

COUNTY OF BEAVER, PENNSYLVANIA

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2015

COUNTY OF BEAVER, PENNSYLVANIA

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2015

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The Board of County Commissioners
and the Beaver County Controller
County of Beaver
Beaver, Pennsylvania

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Beaver, Pennsylvania (the County), as of and for the year ended December 31, 2015 (with the aggregate discretely presented component units as of and for the year ended June 30, 2015), and the related notes to the financial statements, which collectively comprise the County'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 Beaver County Transit Authority (BCTA) and the Community College of Beaver County (CCBC) as of and for the year ended June 30, 2015, which represent 100 percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for BCTA and CCBC is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2015 (with the aggregate discretely presented component units as of June 30, 2015), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress pension trust fund, schedule of employer contributions pension trust fund, schedule of changes in the county's net pension liability (assets) and related ratios, schedule of county contributions and investment returns, and budgetary comparison information, as listed in the table of contents as required supplemental information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and the Pennsylvania Department of Human Services' financial schedules and exhibits as listed in the table of contents are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the *Pennsylvania Department of Human Services Single Audit Supplement*, respectively, and are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the schedule of expenditures of federal awards, and the Pennsylvania Department of Human Services' financial schedules and exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, and the procedures performed as described above, the combining and individual non-major fund financial statements, the schedule of expenditures of federal awards, and the Pennsylvania Department of Human Services' financial schedules and exhibits are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

The Binkley Kanavy Group, LLC

Certified Public Accountants
Pittsburgh, Pennsylvania
September 26, 2016

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

As management of the County of Beaver (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights of the Year Ended December 31, 2015

- The Pension Trust Fund experienced a positive rate of return on investments for the seventh consecutive year. The fund's net position decreased, as contributions and investment returns combined were insufficient to offset the benefit outlay.
- The General Fund incurred a financial match responsibility of approximately 3.4 million for its human and community services funded primarily through state and federal grants and entitlements. The equivalent amount for 2014 was about \$3.9 million.
- The County issued a \$5 million Tax Revenue Anticipation Note on January 2, 2015, and a subsequent \$7 million Tax Revenue Anticipation Note on November 19, 2015, to provide for short-term financing needs, including those resulting from the Pennsylvania Commonwealth's budget impasse.
- The County's overall long-term debt was reduced by about \$5.1 million during the year. This marks the sixth consecutive year of reductions in long-term debt.
- Funding from intergovernmental sources continues to decline in certain areas. The Community Development Program of Beaver County recorded revenues 14.3% lower than in 2014. Despite the budgetary constraints, needs of the community have been met.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

- The County invested roughly \$4.3 million in capital assets and infrastructure, allocated approximately as follows:
 - \$415,000 for the overhaul of the courthouse's heating and air conditioning system;
 - \$113,000 to start renovating the Human Services Building, which will accommodate new tenants in 2016;
 - \$1,300,000 in renovation of park facilities
 - \$330,000 for the addition of a cooling tower and related equipment at the Emergency Management Services facility
 - \$860,000 in bridge infrastructure improvements through the County's Liquid Fuels fund;
 - \$510,000 in vehicle purchases and major repairs - primarily at the Department of Public Works and Waste Management;
 - \$155,000 in computer hardware and software - for the most part at the Office of Behavioral Health and the Library Commission;
 - \$550,000 in various equipment purchases, primarily related to modernizing the County's court system.

- Expenditures of the General Fund exceeded revenues by about \$6.2 million.

- Real estate taxes, the County's main source of local revenue, decreased by about \$1.2 million, or about 2.5% of 2014's real estate tax revenue.

- The excess of expenses over revenues, other than real estate taxes, of the primary government was close to \$55.4 million, or about \$2.7 million more than the equivalent measure for 2014.

- Due to the implementation of a governmental accounting standard, the County recorded a net pension liability of \$8.1 million on its government-wide Statement of Net Position. The same new accounting standard also precipitated to record deferred inflows of resources of \$15.2 million and deferred outflows of resources of about \$156,000, all related to activities of the County's employee retirement system.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on the entire County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County are general government; judicial; public safety; public works and enterprise; culture, recreation and conservation; human services; and economic development. The County has no business-type activity since the disposal of Friendship Ridge in 2014.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also two legally separate entities, the Beaver County Transit Authority and the Community College of Beaver County, for which the County provides subsidies and appoints their boards. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23-24 of this report.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Immediately following both the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances, is a statement that provides a reconciliation to facilitate a comparison between *governmental funds* and *governmental activities*.

The County maintains nineteen individual governmental funds. Information is presented separately in the governmental funds' Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Mental Health / Intellectual Disabilities, Children & Youth, Community Development, and the HealthChoices Fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules. The County adopts an annual appropriated budget for each of its governmental funds.

The basic governmental funds' financial statements can be found on pages 22-25 of this report. The combining and individual fund schedules for the non-major governmental funds are presented following the required supplementary information. They can be found on pages 112-115 of this report.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

Proprietary funds

The County maintained two different types of proprietary funds. An *Enterprise fund* was used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County used an enterprise fund to account for the transactions and balances of Friendship Ridge, disposed of in 2014. *Internal service funds* are used to accumulate and allocate costs internally among the County's various functions.

The County uses Internal Service Funds to account for the medical benefits of the County's employees and to account for workers' compensation costs. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as is presented on the government-wide financial statements, only in more detail. The proprietary fund's financial statements also provide separate information for the County's Internal Service Funds.

The basic proprietary funds' financial statements can be found on pages 26-28 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the reporting government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-100 of this report.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's pension liability, contributions, investment returns and other information and budgetary comparison schedules for the General Fund and other major governmental funds. Required supplementary information can be found on pages 102-110 of this report.

Government-wide Financial Analysis

This analysis focuses on the *primary government*, as defined on page 6. Separate financial statements for the County's component units, including their managements' discussion and analysis, can be obtained from the component units at the addresses disclosed in Note A.

Analysis of Net Position

As noted earlier, net position is a useful indicator of a government's financial position. For the County's governmental activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,021,587 at December 31, 2015 and assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,983,275 at December 31, 2014, as restated.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

The following is a summary of the County's Statement of Net Position (in thousands) as of December 31, 2015 and 2014:

	Governmental Activities	
	2015	2014*
Assets:		
Current and Other Assets	\$ 61,924	\$ 62,656
Capital Assets	114,935	116,323
Total Assets	176,859	178,979
Deferred Outflows of Resources:		
Deferred Charge on Refunding Debt	\$ 671	\$ 794
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,178	-
Total Deferred Outflows of Resources	15,849	794
Liabilities:		
Long-Term Liabilities	\$ 131,666	\$ 128,743
Other Liabilities	41,866	23,046
Total Liabilities	173,532	151,789
Deferred Inflows of Resources:		
Difference Between Expected and Actual Experience for Pension Plan	\$ 155	\$ -
Total Deferred Inflows of Resources	155	-
Net Position:		
Net Investment in Capital Assets	19,773	18,950
Restricted	25,606	25,855
Unrestricted	(26,358)	(16,821)
Total Net Position	\$ 19,021	\$ 27,984

*As restated due to the adoption of GASB Statement No. 68, as further described in Note A.

A significant portion of the County's net position is largely restricted for programs of human services. Another major portion of net position is represented by the County's investment in capital assets.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

County of Beaver's Statement of Activities (in thousands)

The following summarizes the County's Statement of Activities for the years ended December 31, 2015 and 2014:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Program Revenues:						
Fees and Charges	\$ 16,258	\$ 11,507	\$ -	\$ 7,145	\$ 16,258	\$ 18,652
Operating Grants and Contributions	83,048	86,422	-	-	83,048	86,422
General Revenues:						
Real Estate Taxes	46,246	47,448	-	-	46,246	47,448
Investment Income	169	93	-	-	169	93
Total Revenues	<u>145,721</u>	<u>145,470</u>	<u>-</u>	<u>7,145</u>	<u>145,721</u>	<u>152,615</u>
Program Expenses:						
General Government	13,406	12,409	-	-	13,406	12,409
Judicial	17,775	16,764	-	-	17,775	16,764
Public Safety	21,934	20,284	-	-	21,934	20,284
Public Works and Enterprises	6,291	5,655	-	-	6,291	5,655
Culture and Recreation	3,625	3,337	-	-	3,625	3,337
Human Services	80,911	80,551	-	-	80,911	80,551
Economic Development	4,480	5,205	-	-	4,480	5,205
Interest Expense	6,261	6,483	-	-	6,261	6,483
Friendship Ridge	-	-	-	8,445	-	8,445
Total Expenses	<u>154,683</u>	<u>150,688</u>	<u>-</u>	<u>8,445</u>	<u>154,683</u>	<u>159,133</u>
Excess (Deficiency) Before Other Items and Transfers	(8,962)	(5,218)	-	(1,300)	(8,962)	(6,518)
Special Item:						
Disposal of Friendship Ridge	-	13,246	-	-	-	13,246
Assignment of Capital Items and Long-Term Debt	-	2,027	-	(2,027)	-	-
Transfers	-	(1,367)	-	1,367	-	-
Change in Net Position	<u>(8,962)</u>	<u>8,688</u>	<u>-</u>	<u>(1,959)</u>	<u>(8,962)</u>	<u>6,729</u>
Net Position - Beginning	27,983	29,147	-	1,959	27,984	31,106
Adoption of GASB No.68	-	(9,852)	-	-	-	(9,852)
Net Position - Ending	<u>\$ 19,021</u>	<u>\$ 27,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,022</u>	<u>\$ 27,984</u>

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

Changes in Net Position

The County's net position for governmental activities decreased approximately \$9.0 million and increased approximately \$8.7 million, before restatement, for the years ended December 31, 2015 and 2014, respectively.

The County's expenses cover a wide range of services. The largest share of expenses continues to be incurred for Human Services.

Analysis of Changes in Net Position

The County's total net position decreased approximately \$9.0 million during 2015 and it increased \$6.7 million for the year ended December 31, 2014. The County's financial doings are comprised entirely of governmental activities in 2015 as a result of the sale of Friendship Ridge in 2014. The current year's decrease in net position is explained in the discussion that follows below.

There are two primary reasons that explain the decrease in net position for the year ended December 31, 2015. The first reason is a steady increase in total expenses, primarily in wages and benefits, while maintaining a relatively steady workforce. Second, real estate tax revenues decreased slightly from the previous year and a \$1 million tax refund owed as a result of a tax appeal was recorded as part of the related tax revenue. In addition, operating grants and contributions declined about \$3.4 million as compared to 2014, due mostly to shrinking state and federal grant funding, along with the complications arising from the budget impasse at the Commonwealth of Pennsylvania. On the other hand, a pension-related gain allowed for increased revenues of about \$3.5 million recorded under fees and charges of the general government. A change in legislation also allowed the increased collection of 9-1-1 telephone fees by about \$1.3 million from 2014 revenue levels.

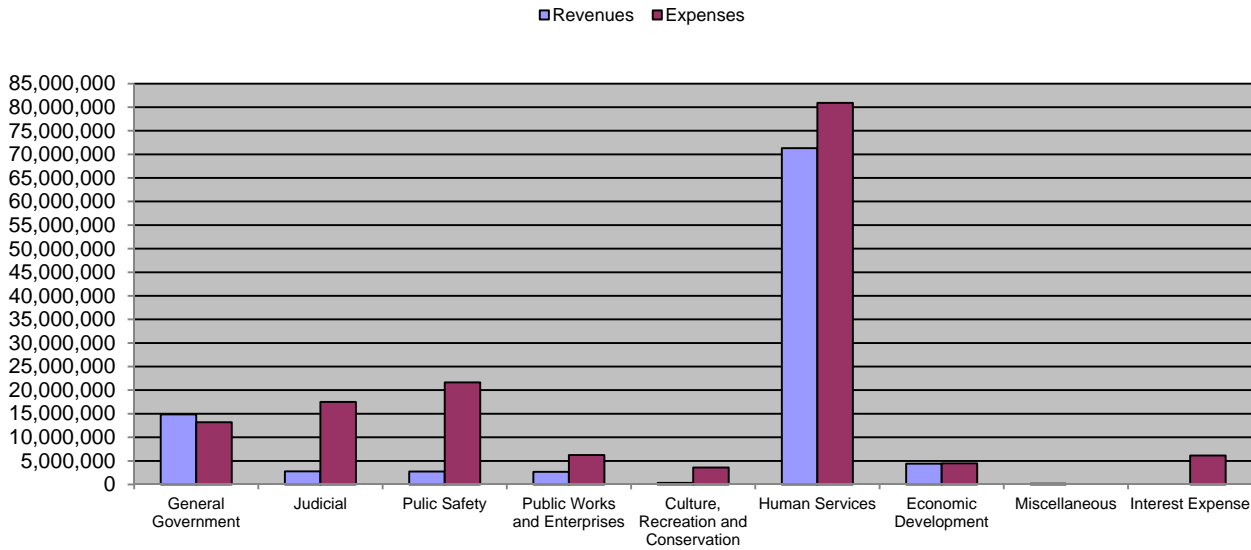
COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

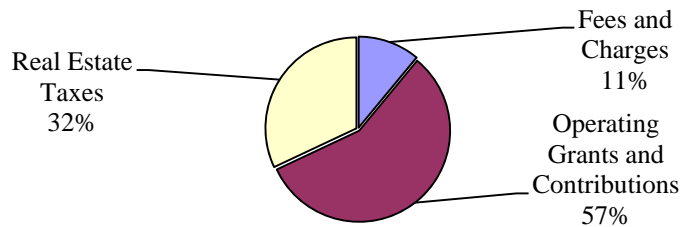
The table below depicts the behavior of the various governmental functions’ revenues and expenses described above:

Expenses and Program Revenue - Governmental Activities



The revenue mix of the County’s governmental activities remained fairly constant when compared with 2014. Approximately 57% of the County’s revenue originated from operating grants and contributions, 11% from fees and charges, and 32% from taxes on real estate during 2015. The corresponding figures for 2014 were roughly 59%, 8%, and 33%, respectively.

Revenues by Source - Governmental Activities



COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

Business-type Activities

As explained on the previous page, with the sale of Friendship Ridge the County ceased to report business-type activities. For the two months ended February 28, 2014, the business-type activities generated a net expense of \$1.3 million.

Financial Analysis of the County's Individual Funds

Governmental Funds

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

At December 31, 2015, the County's governmental funds reported a combined ending fund balance of \$24,128,842, which represents a decrease of \$8,679,876 in comparison to the previous year. The ending fund balance is segregated into the following categories with its corresponding balances: non-spendable for prepaid assets, \$2,291,750; restricted, \$24,189,838; committed, \$1,637,838 and unassigned, \$(3,990,584). The terms used to classify fund balance and their significance are further described and defined in Note A to the financial statements. Also in Note A is presented a breakdown of restricted fund balance into specific programs.

The overall decrease in fund balance of the governmental funds is attributed primarily to the \$3.3 million in additional expenditures of the General Fund when compared to 2014. As explained in the Analysis of Changes in Net Position, this is the direct result of increased personnel compensatory factors. This increase in expenditures of the General Fund was not completely offset by augmented revenues caused by a pension-related gain –also explained in the Analysis of Changes in Net Position. This year, there were no special items to record as was the case in 2014 with the disposal of Friendship Ridge. Transfers from the General Fund to other funds were significantly lower in 2015, due in large part to a lower match for reduced intergovernmental grants.

The Mental Health / Intellectual Disabilities fund experienced a continued reduction in revenues from state and federal grant sources while mandatory county matching revenue slightly increased during 2015. The overall decrease in revenues were offset by reductions in program expenditures resulting in an increase in fund balance by approximately \$536,000 as compared to the net increase in fund balance of \$133,000 experienced during 2014.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

The Children & Youth fund continued the reversal in the decreasing trend of intergovernmental revenues. Along with a vigilant management of expenditures, the fund improved its fund balance by close to \$300,000 in 2015. As is generally the case for all human services agencies of the County, it is expected that gains realized in 2015 will have to be applied against expenditures of future years' operating budgets.

Community Development has experienced yet another year of intergovernmental funding cuts, about 14%, which comes in addition to approximately 17% lower revenues experienced in 2014. This is the result of planned budget reductions at the national level Department of Housing and Urban Development, the fund's major revenue source. The fund's management continues to adjust to the changing funding circumstances and it curtailed expenditures without affecting services and managing to only marginally decrease fund balance.

HealthChoices has seen an increase in its program expenditures necessitated by community needs and it also expended a minimal amount in equipment. As such, in 2015, fund balance decreased by about \$78,000, leaving a fund balance of approximately \$11.7 million at December 31, 2015. This fund is separately audited each year based on the Commonwealth's Department of Human Services HealthChoices Examination Guide for the Behavioral Health Program. A complete report is submitted to the Commonwealth for approval.

The other governmental funds experienced a combined net decrease in fund balance of about \$251,000 as compared to the \$413,165 net increase in fund balance for the year 2014. This is mainly the result of roughly \$681,000 capital expenditures spending out of the Capital Projects Funds, in sharp contrast to the net increase in fund balance of \$274,184 experienced by the Capital Projects Funds in 2014.

Proprietary Funds – Internal Service Funds

The County's internal service funds contributed yet another year of net decreases in net position. This is the result of expenses –medical claims, workers' compensation claims, insurance premiums, and administration costs- outpacing the level of related revenues designated for collection. For the year ended December 31, 2015, the net loss combined for the Medical Fund and the Workers' Compensation Fund amounted to near \$1.7 million. In the immediately preceding year this loss amounted to approximately \$1.9 million.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

Fiduciary Funds

The County maintains fiduciary funds for the Pension Trust Fund and several Agency Funds. The Pension Trust Fund's net position decreased approximately \$11 million in 2015 and it decreased nearly \$76,000 in 2014. The depreciation in the fair value of investments of 2015 amounted to about \$3 million, generating a negative variance from the immediately preceding year of nearly \$16 million. This decrease in fair value of investments is, however, not out of line with the domestic investment performance for publicly traded securities in 2015. The Pension Trust Fund has a \$284 million balance in net position as of December 31, 2015.

General Fund Budgetary Highlights

During any given year there are many factors that may change a budget from the *original* approved version to the *final* ending version. There may be changes in policies, revenue sources or unexpected events that have a financial impact upon the County and require that the budget be adjusted to reflect those circumstances.

The General Fund's budgeted revenues were held at about the same aggregate amount since the passing of the original 2015 budget in December of 2014. Actual revenues were about \$3.3 million lower than final amended budgeted revenues, principally due to lower than expected real estate taxes and intergovernmental grants. Budgeted expenditures were increased from the initial \$69.8 million to close to \$73.9 million, primarily to accommodate for higher than expected capital outlay and human services spending (subsidies). Despite the amendments in expenditures, the actual expenditures in the categories of general government, judicial, public safety, public works and enterprises, and culture, recreation, and conservation were a combined \$4.9 million lower than the final amended budgeted expenditures in those same categories. Overall, aggregate final amended expenditures exceeded actual expenditures of the General Fund by about \$5.3 million as consequence of failing to adjust for lower than expected expenditures in the categories described above. Transfers from other funds were much lower than budgeted because the internal service funds could not live up to the promise of repaying amounts for revenue shortfalls previously provided by the General Fund. Transfers from the General Fund to other funds were significantly lower than budgeted due to diminished intergovernmental grants requiring in turn a lower local revenue match.

Budgetary restrictions continue to be enforced across departments of the General Fund. Along with long-term debt restructuring and personnel retirement incentives, the County continues to search for new revenue sources in order to reverse its current financial trend.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

County of Beaver's Capital Assets

(in thousands and net of accumulated depreciation)

What follows is a summary of the County's capital assets as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets not Being Depreciated	\$ 2,215	\$ 1,953
Buildings and Improvements	51,891	52,080
Vehicles	1,526	1,581
Furniture and Equipment	6,163	7,092
Infrastructure	<u>53,140</u>	<u>53,616</u>
Total	<u>\$ 114,935</u>	<u>\$ 116,322</u>

Additional information on the County's capital assets can be found in Note F of this report.

Outstanding Debt at Year End

The following is a summary of the County's outstanding long-term debt, excluding the net pension liability, as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Governmental Activities:		
General obligation debt	\$ 63,180,000	\$ 65,065,000
Other long-term debt	61,606,581	64,985,403
Discount	<u>(1,221,704)</u>	<u>(1,307,123)</u>
Total	<u>\$ 123,564,877</u>	<u>\$ 128,743,280</u>

The County's general obligation bond rating from Standard and Poor's for its most recent issue is 'A-', resulting from its most recent issue, the General Obligation Bonds of 2016, Series A and B. This reflects a downgrade from the previous 'A' rating.

