92%
Capital Grants and Contributions	1,640,971	1,076,579	(564,392)	-34.39%
<b>General Revenues:</b>				
Real Estate Taxes	9,916,517	10,245,914	329,397	3.32%
Hotel Tax	152,322	225,665	73,343	48.15%
Investment Earnings	176,937	124,281	(52,656)	-29.76%
Rental Income	13,765	12,720	(1,045)	-7.59%
	<u>23,743,242</u>	<u>25,228,707</u>	<u>1,485,465</u>	<u>6.26%</u>
<b>Expenses:</b>				
General Government –				
Administrative	1,603,221	1,526,501	(76,720)	-4.79%
General Government - Judicial	4,424,292	4,564,682	140,390	3.17%
Public Safety	6,611,667	6,873,470	261,803	3.96%
Public Works	886,771	963,635	76,864	8.67%
Human Services	8,308,262	8,893,057	584,795	7.04%
Culture and Recreation	357,225	424,220	66,995	18.75%
Conservation and Development	193,157	185,191	(7,966)	-4.12%
Economic Development	1,393,497	717,257	(676,240)	-48.53%
Interest on Long-Term Debt	439,059	517,348	78,289	17.83%
	<u>24,217,151</u>	<u>24,665,361</u>	<u>448,210</u>	<u>1.85%</u>
Change in Net Position	(473,909)	563,346	1,037,255	-218.87%
Net Position - January 1 -				
Beginning of Year	<u>24,517,279</u>	<u>24,043,370</u>	<u>(473,909)</u>	<u>-1.93%</u>
Net Position - December 31-				
End of Year	<u>\$ 24,043,370</u>	<u>\$ 24,606,716</u>	<u>\$ 563,346</u>	<u>2.34%</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 2017, real estate taxes brought in \$10,245,914.

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

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Program:		
General Government - Administration	\$ 1,526,501	\$ (113,478)
General Government - Judicial	4,564,682	(2,983,180)
Public Safety	6,873,470	(4,445,203)
Public Works	963,635	(249,628)
Human Services	8,893,057	(940,560)
Culture and Recreation	424,220	(424,220)
Conservation and Development	185,191	(185,191)
Economic and Development	717,257	(186,426)
Debt Service	517,348	(517,348)
	<u>\$ 24,665,361</u>	<u>\$ (10,045,234)</u>

The COUNTY relied on real estate taxes and other general revenues to fund 40.7% of its governmental activities in 2017.

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 2017 was 12.00 mills for general purposes.

Approximately 65.4% 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 64.7% 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 25.9%, 10.6%, 100%, 100%, 26.0% 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 \$37,125,152 at December 31, 2017. A summary of capital assets at December 31, 2017 is as follows:

Governmental Activities:	
Capital assets not being depreciated (cost):	
Land	\$ 453,514
Total capital assets not being depreciated	<u>453,514</u>
Capital assets being depreciated (cost):	
Buildings and improvements	34,564,547
Furniture, fixtures, and equipment	3,008,896
Vehicles	778,271
Bridges, roads, and rail trails	25,595,230
Total capital assets being depreciated	<u>63,946,944</u>
Less accumulated depreciation for:	
Buildings and improvements	14,172,486
Furniture, fixtures, and equipment	2,778,930
Vehicles	694,050
Bridges, roads, and rail trails	9,629,840
Total accumulated depreciation	<u>27,275,306</u>
Total capital assets being depreciated, net	<u>36,671,638</u>
Total capital assets, governmental activities	<u>\$ 37,125,152</u>

The total depreciation expense in 2017 to the governmental activities was \$1,416,329.

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

**Debt Administration**

At December 31, 2017, the COUNTY had \$21,793,599 of long term bonds and notes outstanding. The COUNTY's long term debt decreased 4.9% in 2017.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligations	\$ 22,926,448	\$ -	\$ (1,132,849)	\$ 21,793,599
G.O. Discount	(23,113)	-	2,102	(21,011)
Total Debt Obligations	<u>22,903,335</u>	<u>-</u>	<u>(1,130,747)</u>	<u>21,772,588</u>
Compensated Absences	<u>219,226</u>	<u>234,226</u>	<u>(219,226)</u>	<u>234,226</u>
Total Long Term Liabilities	<u>\$ 23,122,561</u>	<u>\$ 234,226</u>	<u>\$ (1,349,973)</u>	<u>\$ 22,006,814</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, 2016, and December 31, 2017, were as follows.

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

	2016	2017	Changes from 2016 to 2017	Percentage Variance
Revenues and other financing sources:				
Taxes	\$ 10,172,212	\$ 10,535,543	\$ 363,331	3.57%
Licenses and permits	52,993	66,064	13,071	24.67%
Intergovernmental	10,757,049	11,643,834	886,785	8.24%
Charges for services	2,334,970	2,588,853	253,883	10.87%
Costs and fines	338,689	321,376	(17,313)	-5.11%
Interest and rents	190,702	137,001	(53,701)	-28.16%
Debt proceeds	10,998,889	-	(10,998,889)	-100.00%
Operating transfers in	2,820,881	2,592,515	(228,366)	-8.10%
 Total revenue and other financing sources	 <u>\$ 37,666,385</u>	 <u>\$ 27,885,186</u>	 <u>\$ (9,781,199)</u>	 <u>-25.97%</u>

Governmental fund revenues totaled \$27,885,186 for the year ended December 31, 2017. This is a net decrease of \$9,781,199 or 25.97% from 2016. The decrease was largely due to Debt Proceeds received for the Jail in 2016. The 3.57% increase in taxes collected was due to a .25 increase in the millage rate to 12.00 mills. The licenses and permits increased in 2017 by \$13,071. Pistol permits increased \$10,034 in 2017. Intergovernmental grant revenues increased \$886,785 or 7.64% from 2016. In 2016 the Business Park recorded \$634,159 in grant revenue but did not receive grant funding in 2017. The decrease in grants from 2016 was offset by the increases in grant funding in 2017 to the General Fund (\$112,684), Children and Youth (\$941,671), Domestic Relations (\$64,342), 911 Fund (\$59,252), Community Action (\$132,608), Liquid Fuels (\$26,538), IPP Fund (\$105,742), PA Accessible Housing Fund (\$10,000) and Capital Project Fund (\$28,284). Charges for services had an increase of 10.87% or \$253,883 from 2016. The General Fund increased \$159,388 in 2017 and Children and Youth had an increase of \$74,316 in 2017. Costs and fines decreased 5.11% in 2017. The interest and rents decreased \$53,701 in 2017 mainly due to the spending down of the debt proceeds received in 2016, resulting in lower cash balances. The debt proceeds received in 2016 were used for the prison construction. No debt proceeds were received in 2017. Operating transfers decreased because the County match needed to fund Children and Youth and the Department of Development decreased in 2017.

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

**GOVERNMENTAL FUND EXPENDITURES**

Governmental fund expenditures by function at December 31, 2016 and December 31, 2017 are as follows:

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

	<b>2016</b>	<b>2017</b>	<b>Changes from 2016 to 2017</b>	<b>Percentage Of Change</b>
Expenditures and other financing uses:				
General government – Administrative	\$ 2,647,290	\$ 2,784,642	\$ 137,352	5.19%
General government – Judicial	3,457,053	3,661,514	204,461	5.91%
Public safety	10,494,067	8,213,041	(2,281,026)	-21.74%
Public works	569,338	836,258	266,920	46.88%
Human services	8,027,243	8,574,541	547,298	6.82%
Culture and recreation	209,515	277,018	67,503	32.22%
Conservation and development	179,017	179,739	722	0.40%
Economic development	1,357,159	662,445	(694,714)	-51.19%
Debt service	2,929,718	1,649,910	(1,279,808)	-43.68%
Operating transfers out	2,820,881	2,592,515	(228,366)	-8.10%
Total expenditures and other financing uses	<u>\$ 32,691,281</u>	<u>\$ 29,431,623</u>	<u>\$ (3,259,658)</u>	<u>-9.97%</u>

Governmental fund expenditures totaled \$29,431,623 for the year ended December 31, 2017. This represents a decrease of \$3,259,658 or 9.97% from 2016. The main decreases in 2017 were Public Safety expenditures by \$2,281,026, Debt Service payments by \$1,279,808, Economic Development expenditures by \$694,714, and Transfers Out by \$228,366.

Expenditures increased in General Government Administration, General Government Judicial, Public Works, Human Services, Culture and Recreation, and Conservation and Development. Public Safety, Economic Development, Debt Service and Operating Transfers Out decreased in 2017.

General government administration expenditures increased by \$137,352 or 5.19% in 2017. This increase is largely due to increases in the following departments: Commissioners increased \$29,215, Elections Board increased \$17,238, Treasurer increased \$11,265, and Central Department increased \$289,629. These increases were offset by decreases in Information Systems by \$58,396 due to decrease in staffing, Elected Auditors by \$20,828, and Tax Collectors by \$39,561.

General government judicial expenditures increased by \$204,461 or 5.91% in 2017. District Attorney increased \$41,917, Prothonotary increased \$26,605, Public Defender increased \$15,305, Sheriff increased \$74,937, K-9 Dog controlled by the Sheriff Department increased \$27,003, District Justices increased \$13,713, Domestic Relations increased \$6,636 and Capital Projects increased \$24,649 for judicial purchases.

Public safety expenditures decreased \$2,281,026 or 21.74% in 2017 which was due to the completion of the Jail Expansion project in 2017. This resulted in a reduction of \$2,368,630 in costs in 2017. In 2017, Juvenile Probation expenditures decreased by \$58,045 and the 911 Fund expenditures decreased by \$206,435. The Jail expenditures increased in the amount of \$125,922, Adult Probation increased \$81,942, IPP Fund increased \$46,920, and the Offender Supervision Fund increased by \$69,704 in 2017. The Jail capital expansion expenditures in 2017 totaled \$2,286,415.

Public works expenditures increased by \$266,920 or 46.88% in 2017. The COUNTY's bridge maintenance and construction program in Liquid Fuel program increased \$73,277 and the Solid Waste Authority expenditures increased in 2017 in the amount of \$191,643.

Human services expenditures increased by \$547,298 or 6.82% in 2017. Children and Youth expenditures increased from 2016 in the amount of \$322,771. The Independent Living program expenditures increased in 2017 by \$5,621. Community Action increased expenditures in 2017 by \$132,608.

Culture and recreation program expenditures increased by \$67,503 or 32.22% in 2017. This increase was due to the increase on the Hotel Taxes in 2017 based on the increase hotel tax rate in 2017 to 5%.

Conservation and development expenditures increased in 2017 by \$722 or 0.40%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Economic development program expenditures decreased by \$694,714 or 51.19% in 2017. The Department of Development Fund expenditures decreased by \$617,029 as in 2016, the Jefferson County Business Park had expenditures of \$584,159 and RACP expenditures of \$50,000, while in 2017 there were no expenditures related to the County Business Park. The Community Development Block Grant (CDBG) Fund expenditures decreased by \$92,044 in 2017 to \$403,830. In 2017 the COUNTY expenditures for the PA Accessible Housing Program increased \$14,359.

Debt Service expenditures decreased in 2017 by \$1,279,808 or 43.68%. The 2010 Bond was refinanced with a note of \$11,695,000 in 2015. In 2016 the County drew down on the \$10,000,000 in order to complete the Jail project in 2017.

Operating Transfers decreased by \$228,366 or 8.10% in 2017. The General Fund County match to Children and Youth Fund decreased by \$692,695 in 2017 due to the Commonwealth Human Services contributing a final settlement of \$639,910 for the 16-17 fiscal year. Domestic Relations decreased in 2017 by \$58,316. IPP Fund decreased in 2017 by \$58,822. Independent Living decreased \$25,816 in 2017. Debt Service increased \$411,917 in 2017.

### Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds at December 31, 2017:

<b>Table A-10</b>	
<b>Ending Fund Balances, Governmental Funds</b>	
<u>Fund</u>	<u>Fund Balance</u>
General Fund	\$ 5,013,602
911 Fund	495,515
Capital Jail Project Fund	1,643,141
Debt Service Fund	696,776
Non-Major Governmental Funds	<u>1,928,448</u>
 Total Governmental Fund Balances	 <u><u>\$ 9,777,482</u></u>

### BUDGETARY HIGHLIGHTS

The COUNTY in 2017 recorded in the General Fund excess revenue and other financing sources over expenditures and other financing uses in the amount of \$380,651. The General Fund's 2017 ending fund balance was \$5,013,602. This increase was due to staying within the County 2017 Budget. The non-spendable fund balance amount is \$99,165, which is made of inventories and prepaid expenditure. The restricted fund balance totals \$4,799,789, which is restricted for governmental programs, debt service, and capital projects. The assigned fund balance totals \$4,809,850 which is earmarked for governmental programs and debt service. The unassigned balance for the General Fund is \$68,678. The Children and Youth Fund revenues increased \$1,015,988 in 2017 but their expenditures also increased by \$322,771 which caused the County to decrease the County match to \$119,160. The Domestic Relations Fund revenues increase in 2017 by \$64,952. Domestic Relations expenditures increased in 2017 by \$6,636. The General Fund Domestic Relations match decreased by \$58,316 in 2017. The 911 Fund in 2017 stayed within their budget which showed an increase of \$266,235 of revenue over expenditures. The General Fund did not match the 911 Fund in 2017. The Community Action Fund reported an increase in revenue and expenditures in the amount of \$132,608.

### NEXT YEAR'S BUDGET

The COUNTY adopted a 2018 operating budget prior to December 31, 2017. The budget was based on 100% assessed valuation for real estate taxes. The 2018 real estate tax mill did not increase. The 2018 Real Estate millage rate is 12.0 mills. The Hotel Room Tax rate is 5%. \$1,550,000 will be transferred from the General Fund to Debt Service to cover the 2018 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, 2017

	Primary Government		Discretely Presented Component Units
	Governmental Activities	Total	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 8,571,984	\$ 8,571,984	\$ 1,009,818
Investments	53,029	53,029	-
Accounts Receivable	291,173	291,173	3,215
Taxes Receivable	1,247,577	1,247,577	-
Due From Other Governments	2,388,518	2,388,518	38,914
Inventory	9,647	9,647	-
Prepaid Assets	99,165	99,165	6,423
Restricted Cash			
Cash for K-9 Dog	19,501	19,501	-
Cash for Debt Service	461,804	461,804	-
Cash for Escheat	16,408	16,408	-
Cash for Revolving Funds	1,607	1,607	-
Capital Assets not being depreciated	453,514	453,514	-
Capital Assets being depreciated, Net	36,671,638	36,671,638	10,168
Total Assets	50,285,565	50,285,565	1,068,538
<u>Deferred Outflows of Resources</u>			
Pension	1,205,959	1,205,959	-
Total Assets and Deferred Outflows of Resources	1,205,959	51,491,524	1,068,538
<b>Liabilities</b>			
Accounts Payable	2,193,864	2,193,864	9,804
Accrued Expenses and Withholdings	230,922	230,922	-
Escheat Payable	16,408	16,408	-
Unearned Revenue	89,387	89,387	3,531
Due to Other Governments	54,950	54,950	-
Interest Payable	9,510	9,510	7,559
Other Current Liabilities	259,842	259,842	-
Current Portions of Long Term Liabilities:			
General Obligation Bonds Payable	110,000	110,000	-
General Debt Obligation Note Payable	1,021,912	1,021,912	9,740
Compensated Absences	234,226	234,226	-
Non-Current Portions of Long Term Liabilities:			
General Obligation Bonds Payable	1,073,989	1,073,989	196,390
General Obligation Note Payable	19,566,687	19,566,687	-
Net Pension Liability	1,913,419	1,913,419	-
Total Liabilities	26,775,116	26,775,116	227,024
<u>Deferred Inflows of Resources</u>			
Pension	109,692	109,692	-
<b>Net Position</b>			
Net Investment in Capital Assets	15,343,054	15,343,054	10,168
Restricted Net Position	4,799,789	4,799,789	-
Unrestricted Net Position	4,463,873	4,463,873	831,346
Total Net Position	\$ 24,606,716	\$ 24,606,716	\$ 841,514