COUNTY OF BEAVER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015 AND JUNE 30, 2015

Economic Factors

Budget cuts affecting the federal and the Commonwealth's governments as well as the possibility of another state-level budget impasse are likely to continue affecting the various departments and programs throughout the County during 2016. As disclosed in the *General Fund Budgetary Highlights*, the County has already implemented significant cost-cutting measures for 2016 and beyond. The multi-billion dollar investment expected from the construction of an ethane cracker plant and its subsequent operation within Beaver County is sure to enhance the County's revenues in more than one way. The County's management continues to actively address financial challenges into the future by searching for economic opportunities while optimizing the use of available resources.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Controller
Beaver County Courthouse
810 Third Street
Beaver, Pennsylvania 15009-2196

BASIC FINANCIAL STATEMENTS

COUNTY OF BEAVER, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2015 or JUNE 30, 2015

	Primary Government	Component Units	
	Governmental Activities	Beaver County Transit Authority as of June 30, 2015	Community College of Beaver County as of June 30, 2015
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 19,781,497	\$ 3,220,369	\$ 1,800,508
Restricted Cash	8,108,269	-	-
Investments	-	-	704,901
Restricted Investments	6,622,456	-	-
Receivables	25,120,434	5,167,527	976,190
Supplies	-	316,573	27,883
Prepaid Items	2,291,750	93,078	573,713
Total Current Assets	61,924,406	8,797,547	4,083,195
Non-Current Assets:			
Land and Land Improvements	1,757,554	3,573,967	952,288
Buildings and Improvements	88,489,120	17,124,667	46,712,220
Construction in Progress	457,092	1,074,930	-
Vehicles	4,947,770	12,179,910	251,942
Furniture and Equipment	21,425,759	1,537,911	12,000,620
Infrastructure	67,821,583	-	-
Accumulated Depreciation	(69,963,645)	(16,793,123)	(28,290,862)
Total Non-Current Assets	114,935,233	18,698,262	31,626,208
Total Assets	176,859,639	27,495,809	35,709,403
Deferred Outflows of Resources			
Deferred Charge on Refunding Debt	671,322	-	103,412
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,177,901	-	188,673
Total Assets and Deferred Outflows of Resources	\$ 192,708,862	\$ 27,495,809	\$ 36,001,488
Liabilities			
Current Liabilities:			
Notes and Interest Payable	\$ 9,545,995	\$ -	\$ -
Accounts Payable	15,267,173	148,421	685,292
Accrued Vacation	2,841,392	-	20,000
Accrued Interest	2,487,104	-	87,666
Accrued Other Liabilities	3,889,501	269,166	1,601,473
Unearned Revenues	4,716,298	7,080,367	550,590
Accrued Other Employee Benefits	818,404	102,921	132,851
Accrued HealthChoices Program Costs	2,300,000	-	-
Long-Term Debt	1,887,596	-	1,004,155
Total Current Liabilities	43,753,463	7,600,875	4,082,027
Non-Current Liabilities:			
Long-Term Debt	121,677,279	-	25,764,391
Net Pension Liability	8,101,613	-	2,335,000
Total Non-Current Liabilities	129,778,892	-	28,099,391
Total Liabilities	173,532,355	7,600,875	32,181,418
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience for Pension Plan	154,920	-	167,000
Total Liabilities and Deferred Inflows of Resources	173,687,275	-	32,348,418
Net Position			
Net Investment in Capital Assets	19,773,652	18,698,262	6,048,470
Restricted for:			
Nonexpendable	-	-	842,420
Debt Service	6,622,456	-	-
Programs for Mental / Behavioral Health	10,546,828	-	-
Programs for Children & Youth	3,404,661	-	-
Programs for Community Development	232,756	-	-
Programs for Capital Projects	2,137,344	-	-
Programs for General Law Enforcement	987,871	-	-
Programs for Elderly Population	1,076,735	-	-
Programs for Office Improvements	488,119	-	-
Programs for Emergency Services / Tourism	109,264	-	-
Unrestricted	(26,358,099)	1,196,672	(3,237,820)
Total Net Position	\$ 19,021,587	\$ 19,894,934	\$ 3,653,070

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 or JUNE 30, 2015

Functions/Programs					Net (Expenses) Revenues and Change in Net Position		
	Expenses	Program Revenues		Capital Grants and Contributions	Primary Government	Component Units	
		Fees and Charges	Operating Grants and Contributions		Governmental Activities	Beaver County Transit Authority as of June 30, 2015	Community College of Beaver County as of June 30, 2015
Primary Government:							
Governmental Activities:							
General Government	\$ 13,406,027	\$ 11,786,097	\$ 3,084,891	\$ -	\$ 1,464,961	\$ -	\$ -
Judicial	17,775,227	481,730	2,286,402	-	(15,007,095)	-	-
Public Safety	21,934,042	1,842,030	921,790	-	(19,170,222)	-	-
Public Works and Enterprises	6,290,725	19,230	2,662,330	-	(3,609,165)	-	-
Culture, Recreation and Conservation	3,625,299	327,437	-	-	(3,297,862)	-	-
Human Services	80,911,368	1,284,528	70,018,949	-	(9,607,891)	-	-
Economic Development	4,479,471	348,596	4,073,892	-	(56,983)	-	-
Miscellaneous	-	167,924	-	-	167,924	-	-
Interest Expense	6,260,859	-	-	-	(6,260,859)	-	-
Total Governmental Activities	154,683,018	16,257,572	83,048,254	-	(55,377,192)	-	-
Total Primary Government	\$ 154,683,018	\$ 16,257,572	\$ 83,048,254	\$ -	\$ (55,377,192)	\$ -	\$ -
Component Units:							
Beaver County Transit Authority	\$ 10,110,446	\$ 1,537,449	\$ 7,030,845	\$ 663,112	\$ -	\$ (879,040)	\$ -
Community College of Beaver County	28,195,344	10,983,776	16,015,063	-	-	-	(1,196,505)
Total Component Units	\$ 38,305,790	\$ 12,521,225	\$ 23,045,908	\$ 663,112	\$ -	\$ (879,040)	\$ (1,196,505)
					General Revenues:		
					\$ 46,246,341	\$ -	\$ -
					169,163	-	38,332
					-	(54,642)	-
					46,415,504	(54,642)	38,332
					(8,961,688)	(933,682)	(1,158,173)
					27,983,275	20,828,616	4,811,243
					\$ 19,021,587	\$ 19,894,934	\$ 3,653,070

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General	Mental Health/ Intellectual Disabilities	Children & Youth	Community Development	HealthChoices	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 3,387,106	\$ 719,391	\$ 422,993	\$ 1,084,856	\$ 7,107,025	\$ 6,825,125	\$ 19,546,496
Cash - Restricted	200,691	-	-	-	7,907,578	-	8,108,269
Investments - Restricted	6,622,456	-	-	-	-	-	6,622,456
Prepaid Items	171,446	124,000	35,130	2,121	1,939,496	19,557	2,291,750
Receivables	2,231,645	7,294,227	6,435,122	899,582	275,572	4,004,589	21,140,737
Interfund Receivable	7,671,825	2,821	-	-	805,891	191,651	8,672,188
Total Assets	\$ 20,285,169	\$ 8,140,439	\$ 6,893,245	\$ 1,986,559	\$ 18,035,562	\$ 11,040,922	\$ 66,381,896
Liabilities:							
Notes and Interest Payable	\$ 9,545,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,545,995
Accounts Payable	1,325,047	5,506,673	2,925,052	735,792	3,293,603	1,127,590	14,913,757
Interfund Payable	191,651	1,797,540	528,402	248,630	121,622	2,028,623	4,916,468
Accrued Wages and Payroll Costs	1,530,030	-	-	-	17,304	-	1,547,334
Accrued Other Liabilities	1,602,938	-	-	-	597,352	141,877	2,342,167
Accrued HealthChoices Program Costs	-	-	-	-	2,300,000	-	2,300,000
Unearned Revenue	2,411,115	132,274	-	767,260	-	1,405,649	4,716,298
Total Liabilities	16,606,776	7,436,487	3,453,454	1,751,682	6,329,881	4,703,739	40,282,019
Deferred Inflows of Resources:							
Unavailable Revenue	535,378	-	1,192,294	113,178	-	130,185	1,971,035
Fund Balances (Deficits):							
Non-Spendable: Prepaid items	171,446	124,000	35,130	2,121	1,939,496	19,557	2,291,750
Restricted:							
Debt Service	6,622,456	-	-	-	-	-	6,622,456
Programs for Mental / Behavioral Health	200,691	579,952	-	-	9,766,185	-	10,546,828
Programs for Children & Youth	-	-	2,212,367	-	-	-	2,212,367
Programs for Community Development	-	-	-	119,578	-	-	119,578
Other	-	-	-	-	-	4,688,609	4,688,609
Committed:							
Capital Projects	-	-	-	-	-	1,637,838	1,637,838
Unassigned:	(3,851,578)	-	-	-	-	(139,006)	(3,990,584)
Total Fund Balances	3,143,015	703,952	2,247,497	121,699	11,705,681	6,206,998	24,128,842
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,285,169	\$ 8,140,439	\$ 6,893,245	\$ 1,986,559	\$ 18,035,562	\$ 11,040,922	\$ 66,381,896

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2015

Total Fund Balances - Governmental Funds	\$	24,128,842
Receivables for real estate taxes not available to pay for current period expenditures, and therefore, are deferred in the funds.		3,978,802
Grant revenues not available to pay for current period expenditures, and therefore, are deferred in the funds.		1,971,035
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Land	1,757,554	
Buildings and improvements	88,489,120	
Vehicles	4,947,770	
Furniture and equipment	21,425,759	
Infrastructure	67,821,583	
Construction in Progress	457,092	
Accumulated depreciation	<u>(69,963,645)</u>	114,935,233
Accrued interest and accrued vacation payable are not recognized in the governmental funds.		
Accrued interest payable	(2,487,104)	
Accrued vacation payable	<u>(2,841,392)</u>	(5,328,496)
Non-current liabilities are not due nor payable in the current period, and therefore, are not reported in the funds. These liabilities consist of:		
General obligation bonds payable	(63,180,000)	
Other general long-term liabilities -		
PFA Series 2005 Bonds	(2,330,000)	
Pension Obligation Bond 2005	(10,615,000)	
PFA Series of 2012	(3,370,001)	
PFA Series 2013	(9,595,000)	
Pension Bond 2009	(19,010,000)	
DCED General Obligation Note	(33,359)	
Discount	1,221,704	
Capital Lease Obligation	(15,514,970)	
Accrued sick and early termination benefits payable	<u>(1,138,251)</u>	(123,564,877)
Deferred Charges on Refunding Debt		671,322
The net pension liability, and deferred inflows and outflows of resources for pension-related items are not recorded on the fund financial statements.		6,921,368
An internal service fund is used by management to account for medical benefits and workers compensation of the County employees. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		<u>(4,691,642)</u>
Total Net Position of Governmental Activities	\$	<u>19,021,587</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Mental Health/ Intellectual Disabilities	Children & Youth	Community Development	HealthChoices	Other Governmental Funds	Total Governmental Funds
Revenues							
Real Estate Taxes	\$ 46,920,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,920,546
Licenses and Permits	134,079	-	-	-	-	-	134,079
Interest and Rents	134,744	3,405	95	90	29,687	1,109	169,130
Intergovernmental Revenues	3,552,070	16,867,729	12,496,558	4,073,892	35,748,474	10,353,243	83,091,966
Departmental Earnings	11,507,295	1,228,019	43,791	348,596	-	2,943,092	16,070,793
Local Hotel Room Tax	-	-	-	-	-	308,262	308,262
Miscellaneous	130,496	-	-	-	-	37,428	167,924
Total Revenues	62,379,230	18,099,153	12,540,444	4,422,578	35,778,161	13,643,134	146,862,700
Expenditures							
Current:							
General Government	11,250,000	-	-	-	-	190,962	11,440,962
Judicial	13,844,384	-	-	-	-	3,024,677	16,869,061
Public Safety	16,372,803	-	-	-	-	2,820,964	19,193,767
Public Works and Enterprises	3,879,360	-	-	-	-	787,619	4,666,979
Culture, Recreation, and Conservation	2,762,717	-	-	-	-	354,860	3,117,577
Economic Development	-	-	-	4,506,303	-	-	4,506,303
Intergovernmental:							
Human Services	8,210,582	18,189,521	13,982,008	-	35,844,531	4,791,371	81,018,013
Debt Service:							
Principal	4,751,704	-	-	-	-	-	4,751,704
Interest	5,682,783	-	-	-	-	-	5,682,783
Other	10,035	-	-	-	-	-	10,035
Infrastructure Acquisition and Improvement	479	-	-	-	-	870,215	870,694
Capital Asset Acquisition and Improvement	1,854,043	100,951	76,944	-	11,350	1,371,410	3,414,698
Total Expenditures	68,618,890	18,290,472	14,058,952	4,506,303	35,855,881	14,212,078	155,542,576
(Deficiency) of Revenues							
(Under) Expenditures	(6,239,660)	(191,319)	(1,518,508)	(83,725)	(77,720)	(568,944)	(8,679,876)
Other Financing Sources (Uses)							
Transfers from Other Funds	590,000	727,255	1,818,401	-	-	907,493	4,043,149
Transfers to Other Funds	(3,453,149)	-	-	-	-	(590,000)	(4,043,149)
Total Other Financing Sources (Uses)	(2,863,149)	727,255	1,818,401	-	-	317,493	-
Net Change in Fund Balances	(9,102,809)	535,936	299,893	(83,725)	(77,720)	(251,451)	(8,679,876)
Fund Balances - Beginning	12,245,824	168,016	1,947,604	205,424	11,783,401	6,458,449	32,808,718
Fund Balances - Ending	<u>\$ 3,143,015</u>	<u>\$ 703,952</u>	<u>\$ 2,247,497</u>	<u>\$ 121,699</u>	<u>\$ 11,705,681</u>	<u>\$ 6,206,998</u>	<u>\$ 24,128,842</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	(8,679,876)
Revenue timing differences resulted in less revenue for real estate taxes in the Statement of Activities.		(674,205)
Revenue timing differences resulted in less grant revenue in the Statement of Activities due to the period of availability of the funds.		(750,693)
The differences due to capital assets are as follows:		
1. Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay and donated assets	\$ 4,568,906	
Depreciation expense	<u>(5,597,446)</u>	(1,028,540)
2. The effect of the disposals and transfers of capital assets is to change net position by the net book value of the disposed or transferred assets.		
Net book value of disposed assets		(358,620)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Changes in accrued interest payable	(30,184)	
Changes in accrued vacation payable	<u>(54,679)</u>	(84,863)
The difference due to non-current liabilities are as follows:		
1. The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Bond principal payments	4,640,770	
Capital lease obligation payments	<u>370,119</u>	5,010,889
2. Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Amortization of bond discounts		(85,419)
3. The expense for sick leave and early termination benefits does not require the use of current financial resources. These items are reported as a non-current liability in the Statement of Net Position.		
		252,933
The deferred amount on refunding		
2015 amortization		(123,125)
Changes in the net pension liability and related deferred inflows and outflows of resources do not affect current financial resources and therefore are not reflected on the fund statements.		
		(733,298)
An internal service fund is used by management to account for medical and workers' compensation benefits of the County employees. The net change in activity of the internal service fund is reported with governmental activities.		
		<u>(1,706,871)</u>
Change in Net Position of Governmental Activities	\$	<u>(8,961,688)</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2015

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 235,001
Receivables	895
Interfund Receivable	<u>211,300</u>
Total Current Assets	<u>447,196</u>
Total Assets	<u><u>\$ 447,196</u></u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	\$ 353,418
Interfund Payable	3,967,016
Accrued Employee Benefits	<u>818,404</u>
Total Current Liabilities	<u>5,138,838</u>
Total Liabilities	<u>5,138,838</u>
<u>Net Position</u>	
Unrestricted	<u>(4,691,642)</u>
Total Net Position	<u><u>\$ (4,691,642)</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Governmental Activities
	Internal Service Funds
<u>Operating Revenues</u>	
Charges for Services	\$ 10,764,563
Total Operating Revenues	10,764,563
<u>Operating Expenses</u>	
Costs of Services	11,624,588
Administrative	846,879
Total Operating Expenses	12,471,467
Operating (Loss)	(1,706,904)
<u>Non-Operating Revenues</u>	
Investment Income	33
Total Non-Operating Revenues	33
Change in Net Position	(1,706,871)
Total Net Position - Beginning	(2,984,771)
Total Net Position - Ending	\$ (4,691,642)

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Governmental Activities
	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash receipts for services provided	\$ 10,849,683
Cash payments to suppliers	(12,241,713)
Net Cash (Used in) Operating Activities	(1,392,030)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Proceeds from the loan provided by the County	1,490,837
Net Cash Provided by Non-Capital Financing Activities	1,490,837
<u>Cash Flows from Investing Activities:</u>	
Investment Income	33
Net Cash Provided by Investing Activities	33
 Net Increase in Cash and Cash Equivalents	 98,840
<u>Cash and Cash Equivalents:</u>	
Beginning of year	136,161
End of year	\$ 235,001
<u>Reconciliation of Operating (Loss) to</u>	
<u>Net Cash Provided by (Used in) Operating Activities:</u>	
Operating (Loss)	\$ (1,706,904)
Change in operating assets and liabilities:	
Accounts receivable	85,120
Prepaid items	109,494
Accounts payable	191,910
Accrued Liabilities	(71,650)
Net Cash Provided by (Used in) Operating Activities	\$ (1,392,030)

Disclosure of Accounting Policy:

For purposes of the Statement of Cash Flows, the Primary Government considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA

STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2015

	Pension Trust Fund	Agency Funds
<u>Assets</u>		
Cash and Cash Equivalents	\$ 11,100,687	\$ 3,077,420
Cash and Cash Equivalents Held as Collateral	20,199,187	-
Interest and Dividends Receivable	542,018	-
Investments:		
Common and Preferred Stocks	159,604,615	-
Certificates of Deposit	4,488,195	-
U.S. and Local Government Obligations	28,026,584	-
Corporate Bonds	25,758,701	-
Other Debt Securities	4,945,371	-
Registered Investment Companies	14,406,516	-
Interest in Limited Partnership	6,256,002	-
Interest in Collective Trust	29,050,661	-
Total Investments	272,536,645	-
Total Assets	\$ 304,378,537	\$ 3,077,420
<u>Liabilities</u>		
Accounts Payable	\$ 319,033	\$ 3,077,420
Collateral Obligation	20,199,187	-
Total Liabilities	20,518,220	3,077,420
<u>Net Position</u>		
Net Position Restricted for Pensions	283,860,317	-
Total Net Position	\$ 283,860,317	\$ -

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Pension Trust Fund
<u>Additions</u>	
Contributions:	
Member	\$ 3,345,109
Employer	1,162,800
	4,507,909
Investment Income:	
Net Depreciation in Fair Value of Investments	(2,956,794)
Interest and Dividends	5,344,587
Less: Investment Management and Actuarial Fees	(936,671)
	1,451,122
Security Lending Activities:	
Interest from Collateral	35,380
Security Lending Premiums	100,929
Less: Rebates and Fees	(29,216)
	107,093
Net Investment Income	1,558,215
Total Additions	6,066,124
 <u>Deductions</u>	
Benefits Paid to Plan Members and Beneficiaries (including refunds of member contributions)	16,831,971
Administrative Expenses	229,206
	17,061,177
Net Decrease in Net Position	(10,995,053)
 <u>Net Position Restricted for Pensions</u>	
Beginning of Year	294,855,370
End of Year	\$ 283,860,317

The accompanying notes are an integral part of this financial statement.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Beaver, Pennsylvania (the County), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The significant accounting policies are described below.

1. Organization and Reporting Entity

The organization of the County and the basis of the reporting entity are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

The County was founded as a subdivision of the Commonwealth of Pennsylvania under Title XVI of the Pennsylvania Statutes. The County operates under an elected three member Board of Commissioners and it provides the following services as authorized by Pennsylvania's County Code: public safety, judicial, medical, human services, economic development, and culture and recreation.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, the County has evaluated all related entities (authorities, commissions, and affiliates) for possible inclusion in the financial reporting entity.

Discretely Presented Component Units

The component unit columns in the government-wide financial statements include individual financial data for the Beaver County Transit Authority (BCTA) and the Community College of Beaver County (CCBC). Financial information of these units is reported in separate columns to emphasize that they are legally separate from the County. They are component units because of the significance of their operations or financial relationships with the County. Their boards are appointed by the County Commissioners and they receive significant operating subsidies from the County. Complete and more detailed financial statements of these component units can be obtained from:

Beaver County Transit Authority
200 W. Washington Street
Rochester, PA 15074

Community College of Beaver County
Controller's Office
One Campus Drive
Monaca, PA 15061

The reporting period for BCTA and CCBC is as of and for the year ended June 30, 2015.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. Organization and Reporting Entity - Continued

Summary of Significant Accounting Policies for BCTA

General Policy – The financial statements of BCTA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting – BCTA accounts for expenses using the accrual method of accounting. Grant revenue is recognized when the corresponding grant purpose expense is incurred. Grant monies received before the revenue recognition criteria have been met are reported as unearned revenue. BCTA's practice is to record grants as receivables and unavailable revenue at the time the grants are awarded. Passenger fares are recorded when received. All other revenues are recognized when earned. Assets are depreciated using the straight-line method over their estimated useful lives.