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

COUNTY OF JEFFERSON  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Indirect Charges	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Discretely Presented Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 2,899,011	\$ (1,372,510)	\$ 1,043,192	\$ 369,831	\$ -	\$ (113,478)	\$ (113,478)	
Judicial Government	3,846,752	717,930	949,890	631,612	-	(2,983,180)	(2,983,180)	
Public Safety	6,499,388	374,082	622,275	1,805,992	-	(4,445,203)	(4,445,203)	
Public Works	956,972	6,663	101,184	-	612,823	(249,628)	(249,628)	
Human Services	8,651,232	241,825	192,677	7,759,820	-	(940,560)	(940,560)	
Culture/Recreation	424,220	-	-	-	-	(424,220)	(424,220)	
Conservation/Development	183,879	1,312	-	-	-	(185,191)	(185,191)	
Economic/Development	686,559	30,698	67,075	-	463,756	(186,426)	(186,426)	
Interest on Long-Term Debt	517,348	-	-	-	-	(517,348)	(517,348)	
Total Governmental Activities	<u>24,665,361</u>	<u>-</u>	<u>2,976,293</u>	<u>10,567,255</u>	<u>1,076,579</u>	<u>(10,045,234)</u>	<u>(10,045,234)</u>	
Total Primary Government	<u>\$ 24,665,361</u>	<u>\$ -</u>	<u>\$ 2,976,293</u>	<u>\$ 10,567,255</u>	<u>\$ 1,076,579</u>	<u>\$ (10,045,234)</u>	<u>\$ (10,045,234)</u>	
Component Unit								
Jefferson County Conservation District	\$ 1,112,134	\$ -	\$ 658,921	\$ 305,600	\$ -			\$ (147,613)
Jefferson County Fair Authority	<u>335,629</u>	<u>-</u>	<u>287,781</u>	<u>43,964</u>	<u>-</u>			<u>(3,884)</u>
Total Component Unit	<u>\$ 1,447,763</u>	<u>\$ -</u>	<u>\$ 946,702</u>	<u>\$ 349,564</u>	<u>\$ -</u>			<u>\$ (151,497)</u>
			General Revenues:					
			Real Estate Tax			10,245,914	10,245,914	-
			Hotel Tax			225,665	225,665	-
			Unrestricted Investment Earnings			124,281	124,281	1,145
			Rents			12,720	12,720	-
			Total General Revenues			<u>10,608,580</u>	<u>10,608,580</u>	<u>1,145</u>
			Change in Net Position			563,346	563,346	(150,352)
			Net Position - Beginning			<u>24,043,370</u>	<u>24,043,370</u>	<u>991,866</u>
			Net Position - Ending			<u>\$ 24,606,716</u>	<u>\$ 24,606,716</u>	<u>\$ 841,514</u>

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

COUNTY OF JEFFERSON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

<u>Assets</u>	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	\$ 2,823,391	\$ -	\$ 942,615	\$ 751,142	\$ -	\$ 1,770,289	\$ -	\$ 2,284,547	\$ 8,571,984
Investments	-	-	53,029	-	-	-	-	-	53,029
Accounts Receivable	243,898	30	44	-	-	-	-	47,201	291,173
Taxes Receivable	1,195,396	-	-	-	-	-	-	52,181	1,247,577
Due From Other Governments	262,941	1,558,878	96,937	281,097	1,505	-	-	187,160	2,388,518
Due From Other Funds	3,196,249	-	-	-	503,575	-	234,972	101,786	4,036,582
Inventory	9,647	-	-	-	-	-	-	-	9,647
Prepaid Assets	99,165	-	-	-	-	-	-	-	99,165
Restricted Cash									
Cash for General Fund K-9 Dog Dept	19,501	-	-	-	-	-	-	-	19,501
Cash for Debt Service	-	-	-	-	-	-	461,804	-	461,804
Cash for Escheats	16,408	-	-	-	-	-	-	-	16,408
Cash for Revolving Funds	-	-	-	-	-	-	-	1,607	1,607
<b>Total Assets</b>	<b>\$ 7,866,596</b>	<b>\$ 1,558,908</b>	<b>\$ 1,092,625</b>	<b>\$ 1,032,239</b>	<b>\$ 505,080</b>	<b>\$ 1,770,289</b>	<b>\$ 696,776</b>	<b>\$ 2,674,482</b>	<b>\$ 17,196,995</b>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>									
<b>Liabilities</b>									
Accounts Payable	\$ 678,973	\$ 735,027	\$ 74,713	\$ 73,081	\$ 406,627	\$ -	\$ -	\$ 225,443	\$ 2,193,864
Accrued Expenses and Withholdings	194,508	16,485	3,916	12,318	-	-	-	3,695	230,922
Escheat Payable	16,408	-	-	-	-	-	-	-	16,408
Unearned Revenue	-	-	-	-	72,182	-	-	17,205	89,387
Due to Other Governments	1,256	-	-	-	26,271	-	-	27,423	54,950
Due to Other Funds	1,164,449	807,396	1,013,996	451,325	-	127,148	-	472,268	4,036,582
Other Current Liabilities	259,842	-	-	-	-	-	-	-	259,842
<b>Total Liabilities</b>	<b>2,315,436</b>	<b>1,558,908</b>	<b>1,092,625</b>	<b>536,724</b>	<b>505,080</b>	<b>127,148</b>	<b>-</b>	<b>746,034</b>	<b>6,881,955</b>
<b>Deferred Inflows of Resources</b>									
Unavailable revenue - Property Taxes	537,558	-	-	-	-	-	-	-	537,558
<b>Fund Balances</b>									
Nonspendable:	99,165	-	-	-	-	-	-	-	99,165
Restricted:									
General Government	16,408	-	-	-	-	-	-	640,393	656,801
Judicial Government	19,501	-	-	-	-	-	-	157,740	177,241
Public Safety	-	-	-	495,515	-	-	-	235,143	730,658
Public Works	-	-	-	-	-	-	-	757,787	757,787
Conservation/Development	-	-	-	-	-	-	-	115,047	115,047
Culture and Recreation	-	-	-	-	-	-	-	17,951	17,951
Capital Projects	-	-	-	-	-	1,643,141	-	4,387	1,647,528
Debt Service	-	-	-	-	-	-	696,776	-	696,776
Assigned:									
General Government	1,369,500	-	-	-	-	-	-	-	1,369,500
Judicial Government	491,750	-	-	-	-	-	-	-	491,750
Public Safety	526,500	-	-	-	-	-	-	-	526,500
Human Services	1,025,500	-	-	-	-	-	-	-	1,025,500
Conservation/Development	175,850	-	-	-	-	-	-	-	175,850
Debt Service	1,220,750	-	-	-	-	-	-	-	1,220,750
Unassigned:	68,678	-	-	-	-	-	-	-	68,678
<b>Total Fund Balances</b>	<b>5,013,602</b>	<b>-</b>	<b>-</b>	<b>495,515</b>	<b>-</b>	<b>1,643,141</b>	<b>696,776</b>	<b>1,928,448</b>	<b>9,777,482</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,866,596</b>	<b>\$ 1,558,908</b>	<b>\$ 1,092,625</b>	<b>\$ 1,032,239</b>	<b>\$ 505,080</b>	<b>\$ 1,770,289</b>	<b>\$ 696,776</b>	<b>\$ 2,674,482</b>	<b>\$ 17,196,995</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, 2017

Total Fund Balances of Governmental Funds:	\$ 9,777,482
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital Assets, including infrastructure assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.</p>	37,125,152
<p>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.</p>	537,558
<p>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:</p>	
Net Pension Liability	(1,913,419)
Deferred Outflows of Resources - Pension	1,205,959
Deferred Inflows of Resources - Pension	(109,692)
General Obligation Bonds Payable	(1,205,000)
General Obligation Note Payable	(20,588,599)
Accrued Interest Payable	(9,510)
Unamortized Bond Discount	21,011
Compensated Absences	(234,226)
	(24,464,486)
Total Net Position of Governmental Activities	\$ 24,606,716

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, 2017

	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	\$ 10,309,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,665	\$ 10,535,543
Licenses and Permits	66,064	-	-	-	-	-	-	-	66,064
Grants and Gifts	767,330	5,775,778	337,171	1,165,883	1,759,741	-	-	1,837,931	11,643,834
Charges for Services	2,046,858	165,018	7,482	-	-	-	-	369,495	2,588,853
Fines and Costs	321,376	-	-	-	-	-	-	-	321,376
Interest and Rents	123,486	-	727	1,737	-	6,609	1,035	3,407	137,001
<b>Total Revenues</b>	<b>13,634,992</b>	<b>5,940,796</b>	<b>345,380</b>	<b>1,167,620</b>	<b>1,759,741</b>	<b>6,609</b>	<b>1,035</b>	<b>2,436,498</b>	<b>25,292,671</b>
<b>Expenditures</b>									
General Government	2,652,015	-	-	-	-	-	780	131,847	2,784,642
Judicial Government	3,196,045	-	411,929	-	-	-	-	53,540	3,661,514
Public Safety	4,569,749	-	-	901,385	-	2,286,415	-	455,492	8,213,041
Public Works	181,000	-	-	-	-	-	-	655,258	836,258
Human Services	495,076	6,059,956	-	-	1,759,741	-	-	259,768	8,574,541
Culture/Recreation	52,500	-	-	-	-	-	-	224,518	277,018
Conservation/Development	179,739	-	-	-	-	-	-	-	179,739
Economic/Development	-	-	-	-	-	-	-	662,445	662,445
Debt Service	-	-	-	-	-	-	1,649,910	-	1,649,910
<b>Total Expenditures</b>	<b>11,326,124</b>	<b>6,059,956</b>	<b>411,929</b>	<b>901,385</b>	<b>1,759,741</b>	<b>2,286,415</b>	<b>1,650,690</b>	<b>2,442,868</b>	<b>26,839,108</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,308,868</b>	<b>(119,160)</b>	<b>(66,549)</b>	<b>266,235</b>	<b>-</b>	<b>(2,279,806)</b>	<b>(1,649,655)</b>	<b>(6,370)</b>	<b>(1,546,437)</b>
<b>Other Financing Sources (Uses)</b>									
Operating Transfers In	323,399	119,160	66,549	-	-	-	1,697,464	385,943	2,592,515
Operating Transfers (Out)	(2,251,616)	-	-	-	-	-	-	(340,899)	(2,592,515)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,928,217)</b>	<b>119,160</b>	<b>66,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,697,464</b>	<b>45,044</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>380,651</b>	<b>-</b>	<b>-</b>	<b>266,235</b>	<b>-</b>	<b>(2,279,806)</b>	<b>47,809</b>	<b>38,674</b>	<b>(1,546,437)</b>
<b>Fund Balances - Beginning 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>
<b>Fund Balances - End of Year</b>	<b>\$ 5,013,602</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 495,515</b>	<b>\$ -</b>	<b>\$ 1,643,141</b>	<b>\$ 696,776</b>	<b>\$ 1,928,448</b>	<b>\$ 9,777,482</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, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (1,546,437)

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 (\$2,809,218) and depreciation expense (\$1,416,329) is a reconciling item.

Capital Assets Additions	\$ 2,809,218	
Depreciation Expense	<u>(1,416,329)</u>	1,392,889

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 2017. (63,964)

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		1,132,849
Compensated Absences		(15,000)
Decrease in Pension Benefits		(336,704)

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		1,815
Amortization of Bond Discount		<u>(2,102)</u>

Change in Net Position of governmental activities \$ 563,346

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

COUNTY OF JEFFERSON  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2017

	<u>Agency Fund</u>
Assets	
Cash and Cash Equivalents	<u>\$ 794,576</u>
Total Assets	<u><u>\$ 794,576</u></u>
Liabilities	
Funds Held in Fiduciary Capacity	<u>\$ 794,576</u>
	<u><u>\$ 794,576</u></u>

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

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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, 2017.

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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

The County adopted the requirements of GASB Statement No. 74 "*Financial Reporting for Postemployment Benefits Plans Other than Pensions*". The adoption of this statement had no effect on previously reported amounts.

The County adopted the requirements of GASB Statement No. 80 "*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*". The adoption of this statement had no effect on previously reported amounts.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

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

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

The County adopted the requirements of GASB Statement No. 81 *“Irrevocable Split-Interest Agreements”*. The adoption of this statement had no effect on previously reported amounts.

The County adopted the requirements of GASB Statement No. 82 *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. 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. 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 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 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.

In March 2017, the GASB issued Statement No. 85, *“Omnibus 2017”*. The County is required to adopt statement No. 85 for its calendar year 2018 financial statements.

In May 2017, the GASB issued Statement No. 86, *“Certain Debt Extinguishment Issues”*. The County is required to adopt statement No. 86 for its calendar year 2018 financial statements.

In June 2017, the GASB issued Statement No. 87, *“Leases”*. The County is required to adopt statement No. 87 for its calendar year 2020 financial statements.

In April 2018, the GASB issued Statement No. 88, *“Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements”*. The County is required to adopt statement No. 88 for its calendar year 2019 financial statements.

In June of 2018, the GASB issued Statement No. 89, *“Accounting for Interest Cost Incurred before the End of a Construction Period”*. The County is required to adopt statement No. 89 for its calendar year 2019 financial statements.

In August 2018, the GASB issued Statement No. 90, *“Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61”*. The County is required to adopt Statement No. 90 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.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

NOTE 2: DEPOSIT AND INVESTMENT RISK

The components of cash, cash equivalents, and investments at December 31, 2017, are as follows:

	Cash and Cash Equivalents	Investments	Total
General Fund	\$ 2,859,300	\$ -	\$ 2,859,300
Domestic Relations Fund	942,615	53,029	995,644
911 Fund	751,142	-	751,142
Capital Jail Project Fund	1,770,289	-	1,770,289
Debt Service Fund	461,804	-	461,804
Nonmajor Funds	2,286,154	-	2,286,154
Fiduciary Funds	794,576	-	794,576
	<u>\$ 9,865,880</u>	<u>\$ 53,029</u>	<u>\$ 9,918,909</u>
Total	<u>\$ 9,865,880</u>	<u>\$ 53,029</u>	<u>\$ 9,918,909</u>

*Interest Rate Risk* – All of the investments held at December 31, 2017 were in certificates of deposit totaling \$53,029. The County had \$53,029 of investments with maturities of less than one year. 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, 2017, the County's cash, restricted cash balances, and certificates of deposit for its governmental activities and fiduciary funds were \$9,918,909 and its bank balances were \$10,363,458. Of those bank balances, \$9,754,926 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, \$608,532 was covered by Federal Depository Insurance. None of the County's investments were exposed to custodial credit risk at December 31, 2017.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

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>	<u>Revolving Funds</u>	<u>Escheats Funds</u>	<u>K-9 Dog Dept</u>	<u>Debt Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 16,408	\$ 19,501	\$ -	\$ 35,909
CDBG Fund	1,607	-	-	-	1,607
Debt Service Funds	-	-	-	461,804	461,804
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Governmental Funds	<u>\$ 1,607</u>	<u>\$ 16,408</u>	<u>\$ 19,501</u>	<u>\$ 461,804</u>	<u>499,320</u>

The revolving funds are used for special projects for the CDBG programs. The escheat funds are funds held in fiduciary capacity. The K-9 Dog Department was created from donated funds by the public to be used only for expenditures related to the Sheriff's K-9 dog. 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 2017 are recorded as receivables, net of estimated uncollectible. The net receivables collected during 2017 and expected to be collected within the first sixty (60) days of 2018 are recognized as revenue in 2017. 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 2017 real estate taxes are based on assessed values established by the County's Bureau of Assessments. The total 2017 real estate tax levied equaled \$10,175,565, based on a total County assessed valuation of \$847,963,810. Based on the 2017 levy of 12.00 mills for general purposes a property owner would pay \$12.00 per \$1,000 of assessed valuation.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

## NOTE 5: CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated (cost):				
Land	\$ 428,760	\$ 24,754	\$ -	\$ 453,514
Construction in progress	6,052,601	2,286,415	8,339,016	-
Total capital assets not being depreciated	6,481,361	2,311,169	8,339,016	453,514
Capital assets being depreciated (cost):				
Buildings and improvements	26,331,073	8,233,474	-	34,564,547
Furniture, fixtures, and equipment	2,801,308	207,588	-	3,008,896
Vehicles	743,654	34,617	-	778,271
Bridges, roads, and rail trail	25,233,844	361,386	-	25,595,230
Total capital assets being depreciated	55,109,879	8,837,065	-	63,946,944
Less accumulated depreciation for:				
Buildings and improvements	13,442,470	730,016	-	14,172,486
Furniture, fixtures, and equipment	2,682,706	96,224	-	2,778,930
Vehicles	645,195	48,855	-	694,050
Bridges, roads, and rail trail	9,088,606	541,234	-	9,629,840
Total accumulated depreciation	25,858,977	1,416,329	-	27,275,306
Total capital assets being depreciated, net	29,250,902	7,420,736	-	36,671,638
Total capital assets, governmental activities	\$ 35,732,263	\$ 9,731,905	\$ 8,339,016	\$ 37,125,152

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

<b>Governmental activities</b>	
General Government	\$ 126,319
Judicial	172,064
Public Safety	462,919
Public Works	454,210
Recreation & Culture	147,202
Human Services	23,442
Conservation and Development	13,590
Economic and Development	16,583
Total Depreciation Expense – Governmental Activities	<u>\$ 1,416,329</u>

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

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, 2016, 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	<u>154</u>
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, 2017

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

**B. Net Pension Liability**

The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016.