Summary of Significant Accounting Policies for CCBC

General Policy – CCBC prepares its financial statements in accordance with generally accepted accounting principles for public colleges and universities as outlined by GASB. In accordance with GASB, CCBC elects to report its financial activities as Business-Type Activities only. Inter-fund activity within CCBC has been eliminated in the preparation of the financial statements.

Basis of Accounting – CCBC prepares its financial statements using the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized when the obligation to pay is incurred. Assets are depreciated using the straight-line method over their estimated useful lives.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. **Organization and Reporting Entity** - Continued

Related Organizations

The Board of Commissioners is responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. These organizations include the:

- Beaver County Agricultural Land Preservation Board
- Beaver County Airport Authority
- Beaver County Conservation District
- Beaver County Economic Development Authority
- Beaver County Hospital Authority
- Beaver County Housing Authority
- Beaver County Industrial Development Authority
- Beaver County Job Training
- Beaver County Redevelopment Authority
- Pennsylvania Finance Authority
- Southwestern Pennsylvania Commission
- Workforce Investment Board

2. **Government-Wide Financial Statements and Fund Financial Statements**

Government-Wide Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The entire deficit of the internal service funds was recorded as an increase in expenses of the primary government. All other internal activities, such as interfund reimbursements, are treated as a reduction of the appropriate expense. Fiduciary funds are also excluded from the government-wide financial statements.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Government-Wide Financial Statements and Fund Financial Statements - Continued

Government-Wide Statements (continued):

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the County and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financed or draws from the general revenues of the County. Certain indirect costs are included in the program expense reported for individual functions and activities.

Net position is reported as restricted when constraints placed on these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

Fund Financial Statements:

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each of them displayed in a separate column.

Certain funds are required by GAAP to be presented as major funds of the County. The requirement to present a fund as "major" is based on the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, and expenditures within the fund, with the exception of the General Fund, which must always be presented as a major fund. Additionally, the County has the option of voluntarily presenting any fund as major.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Government-Wide Financial Statements and Fund Financial Statements - Continued

Fund Financial Statements (continued):

The County reports the following governmental funds as major:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Mental Health / Intellectual Disabilities. This fund is responsible for serving certain mental and behavioral health needs of the County's citizens. Revenues and other resources reported in this fund are derived from a variety of federal and state grants as well as from transfers for county matches from the General Fund.

Children and Youth. The purpose of this fund is to protect and care for children who have been abused, neglected, exploited, abandoned, adjudicated delinquent, or are without proper parental supervision. Revenues and other resources reported in this fund are derived from a variety of federal and state grants as well as from transfers for county matches from the General Fund.

Community Development. This fund accounts for the activities of the Community Development Program of Beaver County (CDP). The CDP's mission is two-fold: to improve the living conditions of low-income individuals and to aid in the elimination of slum and blight. The Community Development Fund is voluntarily reported as major by the County due to its significance within County operations. Revenues and other resources reported in this fund are derived from a variety of federal and state grants.

HealthChoices. HealthChoices is a program sponsored by the Commonwealth of Pennsylvania and administered by the County to meet the needs of low income individuals with behavioral health problems. Revenue and other resources reported in this fund are derived from a capitated arrangement through an intergovernmental contract.

All remaining governmental funds are aggregated and reported as non-major funds.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Fund Types

In accordance with generally accepted accounting principles applicable to governmental units, the accounts of the County are organized and operated on the basis of individual funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts comprised by assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances or net position, revenues, and expenditures or expenses. The following describe the purpose and function of each type of fund presented in the accompanying financial statements.

Governmental Fund Types

The General Fund is used to account for all financial transactions not accounted for in the fund types listed below. This includes items such as the receipt and expenditure of the general tax levy and fees of general offices.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary fund types).

Proprietary Fund Type

Internal Service Funds account for operations that provide services to other departments or agencies of the County on a cost reimbursement basis. These funds account for the employees' self-insured medical health benefits and workers' compensation claims of the County.

Fiduciary Fund Types

Fiduciary Funds are used by the County to account for assets held on behalf of outside parties or on behalf of other funds. These funds currently include the pension trust fund and the agency funds.

The Pension Trust Fund is accounted for in essentially the same manner as a proprietary fund and it presents the activities of the Beaver County Employees' Pension Plan.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Fund Types - Continued

Agency Funds are custodial in nature and do not involve measuring results of operations. The funds are used to account for cash collected and disbursed by elected row officers such as the Clerk of Courts, Recorder of Deeds, Register of Wills, Sheriff, Prothonotary, and Treasurer; support payments collected by Domestic Relations; and delinquent real estate tax payments collected by Tax Claim.

4. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues, expenditures, expenses and transfers, and the related assets, deferred inflows and outflows of resources, and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, reconciling financial statements with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds are presented. The primary effect of internal activity has been eliminated from the government-wide financial statements.

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. Revenues are considered available when they are expected to be collected within sixty days of year-end. As of December 31, 2015, the County delayed revenue recognition of \$1,971,035 because these monies were not yet considered available in accordance with GAAP. Expenditures and transfers out are generally recognized under the accrual basis of accounting when the related liability is incurred, except for compensated absences and financing costs/interest on general long-term debt, which are recorded when the payment is due.

The financial statements of fiduciary and proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, all revenues are recorded when earned and all expenses are recorded when the liability is incurred.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. Basis of Accounting and Measurement Focus - Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing and producing services in connection with a proprietary fund's ongoing revenues. The principal operating revenues of the County's proprietary funds are discussed in the next section. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Pension Trust Fund and the agency funds' financial statements are also prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the pension plan. Administrative costs from services provided by outside vendors are recorded when incurred. Investments are reported at fair value.

Certain other costs for services provided internally are not charged to and therefore not recorded on the financial statements of the Pension Trust Fund.

The Pension Trust Fund and the agency funds' investments are reported at fair value. Investments traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Other investments are valued based on their liquidation amounts as estimated by the investment fund's management. Investment income is recognized as earned. Gains and losses on sales and exchanges are recognized on the transaction date.

5. Revenues

Property taxes collected by the Treasurer within sixty days subsequent to December 31, related to the prior year, are recorded as revenue on the Statement of Revenues, Expenditures and Changes in Fund Balance.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

5. Revenues - Continued

Federal and state grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the County is entitled to the grants. However, these grants are subject to audits and adjustments by grantor agencies. Revenues received after sixty days subsequent to year-end are recorded as unavailable revenue on the governmental funds' Balance Sheets and, for the period of collection, as revenue on the Statement of Revenues, Expenditures and Changes in Fund Balance. Grant revenues recognized for expenditures which are disallowed are repayable to the grantor. Management has presented these statements based upon its understanding of restrictions on the revenues recognized. Revenue recognized by HealthChoices is based on the number of eligible members within the County, paid monthly at a contracted rate with Pennsylvania's Department of Human Services.

6. Unavailable and Unearned Revenues

Under the modified accrual basis of accounting, revenue is not recognized until it is available to liquidate liabilities of the current period; under full accrual accounting, revenue is recognized as soon as it is earned. Assets received on or prior to the financial statement date, for which the revenue recognition requirements have not been met, are posted as unearned revenue on the Statements of Net Position and the Balance Sheet for Governmental Funds. Certain payments received by the County are considered unearned and not subject to revenue recognition under either the full or the modified accrual basis.

7. Expenditures

Capital asset purchases relating to non-proprietary fund type assets are included in current year expenditures in governmental funds and are capitalized on the government-wide Statement of Net Position. Interest on non-proprietary fund debt is recorded as an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balances when paid or when payment is due.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

8. Cash, Cash Equivalents, Restricted Cash, and Investments

The County maintains numerous checking accounts for depositing receipts and disbursing expenditures for all governmental fund types. In addition, the County maintains two accounts in the Pennsylvania Local Government Investment Trust (PLGIT), one account in the Pennsylvania Treasurer's Invest Program for Local Governments (Invest Program), and three commercial money market accounts which all earn interest. Funds are transferred to these accounts to utilize the surplus of cash, which would otherwise remain idle in the County's checking accounts. The balances maintained in these accounts represent the individual interest of each representative fund in the account and they are recorded at cost, which approximates fair value.

HealthChoices' restricted cash represents deposits the County is required to maintain in order to meet certain contractual provisions of grantor agencies.

For purposes of the accompanying Statement of Cash Flows, the County considers all highly liquid investments with a maturity of three months or less when acquired, including restricted cash, to be cash equivalents regardless of any restrictions.

9. Prepaid Items

Prepaid items in the fund financial statements are recorded as assets in the specific governmental fund in which future benefits will be derived. The prepaid items in the fund financial statements are recognized under the consumption method and they consist primarily of prepaid insurance premiums in the General Fund and prepaid claim payments for HealthChoices.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

10. Capital Assets

The accounting and reporting applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets that have been acquired for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized in the government-wide Statement of Net Position. All capital assets are recorded at cost, if known, or at estimated historical cost. Donated capital assets are recorded at their estimated fair value on the date of the donation. The County uses a threshold of \$5,000 for recording substantially all capital assets. All infrastructure placed into service after 1980 is capitalized. Depreciation and related accumulated depreciation on capital assets is recorded in the government-wide statements and the proprietary fund financial statements and it is computed using the straight-line method over the estimated useful lives of the related assets.

Estimated useful lives for the County's classes of reported capital assets are as follows:

Infrastructure	50 years
Buildings and Land Improvements	40 years
Leasehold Improvements	10 years
Equipment	10 years
Computer Hardware	6 years
Computer Software	5 years
Vehicles	5 years
Furniture and Fixtures	5 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major renewals or betterments are capitalized as additions.

11. Compensated Absences

The vacation policy for substantially all of the County's employees provides that vacation earned from the prior years' service, granted to employees on January 1, must be taken by December 31 of that same year. Therefore, the accrual in the government-wide Statement of Net Position represents what was earned through December 31, 2015, granted on January 1, 2016.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

11. Compensated Absences - Continued

Employees, other than those mentioned below, may accumulate up to 100 days of sick leave. Sheriff's deputies may accumulate up to a maximum of 150 days of sick leave. Jail guards receive nine days of sick leave per year with no limit on the maximum number of days that can be carried into the subsequent years. Children & Youth, Office on Aging, Mental Health / Intellectual Disabilities, and probation office employees receive paid time off. These employees may accumulate up to a maximum of 50 days of paid leave. Court-related employees may accrue up to 35 so-called "package days". "Package days" combine an employee's vacation, sick time, and personal time. If compensated absence time is not used, it is paid to retirement-eligible employees upon retiring at varying rates. Accumulated compensated absence time as of December 31, 2015, that is estimated to be paid to employees upon retirement has been recorded in the government-wide Statement of Net Position under Non-current Liabilities.

12. Accrued HealthChoices Program Costs

The HealthChoices Program accrues an estimate of its medical service liability at the end of each accounting period. The estimate is developed using a process that accounts for the lag between the point in time that the payment is made for a service and the point in time that the County became liable for the service. The HealthChoices Program contracts with an independent actuary to certify this estimate. Subsequent payments are also reviewed to confirm the reasonableness of the estimate.

13. Accrued Healthcare Costs

Accrued healthcare costs of the Internal Service Funds represent medical self-insurance claims and workers' compensation claims. The claims liability is calculated using a completion factor based on claims history and the historical time lag between dates of service and the dates of payment.

14. Early Termination Benefits

Early termination benefits payable to former employees were recorded at their discounted present values using an annual discount rate of 2.5%.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

15. Pension

In the Government-Wide financial statements, the County recognizes pension expense in accordance with GASB Statements No. 68 and 71. Pension expenditures are recognized under the modified accrual basis within the Governmental Funds to the extent of County contributions. See Note G for further information.

16. Budgets

The County Board of Commissioners (the “Commissioners”) annually adopts a formal budget for all of the Governmental Fund Types. The procedures described below are followed in establishing the budgetary data reflected in the financial statements.

The County Controller submits the proposed budget to the Commissioners no less than thirty days prior to the adoption of the budget for the year beginning the following January 1. The proposed budget is adopted no later than December 31, with certain exceptions. Notice of the availability of the proposed budget for public inspection is made at least twenty days prior to the adoption of the final budget.

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including proceeds of any borrowing. Appropriations lapse at year-end if not recorded in the financial statements.

Appropriated budgets are adopted and presented on a modified accrual basis consistent with GAAP by fund, department, and line-item. Line-items are department-specific revenues and expenditures, such as taxes, fees, salaries and supplies. This basis of accounting is the same as that used for the fund financial statements. Transfers of appropriations may be requested between line-items within a department or between departments within the same fund. All transfers of appropriations require the approval of the Commissioners. The legal level of control is exercised by fund and department, and management’s level of control is at each line-item.

Formal budgetary review is employed as a management control during the year for all Governmental Funds. Final budget amounts presented in the schedules and supplementary information accompanying the financial statements are as amended as of December 31, 2015.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

17. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position, the Balance Sheet for Governmental Funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. They are the deferred charge on refunding and net difference between projected and actual earnings on pension plan investments, which are reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The net difference between projected and actual earnings on pension plan investments is based on an actuarial valuation as further described in Note G.

In addition to liabilities, the Statement of Net Position and/or the Balance Sheet for Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the Governmental Funds Balance Sheet. The Governmental Funds report unavailable revenues from grant agreements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government has another type, the difference between expected and actual experience for pension plan. This amount is also based on an actuarial valuation as further described in Note G.

18. Fund Balance

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

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

18. Fund Balance - Continued

Non-spendable – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted – This classification consists of amounts that are restricted to specific purposes, as imposed by external restrictions such as constitutional provisions or enabling legislation.

Committed – This classification consists of amounts used for specific purposes exclusively imposed by formal action of the County's Board of Commissioners, the County's highest level of decision-making authority. Only through execution of a resolution by the County's Board of Commissioners prior to fiscal year-end can the County commit fund balance or remove or modify a previously committed fund balance.

Assigned – This classification consists of amounts constrained by the County's intent to be used for specific purposes that are neither restricted nor committed. The policy in place allows for procedures of the Commissioners and the Controller to jointly assign amounts to be used for specific purposes before issuance of the audited financial statements.

Unassigned – This classification consists of amounts that have not been assigned to other resources and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that could report a positive unassigned fund balance.

It is the County's policy, when more than one classification of fund balance is available for a particular purpose, to first apply expenditures against the restricted fund balance followed by committed, assigned, and then unassigned fund balance.

The governmental fund types use encumbrance accounting, under which open purchase orders are recorded. Open encumbrances do not constitute expenditures or liabilities since the obligations will be honored, re-appropriated and added to each department's subsequent year's budget. See Note M for additional encumbrance information.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

18. Fund Balance - Continued

Amounts reported as restricted fund balance – other – on the Governmental Funds’ Balance Sheet have the following specific purposes:

For Emergency Services	\$ 80,946
For Capital Projects	2,026,620
For the Elderly Population	1,076,735
For Tourism Promotion	28,318
For Office Improvements and Records Automation	488,119
For General Law Enforcement	987,871
	<u>\$ 4,688,609</u>

HealthChoices Program

HealthChoices receives funds based on a contract between the County and the Commonwealth of Pennsylvania’s Department of Human Services (Commonwealth). Per the contract, the County must maintain a restricted reserve for equity and a plan of insolvency. As of December 31, 2015, the County has met the equity requirement by maintaining approximately \$1,800,000 in a separate bank account. Assets can be transferred from this account only with the permission of the Commonwealth. As of December 31, 2015, the County has also met the insolvency requirement determined by the Commonwealth by maintaining, at a minimum, the equivalent of sixty days’ worth of unpaid claims. The minimum, which was determined by the Commonwealth to be \$4,685,683 is maintained in a separate bank account.

The contract also allows the County to maintain a reserve for risk and contingency in an amount not to exceed seventy-five days of unpaid claims. The County has elected to have this reserve by restricting \$5,762,046 of cash and investments at December 31, 2015. Draw-down of these funds requires approval of the Commonwealth.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

19. Net Position

GASB Statement No. 63 requires a classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined below:

- Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation, and reduced further by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- Restricted – This component of net position entails the balance subject to constraints placed on the use of resources through external restrictions, such as, constitutional provisions or enabling legislation.
- Unrestricted – This component consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

The County’s policy is to apply expenses against restricted net position first, then unrestricted net position, when that choice is permitted.

20. Adoption of Governmental Accounting Standards Board Pronouncement

The County adopted GASB Statement No. 68 “*Accounting and Financial Reporting for Pensions*” and GASB Statement No. 71 “*Pension Transition for Contributions Made Subsequent to the Measurement Date*”. These statements revise and establish reporting requirements for most governments that provide employees with pensions. The adoption of these statements necessitated an adjustment to January 1, 2015, net position. Ending net position for December 31, 2014, was previously reported as \$37,834,537. The adjustment of \$9,851,262, gives the County a restated net position of \$27,983,275.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

21. Pending Governmental Accounting Standards Board Pronouncements

The GASB has issued Statement No. 72 “*Fair Value Measurement and Application*”, effective for periods beginning after June 15, 2015. This statement is to address accounting and financial reporting issues related to fair value measurements, and to provide guidance related to fair value reporting and disclosures necessary for fair value measurements.

The GASB has issued Statement No. 76 “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, effective for periods beginning after June 15, 2015. This statement is to identify the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles.

The GASB has issued Statement No. 77 “*Tax Abatement Disclosures*”, effective for periods beginning after December 15, 2015. This statement requires state and local governments, for the first time, to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on the government’s finances.

The GASB has issued Statement No. 80 “*Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*”, effective for periods beginning after June 15, 2016. This statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The GASB has issued Statement No. 82 “*Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*”, effective for periods beginning after June 15, 2016. This statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

The County has not determined the impact, if any, the application of the aforementioned statements will have on the County’s financial statements.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

22. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates.

NOTE B - PROPERTY TAXES

Property tax millage rates are set by a resolution of the Commissioners prior to January 1 of the current year, with certain exceptions. Taxes are payable in the beginning of the current fiscal year through April of the following fiscal year as approved by the Commissioners. After that date, the properties are liened and legal action is required to sell real property for tax proceeds.

The County is permitted, by the County Code, to levy real property taxes up to a maximum of twenty-five mills on every dollar of adjusted valuation.

Property tax revenues for the year ended December 31, 2015, are recorded on the Statement of Activities net of discounts of approximately \$781,000 and inclusive of penalties amounting to approximately \$149,000. Property tax receivables are stated net of allowance for uncollectible accounts. At December 31, 2015, the balance in the allowance for uncollectible taxes is \$3,769,550.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS

Beaver County has not adopted a formal investment policy other than that pertaining to the Pension Trust Fund; however, all investment decisions are based upon legally binding statutes determined by the County Code. Statutes allow the County to invest in the following:

- United States Treasury bills
- Short-term obligations of the United States Government or the Commonwealth of Pennsylvania
- Deposits in savings accounts or time deposits of institutions having a place of business in the Commonwealth of Pennsylvania and insured or collateralized in accordance with Act 72
- Certificates of deposit limited to twenty per centum of capital and surplus if purchased from a commercial bank and limited to twenty per centum of assets minus liabilities if purchased from a savings and loan association, or other investments, collateralized by the aforementioned federal government securities

Cash Deposits

Cash deposits are exposed to custodial credit risk, which is the risk that a government may not recover the funds it placed in the custody of a counterparty (such as if the counterparty would enter bankruptcy proceeding). The County does not have a formal deposit policy for custodial credit risk. At December 31, 2015, Beaver County's deposits were either insured or collateralized with assets held by the pledging bank's trust department and not in the County's name. At December 31, 2015, the bank balance of the County's cash deposits was approximately \$37 million, of which approximately \$1,250,000 was insured. The remaining uninsured bank balance was collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania State Legislature, which states that a depository must pledge assets to secure state and municipal deposits. The pledged assets must be equal to at least the total amount of the public deposits at the depository and may be on a pooled basis.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS – (Continued)

Investments

Substantially all of the County's investments (excluding the pension fund and restricted investments) are in certain Pooled Investment Funds which are managed by the Pennsylvania Local Government Investment Trust (PLGIT) and the Invest Program. The fair value of the position in the PLGIT and the Invest Program are the same as the value of the pools' shares.

Since these investments have maturities that are less than three months, these amounts are classified as cash equivalents on the Statement of Net Position which is pursuant to the County's accounting policy. An oversight committee headed by the Pennsylvania State Treasurer monitors the overall effectiveness of the Invest Program. PLGIT's Board of Trustees and its participants annually select an independent auditing firm to perform a financial audit of the Trust. The pools are composed of a diversified portfolio of short-term securities, repurchase agreements and certificates of deposit collateralized with U.S. Treasury securities, and obligations of the U.S. Government. The credit quality rating for PLGIT and the Invest Program were "AAA" according to Standard and Poor's.