*Actuarial assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	5.5.% to 5.25% , 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%	6.4%
Domestic equities (small capitalized firms)	15%	7.0%
International equities (international developed markets)	15%	3.7%
International equities (emerging markets)	10%	7.9%
Real estate	20%	7.0%
Fixed income	15%	2.4%
Total	100%	5.8%

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

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

**B. Net Pension Liability (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 5.25%. 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/15	\$ 26,707,991	\$ 24,766,648	\$ 1,941,343
Service Cost	962,903	-	962,903
Interest Cost	1,485,979	-	1,485,979
Changes of Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	552,303	-	552,303
Contributions - Employer	-	554,841	(554,841)
Contributions - PMRS assessment	-	720	(720)
Contributions - Member	-	404,188	(404,188)
PMRS Investment Income	-	1,449,828	(1,449,828)
Market Value Investment Income	-	695,941	(695,941)
Benefit Payments	(1,281,852)	(1,281,852)	-
PMRS Administrative Expense	-	(5,380)	5,380
Additional Administrative expense	-	(71,029)	71,029
Net Changes	1,719,333	1,747,257	(27,924)
Balances at 12/31/16	<u>\$ 28,427,324</u>	<u>\$ 26,513,905</u>	<u>\$ 1,913,419</u>

*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 5.25%, 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 (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	Current		
	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
County's Net Pension Liability	\$ 4,389,944	\$ 1,913,419	\$ (156,182)

*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, 2017

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, 2017, the County recognized pension expense of \$364,608. At December 31, 2017 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	\$ 582,771	\$ -
Changes in assumptions	471,988	-
Differences Between Expected and Actual Experience		109,692
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>151,200</u>	<u>-</u>
Total	<u>\$ 1,205,959</u>	<u>\$ 109,692</u>

The \$582,771 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>
2018	\$ 277,623
2019	254,298
2020	<u>(18,425)</u>
Total	<u>\$ 513,496</u>

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

## 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	\$ 1,620,000	\$ -	\$ (415,000)	\$ 1,205,000	\$ 110,000
General Obligation Notes Payable	21,306,448	-	(717,849)	20,588,599	1,021,912
Total General Obligation Bonds and Notes Payable	22,926,448	-	(1,132,849)	21,793,599	1,131,912
Bond Discount	(23,113)	-	2,102	(21,011)	-
Net Bonds and Notes Payable	22,903,335	-	(1,130,747)	21,772,588	1,131,912
Total Debt Obligations	22,903,335	-	(1,130,747)	21,772,588	1,131,912
Compensated Absences	219,226	234,226	(219,226)	234,226	234,226
Total Governmental Activities Long-Term Liabilities	\$ 23,122,561	\$ 234,226	\$ (1,349,973)	\$ 22,006,814	\$ 1,366,138

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
2018	\$ 1,131,912	\$ 566,164	\$ 1,698,076
2019	1,067,546	632,531	1,700,077
2020	1,092,398	602,486	1,694,884
2021	1,125,521	521,285	1,646,806
2022	1,072,949	573,858	1,646,807
2023-2027	5,541,359	2,693,675	8,235,034
2028-2032	6,294,737	1,941,296	8,236,033
2033-2037	4,467,177	415,025	4,882,202
Total	\$ 21,793,599	\$ 7,946,320	\$ 29,739,919

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

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

The following is a summary of bonds and loans outstanding as of December 31, 2017:

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2017</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 March 15, 2027.	\$ 1,205,000
2015 Construction Loan 2015 Note	\$ 10,000,000	Note Payable at an interest rate of 2.65% Starting on February 15, 2015 with a maturity date of December 15, 2035 at final interest rate of 6.55%.	9,636,008
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.	9,376,904
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 of 2.20% as of January 28, 2016 to a final Interest rate 5.50% at maturity on December 1, 2035.	1,575,687
Total Outstanding Debt:			<u>\$ 21,793,599</u>

## NOTE 8: 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, 2017, the amount of the County guaranteed debt outstanding is \$206,130. 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 9: 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, 2017, the County paid insurance premiums of \$95,313 to the Trust.

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

## NOTE 10: OPERATING LEASES

The County leases office space, computer software and equipment, and communications equipment under several operating leases with expiration dates through 2017.

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

2018	\$ 128,588
2019	81,496
2020	81,496
2021	81,496
2022	25,320
2023-2027	101,280
Total minimum payments required	<u>\$ 499,676</u>

Total rental expense for these leases during 2017 was \$157,399.

## NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances of each individual fund as of December 31, 2017, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 3,196,249	\$ 1,164,449
Children and Youth	-	807,396
Domestic Relations Fund	-	1,013,996
911 Fund	-	451,325
Community Action Fund	503,575	-
Capital Jail Project Fund	-	127,148
Debt Services	234,972	-
Non-major Funds	<u>101,786</u>	<u>472,268</u>
Total Interfunds	<u>\$ 4,036,582</u>	<u>\$ 4,036,582</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 12: 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, 2017:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 323,399	\$ 2,251,616
Children and Youth	119,160	-
Domestic Relations Fund	66,549	-
Debt Service	1,697,464	-
Non-Major Funds	<u>385,943</u>	<u>340,899</u>
	<u>\$ 2,592,515</u>	<u>\$ 2,592,515</u>

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

## NOTE 13: 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 \$ 99,165

**Restricted Funds:****General Government**

These funds are restricted for the Escheats Cash balance 16,408

**Judicial Government**

These funds are restricted for the Sheriff's K-9 Dog expenditures 19,501

**Total Restricted Fund Balance** 35,909

**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, HR	\$ 125,500	
Finance and Human Resources: Software	55,500	
Starting County FLEET Program	250,000	
Jefferson Place Capital Improvement Carpet replacement on the 2nd floor, west wall rehab	80,000	
Jefferson Place Building purchase	800,000	
All County Departments: Legal costs for unexpected court trials	<u>58,500</u>	1,369,500

**Judicial Government Operation Program Cost**

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	250,500	
Courthouse rehab and painting	<u>175,500</u>	491,750

**Public Safety**

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

IT additional cost for equipment such as server, Rural Broadband, and additional IT equipment and software	125,500	
Prison Expansion Project cost overruns that are not in the current budget to complete the Jail Project	125,500	
Replace 2 HVAC Units	100,000	
Funding cuts by the Commonwealth of PA that will be effective July 1st; the County did not account for the decrease in Commonwealth funding	<u>175,500</u>	526,500

**Human Services**

Additional County Match by the General Fund to support the Children and Youth program. As an example, for the 2016-2017 fiscal year the Commonwealth provided extra funding to the program. In the 2017-2018 fiscal year the Commonwealth may not provide this additional funding; therefore the County will fund the program with additional tax dollars 1,025,500

**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 a portion of the 2018 debt principal and interest payment on hand to meet the scheduled debt payments 1,220,750

**Total Assigned Fund Balance** \$ 4,809,850

COUNTY OF JEFFERSON  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

## NOTE 13: FUND BALANCES/NET POSITION (CONTINUED)

**911 Fund:**

Restricted Funds:

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

\$ 495,515

**Capital Jail Project Fund:**

Restricted Funds:

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

1,643,141

**Debt Service Funds:**

Restricted Funds:

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

696,776

**Non-Major Funds:**

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

General Government	640,393
Judicial Government	157,740
Public Safety	235,143
Public Works	757,787
Conservation/ Development	115,047
Culture and Recreation	17,951
Capital Projects Fund 75	4,387

## NOTE 14: 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, 2017 as follows:

	Appropriations	Expenditures	\$ Variance	Percent of Excess over Appropriations
Children and Youth	\$ 5,276,387	\$ 6,059,956	\$ 783,569	14.9%

The excess expenditures were covered by greater than anticipated grant revenues.

## NOTE 15: 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, 2017

NOTE 16: 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 2017, 12 properties received the LERTA exemption from the County’s real estate property tax at a total of \$12,802 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 2017, ten properties received the KOZ exemption from the County’s real estate property tax at a total of \$32,247.

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

COUNTY OF JEFFERSON  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Real Estate	\$ 10,238,609	\$ 10,238,609	\$ 10,309,878	\$ 71,269
License and Permits	59,200	59,200	66,064	6,864
Grants and Gifts	671,493	671,493	767,330	95,837
Charges for Services	1,989,174	1,989,174	2,046,858	57,684
Fines and Costs	316,850	316,850	321,376	4,526
Interest and Rents	134,277	134,277	123,486	(10,791)
	<u>13,409,603</u>	<u>13,409,603</u>	<u>13,634,992</u>	<u>225,389</u>
Total Revenues				
Expenditures				
General Government	2,638,429	2,638,429	2,652,015	(13,586)
Judicial Government	3,093,062	3,093,062	3,196,045	(102,983)
Public Safety	4,730,743	4,730,743	4,569,749	160,994
Public Works	181,000	181,000	181,000	-
Human Services	493,015	493,015	495,076	(2,061)
Culture/Recreation	52,500	52,500	52,500	-
Conservation/Development	185,302	185,302	179,739	5,563
	<u>11,374,051</u>	<u>11,374,051</u>	<u>11,326,124</u>	<u>47,927</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	<u>2,035,552</u>	<u>2,035,552</u>	<u>2,308,868</u>	<u>273,316</u>
Other Financing Sources (Uses)				
Operating Transfer In	211,000	211,000	323,399	112,399
Operating Transfer (Out)	(2,341,606)	(2,341,606)	(2,251,616)	89,990
	<u>(2,130,606)</u>	<u>(2,130,606)</u>	<u>(1,928,217)</u>	<u>202,389</u>
Total Other Financing Sources(Uses)				
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(95,054)	(95,054)	380,651	475,705
Fund Balance - Beginning of Year	<u>4,632,951</u>	<u>4,632,951</u>	<u>4,632,951</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,537,897</u>	<u>\$ 4,537,897</u>	<u>\$ 5,013,602</u>	<u>\$ 475,705</u>

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, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Grants and Gifts	\$ 4,446,952	\$ 4,446,952	\$ 5,775,778	\$ 1,328,826
Charges for Service	108,338	108,338	165,018	56,680
Total Revenues	<u>4,555,290</u>	<u>4,555,290</u>	<u>5,940,796</u>	<u>1,385,506</u>
Expenditures				
Human Services	<u>5,276,387</u>	<u>5,276,387</u>	6,059,956	(783,569)
Total Expenditures	<u>5,276,387</u>	<u>5,276,387</u>	<u>6,059,956</u>	<u>(783,569)</u>
Excess of Revenues Over (Under) Expenditures	<u>(721,097)</u>	<u>(721,097)</u>	(119,160)	601,937
Other Financing Sources (Uses)				
Operating Transfer In	<u>721,097</u>	<u>721,097</u>	119,160	(601,937)
Total Other Financing Sources(Uses)	<u>721,097</u>	<u>721,097</u>	<u>119,160</u>	<u>(601,937)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</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, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 300,050	\$ 300,050	\$ 337,171	\$ 37,121
Charges for Service	13,000	13,000	7,482	(5,518)
Interest	150	150	727	577
Total Revenues	<u>313,200</u>	<u>313,200</u>	<u>345,380</u>	<u>32,180</u>
Expenditures				
Judicial Government	<u>433,606</u>	<u>433,606</u>	<u>411,929</u>	<u>21,677</u>
Total Expenditures	<u>433,606</u>	<u>433,606</u>	<u>411,929</u>	<u>21,677</u>
Excess of Revenues Over (Under) Expenditures	<u>(120,406)</u>	<u>(120,406)</u>	<u>(66,549)</u>	<u>53,857</u>
Other Financing Sources (Uses)				
Operating Transfer In	120,406	120,406	66,549	(53,857)
Operating Transfer Out	-	-	-	-
Total Other Financing Sources(Uses)	<u>120,406</u>	<u>120,406</u>	<u>66,549</u>	<u>(53,857)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
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 - 911 FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 1,220,000	\$ 1,220,000	\$ 1,165,883	\$ (54,117)
Interest and Rents	1,700	1,700	1,737	37
Total Revenues	<u>1,221,700</u>	<u>1,221,700</u>	<u>1,167,620</u>	<u>(54,080)</u>
Expenditures				
Public Safety	<u>1,314,913</u>	<u>1,314,913</u>	901,385	413,528
Total Expenditures	<u>1,314,913</u>	<u>1,314,913</u>	<u>901,385</u>	<u>413,528</u>
Excess of Revenues Over (Under) Expenditures	<u>(93,213)</u>	<u>(93,213)</u>	266,235	359,448
Other Financing Sources (Uses)				
Operating Transfer In	<u>1,600</u>	<u>1,600</u>	-	(1,600)
Total Other Financing Sources (Uses)	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>(1,600)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(91,613)</u>	<u>(91,613)</u>	266,235	357,848
Fund Balance - Beginning of Year	<u>229,280</u>	<u>229,280</u>	<u>229,280</u>	-
Fund Balance - End of Year	<u>\$ 137,667</u>	<u>\$ 137,667</u>	<u>\$ 495,515</u>	<u>\$ 357,848</u>

COUNTY OF JEFFERSON  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - COMMUNITY ACTION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 1,773,420	\$ 1,773,420	\$ 1,759,741	\$ (13,679)
Total Revenues	<u>1,773,420</u>	<u>1,773,420</u>	<u>1,759,741</u>	<u>(13,679)</u>
Expenditures				
Human Services	<u>1,773,420</u>	<u>1,773,420</u>	<u>1,759,741</u>	<u>13,679</u>
Total Expenditures	<u>1,773,420</u>	<u>1,773,420</u>	<u>1,759,741</u>	<u>13,679</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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Total pension liability</b>			
Service cost	\$ 942,881	\$ 983,298	\$ 962,903
Interest	1,342,962	1,415,620	1,485,979
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	(219,384)	-
Changes of assumptions	-	281,214	552,303
Transfers	-	-	-
Benefit payments, including refunds of member contributions	<u>(963,895)</u>	<u>(1,041,478)</u>	<u>(1,281,852)</u>
Net change in total pension liability	1,321,948	1,419,270	1,719,333
Total pension liability - beginning	<u>\$ 23,966,773</u>	<u>\$ 25,288,721</u>	<u>\$ 26,707,991</u>
Total pension liability - ending (a)	<u>\$ 25,288,721</u>	<u>\$ 26,707,991</u>	<u>\$ 28,427,324</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 465,583	\$ 457,349	\$ 554,841
Contributions - PMRS assessment	-	580	720
Contributions - member	361,209	392,209	404,188
PMRS investment income	1,332,705	1,387,873	1,449,828
Market value investment income	(116,607)	(1,363,608)	695,941
Transfers	-	-	-
Benefit payments, including refunds of member contributions	(963,895)	(1,041,478)	(1,281,852)
PMRS administrative expense	(5,900)	(6,000)	(5,380)
Additional administrative expense	<u>(51,110)</u>	<u>(57,857)</u>	<u>(71,029)</u>
<b>Net change in plan fiduciary net position</b>	1,021,985	(230,932)	1,747,257
<b>Plan fiduciary net position - beginning</b>	<u>\$ 23,975,595</u>	<u>\$ 24,997,580</u>	<u>\$ 24,766,648</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 24,997,580</u>	<u>\$ 24,766,648</u>	<u>\$ 26,513,905</u>
<b>County's net pension liability - ending (a) - (b)</b>	<u>\$ 291,141</u>	<u>\$ 1,941,343</u>	<u>\$ 1,913,419</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	98.85%	92.73%	93.27%
<b>Covered-employee payroll</b>	\$ 4,857,115	\$ 5,040,959	\$ 5,181,819
<b>County's net pension liability as a percentage of covered-employee payroll</b>	5.99%	38.51%	36.93%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is 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>555,561</u>
Contribution deficiency (excess)	<u>\$ (9,187)</u>	<u>\$ (580)</u>	<u>\$ (694)</u>
Covered-employee payroll	\$ 4,857,115	\$ 5,040,959	\$ 5,181,819
Contributions as a percentage of covered-employee payroll	9.59%	9.08%	10.72%

**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 Combined Healthy Mortality

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

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

COUNTY OF JEFFERSON  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2017

	Special Revenue Funds	Capital Project 75 Fund	Total Non-Major Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,142,961	\$ 141,586	\$ 2,284,547
Accounts Receivable	43,874	3,327	47,201
Tax Receivable	52,181	-	52,181
Due From Other Governments	187,160	-	187,160
Due From Other Funds	101,786	-	101,786
Restricted Cash			
Cash for Revolving Funds	1,607	-	1,607
	<u>2,529,569</u>	<u>144,913</u>	<u>2,674,482</u>
<b>Total Assets</b>	<b>\$ 2,529,569</b>	<b>\$ 144,913</b>	<b>\$ 2,674,482</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 214,169	\$ 11,274	\$ 225,443
Accrued Expenses and Withholdings	3,695	-	3,695
Unearned Revenue	17,205	-	17,205
Due from Other Governments	27,423	-	27,423
Due to Other Funds	343,016	129,252	472,268
	<u>605,508</u>	<u>140,526</u>	<u>746,034</u>
<b>Total Liabilities</b>	<b>605,508</b>	<b>140,526</b>	<b>746,034</b>
<b>Fund Balances</b>			
Restricted for:			
General Government	640,393	-	640,393
Judicial Government	157,740	-	157,740
Public Safety	235,143	-	235,143
Public Works	757,787	-	757,787
Conservation/Development	115,047	-	115,047
Culture and Recreation	17,951	-	17,951
Capital Projects	-	4,387	4,387
	<u>1,924,061</u>	<u>4,387</u>	<u>1,928,448</u>
<b>Total Fund Balances</b>	<b>1,924,061</b>	<b>4,387</b>	<b>1,928,448</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,529,569</b>	<b>\$ 144,913</b>	<b>\$ 2,674,482</b>