Restricted Investments

Restricted investments are comprised of United States Treasury Obligations amounting to approximately \$6.6 million as of December 31, 2015. These investments are restricted and to be used for debt service related to Bonds issued where the proceeds were used for Friendship Ridge, the County's former long-term care facility which was disposed of in 2014. The weighted average to maturity of these investments is 3.12 years.

Pension Trust Fund Investments

The County has a policy in place to define the types and the mix of investments that are commensurate with the goals of the Pension Trust Fund. The policy applies certain limitations on the amounts of domestic equities, international equities, fixed income investments, and cash equivalents that the fund may hold at any one time. All assets of the County's Pension Trust Fund, except for its interest in the collective trusts and certain debt and equity securities, were either insured or collateralized with assets held in the custodian's trust department.

Restricted Cash

Restricted cash in the General Fund is restricted for human services.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS – (Continued)

Pension Trust Fund Investments – Continued

Credit risk is the risk that investments may not be recovered from the counterparty due to bankruptcy, theft, or other occurrences. To mitigate this risk, the Beaver County Pension Trust Fund Investment Policy limits an investment in common stock in any one corporation to 5% of the total portfolio. For corporate bonds, the County's policy requires that bonds be rated at least "BBB" by the Standard and Poor's bond rating system.

Foreign currency risk is the risk that investments may lose value due to fluctuation of foreign currency exchange rates. All foreign equity investments are pooled investments managed by a single counterparty. As a result of the pooling of investments, the Pension Trust Fund does not own foreign securities but rather shares of the pooled investment fund.

Securities Lending Transactions

The County's pension investment policy allows the County's Pension Trust Fund to enter into security lending agreements with eligible borrowers. During 2015, the Pension Trust Fund, through the use of a security lending agent, engaged in several security lending transactions. All securities held by the pension trust fund, except those specifically identified by the County, are available for these loans. The fair value and carrying value of the securities on loan at December 31, 2015, is approximately \$19.8 million, which is almost entirely comprised of common stock.

Collateral on outstanding loans is calculated daily and equals 102% or 105% of the fair value of the securities on loan. Collateral can be accessed in the event the borrower is unable to repay the loan at maturity. The County has and exercises its ability to invest cash collected as collateral in certain investment accounts to enhance earnings. At December 31, 2015, the County had approximately \$19.8 million of common stock on loan to various borrowers. The County collected collateral of approximately \$20.2 million consisting entirely of cash which was subsequently deposited into a short term investment account in order to ensure that maturity of these investments match the maturities of the loans outstanding.

At December 31, 2015, the amount of collateral on hand exceeded the value of the securities on loan. The County has not recorded any losses resulting from default during the year ended December 31, 2015.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS – (Continued)

Pension Trust Fund Investments – Continued

Custodial credit risk is that risk that, in the event of a failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the County's collateral holdings are exposed to custodial credit risk.

Credit risk is the risk that investments may not be recovered from the counterparty due to bankruptcy, theft, or other occurrences. To mitigate this risk, the Pension Trust Fund securities lending policy requires between 102% - 105% of market value to be held as collateral for each security lent. As of December 31, 2015, the Fund is not exposed to credit risk since the value of collateral exceeds the value of the securities on loan for every loan outstanding.

As of December 31, 2015, the Pension Trust Fund's investments and cash deposits consisted of:

<u>Investments</u>	
Common and Preferred Stocks	\$ 159,604,615
Interest in Collective Trust	29,050,661
Bonds and Notes:	
U.S. Government Notes	19,923,256
U.S. Government Agency Bonds	3,441,126
U.S. Government Mortgage Backed Securities	4,461,104
Municipal Bonds	201,098
Corporate Bonds	25,758,701
Registered Investment Company Securities	14,406,516
Certificates of Deposit	4,488,195
Interest in Limited Partnership	6,256,002
Other Debt Securities	4,945,371
Total Investments	<u>272,536,645</u>
Cash Deposits	11,100,687
Cash Deposits held as Collateral	20,199,187
Total Cash Deposits and Investments	<u>\$ 303,836,519</u>

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS – (Continued)

Pension Trust Fund Investments – Continued

The bond ratings given to corporate bonds, except those explicitly guaranteed by the United States government and mortgage backed securities, whose credit ratings are not available, as determined by the Standard and Poor’s bond rating system along with the amount invested by the Pension Trust Fund at December 31, 2015, are as follows:

<u>TOTALS</u>	
<u>S&P Rating</u>	<u>Market Value</u>
AAA	\$ 444,802
AA+	4,081,447
AA	588,449
AA-	878,533
A+	1,620,415
A	3,785,098
A-	5,206,710
BBB+	8,844,811
BBB	1,270,446
BBB-	1,892,835
BB	255,000
Unrated Securities	<u>4,993,485</u>
Total	<u>\$ 33,862,031</u>

Component Unit - BCTA

BCTA is authorized under State statutes to invest in:

- I. Obligations of the U.S. Treasury.
- II. Short-term obligations of the U.S. Government and federal agencies.
- III. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions.
- IV. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth of Pennsylvania, or any of their agencies.
- V. Shares of mutual funds whose investments are restricted to the above categories.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS – (Continued)

Component Unit – BCTA – Continued

At June 30, 2015, BCTA’s cash and cash equivalents had a bank balance of \$3,357,945 and a book balance of \$3,220,369. The difference between the bank balance and the book balance represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit.

Custodial credit risk is the risk that, in the event of a bank failure, BCTA’s deposits may not be returned. BCTA does not have a formal policy for custodial credit risk. As of June 30, 2015, \$2,607,945 of BCTA’s bank balance is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in BCTA’s name.

At June 30, 2015, the cash deposits of BCTA consisted of:

Cash - FDIC Insured	
Huntington Bank	\$ 250,000
ESB Bank	250,000
First National Bank	250,000
Collateralized by securities pledged to a pooled public funds account with the Federal Reserve System	<u>2,607,945</u>
	<u>\$ 3,357,945</u>

These deposits are in accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS – (Continued)

Component Unit – CCBC

The Public School Code Section 440.1 authorizes CCBC to invest in:

- I. Obligations of the U.S. Treasury.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by FDIC, Federal Savings & Loan Insurance Corporation, and National Credit Union Share Insurance Fund.
- III. Obligations of the United States, Pennsylvania, or any political subdivision of Pennsylvania, or any of their agencies or instrumentalities backed by the full faith and credit of these governmental units.
- IV. Shares of an investment company, registered under the Investment Company Act of 1940, are registered un the Securities Act of 1933.

Investments of the CCBC Foundation include equity, fixed, and mutual funds and money market funds held by the First National Wealth Management. Investments are stated at fair value.

At June 30, 2015, CCBC's cash and cash equivalents had a bank balance of \$2,312,659 and a book balance of \$1,800,508. The difference between the bank balance and the book balance represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit.

CCBC does not have a formal policy for custodial credit risk. As of June 30, 2015, \$1,812,659 of CCBC's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in CCBC's name.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS – (Continued)

Component Unit – CCBC - Continued

At June 30, 2015, the cash deposits of CCBC consisted of:

Cash - FDIC Insured	\$	250,000
Cash - CCBC Foundation - FDIC Insured		250,000
Collateralized by securities pledged to a pooled public funds account with the Federal Reserve System		1,812,659
	\$	<u>2,312,659</u>

These deposits are in accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania.

CCBC's investments at June 30, 2015, totaled \$704,901 and they were held by the CCBC Foundation.

NOTE D – RECEIVABLES AND PAYABLES

Receivables at December 31, 2015, were as follows:

	<u>Accounts Receivable</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities					
General Fund	\$ -	\$ 7,748,352	\$ 564,543	\$ 1,667,997	\$ 9,980,892
MH/ID	-	-	7,233,946	60,281	7,294,227
Children & Youth	-	-	6,432,321	2,801	6,435,122
Community Development	-	-	851,710	47,872	899,582
HealthChoices	-	-	275,544	28	275,572
Non-major Governmental Funds	-	-	3,062,296	942,293	4,004,589
	-	7,748,352	18,420,360	2,721,272	28,889,984
Allowance for Doubtful Accounts	-	(3,769,550)	-	-	(3,769,550)
Total - Governmental Activities	<u>\$ -</u>	<u>\$ 3,978,802</u>	<u>\$ 18,420,360</u>	<u>\$ 2,721,272</u>	<u>\$ 25,120,434</u>
Component Units					
BCTA	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,129,712</u>	<u>\$ 37,815</u>	<u>\$ 5,167,527</u>
CCBC	<u>\$ 523,127</u>	<u>\$ -</u>	<u>\$ 352,522</u>	<u>\$ 100,541</u>	<u>\$ 976,190</u>

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE E - INTERFUND BALANCES AND TRANSFERS – (Continued)

Payables at December 31, 2015, consisted of amounts due to vendors, program providers, and grantees for goods, services, and grant-related obligations.

Interfund Balances

The County reports interfund balances among all of its funds. The balances for non-major governmental funds and proprietary funds are aggregated into a single column or row. The composition of interfund balances as of December 31, 2015, is as follows:

		Interfund Payable						Internal	Total
		General	Children &		Community	Health	Non-Major	Service	Total
		Fund	Youth	MH/ID	Development	Choices	Governmental	Funds	Assets
Interfund Receivable	General Fund	\$ -	\$ 460,604	\$ 923,884	\$ 239,630	\$ 114,788	\$ 1,965,903	\$ 3,967,016	\$ 7,671,825
	MH/ID	-	-	-	-	-	2,821	-	2,821
	Non-Major Governmental	191,651	-	-	-	-	-	-	191,651
	HealthChoices	-	-	805,891	-	-	-	-	805,891
	Internal Service Funds	-	67,798	67,765	9,000	6,834	59,899	-	211,296
	Total Liabilities	\$ 191,651	\$ 528,402	\$ 1,797,540	\$ 248,630	\$ 121,622	\$ 2,028,623	\$ 3,967,016	\$ 8,883,484

The following is a summary of the interfund payables and receivables outstanding at December 31, 2015:

- The General Fund’s balance due to the Non-Major Governmental Funds consists of the Driving Under the Influence Program’s revenue in excess of expenditures due to the Courtroom Improvement Fund and a loan from the Capital Bonds Fund for capital expenditures.
- Children & Youth’s balance due to the General Fund consists of the net of disbursements due for accounts payable, payroll and annual required contribution reimbursement.
- MHID’s balance due to the General Fund consists of the net of disbursements due for payroll, indirect cost allocation, and annual required contribution reimbursement.
- MHID’s balance due to HealthChoices is related to a loan during the State budget impasse.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE E - INTERFUND BALANCES AND TRANSFERS – (Continued)

Interfund Balances – Continued

- Community Development's balance due to the General Fund consists of the net of disbursements due for accounts payable, payroll, indirect cost allocation, and annual required contribution reimbursement.
- HealthChoices' balance due to the General Fund consists of the net of disbursements due for accounts payable, indirect cost allocation, and annual required contribution reimbursement.
- Non-Major Governmental Funds' balances due to MH/ID is the result of a deposit received by the Victim Witness Fund that belongs to MH/ID.
- Non-Major Governmental Funds' balances due to the General Fund consist of the net of disbursements due from EMS and Hazardous Materials, accounts payable, payroll, postage, external audit fee, indirect cost allocations, and annual required contribution reimbursement.
- The Internal Service Fund's balance due to the General Fund consists of a loan due when charges for employee health care services and workers' compensation are sufficient to cover the cost of services provided.
- Children & Youth, MH/ID, Community Development, HealthChoices, and Non-Major Governmental amounts due to the Internal Service Fund is due to retroactively adjusting the healthcare charge per employee.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE E - INTERFUND BALANCES AND TRANSFERS – (Continued)

Interfund Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following:

		Transfer From		
		General	Non-Major	
		Fund	Governmental	Total
Transfer To	General Fund	\$ -	\$ 590,000	\$ 590,000
	Children & Youth	1,818,401	-	1,818,401
	MH/ID	727,255	-	727,255
	Non-Major Governmental	907,493	-	907,493
	Total Liabilities	<u>\$ 3,453,149</u>	<u>\$ 590,000</u>	<u>\$ 4,043,149</u>

The following is a summary of transfers that occurred during the year ended December 31, 2015:

- The transfers from the General Fund to Children & Youth and MH/ID are for County Match obligations.
- The transfer from the County’s General Fund to the Non-Major Governmental Funds consists of the excess of revenues over expenditures in the Driving Under the Influence Program for the current year that are placed in the Courtroom Improvement Fund, as well as transfers to Domestic Relations and the Office on Aging for purposes of meeting County Match obligations.
- The transfer from Non-Major Governmental Funds to the County’s General Fund consists of the Offender’s Supervisory Fund transferring funds to Adult Probation as aid in funding various eligible expenditures.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE F - LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT

During 1996, the County contracted with an appraisal company to provide a detailed capital asset listing that included acquisition cost and acquisition year. The dates of acquisition and acquisition costs were either furnished by the County or estimated using reverse-trending techniques applied against the estimate of current replacement cost. The actual or estimated historical cost determined by the appraisal and transactions that occurred subsequent to the appraisal are reported in the government-wide Statement of Net Position.

Depreciation and amortization was charged to functions as follows:

Governmental Activities	
General Government	\$ 1,588,510
Judicial	300,684
Public Safety	1,734,303
Public Works and Enterprises	1,365,668
Curlture, Recreation and Conservation	360,136
Human Services	242,596
Economic Development	5,549
Total	<u><u>\$ 5,597,446</u></u>

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE F - LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT – (Continued)

The following is a summary of changes in capital assets for Governmental Activities during 2015:

	Balance at January 1, 2015	Additions	Disposals & Transfers	Balance at December 31, 2015
Not being Depreciated:				
Land	\$ 1,757,554	\$ -	\$ -	\$ 1,757,554
Construction in Progress	195,663	261,429	-	457,092
	<u>1,953,217</u>	<u>261,429</u>	<u>-</u>	<u>2,214,646</u>
Other Capital Assets:				
Buildings and Improvements	86,539,266	1,955,219	(5,365)	88,489,120
Vehicles	4,518,774	512,527	(83,531)	4,947,770
Furniture and Equipment	23,156,187	969,037	(2,699,465)	21,425,759
Infrastructure	66,950,889	870,694	-	67,821,583
	<u>181,165,116</u>	<u>4,307,477</u>	<u>(2,788,361)</u>	<u>182,684,232</u>
Accumulated Depreciation:				
Buildings and Improvements	(34,458,915)	(2,141,785)	2,355	(36,598,345)
Vehicles	(2,938,351)	(566,837)	83,531	(3,421,657)
Furniture and Equipment	(16,064,035)	(1,542,107)	2,343,855	(15,262,287)
Infrastructure	(13,334,639)	(1,346,717)	-	(14,681,356)
	<u>(66,795,940)</u>	<u>(5,597,446)</u>	<u>2,429,741</u>	<u>(69,963,645)</u>
Net Other Capital Assets	<u>114,369,176</u>	<u>(1,289,969)</u>	<u>(358,620)</u>	<u>112,720,587</u>
Net Capital Assets	<u>\$ 116,322,393</u>	<u>\$ (1,028,540)</u>	<u>\$ (358,620)</u>	<u>\$ 114,935,233</u>

The above assets as of December 31, 2015, include \$18,311,443 relating to capitalized leases and \$7,082,541 of associated accumulated amortization.

Capital assets' additions displayed above include donated assets amounting to \$90,222. Capital asset's additions displayed above include assets found through physical inspection amounting to \$6,142, and other changes amounting to \$187,150. These assets are not included as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE F - LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT – (Continued)

Component Unit- BCTA

The following is a summary of BCTA’s property accounts as of June 30, 2015:

		<u>Estimated Useful Lives</u>
Land	\$ 3,573,967	N/A
Construction in Progress	1,074,930	N/A
Buildings and Improvements	17,124,667	30
Tangible Transit Operating Property	12,119,100	5-12
Other Property - MATP	60,810	4-5
Furniture and Equipment	<u>1,537,911</u>	4-5
	35,491,385	
Less Accumulated Depreciation	<u>(16,793,123)</u>	
	<u>\$ 18,698,262</u>	

Depreciation expense for the year ended June 30, 2015, amounted to \$1,527,343.

Component Unit - CCBC

The following is a summary of CCBC’s property accounts as of June 30, 2015:

		<u>Estimated Useful Lives</u>
Land	\$ 204,425	N/A
Land Improvements	747,863	20
Buildings and Improvements	46,712,220	25-50
Vehicles	251,942	8-10
Furniture and Equipment	<u>12,000,620</u>	5-20
	59,917,070	
Less Accumulated Depreciation	<u>(28,290,862)</u>	
	<u>\$ 31,626,208</u>	

Depreciation expense for the year ended June 30, 2015, amounted to \$1,716,437.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN

1. Summary of Significant Accounting Policies

Pensions

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

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of real estate assets.

2. Plan Description

The County sponsors the Plan, a single-employer, defined benefit pension plan covering substantially all of its employees. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Administration of the Plan is provided by the Beaver County Employees' Retirement Board (Retirement Board), consisting of the Board of County Commissioners, the County Controller, and the County Treasurer. Most administrative costs are incurred and paid by the Plan.

The Plan is established, administered, and funded under the authority of the "County Pension Law," Act 96 of 1971, as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. The Plan has no authority to establish or amend benefit terms with the exception of granting cost-of-living modifications and adjusting the rate of regular interest on member contribution accounts. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. There is no stand-alone financial report of the Plan and the Retirement Board does not issue a public report including the Plan.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN - (Continued)

3. Benefits Provided

The Plan provides pension benefits for normal retirement at age sixty or at age fifty-five with twenty or more years of completed service. This is based on a formula including final average salary and years of credited service, in addition to the member's accumulated contribution to the Plan and interest earnings thereon. Early retirement is available at an earlier age as specified by the Plan. Members become vested after five years of service. All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a county employee. Disability retirement benefits are equal to 25% of final average salary at the time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of the member's retirement paid in a lump sum. A plan member who leaves the County service with less than 5 years of service may withdraw his or her contributions, plus accumulated interest.

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

4. Employees Covered by Benefit Terms

As of January 1, 2016, the date of the last available actuarial report, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,200
Inactive plan members not yet receiving benefits	192
Active plan participants:	794
	<u>2,186</u>

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN - (Continued)

5. Contributions

Members of the Plan are required to contribute no less than 9% and no more than 19% of their earnings while employed by the County. All full-time and part-time employees expected to complete 1,000 hours of service in a twelve-month period when employed are required to participate in the Plan.

The Plan funding policy provides for periodic employer contributions at actuarially determined rates that are necessary to accumulate sufficient assets to pay benefits when due. The annual pension cost for 2015 was determined as part of an actuarial valuation as of January 1, 2015, using the entry age method.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. However, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In December 2005, the County issued the Federally Taxable General Obligation Pension Bond, Series of 2005, and in July 2009, the County issued the Federally Taxable General Obligation Pension Bonds, Series of 2009 (see Note J), to reduce volatility of future pension contributions. Because of this, the County carries an asset on its balance sheet equal to the actuarially determined remaining benefit of these proceeds.

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2015 measurement period, the active member contribution rate was 9.0 percent of annual pay, and the County average rate was 3.02 percent of annual payroll.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN - (Continued)

6. Net Pension Liability (NPL)

The County's net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

The following are the components of the Plan's net pension liability (asset) and their balances as of December 31, 2015:

Total Pension Liability	\$ 291,961,930
Plan Fiduciary Net Position	283,860,317
Net Pension Liability (Asset)	<u>\$ 8,101,613</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	<u>97.23%</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation for the 2015 measurement period, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the valuation for the 2015 measurement period were based on past experience under the plan and reasonable future expectation which represent the best estimate of anticipated experience under the plan. An experience study has not been performed in the last five years.

There were no changes in actuarial assumptions in connection with the January 1, 2015, actuarial evaluation.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G – EMPLOYEE RETIREMENT PLAN – (Continued)

7. Long Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for the 2015 measurement period are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	50%	+/-10%	5.4 - 6.4%
International Equity	10%	+/-10%	5.5 - 6.5%
Fixed Income	28%	+/-10%	1.3 - 3.3%
Real Estate	12%	+/-5%	4.5 - 5.5%
Cash	0%	+3%	0.0 - 1.0%

8. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (i.e., no depletion date is projected to occur).