COUNTY OF JEFFERSON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds	Capital Project 75 Fund	Total Non-Major Funds
Revenues			
Hotel Taxes	\$ 225,665	\$ -	\$ 225,665
Grants and Gifts			
General Government	248,727	-	248,727
Judicial Government	20,600	32,955	53,555
Public Safety	234,769	-	234,769
Public Works	612,823	-	612,823
Human Services	224,301	-	224,301
Economic/Development	463,756	-	463,756
Charges for Services			
Judicial Government	40,607	3,327	43,934
Public Safety	157,302	-	157,302
Public Works	101,184	-	101,184
Economic/Development	67,075	-	67,075
Interest and Rents	3,291	116	3,407
	<u>2,400,100</u>	<u>36,398</u>	<u>2,436,498</u>
Total Revenues			
Expenditures			
Program and Operating Expenditures			
General Government	-	131,847	131,847
Judicial Government	18,922	34,618	53,540
Public Safety	384,518	70,974	455,492
Public Works	655,258	-	655,258
Human Services	259,768	-	259,768
Culture/Recreation	224,518	-	224,518
Economic/Development	662,445	-	662,445
	<u>2,205,429</u>	<u>237,439</u>	<u>2,442,868</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>194,671</u>	<u>(201,041)</u>	<u>(6,370)</u>
Other Financing Sources (Uses)			
Operating Transfers In	190,487	195,456	385,943
Operating Transfers (Out)	(340,899)	-	(340,899)
	<u>(150,412)</u>	<u>195,456</u>	<u>45,044</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	44,259	(5,585)	38,674
Fund Balances - Beginning of Year	<u>1,879,802</u>	<u>9,972</u>	<u>1,889,774</u>
Fund Balances - End of Year	<u>\$ 1,924,061</u>	<u>\$ 4,387</u>	<u>\$ 1,928,448</u>

COUNTY OF JEFFERSON  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 DECEMBER 31, 2017

	Liquid Fuel Fund	Haz Mat Fund	Human Service Fund	IPP and IPP Expended Fund	Independent Living Fund	Department of Development Fund
<u>Assets</u>						
Cash and Cash Equivalents	\$ 751,857	\$ 76,335	\$ 46,445	\$ -	\$ 15,449	\$ 16,509
Accounts Receivable	-	-	-	-	-	10,570
Tax Receivable	-	-	-	-	-	-
Due From Other Governments	-	3,928	-	57,865	42,833	-
Due From Other Funds	16,035	-	-	-	-	-
Restricted Cash						
Cash for Revolving Funds	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 767,892</u></b>	<b><u>\$ 80,263</u></b>	<b><u>\$ 46,445</u></b>	<b><u>\$ 57,865</u></b>	<b><u>\$ 58,282</u></b>	<b><u>\$ 27,079</u></b>
<u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts Payable	\$ 10,105	\$ 964	\$ 12,901	\$ 40,612	\$ 39,284	\$ 12,947
Accrued Expenses and Withholdings	-	211	-	1,054	-	2,430
Unearned Revenue	-	2,761	11,452	-	-	-
Due to Other Governments	-	-	-	-	-	-
Due to Other Funds	-	1,892	22,092	16,199	18,998	11,702
<b>Total Liabilities</b>	<b>10,105</b>	<b>5,828</b>	<b>46,445</b>	<b>57,865</b>	<b>58,282</b>	<b>27,079</b>
Fund Balances						
Restricted for:						
General Government	-	-	-	-	-	-
Judicial Government	-	-	-	-	-	-
Public Safety	-	74,435	-	-	-	-
Public Works:						
County Bridges and Road Maintenance	757,787	-	-	-	-	-
Conservation/Development	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b><u>757,787</u></b>	<b><u>74,435</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 767,892</u></b>	<b><u>\$ 80,263</u></b>	<b><u>\$ 46,445</u></b>	<b><u>\$ 57,865</u></b>	<b><u>\$ 58,282</u></b>	<b><u>\$ 27,079</u></b>

COUNTY OF JEFFERSON  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 DECEMBER 31, 2017

	CDBG Fund	Solid Waste Authority Fund	Rails to Trails Fund	Hotel Tax Fund	PA Accessible Housing Fund	Gas Well Impact Fund	Record Improvement Fund
<u>Assets</u>							
Cash and Cash Equivalents	\$ 446	\$ 77,039	\$ -	\$ 89,869	\$ 64	\$ 843,593	\$ -
Accounts Receivable	14,469	3,801	-	-	-	-	774
Tax Receivable	-	-	-	52,181	-	-	-
Due From Other Governments	22,534	-	-	-	60,000	-	-
Due From Other Funds	-	-	11	-	-	-	31,948
Restricted Cash							
Cash for Revolving Funds	1,607	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 39,056</u></b>	<b><u>\$ 80,840</u></b>	<b><u>\$ 11</u></b>	<b><u>\$ 142,050</u></b>	<b><u>\$ 60,064</u></b>	<b><u>\$ 843,593</u></b>	<b><u>\$ 32,722</u></b>
<u>Liabilities and Fund Balances</u>							
Liabilities							
Accounts Payable	\$ 22,181	\$ 12,317	\$ -	\$ 55,177	\$ -	\$ -	\$ -
Accrued Expenses and Withholdings	-	-	-	-	-	-	-
Unearned Revenue	2,992	-	-	-	-	-	-
Due to Other Governments	-	27,423	-	-	-	-	-
Due to Other Funds	-	-	-	68,933	-	203,200	-
<b>Total Liabilities</b>	<b>25,173</b>	<b>39,740</b>	<b>-</b>	<b>124,110</b>	<b>-</b>	<b>203,200</b>	<b>-</b>
Fund Balances							
Restricted for:							
General Government	-	-	-	-	-	640,393	-
Judicial Government	-	-	-	-	-	-	32,722
Public Safety	-	-	-	-	-	-	-
Public Works:							
County Bridges and Road Maintenance	-	-	-	-	-	-	-
Conservation/Development	13,883	41,100	-	-	60,064	-	-
Culture and Recreation	-	-	11	17,940	-	-	-
<b>Total Fund Balances</b>	<b>13,883</b>	<b>41,100</b>	<b>11</b>	<b>17,940</b>	<b>60,064</b>	<b>640,393</b>	<b>32,722</b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 39,056</u></b>	<b><u>\$ 80,840</u></b>	<b><u>\$ 11</u></b>	<b><u>\$ 142,050</u></b>	<b><u>\$ 60,064</u></b>	<b><u>\$ 843,593</u></b>	<b><u>\$ 32,722</u></b>

COUNTY OF JEFFERSON  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 DECEMBER 31, 2017

	ROD Improvement Fund	Prothonotary Fund	Confiscated Fund	Offender Supervision Fund	Drug Task Force Fund	Total
<u>Assets</u>						
Cash and Cash Equivalents	\$ 16,166	\$ 68,182	\$ -	\$ 131,561	\$ 9,446	\$ 2,142,961
Accounts Receivable	1,161	-	3,401	9,698	-	43,874
Tax Receivable	-	-	-	-	-	52,181
Due From Other Governments	-	-	-	-	-	187,160
Due From Other Funds	-	-	36,108	16,839	845	101,786
Restricted Cash						
Cash for Revolving Funds	-	-	-	-	-	1,607
<b>Total Assets</b>	<u>\$ 17,327</u>	<u>\$ 68,182</u>	<u>\$ 39,509</u>	<u>\$ 158,098</u>	<u>\$ 10,291</u>	<u>\$ 2,529,569</u>
<u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ 37	\$ 7,644	\$ 214,169
Accrued Expenses and Withholdings	-	-	-	-	-	3,695
Unearned Revenue	-	-	-	-	-	17,205
Due to Other Governments	-	-	-	-	-	27,423
Due to Other Funds	-	-	-	-	-	343,016
<b>Total Liabilities</b>	-	-	-	37	7,644	605,508
Fund Balances						
Restricted for:						
General Government	-	-	-	-	-	640,393
Judicial Government	17,327	68,182	39,509	-	-	157,740
Public Safety	-	-	-	158,061	2,647	235,143
Public Works:						
County Bridges and Road Maintenance	-	-	-	-	-	757,787
Conservation/Development	-	-	-	-	-	115,047
Culture and Recreation	-	-	-	-	-	17,951
<b>Total Fund Balances</b>	<u>17,327</u>	<u>68,182</u>	<u>39,509</u>	<u>158,061</u>	<u>2,647</u>	<u>1,924,061</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 17,327</u>	<u>\$ 68,182</u>	<u>\$ 39,509</u>	<u>\$ 158,098</u>	<u>\$ 10,291</u>	<u>\$ 2,529,569</u>

COUNTY OF JEFFERSON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2017

	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	-	8,832	-	218,924	-	-
Public Works	343,513	-	-	-	-	-
Human Services	-	-	50,373	-	173,928	-
Economic/Development	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Judicial Government	-	-	-	-	-	-
Public Safety	-	15,976	-	-	-	-
Public Works	-	-	-	-	-	-
Economic/Development	-	-	-	-	-	67,075
Interest and Rents	319	36	25	-	16	-
<b>Total Revenues</b>	<b>343,832</b>	<b>24,844</b>	<b>50,398</b>	<b>218,924</b>	<b>173,944</b>	<b>67,075</b>
<b>Expenditures</b>						
Program and Operating Expenditures	-	-	-	-	-	-
Judicial Government	-	-	-	-	-	-
Public Safety	-	24,822	-	235,582	-	-
Public Works	241,359	-	-	-	-	-
Human Services	-	-	50,398	-	209,370	-
Culture/Recreation	-	-	-	-	-	-
Economic/Development	-	-	-	-	-	205,478
<b>Total Expenditures</b>	<b>241,359</b>	<b>24,822</b>	<b>50,398</b>	<b>235,582</b>	<b>209,370</b>	<b>205,478</b>
Excess of Revenues Over (Under) Expenditures	102,473	22	-	(16,658)	(35,426)	(138,403)
Other Financing Sources (Uses)	-	-	-	-	-	-
Operating Transfers In	-	-	-	16,658	35,426	138,403
Operating Transfers (Out)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,658</b>	<b>35,426</b>	<b>138,403</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	102,473	22	-	-	-	-
Fund Balances - Beginning of Year	655,314	74,413	-	-	-	-
<b>Fund Balances - End of Year</b>	<b>\$ 757,787</b>	<b>\$ 74,435</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, 2017

	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	\$ -	\$ -	\$ -	\$ 225,665	\$ -	\$ -	\$ -
Grants and Gifts							
General Government	-	-	-	-	-	248,727	-
Judicial Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	269,310	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Economic/Development	403,756	-	-	-	60,000	-	-
Charges for Services							
Judicial Government	-	-	-	-	-	-	10,620
Public Safety	-	-	-	-	-	-	-
Public Works	-	101,184	-	-	-	-	-
Economic/Development	-	-	-	-	-	-	-
Interest and Rents	-	352	-	-	26	2,342	-
<b>Total Revenues</b>	<b>403,756</b>	<b>370,846</b>	<b>-</b>	<b>225,665</b>	<b>60,026</b>	<b>251,069</b>	<b>10,620</b>
<b>Expenditures</b>							
Program and Operating Expenditures							
Judicial Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	413,899	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Culture/Recreation	-	-	-	219,518	-	5,000	-
Economic/Development	403,830	-	-	-	53,137	-	-
<b>Total Expenditures</b>	<b>403,830</b>	<b>413,899</b>	<b>-</b>	<b>219,518</b>	<b>53,137</b>	<b>5,000</b>	<b>-</b>
Excess of Revenues Over (Under) Expenditures	(74)	(43,053)	-	6,147	6,889	246,069	10,620
<b>Other Financing Sources (Uses)</b>							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	(203,200)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203,200)</b>	<b>-</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(74)	(43,053)	-	6,147	6,889	42,869	10,620
Fund Balances - Beginning of Year	13,957	84,153	11	11,793	53,175	597,524	22,102
<b>Fund Balances - End of Year</b>	<b>\$ 13,883</b>	<b>\$ 41,100</b>	<b>\$ 11</b>	<b>\$ 17,940</b>	<b>\$ 60,064</b>	<b>\$ 640,393</b>	<b>\$ 32,722</b>

COUNTY OF JEFFERSON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2017

	ROD Improvement Fund	Prothonotary Fund	Confiscated Fund	Offender Supervision Fund	Drug Task Force Fund	Totals
<b>Revenues</b>						
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,665
Grants and Gifts						
General Government	-	-	-	-	-	248,727
Judicial Government	-	-	-	-	20,600	20,600
Public Safety	-	-	-	7,013	-	234,769
Public Works	-	-	-	-	-	612,823
Human Services	-	-	-	-	-	224,301
Economic/Development	-	-	-	-	-	463,756
Charges for Services						
Judicial Government	15,930	7,319	6,738	-	-	40,607
Public Safety	-	-	-	141,326	-	157,302
Public Works	-	-	-	-	-	101,184
Economic/Development	-	-	-	-	-	67,075
Interest and Rents	6	24	-	145	-	3,291
<b>Total Revenues</b>	<b>15,936</b>	<b>7,343</b>	<b>6,738</b>	<b>148,484</b>	<b>20,600</b>	<b>2,400,100</b>
<b>Expenditures</b>						
Program and Operating Expenditures						
Judicial Government	10,599	6,552	1,771	-	-	18,922
Public Safety	-	-	-	102,709	21,405	384,518
Public Works	-	-	-	-	-	655,258
Human Services	-	-	-	-	-	259,768
Culture/Recreation	-	-	-	-	-	224,518
Economic/Development	-	-	-	-	-	662,445
<b>Total Expenditures</b>	<b>10,599</b>	<b>6,552</b>	<b>1,771</b>	<b>102,709</b>	<b>21,405</b>	<b>2,205,429</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>5,337</b>	<b>791</b>	<b>4,967</b>	<b>45,775</b>	<b>(805)</b>	<b>194,671</b>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	-	-	-	-	-	190,487
Operating Transfers (Out)	(5,000)	(5,000)	-	(127,699)	-	(340,899)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>-</b>	<b>(127,699)</b>	<b>-</b>	<b>(150,412)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>337</b>	<b>(4,209)</b>	<b>4,967</b>	<b>(81,924)</b>	<b>(805)</b>	<b>44,259</b>
<b>Fund Balances - Beginning 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>
<b>Fund Balances - End of Year</b>	<b>\$ 17,327</b>	<b>\$ 68,182</b>	<b>\$ 39,509</b>	<b>\$ 158,061</b>	<b>\$ 2,647</b>	<b>\$ 1,924,061</b>

COUNTY OF JEFFERSON, PENNSYLVANIA  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	(1) Jefferson County Conservation District	(2) Jefferson County Fair Authority	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 898,559	\$ 111,259	\$ 1,009,818
Accounts Receivable	-	3,215	3,215
Due From Other Governments	-	38,914	38,914
Prepaid Assets	6,423	-	6,423
Capital Assets, Net of Accumulated Depreciation	-	10,168	10,168
Total Assets	<u>\$ 904,982</u>	<u>\$ 163,556</u>	<u>\$ 1,068,538</u>
<b>Liabilities</b>			
Accounts Payable	\$ 6,662	\$ 3,142	\$ 9,804
Interest Payable	-	7,559	7,559
Unearned Revenue	-	3,531	3,531
Current Portions of Long Term Liabilities:			
General Debt Obligation Payable	-	9,740	9,740
Long Term Portions of Long Term Liabilities:			
General Debt Obligation Payable	-	196,390	196,390
Total Liabilities	<u>6,662</u>	<u>220,362</u>	<u>227,024</u>
<b>Net Position</b>			
Net Investment in Capital Assets	-	10,168	10,168
Unrestricted	<u>898,320</u>	<u>(66,974)</u>	<u>831,346</u>
Total Net Position (Deficit)	<u>898,320</u>	<u>(56,806)</u>	<u>841,514</u>
Total Liabilities and Net Position	<u>\$ 904,982</u>	<u>\$ 163,556</u>	<u>\$ 1,068,538</u>

(1) Jefferson County Conservation District Fiscal Year Ends - December 31, 2017

(2) Jefferson County Fair Authority Fiscal Year Ends - September 30, 2017

COUNTY OF JEFFERSON, PENNSYLVANIA  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2017

	(1) Jefferson County Conservation District	(2) Jefferson County Fair Authority	Total
Operating Revenues:			
Governmental Grants	\$ 221,663	\$ 38,964	\$ 260,627
Charges for Services	658,921	-	658,921
Fair Revenue	-	232,955	232,955
Special Events	-	54,826	54,826
Total Operating Revenues	<u>880,584</u>	<u>326,745</u>	<u>1,207,329</u>
Operating Expenses:			
Conservation District Program	1,112,134	-	1,112,134
Recreation - Program - Fair Program	-	325,689	325,689
Total Operating Expenses	<u>1,112,134</u>	<u>325,689</u>	<u>1,437,823</u>
Operating Income	(231,550)	1,056	(230,494)
Nonoperating Revenue/Income and (Expenses)			
County Contribution	83,937	5,000	88,937
Interest Income	1,060	85	1,145
Interest Expense	-	(9,940)	(9,940)
Total Nonoperating Revenues (Expenses), Net	<u>84,997</u>	<u>(4,855)</u>	<u>80,142</u>
Changes in Net Position	(146,553)	(3,799)	(150,352)
Net Position (Deficit) - Beginning of Year	<u>1,044,873</u>	<u>(53,007)</u>	<u>991,866</u>
Net Position (Deficit) - End of Year	<u>\$ 898,320</u>	<u>\$ (56,806)</u>	<u>\$ 841,514</u>

(1) Jefferson County Conservation District Fiscal Year Ends - December 31, 2017

(2) Jefferson County Fair Authority Fiscal Year Ends - September 30, 2017