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN - (Continued)

9. Changes in the Net Pension Liability

	Increase / (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 12/31/2014	\$ 287,200,704	\$ 294,855,370	\$ (7,654,666)
Changes for the year:			
Service cost	1,906,785	-	1,906,785
Interest	19,872,317	-	19,872,317
Differences between expected and actual experience	(185,905)	-	(185,905)
Contributions - employer	-	1,162,800	(1,162,800)
Contributions - employee	-	3,345,109	(3,345,109)
Net investment income	-	1,558,215	(1,558,215)
Benefit payments, including refunds of employee contributions	(16,831,971)	(16,831,971)	-
Administrative expense	-	(229,206)	229,206
Other changes	-	-	-
Net changes	<u>4,761,226</u>	<u>(10,995,053)</u>	<u>15,756,279</u>
Balances at 12/31/2015	<u>\$ 291,961,930</u>	<u>\$ 283,860,317</u>	<u>\$ 8,101,613</u>

10. Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County calculated using the discount rate, as well as what the County's net pension liability (asset) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	Current		
	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's Net Pension Liability (Asset)	\$ 25,823,271	\$ 8,101,613	\$ (16,451,859)

COUNTY OF BEAVER, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN - (Continued)

11. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Retirement Board report. A copy of the report may be obtained by writing to:

Beaver County Employees’ Retirement Board
 Beaver Courthouse
 810 Third St
 Beaver, PA 15009-2196

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

For the year ended December 31, 2015, the County recognized pension expense of \$1,896,098 and reported deferred outflows of resources and deferred inflows of resources for pension related activities from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 154,920
Net difference between projected and actual earnings on pension plan investments	<u>15,177,901</u>	<u>-</u>
Total	<u>\$ 15,177,901</u>	<u>\$ 154,920</u>

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

Year ended December 31:

2016	\$	3,763,491
2017		3,763,491
2018		3,763,491
2019		3,763,491
2020		(30,983)

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN - (Continued)

13. Payable to the Pension Plan

The County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

14. Reserves

Under Act 96 of 1971, the Plan is required to maintain the following reserves:

Member Annuity Reserve Account: This reserve represents the total contributions deducted from the salaries of the active and terminated vested members of the retirement system together with accumulated interest additions. At January 1, 2016, the balance in this account was \$68,780,000 and it was fully funded.

County Annuity Reserve Account: This account represents the reserves set aside for the payment of the County's share of the retirement allowances. When a retirement annuity is scheduled to commence, sufficient monies are transferred from the County Annuity Reserve Account to the Retired Members' Reserve Account to provide for such an annuity. As of January 1, 2016, the balance in this account was \$34,889,640.

Retired Members' Reserve Account: This is the account from which monthly retirement allowances, including cost-of-living increases and death benefits, are paid. As of January 1, 2016, the balance in this account amounted to a fully funded \$126,457,684.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN - (Continued)

Component Unit - CCBC

CCBC participates in a cost sharing defined benefit multiple-employer Public School Employees' Retirement System (PSERS) established under and administered by the authority of the Public School Employees' Retirement Code Act No. 96 of October 2, 1975, as amended (24 Pa. C.S. 8101-8535). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief summary of the plan's provisions are as follows:

Pension Benefits - Eligible participants are entitled to a normal retirement allowance totaling 2.5% of the participants' final average compensation, as defined, multiplied by the number of years of credited service. The defined benefit for a participant leaving employment before attaining retirement age but completing five years is vested and early retirement benefits may be elected. The plan provides for retirement, death and disability benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants.

Retirement Age - Participants may retire with normal benefits at age sixty-two, age sixty with thirty or more years of service, or with thirty-five years of service regardless of age.

Death Benefits - When a participant dies in active service after attaining age sixty-two or ten years of service, the beneficiary is entitled to a death benefit equal to the benefit which would have been effective if the member retired on the day before death.

Disability Benefits - A participant who becomes disabled after completing five years of credited service is eligible for an annuity totaling 2.5% of the final average salary, as defined, multiplied by the number of years of credited service, but not less than one-third of such salary, nor greater than the benefit the member would have had at normal retirement age.

The employer and employee obligations to contribute are established by authority of the aforementioned Public School Employees' Retirement Code and require contributions by active members, participating employers, and the Commonwealth.

Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2015, the rate of employer contribution was 21.4% of covered payroll. This rate is comprised of a 0.90% rate for health insurance premium assistance and a pension contribution rate of 20.50%.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE G - EMPLOYEE RETIREMENT PLAN - (Continued)

Component Unit – CCBC – Continued

Pension expense for CCBC for the year ended June 30, 2015, totaled \$148,208 based on a total covered payroll of \$1,395,000. Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Member Class TC) or at 6.5% (Member Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Member Class TC) or at 7.5% (Member Class TD) of the member's qualifying compensation. Members who joined the System after June 30, 2001, contribute at 7.5% (automatic Member Class TD). For all new hires and for members who elected Class TD membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011, contribute at 7.5% (Member Class TE) or at 10.3% (Member Class TF). CCBC employees contributed \$101,992 to the PSERS for the year ended June 30, 2015.

The PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Diane J. Wert, Office of Financial Management and Budget, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125.

This publication is also available on the PSERS website at:
<http://www.psers.state.pa.us/publications/general/cafr.htm>.

CCBC adopted GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". These statements revise and establishes reporting requirements for most governments that provide employees with pensions. The adoption of these statements necessitated an adjustment to January 1, 2015, net position. Ending net position for December 31, 2014, was previously reported as \$7,059,778. The adjustment of \$2,248,535, gives the County a restated net position of \$4,811,243.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE H - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The Beaver County, PA Deferred Compensation Plan No. 638001 (the Plan), a single employer defined contribution plan, is available to substantially all County employees, and it enables them to defer a portion of their compensation for purposes of retirement savings. The Plan's administrator is Rivers Edge and for the year ended December 31, 2015, total employee contributions amounted to \$378,539. There were no employer contributions for this same period. Participation in the Plan is optional. The deferred compensation is not available for withdrawal until termination, retirement, death or an unforeseeable emergency. During 1997, the County placed all assets of the Plan in a custodial account. As a result, and in accordance with GASB Statement No. 32, the Plan's assets have been removed from the County's Agency Fund.

Component Unit – BCTA

BCTA maintains two Simplified Employees' Pension Plans, a type of single-employer defined contribution plan, for salaried and hourly employees. BCTA is the plans' administrator and it agrees to contribute annually a percentage of the participants' salaries, but not exceeding the federally mandated maximum for such plans. All full-time employees who earn at least \$450 in any three of the last five calendar years are eligible to participate in the plans. Participants are not required to contribute to the plans. BCTA's contributions amounted to approximately \$128,560 for the year ended June 30, 2014.

Component Unit - CCBC

CCBC established a Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF), under Section 403 (b) of the Internal Revenue Code, for eligible employees. This TIAA-CREF is a single-employer defined contribution plan administered by CCBC. Under the plan, individual contracts are entered into for covered employees. Employees are fully vested, and the contract fully funded, in accordance with the terms of the contract. Employee contributions are 5% of covered compensation. Employer contributions vary according to compensation levels and the employees' position at CCBC. During the year ended June 30, 2015, CCBC contributed \$727,995 to this retirement plan.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE I – SHORT-TERM DEBT

On January 2, 2015, the County entered into a Tax and Revenue Anticipation Note (“TRAN”) with a financial institution for the purpose of meeting current expenditures ahead of expected revenues. The note provided for borrowings of \$5 million bearing interest at 1.20%. On November 19, 2015, the County entered into an additional TRAN to borrow \$7 million from a financial institution for the purpose of short-term financing needs.

Beginning Balance at January 1, 2015	Borrowings	Repayments	Interest Accrued	Ending Balance at December 31, 2015
-	12,000,000	(2,500,000)	45,995	9,545,995

The County issued checks on December 29, 2015, amounting to \$9,545,994.87, payable to Huntington Public Cap Corp to pay the then outstanding balance of the TRAN issued during 2015, as shown above. At December 31, 2015, the checks issued were in excess of the funds available in the bank account by approximately \$8.3 million. On January 4, 2016, the County and Huntington National Bank entered into the 2016 TRAN in the amount of \$13 million, which was wired into a County bank account used in conjunction with the bank account used to draw checks, mentioned above.

Management believes that it is not probable that the ultimate outcome of any possible uncertainties surrounding these transactions will have a negative impact on the County’s financial position.

Component Unit - BCTA

BCTA maintains two \$500,000 demand lines of credit with a financial institution. One credit facility is restricted to purposes of the Medical Assistance Transportation Program. The terms of the agreements call for interest to be charged based on a percentage of prime rate on any outstanding balance. There are no outstanding balances as of June 30, 2015.

Component Unit - CCBC

On August 21, 2009, CCBC entered into a working capital line of credit note for \$1,500,000. The terms of the note call for a per annum rate of interest equal to the London Interbank Offering Rate plus 150 basis points. The general revenues of CCBC serve as collateral on this note. There is no outstanding balance on this line of credit as of June 30, 2015.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES

The following summarizes the long-term debt activity for the year ended December 31, 2015:

	Interest Rate	Issued	Maturity	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
<u>Governmental Activities</u>								
General Obligation Bonds								
Series of 2009 Notes	2.50-5.55	02/12/2009	11/15/2031	\$ 65,065,000	\$ -	\$ (1,885,000)	\$ 63,180,000	\$ -
				<u>65,065,000</u>	<u>-</u>	<u>(1,885,000)</u>	<u>63,180,000</u>	<u>-</u>
Other General Long-Term Liabilities								
Pension Bond of 2005	4.75-5.65	12/22/2005	12/15/2030	11,065,000	-	(450,000)	10,615,000	-
PFA Series A of 2005	3.75-5.60	05/27/2005	10/01/2029	2,440,000	-	(110,000)	2,330,000	-
Pension Bond of 2009	3.86-6.50	07/08/2009	05/15/2032	19,035,000	-	(25,000)	19,010,000	95,000
DCED GOB	1.00	08/01/2011	07/01/2021	39,129	-	(5,770)	33,359	5,827
PFA Series of 2012	2.00-4.00	10/01/2012	10/01/2031	5,160,001	-	(1,790,000)	3,370,001	450,000
PFA Series of 2013	0.70-2.60	05/15/2013	11/15/2024	9,970,000	-	(375,000)	9,595,000	870,000
				<u>47,709,130</u>	<u>-</u>	<u>(2,755,770)</u>	<u>44,953,360</u>	<u>1,420,827</u>
Discount				(1,307,123)	-	85,419	(1,221,704)	-
Total Governmental Activities				<u>\$ 111,467,007</u>	<u>\$ -</u>	<u>\$ (4,555,351)</u>	<u>\$ 106,911,656</u>	<u>\$ 1,420,827</u>

The County issued new debt in May 2016 that refinanced several of the above listed debts thereby reducing their short-term liability that was due within one year to \$1,340,827. The chart appearing later in this note regarding future payments has also been updated to reflect the payment schedules following the issuance of this new debt.

The following is a brief description of the outstanding debt issues of the County:

Governmental

Series of 2009 Notes

In 1997, the County issued \$61,060,000 of General Obligation Bonds, Series of 1997 (the 1997 Bonds), for the purpose of refunding the General Obligation Bonds, Series of 1996. On November 1, 2007, the County issued \$59,200,000 in General Obligation Bonds, Series B of 2007 (the 2007 Bonds), which were used to defease the then remaining balance of the 1997 Bonds. The amount of debt refinanced and considered defeased as a result of this issuance was \$58,125,000. The interest on these bonds was variable and paid monthly as determined by a third party with the purpose of aligning the bonds' interest rate to market conditions. All of the 1997 Bonds previously defeased have been redeemed on or prior to December 31, 2012.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES – (Continued)

On February 12, 2009, the County issued \$72,685,000, of General Obligation Notes, Series of 2009 at a discount of \$1,117,031, for the purpose of refunding the 2007 Bonds, terminating the 2006 Swap Agreement, and to finance various capital projects. From the proceeds of the issuance, approximately \$58.7 million was for the refunding of the 2007 Bonds, \$6.9 million was for the termination of the Swap Agreement, and \$4.8 million was for capital projects of the County. Interest is payable in semi-annual payments ranging in rates from 2.50% to 5.55%. Mandatory bond sinking fund payments, from \$600,000 to \$8,150,000 installments, take effect in 2010 and continue through bond maturity on November 15, 2031. This debt issue was shared with Friendship Ridge. As of December 31, 2014, all of the defeased 2007 Bonds have been redeemed.

Pension Bond of 2005

On December 22, 2005, the County issued \$13,675,000 of Federally Taxable General Obligation Pension Bonds, Series of 2005, with the intent of reducing volatility in annual required contributions to the County's retirement system. The proceeds of these bonds, net of issuance costs and discounts, were contributed to the County retirement system's trust fund. Interest is payable semi-annually in a range of rates between 4.75% and 5.65% per annum. Principal matures in installments starting in 2007 and throughout 2030. Principal payments range from \$320,000 to \$1,005,000. Mandatory bond sinking fund requirements take place for principal maturities after December 25, 2015.

PFA Series A of 2005

The County entered into a loan agreement with the PFA on May 27, 2005, in the amount of \$3,240,000. The majority of these proceeds were granted to a local performing arts center for construction purposes. The County's payments under this loan agreement equal the debt service requirements on the PFA's Federal Taxable Guaranteed Revenue Bonds, Series A of 2005, of which the County is a guarantor. The annual interest rates range from 3.75% through 5.60%. Mandatory bond sinking fund requirements for certain principal redemptions take effect starting in 2008. Effective October 1, 2015, and thereafter, the County has the right to extinguish any or all debt outstanding through this loan agreement with the PFA.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES – (Continued)

Pension Bond of 2009

On July 8, 2009, the County issued \$19,135,000 of Federally Taxable General Obligation Pension Bonds, Series of 2009, at a discount of \$622,028, with the intent of reducing volatility in annual required contributions to the County's retirement system. The proceeds of these bonds, net of issuance costs and discounts, were contributed to the County retirement system's trust fund. The County allocated one half of this obligation to its governmental activities and the other half to Friendship Ridge. Interest is payable semi-annually in a range of rates between 3.86% and 6.50% per year. Mandatory bond sinking fund payments, ranging from \$5,000 to \$10,825,000, take effect in 2010 and continue through bond maturity on November 15, 2032.

DCED General Obligation Note

The County entered into a loan agreement as the maker of a general obligation note with the Commonwealth Finance Authority for \$58,403 to finance a portion of the expenses related to upgrading the lighting around the courthouse and magistrate offices. The interest rate is fixed at 1.00% per year. Payments began in August 2011 and will continue in monthly installments ranging from \$461 to \$560 through maturity in July 2021.

PFA Series of 2012

On May 1, 2012, the County executed two agreements with the PFA to refinance several debt obligations of the County, including Friendship Ridge. This generated the issuance of the Pennsylvania Finance Authority, County of Beaver Guaranteed Revenue Bonds, Series of 2012 (the "PFA Series of 2012"), at a face value of \$15,670,000.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES – (Continued)

PFA Series of 2012 – Continued

The debt refundings that took place are hereby depicted:

	Governmental Activities	Friendship Ridge
Issuance of debt - face value	\$ 7,958,208	\$ 301,792
Current refunding payments:		
Series A of 2005	(1,726,413)	-
PFA Series A of 2006	(3,040,135)	(290,970)
PFA 2006 Bonds	(3,029,155)	-

Additionally, \$7,410,000 of the PFA Series of 2012 was applied to refinance the Human Services Building Lease (see below) and \$217,143 remaining in proceeds was placed in the governmental Capital Bond fund restricted for purposes of capital assets investment. Debt proceeds available for refunding and capital projects were reduced by an original issue discount of \$35,127 and issuance costs of \$218,576. The refunding of the Series A of 2005, the PFA Series A of 2006, and the PFA 2006 Bonds generated \$523,660 in combined debt service savings over the repayment span of the PFA Series of 2012 and the transaction yielded an economic gain of \$353,084 for the governmental activities. A deferred amount on refunding of \$126,390 has been recognized for the governmental activities, which, as of December 31, 2015, is recorded in the government-wide Statement of Net Position with a balance of \$54,921. Amortization of this amount is recorded yearly as interest expense. Interest on this issue is payable semiannually at annual rates from 2.0% to 4.0%. Debt service payments started in October 2012 and end in October of 2025. Payments to satisfy the lease portion under the PFA Series of 2012 continue until October 2031. Combined yearly principal maturities range from \$360,000 to \$2,225,000. Mandatory bond sinking fund payments start in the year 2023. The bonds maturing after April 1, 2022, can be redeemed early at the option of the PFA upon the written direction of the County.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES – (Continued)

PFA Series of 2013

In March of 2013, the County executed an agreement with the PFA to refinance the General Obligation Bonds, Series A of 2007, a debt obligation of the County, including Friendship Ridge. This generated the issuance of the Pennsylvania Finance Authority, County of Beaver Guaranteed Revenue Bonds, Series of 2013 (the “PFA Series of 2013”), at a face value of \$10,350,000. The advance refunding was accomplished by placing \$9,661,258 in a third-party trust fund. This resulted in a net economic gain of \$76,003 and net cash flow savings of \$435,935 over the term of the PFA Series of 2013, both recognized in total for the County. A total deferred amount on refunding of \$898,782 has been recorded as well in 2013. At December 31, 2015, the outstanding balance of unamortized deferred amount on refunding for this issue is \$616,401 and it is presented in the government-wide Statement of Net Position. Amortization of this amount is recorded yearly as interest expense. Interest is paid semiannually at annual coupon rates ranging from 0.7% to 2.6%. The bonds mature in annual installments ranging from \$190,000 to \$1,490,000 ending in 2024. Early redemption of the bonds is permitted starting in November 2021 as an option of the County.

Changes in the rate of interest payable on the various outstanding bonds are determined by the applicable bond indentures.

The aggregate amount of debt service requirements, which includes outstanding General Obligation Bonds, Other General Long-Term Liabilities, and approximately \$9.2 million of the 911 Center capital lease, during the next five years and thereafter is as follows:

	Governmental Activities	
	Principal	Interest
2016	\$ 1,340,827	\$ 3,850,378
2017	4,910,888	4,421,060
2018	6,660,948	4,331,760
2019	6,816,008	4,179,280
2020	6,981,069	4,008,956
2021-2025	38,153,618	16,777,839
2026-2030	45,125,000	9,823,417
2031-2035	20,665,000	1,313,907
	130,653,358	48,706,597
Unamortized Premium / Discount	(38,384)	38,384
	\$ 130,614,974	\$ 48,744,981

COUNTY OF BEAVER, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

The following summarizes other long-term obligation activity for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
Governmental Activities					
Capital Lease Obligations	\$ 15,885,089	\$ -	\$ (370,119)	\$ 15,514,970	\$ 356,947
Compensated Absences	1,167,785	162,437	(191,971)	1,138,251	189,822
Early Termination Benefits	223,399	-	(223,399)	-	-
Total County-wide	<u>\$ 17,276,273</u>	<u>\$ 162,437</u>	<u>\$ (785,489)</u>	<u>\$ 16,653,221</u>	<u>\$ 546,769</u>

Typically, long-term liabilities reported by Governmental Activities, other than those arising from the issuance of bonds or other long-term debt agreements, are liquidated by the funds incurring such liabilities.

Capital Lease Obligations

The County has recorded the following leased assets in the government-wide Statement of Net Position:

	Governmental Activities
Land	\$ 392,984
Buildings	17,504,086
Equipment	81,604
Vehicles	332,769

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Capital Lease Obligations – Continued

Human Services Building Lease

The County entered into a lease agreement with the PFA during 2002. The lease is for a building to consolidate office locations of the County's Human Services agencies. Construction of this building was financed by the PFA's issue of \$7,865,000 Guaranteed Lease Revenue Bonds, Series A of 2002. The County is the guarantor of this bond issue and of the minimum lease payments over the lease term. The monthly payment under this lease amounts to approximately \$44,000 through September 2031. The County shall have the right to acquire title to the property for no additional consideration at the earlier of the expiration of the lease or when the bond issue related to the financing of this building is no longer outstanding. This lease agreement was amended effective October 15, 2006, as a consequence of the refunding of the PFA's Guaranteed Lease Revenue Bonds, Series A of 2002, and again on May 1, 2012, through a portion of the PFA Series of 2012 issue. The amended lease payments cover the debt service on \$7,410,000 of the PFA Series of 2012, which the County guarantees. All other lease terms remain unchanged.

The outstanding balance of this capital lease obligation at December 31, 2015, is approximately \$5,630,000. This amount is recorded as a liability in the Statement of Net Position, Governmental Activities. The difference between the recorded amount and the face value of the issued debt consists of retired maturities on the lease and an amount treated as future interest costs when accounting for capital leases. The agreement also requires the County to pay for bond maintenance fees, real estate taxes, and other miscellaneous lease-related charges.

Community Development Building Lease

A second lease agreement was entered into in 2002 between the County and the city of Beaver Falls. The lease is for a building to house the Community Development Program of Beaver County and a parking lot. The outstanding balance of this capital lease obligation at December 31, 2015, is approximately \$260,600. Payments under this lease are due every three months at \$8,000 each, for a term ranging through September 2026. The building's title transfers to the County upon expiration of the lease at no additional cost.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Capital Lease Obligations – Continued

Land

A land lease for the aforementioned Human Services building and related parking facilities is in effect with the PFA. The lease calls for monthly payments through September 2026, amounting to a total principal of approximately \$234,900 remaining as of December 31, 2015. Payments are due monthly at \$2,400 each. The County acquires title to the land upon expiration of the lease at no additional cost.

Conservation Building Lease

On May 15, 2005, the County entered into an agreement of lease and sublease with the PFA for a building known as the Conservation Building. The County received \$700,000 from the PFA as a prepayment of its lease obligation. The agreement further provides for the County to sublease the Conservation Building from the PFA. The outstanding balance of this sublease at December 31, 2015, amounts to approximately \$550,000 with semiannual installments ranging from \$2,006 to \$77,006. Any or all payments due on or after October 2015 may be prepaid at the option of the County. In addition, the County has leased this facility to another party. This transaction was recorded by the County as a disposal. Payments under this lease approximate the PFA's debt service requirements on its Federally Taxable Guaranteed Revenue Bonds, Series B of 2005. The County guarantees the payment of this bond issue.

911 Center Lease

The County entered into a capital lease agreement with the Beaver County Economic Development Authority in November 2008 for the acquisition of land and construction of a building to house the Beaver County 911 Center. This lease began in November 2008 and will continue through February 2025. A bargain purchase option is available to the County at the end of the lease term. The construction of the building was completed in 2009. The outstanding balance of this capital lease obligation at December 31, 2015, is approximately \$9,197,300. Semi-annual installments ranging from \$589,000 to \$1,531,875 are made on this obligation and they will continue through February 2025.

This lease was satisfied in May 2016 with proceeds from the issuance of General Obligation Bonds, Series A and B of 2016. See Note P for further information on the bond issuance.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Capital Lease Obligations – Continued

Equipment Leases

In June 2012, the County entered into a capital lease agreement for computer software and hardware to be used throughout the County's facilities. This lease continued through June 2015, when the County took over ownership of this equipment.

The County entered into a capital lease contract in 2013 for additional computer hardware and software to be used throughout the County's facilities. The lease began in June 2013 and it will continue through June 2016. A bargain purchase option is available to the County at the end of the lease term. The outstanding balance of this lease at December 31, 2015, amounts to approximately \$21,200 with yearly installments of roughly \$20,400.

Vehicle Leases

The County entered into a capital lease agreement in 2006 for a motorcycle for the Sheriff's department at a cost of \$100 per month. The outstanding principal at December 31, 2015, on this lease is around \$17,000.

In 2013, the County entered into a capital lease arrangement for six new vehicles dedicated to the Sheriff's department, for a lease term of forty-eight months and a total amount financed of \$165,029 plus interest at an annual rate of 5.70%. The outstanding principal balance on this lease at December 31, 2015, is nearly \$42,300.

The County entered into a capital lease arrangement in 2014 for a total of eight new vehicles dedicated to the District Attorney's office for a total amount financed of \$147,963. The outstanding principal balance on this lease at December 31, 2015, is roughly \$111,600.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Capital Lease Obligations – Continued

The following schedule summarizes future minimum lease payments due:

	Governmental Activities			Total Minimum Lease Payments
	Buildings	Land	Other	
2016	\$ 2,088,548	\$ 28,800	\$ 97,979	\$ 2,215,327
2017	2,089,998	28,800	30,600	2,149,398
2018	2,087,453	28,800	30,600	2,146,853
2019	2,089,643	28,800	30,600	2,149,043
2020	2,086,506	28,800	30,601	2,145,907
2021-2025	10,185,480	144,000	6,885	10,336,365
2026-2030	2,666,040	21,600	6,000	2,693,640
2031-2035	527,988	-	6,000	533,988
2036-2040	-	-	1,200	1,200
	<u>23,821,656</u>	<u>309,600</u>	<u>240,465</u>	<u>24,371,721</u>
Less: Interest	(8,733,777)	(74,691)	(48,283)	(8,856,751)
Present Value	<u>\$ 15,087,879</u>	<u>\$ 234,909</u>	<u>\$ 192,182</u>	<u>\$ 15,514,970</u>

The interest rates used to calculate the amount representing interest costs were obtained from the individual lease agreements. The blended interest rate is approximately 4.5%.

Minimum lease payment amounts due within one year are reported as follows in the government-wide Statement of Net Position:

	Governmental Activities			Total Minimum Lease Payments
	Buildings	Land	Other	
2016 Payment	\$ 2,088,548	\$ 28,800	\$ 97,979	\$ 2,215,327
Less: Interest	(1,834,678)	(11,766)	(11,936)	(1,858,380)
Present Value	<u>\$ 253,870</u>	<u>\$ 17,034</u>	<u>\$ 86,043</u>	<u>\$ 356,947</u>

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Capital Lease Obligations – Continued

Summary

	<u>Governmental Activities</u>
Due within one year:	
Obligations under bond issuances	\$ 1,340,827
Obligations under capital leases	356,947
Compensated absences	189,822
Total	<u>\$ 1,887,596</u>
Due in more than one year:	
Obligations under bond issuances	\$ 106,792,532
Less: Bond Discount	(1,221,704)
Obligations under capital leases	15,158,022
Compensated absences	948,429
Total	<u>\$ 121,677,279</u>

Certain bond issuances of the County are subject to federal arbitrage regulations. The County does not believe that it is in violation of these arbitrage regulations. Additionally, Beaver County is subject to certain provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania which limits the amount of debt that the County can issue. As of December 31, 2015, the County's legal debt margin is approximately \$102 million for non-electoral debt and approximately \$228 million for non-electoral and lease rental debt combined.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Liquidation of Long-term Liabilities

All outstanding long-term liabilities related to governmental activities have historically been liquidated as follows:

- Long-term debt, other than what is identified below, has been completely liquidated by the General Fund.
- Capital lease obligations have been liquidated by the funds that realize the benefit of the financed asset.
- The Human Services Building and land leases have been liquidated by the following funds: Mental Health / Intellectual Disabilities, Children & Youth, and Office on Aging.
- The 911 Center lease is paid through the Emergency Management Services Agency of the County, which is part of the General Fund.
- The Community Development Building and related parking lot lease has been fully liquidated by the Community Development Fund.
- All computer leases have been fully liquidated by the General Fund.
- Compensated absences have been liquidated according to the following chart. The amount paid by each fund is based on benefits earned by the employees of that fund.

<u>Fund</u>	<u>Liquidation %</u>
General Fund	67%
Mental Health / Intellectual Disabilities	13%
Children & Youth	9%
Community Development	1%
HealthChoices	1%
Other Governmental Funds	9%

- Early termination benefits have been mostly liquidated by the General Fund.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Component Unit – CCBC

Outstanding Debt Issuances

In August of 2012, the Pennsylvania Finance Authority issued \$2,890,000 in College Revenue Bonds – Series of 2012. The bonds were issued to refund the outstanding amount of Community College Revenue Bonds – Series of 1998, and to pay for the costs of issuing the bonds. In connection with the issuance of the bonds, the Authority entered into a loan agreement with CCBC, whereby the Authority will loan the proceeds of the bonds to the College. The loan agreement requires CCBC to make loan repayments to the Authority in an amount sufficient to pay the debt service requirements of the bonds. The obligation of CCBC under the loan agreement is evidenced by a signed general obligation promissory note dated as of February 1, 1998. The Authority bonds were issued in denominations of \$5,000 with interest payable on June 1 and December 1 of each year through maturity. The interest rate on the bonds is 2% with the bonds scheduled to mature December 1, 2019. The bonds provide for early redemption options as detailed in the official statement of issue.

In April 2007, the PFA issued \$27,780,000 in College Revenue Bonds – Series of 2007 to finance new construction, additions and renovations on the campus of CCBC. In connection with the issuance of the Bonds, the PFA entered into a Loan Agreement with CCBC, whereby the PFA will loan the proceeds of the bonds to CCBC. The loan agreement requires CCBC to make loan payments to the PFA in an amount sufficient to pay the debt service requirements of the Bonds. The obligation of CCBC under the loan agreement is evidenced by a signed general obligation promissory note dated April 15, 2007. The PFA bonds were issued in denominations of \$5,000 with interest payable on May 15 and November 15 of each year through maturity. Interest rates range between 3.50% and 4.375% with the bonds scheduled to mature December 1, 2031. The bonds provide for early redemption options as detailed in the official statement of issue.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Component Unit – CCBC – Continued

CCBC has also advanced refunded the Series A of 1994 Community College Revenue Bonds. In doing so, the PFA entered into an irrevocable trust agreement with PNC Bank to purchase U.S. Government Securities in an amount sufficient to fully service the defeased 1994 Bond Issue debt as it matures or is called. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability of the CCBC.

In connection with the refunding, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a reduction to long-term debt on the balance sheet and amortized over the shorter of the term of the refunding issue or the refunded bonds. CCBC incurred a deferred refunding loss of \$569,680 which is being amortized over the life of the refunding issue using the straight-line method. During the year ended June 30, 2015, CCBC amortized \$30,267 of this loss which is shown as part of interest expense. The unamortized balance of \$103,412 at June 30, 2015, is deducted from the long-term portion of notes payable.

A summary of CCBC's general obligation promissory notes outstanding, due to the PFA at June 30, 2015, is as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 825,000	1,051,988	\$ 1,876,988
2017	850,000	1,025,404	1,875,404
2018	875,000	997,678	1,872,678
2019	900,000	967,554	1,867,554
2020	940,000	935,629	1,875,629
2021-2025	7,590,000	3,838,967	11,428,967
2026-2030	9,410,000	2,017,916	11,427,916
2031-2035	4,375,000	193,485	4,568,485
	<u>\$ 25,765,000</u>	<u>\$ 11,028,621</u>	<u>\$ 36,793,621</u>

Capital Lease Obligations

In July of 2012, CCBC entered into a lease agreement with First National Bank Commercial Leasing in order to finance the purchase of technology equipment in the amount of \$484,546. Four annual payments of \$125,155 starting on August 10, 2012 through August 10, 2015, are due under this agreement. Interest on the outstanding balance accrues at the rate of 2.22%. The equipment acquired serves as collateral on the lease.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE J - LONG-TERM LIABILITIES - (Continued)

Component Unit – CCBC – Continued

In September of 2013, CCBC entered into a lease agreement with First National Bank Commercial Leasing in order to finance the purchase of technology equipment in the amount of \$171,303. Three annual payments of \$58,654 starting on September 23, 2013 through September 23, 2016, are due under this agreement. Interest on the outstanding balance accrues at a rate of 2.15%. The equipment purchased serves as collateral on the lease.

Additionally, CCBC currently leases copier equipment from Xerox for use in its publications department. The terms of the lease agreement dated July 1, 2010, calls for monthly payments of \$12,600. Lease expense for the year ended June 30, 2014 was \$151,200. This lease terminated on June 30, 2015.

Compensated Absences and Other Post-Employment Benefits

The terms of the collective bargaining agreements between the CCBC and the Community College of Beaver County Society of the Faculty and Educational Support Personnel Association provide for the accumulation of sick and vacation days for eligible personnel based on employment status and length of service. As of June 30, 2015, accumulated compensated absences totaled \$678,189.

As per the terms of the collective bargaining agreements between CCBC and its collective bargaining units, CCBC continues to provide post-retirement healthcare benefits for eligible employees and the employees' spouses who elect early retirement. Per the collective bargaining agreements, these early retirement program benefits provide retired members with the option to pay his/her own insurance at group rates through CCBC.

Additionally, CCBC provides special one-time early retirement incentives to eligible members of the Beaver County Society of the Faculty, the amounts of which are dependent upon the collective bargaining agreement under which the eligible member retired. The terms of the current collective bargaining agreement provide for the payment of graduated amounts per year toward health insurance, depending on retirement age, up to a maximum of \$7,000 per year for a period of three years (commencing August 31, 2010). As of June 30, 2015, the total calculated liability for retiree health insurance benefits and early retirement incentives totaled \$562,058 and \$0, respectively.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE K - CONTINGENCIES

The County participates in a number of federal and state assisted grant programs. These grants are potentially subject to program compliance audits by the grantors. Such audits could result in expenditures being disallowed and funds being due back to the grantor agencies. The amount of expenditures that may be disallowed in the future, if any, cannot be determined at this time.

The County is party to exposure from various claims and other legal proceedings. They include, but are not limited to, employment, civil rights, medical malpractice, and personal injury matters. The County has also faced legal proceedings related to the failure to develop a storm water management plan in recent years.

Management has provided for certain matters, where considered necessary, in the financial statements. For other claims, management is of the opinion that these matters will not have a material effect on the County's financial position or it is too early in the litigation stage to evaluate the likelihood of an outcome or the range of potential loss.

2006 Swap Agreement Termination

During September 2006, the County entered into an agreement with a counterparty that terminated two previous derivative instruments and replaced them with an interest rate management plan that extends over the life of the 1997 Bonds. Under this agreement (the 2006 Swap Agreement), the County terminated the derivative agreements that were outstanding in 2006 and refunded the total outstanding principal under the 1997 Bonds as of October 1, 2007, at a variable rate.

Certain events in the 2006 Swap Agreement are described as "events of default." The 2006 Swap Agreement also included termination provisions for the County.

In February 2009, the County informed the counterparty to the 2006 Swap Agreement that it wished to terminate the 2006 Swap Agreement due to the County's claims of an event of default per the terms of the agreement. The County paid the counterparty approximately \$7,000,000 to terminate the agreement. The County believes that the counterparty was paid an amount that was in accordance with the 2006 Swap Agreement to terminate the Agreement. While the County believes that this amount was fairly and reasonably calculated in accordance with the provisions of the 2006 Swap Agreement, no assurance can be given that it will not be contested by the counterparty. In such case, the amount may be substantially larger than calculated amount.

2015 Countywide Tax Reassessment

In December 2015, a Complaint was filed against the County for a countywide reassessment. This matter is currently pending with the Court.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE K – CONTINGENCIES - (Continued)

Component Unit - BCTA

BCTA's state and federally funded programs are subject to audit by various governmental agencies. BCTA is potentially liable for any expenses disallowed by the results of these audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenses.

Component Unit - CCBC

CCBC's state and federally funded programs are subject to audit by various governmental agencies. CCBC is potentially liable for any expenses disallowed by the results of these audits. The Commonwealth of Pennsylvania's Office of Labor, Education and Community Services conducts annual audits of CCBC's Claim for Subsidy Reimbursement submitted annually to the Commonwealth. Management is not aware of any items of noncompliance which would result in the disallowance of program expenses.

CCBC is potentially liable for any costs of program non-compliance, not covered by commercial insurance, incurred by its Police Technology Program as a result of a program audit conducted by the Commonwealth of Pennsylvania. CCBC recorded an initial estimated liability of \$150,000 during the 2003-2004 fiscal year to cover these potential costs. As of June 30, 2015, the remaining unused portion of this estimated liability was \$143,822.

NOTE L - RISK MANAGEMENT

The County is exposed to various risks of loss including loss of property, torts, errors and omissions, use of County owned vehicles, workers' compensation incidents, and employee health benefits. The County handles exposure to these risks in various ways.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE L - RISK MANAGEMENT – (Continued)

Property/Casualty Exposures

The County is a member of Pennsylvania Counties Risk Pool (PCoRP) which provides insurance coverage for general liability, public official's liability, law enforcement liability, property loss, vehicle usage, and crime. There have been no significant changes in PCoRP coverage in the past three years and settled claims have not exceeded the coverage provided in those years. PCoRP is a public entity risk pool exclusively for member counties of the County Commissioners Association of Pennsylvania. PCoRP was organized as a property/casualty self-insurer and it provides coverage through its self-insured retention fund of claims less than \$450,000 for liability, \$350,000 for crime, and \$250,000 for property. There is a deductible of \$50,000 for liability, \$25,000 for property, \$1,500 for equipment breakdown, and \$5,000 for crime, per occurrence. PCoRP purchases excess coverage for claims over that threshold up to a maximum limit of \$5,000,000 for liability, \$500,000,000 for property, \$100,000,000 for equipment breakdown, and \$1,000,000 for crime. Members pay premiums to cover the costs of administration, excess insurance, and loss control services. The premium is adjusted annually to reflect both the costs of excess insurance and the most recent five-year experience with members.

HealthChoices Exposures

The County has entered into an agreement with the Commonwealth of Pennsylvania's Department of Human Services (Commonwealth) for the HealthChoices Behavioral Health Program. Under the terms of the contract, the County is fully exposed to the risk that behavioral healthcare services provided under this program to eligible enrollees will exceed the revenue provided by the Commonwealth to the County.

The term of the current contract between the County and the Commonwealth is from January 1, 2014 through December 31, 2018. Under this contract either party has the option to terminate the agreement without cause upon one-hundred twenty days' notice to the other party.

The County accrues an estimate of its health care cost liability at the end of each accounting period. The estimate is developed using a process that accounts for the lag between the point in time that payment is made for a service and the point in time that the County became liable for the service. The County's estimated medical claims liability is reviewed and certified by an independent actuarial firm on a quarterly basis.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE L - RISK MANAGEMENT – (Continued)

HealthChoices Exposures - Continued

The following table shows the changes in the actuarially certified estimated medical claims liability of the HealthChoices Program:

	<u>HealthChoices</u>
Liability balance - January 1, 2014	\$ 2,249,833
Incurred claims and estimates	28,997,166
Less: Claims paid during period	<u>28,846,999</u>
Liability balance - December 31, 2014	2,400,000
Incurred claims and estimates	26,282,280
Less: Claims paid during period	<u>26,382,280</u>
Liability balance - December 31, 2015	<u><u>\$ 2,300,000</u></u>

The County maintains a cash reserve that can be drawn upon in the event program expenditures exceed revenue. The balance of these reserve accounts is approximately \$7.7 million. This entire balance is available to cover potential losses in future periods.

Employee Health Care and Workers' Compensation

The County has elected to self-fund the health and prescription drug employee benefits. Under the self-funded arrangement, the County's third party administrators pay all claims for medical and prescription costs. The County reimburses the administrators for these charges and pays an administrative fee based on membership and/or utilization. The County is responsible for the first \$150,000 of medical claims for any member each year. A stop loss insurance policy has been purchased to provide for payment above the yearly individual limit. The policy includes \$1,000,000 of coverage if aggregate claims exceed the attachment point of \$10,224,434. During 2014, the County's attachment point for individual claims was \$150,000 and the attachment point for aggregate claims was \$15,540,127. The prescription drug coverage provided to employees is not covered by stop loss insurance.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE L - RISK MANAGEMENT – (Continued)

Employee Health Care and Workers’ Compensation – Continued

The County has elected to largely self-insure its workers’ compensation claims. To mitigate excess exposure, the County purchased a commercial large-deductible insurance policy which began on January 1, 2004. The County is responsible for the first \$200,000 of any individual claim. The limits of policy coverage are defined by a Pennsylvania Statute and it includes limits of \$1,000,000 for employer’s liability for any individual claim, employee, and in aggregate for the annual policy period.

Changes in the estimate of the self-insured workers’ compensation and employee health benefits claims liability are as follows:

	<u>Governmental Activities</u>	<u>Friendship Ridge</u>
Liability balance - January 1, 2014	\$ 669,894	\$ 592,206
Incurred claims and estimates	11,032,868	1,493,505
Less: Claims paid during period	<u>10,812,708</u>	<u>2,085,711</u>
Liability balance - December 31, 2014	890,054	-
Incurred claims and estimates	12,273,620	-
Less: Claims paid during period	<u>12,345,270</u>	<u>-</u>
Liability balance - December 31, 2015	<u>\$ 818,404</u>	<u>\$ -</u>

All functions of the County estimate liabilities for unpaid claims based on a claims’ payment history.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE L - RISK MANAGEMENT – (Continued)

Risk Accounting

The County has created two internal service funds within which transactions related to the self-funded programs of workers' compensation and the health insurance programs are recorded. Revenues expected to cover expenditures for each program are generated by an internal charge, based on either payroll by class or by membership, applied to all operating funds.

Management is currently in the process of evaluating both the employees' health care charge and the workers' compensation charge to more adequately address costs and the growing deficit of the funds' net position.

Component Unit – BCTA

BCTA is a member of the SAFTI Property and Liability Insurance Pool, which is an insurance pool that provides BCTA and other Pennsylvania Transit Properties insurance coverage for the following types of liabilities: automobile, employee benefit, public official, general, crime, property, boiler and machinery, and workers compensation. BCTA pays an annual premium each year that includes fixed costs and a loss funding. During the 2014-2015 fiscal year, BCTA paid premiums, excluding workers compensation, of \$83,481 for fixed costs and \$126,429 for loss funding. Premiums paid for workers compensation were \$51,191 for fixed costs and \$251,754 for loss funding less a dividend of \$37,942. This fund is self-insured but holds policies which provide excess coverage once a claim reaches a certain dollar level, which varies depending on the coverage. Insurance rates are based on individual performance, but all members of the pool share in or participate in the losses.

Component Unit – CCBC

CCBC is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE M – COMMITMENTS

The following are amounts encumbered in the governmental funds:

	Children & Youth	Community Development	Other Governmental Funds
Restricted	\$ 6,105	\$ 1,542	\$ 45,271

Encumbered amounts are for obligations related to unperformed (executory) contracts for goods and services.

At December 31, 2015, the County had one open letter of credit with a value totaling \$1,000,000, to cover excess costs of workers' compensation claims if needed. At December 31, 2015, the letter had not been drawn.

The County, as the local sponsor of the Community College of Beaver County, is obligated to service payments for capital bonds. In 2007 and 2012, the College issued \$27,780,000 and \$2,890,000, respectively, in capital bonds that the County is including as part of its annual contribution to CCBC to subsidize the related debt service obligation.

The County is responsible for managing numerous programs and grants imposed by legislation as well as through mutual agreement with grantor bodies. Noncompliance with any particular item may be cause for penalties imposed on the County or refunds due to the grantor. Additionally, a change in legislation may impose a higher financial burden on the County for mandated programs. The County is not aware of any noncompliance with the provisions of grants or other agreements that may be cause for a penalty or refund of grant monies. Also, the County has not studied the potential outcomes of any pending or enacted legislation in order to determine the possible financial impact on the various programs it carries out for the community it serves.

Component Unit – BCTA

During the 2014-2015 fiscal year, BCTA continues to work toward completion of the automatic-vehicle-location contract entered into four years ago. While the first phase is being completed, the contract on the second phase was entered into. The remaining outstanding contract dollar commitments on these design and engineering agreements total \$356,776 at June 30, 2015.

COUNTY OF BEAVER, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE M - COMMITMENTS – (Continued)

Component Unit – CCBC

On June 30, 2009 (as amended), CCBC entered into a deferred compensation agreement with CCBC's President. The terms of the deferred compensation agreement stipulated that the President would receive on June 30, 2011, \$12,000 and \$17,000 respectively, and \$25,000 on June 30, 2012 for services rendered during the years ended June 30, 2009, and June 30, 2011. The agreement was subsequently amended to provide the President's deferred compensation on June 30, 2014, for services rendered to CCBC for fiscal years ended June 30, 2012 through June 30, 2014 totaling \$100,000 with \$35,000 of the total payable on June 30, 2013 and the balance of \$35,000 payable on June 30, 2014. As of June 30, 2015, \$24,463 of this agreement is still due. In addition, \$4,000 has been accrued as a longevity bonus for the President.

NOTE N – SALE OF FRIENDSHIP RIDGE

Sale of Friendship Ridge and Subsequent Activity

In 2014, the County entered into an agreement to sell its long-term healthcare facility ("Friendship Ridge"). The sales agreement provided for a sales price to be determined after selected obligations were both determined and satisfied. In addition, the agreements provided for the purchaser to have any collections of Friendship Ridge's accounts receivable subsequent to February 28, 2014, forwarded to the purchaser. As of the date of this report, the County has engaged an expert to calculate the amount it believes the County is owed from the sale of Friendship Ridge. After the transfer of operations and ownership took place the County collected certain Friendship Ridge accounts receivable and transferred most of it to the facility's owner. The County also paid during the period Friendship Ridge's accounts payable, as of February 28, 2014, including those on behalf of employees, as they came due.

Management believes that it is not probable that the ultimate outcome of any possible uncertainties surrounding this transaction will have any negative impact on the County's financial position.

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND JUNE 30, 2015

NOTE O - LIQUIDITY

Management believes that the County's General Fund faces a cash flow shortage in 2016 despite expense reductions amounting to about \$8 million resulting primarily from the refunding of several long-term debt obligations (see Note P to the financial statements). Significant revenue enhancements are also being realized in 2016. Management also believes that the improved financial performance, however, still leaves \$3 million or more of obligations due on or before December 31, 2016, that cannot be liquidated on time. Management plans to implement measures of liability postponement and loans from other of the County's funds to mitigate this short-term liquidity deficiency. Management expects that the County will continue to operate without disruption.

NOTE P – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Note

On January 4, 2016, the County and Huntington National Bank entered into the 2016 TRAN in the amount of \$13 million, which was wired into a County bank account.

General Obligation Bonds, Series of 2016

In May 2016, the County issued General Obligation Bonds, Series A and Series B of 2016, totaling \$114,640,000 to refinance PFA Series A and PFA Series B of 2005, Pension Bond Series of 2005, BCEDA Series of 2008, General Obligation Note of 2009, and Pension Bond Series of 2009 bonds.

Component Unit – BCTA

A labor agreement with the Amalgamated Transit Union (the "Union") expired on December 31, 2013. An agreement between BCTA and the Union was reached in December 2015 that took effect January 1, 2016.

Component Unit – CCBC

On October 21, 2015, CCBC signed documents with First National Bank to extend the total available line of credit by an additional \$3,500,000.

**REQUIRED SUPPLEMENTAL
INFORMATION**

COUNTY OF BEAVER, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Total Pension Liability		
Service Cost	\$ 1,906,785	\$ 2,777,080
Interest	20,032,456	19,456,120
Changes in benefit terms	-	-
Differences between expected and actual experience	(185,905)	5,885,751
Changes in assumption	-	-
Benefit payments, including refunds of member contribution	(16,685,010)	(24,703,033)
Net change in total pension liability	5,068,326	3,415,918
Total pension liability - beginning of year	287,200,704	283,784,786
Total pension liability - end of year (a)	\$ 292,269,030	\$ 287,200,704
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,162,800	\$ 2,286,670
Contributions - member	3,345,109	3,789,064
Net investment income	1,718,354	18,832,383
Benefit payments, including refunds of member contribution	(16,685,010)	(24,703,033)
Administrative expense	(229,206)	(280,904)
Net change in plan fiduciary net position	(10,687,953)	(75,820)
Total plan fiduciary net position - beginning of year	294,855,370	294,931,190
Total plan fiduciary net position - end of year (b)	\$ 284,167,417	\$ 294,855,370
County's net pension liability (asset) - ending (a) - (b)	\$ 8,101,613	\$ (7,654,666)
Plan fiduciary net position as a percentage of the total pension liability	97.23%	102.67%
Covered-employee payroll	\$ 38,562,973	\$ 56,895,011
County's net pension liability (asset) as a percentage of covered-employee payroll	21.01%	(13.45%)

See notes to Required Supplemental Schedules

COUNTY OF BEAVER, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>Schedule of County's Contributions</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,162,800	\$ 2,286,670
Contributions in relation to the actuarially determined contribution	<u>1,162,800</u>	<u>2,286,670</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 38,562,973</u>	<u>\$ 56,895,011</u>
Contributions as a percentage of covered- employee payroll	<u>3.02%</u>	<u>4.02%</u>
 <u>Investment Returns</u>		
Annual money-weighted rate of return, net of investment expense	<u>0.63%</u>	<u>7.07%</u>

See notes to Required Supplemental Schedules

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2015

PENSION INFORMATION

Actuarial Methods and Assumptions Used in Calculation of Actuarially Determined Contribution

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

Actuarial Valuation Dates:	January 1, 2015 for 2015 and January 1, 2014 for 2014
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market value adjusted for unrecognized gains and losses from prior years
Amortization Method:	Level Dollar
Remaining Amortization Period:	15 years
Actuarial Assumptions:	
Inflation Adjustment:	3.00%
Investment Rate of Return:	7.50%, net of pension plan investment expense, including inflation
Projected Salary Increase:	3.50% average, including inflation
Retirement Age:	Age 60 or 55 with 20 years' service
Mortality:	2013 RP Annuitant and Non-Annuitant Tables for Males and Females with no improvement

COUNTY OF BEAVER, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance
	Original	Final		Over (Under)
<u>Revenues</u>				
Real Estate Taxes	\$ 49,208,065	\$ 49,262,253	\$ 46,920,546	\$ (2,341,707)
Licenses and Permits	93,500	93,500	134,079	40,579
Interest and Rents	20,000	20,000	134,744	114,744
Intergovernmental Revenues	3,248,787	4,515,132	3,552,070	(963,062)
Departmental Earnings	9,912,233	11,299,807	11,507,295	207,488
Miscellaneous	3,293,665	490,596	130,496	(360,100)
Total Revenues	65,776,250	65,681,288	62,379,230	(3,302,058)
<u>Expenditures</u>				
Current:				
General Government	13,029,197	12,247,667	11,250,000	(997,667)
Judicial	14,113,728	14,719,085	13,844,384	(874,701)
Public Safety	19,034,912	18,916,782	16,372,803	(2,543,979)
Public Works and Enterprises	3,475,737	3,972,384	3,879,360	(93,024)
Culture, Recreation and Conservation	3,005,830	3,234,419	2,762,717	(471,702)
Intergovernmental:				
Human Services	5,796,655	7,876,555	8,210,582	334,027
Debt Service:				
Principal	4,785,700	4,809,270	4,751,704	(57,566)
Interest	5,765,000	5,747,718	5,682,783	(64,935)
Other	-	16,570	10,035	(6,535)
Capital Outlay:				
Asset Acquisition & Improvements	777,000	2,359,671	1,854,043	(505,628)
Infrastructure	-	25,000	479	(24,521)
Total Expenditures	69,783,759	73,925,121	68,618,890	(5,306,231)
Excess (Deficiency) of Revenues Over Expenditures				
	(4,007,509)	(8,243,833)	(6,239,660)	2,004,173
Other Financing Sources (Uses):				
Transfers From Other Funds	2,345,000	2,345,000	590,000	(1,755,000)
Transfers To Other Funds	(5,237,491)	(5,332,896)	(3,453,149)	1,879,747
Total Other Financing Sources (Uses)	(2,892,491)	(2,987,896)	(2,863,149)	124,747
Net Change in Fund Balance	(6,900,000)	(11,231,729)	(9,102,809)	2,128,920
Fund Balance (Deficits) - Beginning	6,900,000	10,774,838	12,245,824	1,470,986
Fund Balance (Deficits) - Ending	\$ -	\$ (456,891)	\$ 3,143,015	\$ 3,599,906

COUNTY OF BEAVER, PENNSYLVANIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MENTAL HEALTH / INTELLECTUAL DISABILITIES**

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance
	Original	Final		Over (Under)
Revenues				
Intergovernmental	\$ 16,785,000	\$ 17,013,367	\$ 16,867,729	\$ (145,638)
Departmental Earnings	1,310,000	1,310,000	1,228,019	(81,981)
Interest	5,100	5,100	3,405	(1,695)
Miscellaneous	311,900	300,900	-	(300,900)
Total Revenues	18,412,000	18,629,367	18,099,153	(530,214)
Expenditures				
Salaries & Benefits	5,317,131	5,492,161	5,410,561	(81,600)
Personnel Expense	36,200	41,000	21,323	(19,677)
Consultant/Contracted Services	1,855,000	1,671,322	1,271,371	(399,951)
Sub Contracted Services	10,340,000	11,748,309	10,748,318	(999,991)
Occupancy	308,200	312,562	233,875	(78,687)
Communication	118,000	118,000	72,579	(45,421)
Supplies & Minor Equipment	232,900	240,653	73,341	(167,312)
Transportation	134,000	135,999	103,590	(32,409)
Other Expenditures	1,270,500	1,298,600	254,563	(1,044,037)
Capital Outlay	-	118,125	100,951	(17,174)
Total Expenditures	19,611,931	21,176,731	18,290,472	(2,886,259)
Excess (Deficiency) of Revenues Over Expenditures	(1,199,931)	(2,547,364)	(191,319)	2,356,045
Other Financing Sources:				
Transfers from Other Funds	719,500	730,500	727,255	(3,245)
Total Financing Sources	719,500	730,500	727,255	(3,245)
Net Change in Fund Balance	(480,431)	(1,816,864)	535,936	2,352,800
Fund Balance - Beginning	5,346,731	5,365,431	168,016	(5,197,415)
Fund Balance - Ending	\$ 4,866,300	\$ 3,548,567	\$ 703,952	\$ (2,844,615)

COUNTY OF BEAVER, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CHILDREN AND YOUTH

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance
	Original	Final		Over (Under)
<u>Revenues</u>				
Intergovernmental	\$ 12,018,459	\$ 12,018,459	\$ 12,496,558	\$ 478,099
Departmental Earnings	173,000	173,000	43,791	(129,209)
Interest	100	100	95	(5)
Total Revenues	12,191,559	12,191,559	12,540,444	348,885
<u>Expenditures</u>				
Salaries & Benefits	4,844,026	5,217,681	5,201,962	(15,719)
Personnel Expense	30,950	32,088	15,762	(16,326)
Consultant/Contracted Services	1,149,500	1,274,674	1,202,789	(71,885)
Sub Contracted Services	5,986,000	5,642,445	5,228,400	(414,045)
Occupancy	434,000	464,000	408,216	(55,784)
Communication	203,000	262,500	185,050	(77,450)
Supplies & Minor Equipment	430,000	524,898	280,141	(244,757)
Transportation	140,654	205,654	199,869	(5,785)
Other Expenditures	1,898,200	1,564,290	1,259,819	(304,471)
Capital Outlay	95,000	125,000	76,944	(48,056)
Total Expenditures	15,211,330	15,313,230	14,058,952	(1,254,278)
Excess (Deficiency) of Revenues Over Expenditures	(3,019,771)	(3,121,671)	(1,518,508)	1,603,163
Other Financing Sources:				
Transfers From Other Funds	1,687,000	1,818,405	1,818,401	(4)
Total Financing Sources	1,687,000	1,818,405	1,818,401	(4)
Net Change in Fund Balance	(1,332,771)	(1,303,266)	299,893	1,603,159
Fund Balance - Beginning	1,332,771	1,263,466	1,947,604	684,138
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (39,800)</u>	<u>\$ 2,247,497</u>	<u>\$ 2,287,297</u>

COUNTY OF BEAVER, PENNSYLVANIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT**

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance
	Original	Final		Over (Under)
<u>Revenues</u>				
Intergovernmental	\$ 6,890,267	\$ 6,967,067	\$ 4,073,892	\$ (2,893,175)
Departmental Earnings	1,047,770	1,047,770	348,596	(699,174)
Interest	8,180	8,180	90	(8,090)
Total Revenues	<u>7,946,217</u>	<u>8,023,017</u>	<u>4,422,578</u>	<u>(3,600,439)</u>
<u>Expenditures</u>				
Salaries & Benefits	656,852	690,552	680,501	(10,051)
Personnel Expense	19,161	15,161	7,433	(7,728)
Consultant/Contracted Services	7,153,450	7,173,420	3,603,053	(3,570,367)
Occupancy	105,592	118,223	78,787	(39,436)
Communication	23,300	32,580	20,561	(12,019)
Supplies & Minor Equipment	50,192	53,613	11,806	(41,807)
Transportation	14,550	14,550	10,729	(3,821)
Other Expenditures	115,500	118,000	93,433	(24,567)
Total Expenditures	<u>8,138,597</u>	<u>8,216,099</u>	<u>4,506,303</u>	<u>(3,709,796)</u>
Excess (Deficiency) of Revenues Over Expenditures	(192,380)	(193,082)	(83,725)	109,357
Fund Balance - Beginning	<u>192,380</u>	<u>192,380</u>	<u>205,424</u>	<u>13,044</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ (702)</u>	<u>\$ 121,699</u>	<u>\$ 122,401</u>

COUNTY OF BEAVER, PENNSYLVANIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
HEALTHCHOICES**

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance
	Original	Final		Over (Under)
<u>Revenues</u>				
Intergovernmental	\$ 34,500,000	\$ 34,500,000	\$ 35,748,474	\$ 1,248,474
Interest	18,050	18,050	29,687	11,637
Miscellaneous	6,000	6,000	-	(6,000)
Total Revenues	<u>34,524,050</u>	<u>34,524,050</u>	<u>35,778,161</u>	<u>1,254,111</u>
<u>Expenditures</u>				
Salaries & Benefits	295,640	727,540	724,103	(3,437)
Personnel Expense	1,700	1,700	127	(1,573)
Consultant/Contracted Services	34,108,550	35,485,550	35,005,044	(480,506)
Occupancy	45,800	52,400	46,736	(5,664)
Communication	8,950	9,650	8,326	(1,324)
Supplies & Minor Equipment	13,200	26,000	18,357	(7,643)
Transportation	4,800	5,400	4,386	(1,014)
Other Expenditures	43,500	66,200	37,452	(28,748)
Capital Outlay	-	12,100	11,350	(750)
Total Expenditures	<u>34,522,140</u>	<u>36,386,540</u>	<u>35,855,881</u>	<u>(530,659)</u>
Excess (Deficiency) of Revenues Over Expenditures	1,910	(1,862,490)	(77,720)	1,784,770
Fund Balance - Beginning	<u>11,484,000</u>	<u>12,242,000</u>	<u>11,783,401</u>	<u>(458,599)</u>
Fund Balance - Ending	<u>\$ 11,485,910</u>	<u>\$ 10,379,510</u>	<u>\$ 11,705,681</u>	<u>\$ 1,326,171</u>

COUNTY OF BEAVER, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2015

NOTE A – BASIS OF BUDGETING

Appropriated budgets are adopted on a modified accrual basis consistent with generally accepted accounting principles by fund, department and line-item. Line-items are specific revenues and expenditures, such as taxes, fees, salaries, and supplies. Transfers of appropriations may be requested between line-items within a department or between departments within the same fund. All transfers of appropriations require the approval of the Commissioners. The legal level of control is exercised by management at each line-item.

NOTE B – BUDGET VARIANCE

The County does not adjust for line items designated for receipts of reimbursements after initial adoption. Therefore, some expenditures may appear to exceed budgeted amounts when actual reimbursements received are below the initial budgeted figures. Also, reclassifications of actual balances made strictly for external financial reporting purposes are often not reflected in the budget. As a consequence, some line items may appear to exceed budgeted amounts.

OTHER SUPPLEMENTAL INFORMATION

COUNTY OF BEAVER, PENNSYLVANIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

DECEMBER 31, 2015

	Special Revenue								
	Automation and Records Improvement	Regional Booking Center	Domestic Relations	Offender's Supervisory	Victim Witness	Hazardous Materials/ Act 147 Grants	Liquid Fuels	Office on Aging	Tourist Promotion
Assets									
Cash and Cash Equivalents	\$ 516,640	\$ 5,527	\$ 134,898	\$ 254,047	\$ 18,600	\$ 154,216	\$ 1,965,040	\$ 166,780	\$ 28,811
Interfund Receivable	-	-	-	-	-	-	-	-	-
Prepaid Other	-	-	-	-	-	4,998	-	7,500	-
Accounts Receivable	-	5,985	411,939	19,506	46,524	21,879	293,901	2,277,927	34,833
Total Assets	<u>\$ 516,640</u>	<u>\$ 11,512</u>	<u>\$ 546,837</u>	<u>\$ 273,553</u>	<u>\$ 65,124</u>	<u>\$ 181,093</u>	<u>\$ 2,258,941</u>	<u>\$ 2,452,207</u>	<u>\$ 63,644</u>
Liabilities									
Accounts Payable	\$ 28,521	\$ -	\$ 1,277	\$ -	\$ 2,079	\$ 16,943	\$ 64,198	\$ 851,064	\$ 13,587
Interfund Payable	-	104,837	248,395	-	86,969	14,740	57,399	374,153	21,739
Accrued Other Liabilities	-	-	-	-	-	-	-	141,877	-
Unearned Revenue	-	-	-	-	-	49,883	-	-	-
Total Liabilities	<u>28,521</u>	<u>104,837</u>	<u>249,672</u>	<u>-</u>	<u>89,048</u>	<u>81,566</u>	<u>121,597</u>	<u>1,367,094</u>	<u>35,326</u>
Deferred Inflows of Resources									
Unavailable Revenue	-	-	-	-	-	13,583	110,724	878	-
Fund Balance (Deficit)									
Non-spendable: Prepays	-	-	-	-	-	4,998	-	7,500	-
Restricted:									
Other	488,119	-	297,165	273,553	-	80,946	2,026,620	1,076,735	28,318
Committed:									
Capital Projects	-	-	-	-	-	-	-	-	-
Unassigned:	-	(93,325)	-	-	(23,924)	-	-	-	-
Total Fund Balances (Deficits)	<u>488,119</u>	<u>(93,325)</u>	<u>297,165</u>	<u>273,553</u>	<u>(23,924)</u>	<u>85,944</u>	<u>2,026,620</u>	<u>1,084,235</u>	<u>28,318</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 516,640</u>	<u>\$ 11,512</u>	<u>\$ 546,837</u>	<u>\$ 273,553</u>	<u>\$ 65,124</u>	<u>\$ 181,093</u>	<u>\$ 2,258,941</u>	<u>\$ 2,452,207</u>	<u>\$ 63,644</u>

Exhibit B (Page 1 of 2)

COUNTY OF BEAVER, PENNSYLVANIA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	Special Revenue			Capital Projects				Nonmajor Governmental Funds Total
	Anti-Drug Task Force / Educational	Emergency Services 911	Total	Courtroom Improvement	Capital Reserve	Capital Bond	Total	
Assets								
Cash and Cash Equivalents	\$ 396,660	\$ 1,623,451	\$ 5,264,670	\$ 622,169	\$ 938,286	\$ -	\$ 1,560,455	\$ 6,825,125
Interfund Receivable	-	-	-	89,881	-	101,770	191,651	191,651
Prepaid Other	-	7,059	19,557	-	-	-	-	19,557
Accounts Receivable	22,264	869,831	4,004,589	-	-	-	-	4,004,589
Total Assets	<u>\$ 418,924</u>	<u>\$ 2,500,341</u>	<u>\$ 9,288,816</u>	<u>\$ 712,050</u>	<u>\$ 938,286</u>	<u>\$ 101,770</u>	<u>\$ 1,752,106</u>	<u>\$ 11,040,922</u>
Liabilities								
Accounts Payable	\$ 662	\$ 34,991	\$ 1,013,322	\$ 21,247	\$ 93,021	\$ -	\$ 114,268	\$ 1,127,590
Interfund Payable	1,109	1,119,282	2,028,623	-	-	-	-	2,028,623
Accrued Other Liabilities	-	-	141,877	-	-	-	-	141,877
Unearned Revenue	-	1,355,766	1,405,649	-	-	-	-	1,405,649
Total Liabilities	<u>1,771</u>	<u>2,510,039</u>	<u>4,589,471</u>	<u>21,247</u>	<u>93,021</u>	<u>-</u>	<u>114,268</u>	<u>4,703,739</u>
Deferred Inflows of Resources								
Unavailable Revenue	-	5,000	130,185	-	-	-	-	130,185
Fund Balance (Deficit)								
Non-spendable: Prepays	-	7,059	19,557	-	-	-	-	19,557
Restricted:								
Other	417,153	-	4,688,609	-	-	-	-	4,688,609
Committed:								
Capital Projects	-	-	-	690,803	845,265	101,770	1,637,838	1,637,838
Unassigned:	-	(21,757)	(139,006)	-	-	-	-	(139,006)
Total Fund Balances (Deficits)	<u>417,153</u>	<u>(14,698)</u>	<u>4,569,160</u>	<u>690,803</u>	<u>845,265</u>	<u>101,770</u>	<u>1,637,838</u>	<u>6,206,998</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 418,924</u>	<u>\$ 2,500,341</u>	<u>\$ 9,288,816</u>	<u>\$ 712,050</u>	<u>\$ 938,286</u>	<u>\$ 101,770</u>	<u>\$ 1,752,106</u>	<u>\$ 11,040,922</u>

Exhibit B (Page 2 of 2)

COUNTY OF BEAVER, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	Special Revenue								
	Automation and Records Improvement	Regional Booking Center	Domestic Relations	Offender's Supervisory	Victim Witness	Hazardous Materials/ Act 147 Grants	Liquid Fuels	Office on Aging	Tourist Promotion
Revenues									
Investment Income	\$ 28	\$ -	\$ 10	\$ 32	\$ 1	\$ 22	\$ 109	\$ 153	\$ 2
Intergovernmental	-	-	1,736,810	288,949	171,843	160,214	2,238,863	4,906,188	-
Departmental Earnings	144,742	83,182	33,296	288,590	-	-	19,230	12,718	19,175
Local Hotel Room Tax	-	-	-	-	-	-	-	-	308,262
Miscellaneous	-	-	-	-	-	37,428	-	-	-
Total Revenues	<u>144,770</u>	<u>83,182</u>	<u>1,770,116</u>	<u>577,571</u>	<u>171,844</u>	<u>197,664</u>	<u>2,258,202</u>	<u>4,919,059</u>	<u>327,439</u>
Expenditures									
Current:									
General Government	58,780	-	-	-	-	-	-	-	-
Judicial	-	54,428	2,613,085	-	176,118	-	-	-	-
Public Safety	-	-	-	-	-	211,922	-	-	-
Public Works and Enterprises	-	-	-	-	-	-	787,619	-	-
Culture Recreation & Conservation	-	-	-	-	-	-	-	-	354,860
Intergovernmental:									
Operating / Human Services	-	-	-	-	-	-	-	4,791,371	-
Capital Outlay:									
Infrastructure	-	-	-	-	-	-	864,215	-	-
Asset Acquisition	60,382	-	-	-	-	26,346	179,487	21,739	-
Total Expenditures	<u>119,162</u>	<u>54,428</u>	<u>2,613,085</u>	<u>-</u>	<u>176,118</u>	<u>238,268</u>	<u>1,831,321</u>	<u>4,813,110</u>	<u>354,860</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,608	28,754	(842,969)	577,571	(4,274)	(40,604)	426,881	105,949	(27,421)
Other Financing Sources (Uses)									
Transfers From Other Funds	-	-	817,613	-	-	-	-	-	-
Transfers to Other Funds	-	-	-	(590,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>817,613</u>	<u>(590,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	25,608	28,754	(25,356)	(12,429)	(4,274)	(40,604)	426,881	105,949	(27,421)
Fund Balances (Deficits) - Beginning	462,511	(122,079)	322,521	285,982	(19,650)	126,548	1,599,739	978,286	55,739
Fund Balances (Deficits) - Ending	<u>\$ 488,119</u>	<u>\$ (93,325)</u>	<u>\$ 297,165</u>	<u>\$ 273,553</u>	<u>\$ (23,924)</u>	<u>\$ 85,944</u>	<u>\$ 2,026,620</u>	<u>\$ 1,084,235</u>	<u>\$ 28,318</u>

Exhibit C (Page 1 of 2)

COUNTY OF BEAVER, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	Special Revenue			Capital Projects				Nonmajor Governmental Funds Total
	Anti-Drug Task Force / Educational	Emergency Services 911	Total	Courtroom Improvement	Capital Reserve	Capital Bond	Total	
Revenues								
Investment Income	\$ 337	\$ 123	\$ 817	\$ 69	\$ 223	\$ -	\$ 292	\$ 1,109
Intergovernmental	88,800	761,576	10,353,243	-	-	-	-	10,353,243
Departmental Earnings	76,662	1,842,030	2,519,625	-	423,467	-	423,467	2,943,092
Local Hotel Room Tax	-	-	308,262	-	-	-	-	308,262
Miscellaneous	-	-	37,428	-	-	-	-	37,428
Total Revenues	<u>165,799</u>	<u>2,603,729</u>	<u>13,219,375</u>	<u>69</u>	<u>423,690</u>	<u>-</u>	<u>423,759</u>	<u>13,643,134</u>
Expenditures								
Current:								
General Government	-	-	58,780	132,107	75	-	132,182	190,962
Judicial	181,046	-	3,024,677	-	-	-	-	3,024,677
Public Safety	-	2,609,042	2,820,964	-	-	-	-	2,820,964
Public Works and Enterprises	-	-	787,619	-	-	-	-	787,619
Culture Recreation & Conservation	-	-	354,860	-	-	-	-	354,860
Intergovernmental:								
Operating / Human Services	-	-	4,791,371	-	-	-	-	4,791,371
Capital Outlay:								
Infrastructure	-	-	864,215	-	6,000	-	6,000	870,215
Asset Acquisition	17,064	9,384	314,402	63,219	467,231	526,558	1,057,008	1,371,410
Total Expenditures	<u>198,110</u>	<u>2,618,426</u>	<u>13,016,888</u>	<u>195,326</u>	<u>473,306</u>	<u>526,558</u>	<u>1,195,190</u>	<u>14,212,078</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,311)	(14,697)	202,487	(195,257)	(49,616)	(526,558)	(771,431)	(568,944)
Other Financing Sources (Uses)								
Transfers From Other Funds	-	-	817,613	89,880	-	-	89,880	907,493
Transfers to Other Funds	-	-	(590,000)	-	-	-	-	(590,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>227,613</u>	<u>89,880</u>	<u>-</u>	<u>-</u>	<u>89,880</u>	<u>317,493</u>
Net Change in Fund Balance	(32,311)	(14,697)	430,100	(105,377)	(49,616)	(526,558)	(681,551)	(251,451)
Fund Balances (Deficits) - Beginning	<u>449,464</u>	<u>(1)</u>	<u>4,139,060</u>	<u>796,180</u>	<u>894,881</u>	<u>628,328</u>	<u>2,319,389</u>	<u>6,458,449</u>
Fund Balances (Deficits) - Ending	<u>\$ 417,153</u>	<u>\$ (14,698)</u>	<u>\$ 4,569,160</u>	<u>\$ 690,803</u>	<u>\$ 845,265</u>	<u>\$ 101,770</u>	<u>\$ 1,637,838</u>	<u>\$ 6,206,998</u>

Exhibit C (Page 2 of 2)

COUNTY OF BEAVER, PENNSYLVANIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
Clerk of Courts				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 241,773	2,676,043	2,631,922	\$ 285,894
	<u>241,773</u>	<u>2,676,043</u>	<u>2,631,922</u>	<u>285,894</u>
<u>Liabilities</u>				
Accounts Payable	241,773	2,676,043	2,631,922	285,894
	<u>\$ 241,773</u>	<u>2,676,043</u>	<u>2,631,922</u>	<u>\$ 285,894</u>
Domestic Relations - Support Payments				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 20,162	669,367	655,276	\$ 34,253
	<u>20,162</u>	<u>669,367</u>	<u>655,276</u>	<u>34,253</u>
<u>Liabilities</u>				
Accounts Payable	20,162	669,367	655,276	34,253
	<u>\$ 20,162</u>	<u>669,367</u>	<u>655,276</u>	<u>\$ 34,253</u>
Recorder of Deeds				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,198,893	13,902,760	14,619,828	\$ 481,825
	<u>1,198,893</u>	<u>13,902,760</u>	<u>14,619,828</u>	<u>481,825</u>
<u>Liabilities</u>				
Accounts Payable	1,198,893	13,902,760	14,619,828	481,825
	<u>\$ 1,198,893</u>	<u>13,902,760</u>	<u>14,619,828</u>	<u>\$ 481,825</u>
Register of Wills				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 81,492	9,844,687	9,847,389	\$ 78,790
	<u>81,492</u>	<u>9,844,687</u>	<u>9,847,389</u>	<u>78,790</u>
<u>Liabilities</u>				
Accounts Payable	81,492	9,844,687	9,847,389	78,790
	<u>\$ 81,492</u>	<u>9,844,687</u>	<u>9,847,389</u>	<u>\$ 78,790</u>
Sheriff				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 227,068	1,249,505	1,131,925	\$ 344,648
	<u>227,068</u>	<u>1,249,505</u>	<u>1,131,925</u>	<u>344,648</u>
<u>Liabilities</u>				
Accounts Payable	227,068	1,249,505	1,131,925	344,648
	<u>\$ 227,068</u>	<u>1,249,505</u>	<u>1,131,925</u>	<u>\$ 344,648</u>

COUNTY OF BEAVER, PENNSYLVANIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
Prothonotary				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 422,111	1,010,291	652,476	\$ 779,926
	<u>422,111</u>	<u>1,010,291</u>	<u>652,476</u>	<u>779,926</u>
<u>Liabilities</u>				
Accounts Payable	422,111	1,010,291	652,476	779,926
	<u>\$ 422,111</u>	<u>1,010,291</u>	<u>652,476</u>	<u>\$ 779,926</u>
Tax Claim				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 970,373	13,117,438	13,056,957	\$ 1,030,854
	<u>970,373</u>	<u>13,117,438</u>	<u>13,056,957</u>	<u>1,030,854</u>
<u>Liabilities</u>				
Accounts Payable	970,373	13,117,438	13,056,957	1,030,854
	<u>\$ 970,373</u>	<u>13,117,438</u>	<u>13,056,957</u>	<u>\$ 1,030,854</u>
Treasurer				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 33,010	296,679	288,459	\$ 41,230
	<u>33,010</u>	<u>296,679</u>	<u>288,459</u>	<u>41,230</u>
<u>Liabilities</u>				
Accounts Payable	33,010	296,679	288,459	41,230
	<u>\$ 33,010</u>	<u>296,679</u>	<u>288,459</u>	<u>\$ 41,230</u>
Total - Agency Funds				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 3,194,882	42,766,770	42,884,232	\$ 3,077,420
	<u>3,194,882</u>	<u>42,766,770</u>	<u>42,884,232</u>	<u>3,077,420</u>
<u>Liabilities</u>				
Accounts Payable	3,194,882	42,766,770	42,884,232	3,077,420
	<u>\$ 3,194,882</u>	<u>42,766,770</u>	<u>42,884,232</u>	<u>\$ 3,077,420</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Beaver County, Pennsylvania

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

Federal Granting Agency/Program/Subrecipient	Contract Period	Federal CFDA Number	Pass-Through Grant Number	Pass-Through Federal Expenditures	Federal Expenditures	Federal Grant Receipts	Accounts Receivable (Deferred Revenue)		
							January 1, 2015	December 31, 2015	
U.S. DEPARTMENT OF AGRICULTURE									
<u>Passed through Pennsylvania Department of Agriculture:</u>									
Emergency Food Assistance Program (Administrative Costs)	7/1/14-6/30/15	10.568	4100037317		13,258	20,305	7,047	0	
	7/1/15-6/30/16	10.568	4100037317		6,714	0	0	6,714	
Toal Amount Passed Through to Subrecipients					19,972				
TOTAL U.S. DEPARTMENT OF AGRICULTURE					<u>19,972</u>	<u>20,305</u>	<u>7,047</u>	<u>6,714</u>	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Community Development Block Grants/Entitlement Grants	9/1/13-8/31/14	14.218	B-13-UC-42-0102		1,407,759	1,621,907	214,148	0	
	9/1/14-8/31/15	14.218	B-14-UC-42-0102		870,384	596,250	0	274,134	
	9/1/15-8/31/16	14.218	B-15-UC-42-0102		194,076	66,995	0	127,081	
Toal Amount Passed Through to Subrecipients					534,509				
Emergency Shelter Grants Program	9/5/13-9/5/15	14.231	E-13-UC-42-0010		25,689	45,380	19,691	0	
	9/24/14-9/24/16	14.231	E-14-UC-42-0010		220,414	193,019	6,563	33,958	
	9/30/15-9/30/17	14.231	E-15-UC-42-0010		29,690	10,705	0	18,985	
Toal Amount Passed Through to Subrecipients					63,976				
Home Investment Partnerships Program	9/17/08-9/30/13	14.239	M-08-UC-42-0504		19	19	0	0	
	9/2/11-9/30/16	14.239	M-11-UC-42-0504		1,840	10,976	9,136	0	
	9/10/12-9/30/17	14.239	M-12-UC-42-0504		106,411	96,964	1,353	10,800	
	9/5/13-9/30/18	14.239	M-13-UC-42-0504		254,374	170,420	1,722	85,676	
	9/24/14-9/30/19	14.239	M-14-UC-42-0504		163,183	184,299	31,611	10,495	
	9/23/15-9/30/20	14.239	M-15-UC-42-0504		10,771	0	0	10,771	
Toal Amount Passed Through to Subrecipients					134,530				
Continuum of Care Program	1/17/14-1/31/15	14.267	PA0642L3E031200		4,343	14,390	10,047	0	
	6/30/14-7/31/15	14.267	PA0323L3E031306		27,702	37,879	10,177	0	
	5/6/15-4/30/16	14.267	PA0720L3E031400		25,638	25,638	0	0	
	4/22/15-3/31/16	14.267	PA0642L3E031401		35,758	30,794	0	4,964	
	4/22/15-7/31/16	14.267	PA0323L3E031407		18,462	6,726	0	11,736	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>733,015</u>	<u>3,453,768</u>	<u>3,138,697</u>	<u>304,448</u>	<u>619,519</u>
<u>Passed through Pennsylvania Department of Community and Economic Development:</u>									
Emergency Shelter Grants Program (DCED)	11/25/14-8/20/16	14.231	C000060141		57,255	26,336	0	30,919	

Beaver County, Pennsylvania

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

Federal Granting Agency/Program/Subrecipient	Contract Period	Federal CFDA Number	Pass-Through Grant Number	Pass-Through Federal Expenditures	Federal Expenditures	Federal Grant Receipts	Accounts Receivable (Deferred Revenue)		
							January 1, 2015	December 31, 2015	
U.S. DEPARTMENT OF JUSTICE									
Edward Byrne Memorial Justice Assistance Grant Program	7/1/14-6/30/15	16.738	N/A		12,119	16,247	4,128	0	
	7/1/15-12/31/16	16.738	N/A		13,322	0	0	13,322	
Criminal and Juvenile Justice and Mental Health Collaboration Program	7/1/14-6/30/15	16.745	2009-MO-BX-0015		79,103	102,380	23,277	0	
	7/1/15-12/31/16	16.745	2009-MO-BX-0015		21,691	21,691	0	0	
Total Amount Passed Through to Subrecipients					211,667				
Second Chance Act Prisoner Reentry Initiative	7/1/14-6/30/16	16.812	N/A		457,557	684,874	227,317	0	
Total Amount Passed Through to Subrecipients					409,143				
<u>Passed through Pennsylvania Commission on Crime and Delinquency:</u>									
Crime Victim Assistance	7/1/13-6/30/16	16.575	24141		76,437	64,850	12,403	23,991	
Edward Byrne Memorial Justice Assistance Grant Program	7/1/14-6/30/16	16.738	N/A		2,820	2,820	0	0	
Total Amount Passed Through to Subrecipients					2,820				
TOTAL U.S. DEPARTMENT OF JUSTICE					<u>623,630</u>	<u>663,049</u>	<u>892,862</u>	<u>267,125</u>	<u>37,313</u>
U.S. DEPARTMENT OF TRANSPORTATION									
<u>Passed through Pennsylvania Department of Transportation:</u>									
Highway Planning and Construction - Veterans Memorial Bridge	9/97 - extended	20.205	28898		(75,888)	323,899	413,685	13,897	
Highway Planning and Construction - Washington Avenue Bridge	7/11 - extended	20.205	57103		41,784	32,595	160	9,349	
Highway Planning Construction - Lancaster Road Bridge	4/12 - extended	20.205	92314		104,727	106,648	17,471	15,550	
Highway Planning Construction - Brickyard Bridge	3/14 - extended	20.205	28806		70,069	59,878	11,110	21,301	
Highway Planning Construction - Homewood Viaduct	5/14 - extended	20.205	28899		92,041	134,710	53,394	10,725	
Highway Planning Construction - McHenry No. 1 Bridge	2/14 - extended	20.205	28831		39,414	34,732	0	4,683	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION					<u>0</u>	<u>272,147</u>	<u>692,462</u>	<u>495,820</u>	<u>75,505</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES									
<u>Passed through Pennsylvania Department of Education:</u>									
Grants to States (Library Services and Technology Act Grant)	1/1/15-8/31/15	45.310	927040305		50,000	50,000	0	0	
	2/1/15-9/30/15	45.310	927040305		5,000	5,000	0	0	
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES					<u>0</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>	<u>0</u>

Beaver County, Pennsylvania

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

Federal Granting Agency/Program/Subrecipient	Contract Period	Federal CFDA Number	Pass-Through Grant Number	Pass-Through Federal Expenditures	Federal Expenditures	Federal Grant Receipts	Accounts Receivable (Deferred Revenue)	
							January 1, 2015	December 31, 2015
U.S. DEPARTMENT OF EDUCATION								
<u>Passed through Pennsylvania Department of Human Services:</u>								
Special Education - Grants for Infants and Families	7/1/14-6/30/16	84.181	ME6300120231		62,955	34,161	0	28,794
Total Amount Passed Through to Subrecipients					62,955			
TOTAL U.S. DEPARTMENT OF EDUCATION					<u>62,955</u>	<u>34,161</u>	<u>0</u>	<u>28,794</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED), BC Scores	7/1/14-6/30/16	93.104	5U79SM057057-05		464,431	464,431	0	0
Total Amount Passed Through to Subrecipients					397,722			
Medical Assistance Program	7/1/14-6/30/16	93.778			1,081,456	1,081,456	0	0
<u>Passed through Pennsylvania Department of Aging:</u>								
Special Programs for the Aging_ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	7/1/14-6/30/15 7/1/15-6/30/16	93.041 93.041	4100034507 4100034507		1,389 1,388	1,389 1,388	0 0	0 0
Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	7/1/14-6/30/15 7/1/15-6/30/16	93.042 93.042	4100034507 4100034507		3,476 3,474	3,476 3,474	0 0	0 0
Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services_Med Mgmt	7/1/14-6/30/15 7/1/15-6/30/16	93.043 93.043	4100034507 4100034507		7,335 7,335	7,335 0	0 0	0 7,335
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	7/1/14-6/30/15 7/1/15-6/30/16	93.044 93.044	4100034507 4100034507		146,750 146,749	146,750 0	0 0	0 146,749
Special Programs for the Aging_ Title III, Part C1_Congregate Meals	7/1/14-6/30/15 7/1/15-6/30/16	93.045 93.045	4100034507 4100034507		158,425 158,424	158,425 0	0 0	0 158,424
National Family Caregiver Support, Title III, Part E	7/1/14-6/30/15 7/1/15-6/30/16	93.052 93.052	4100034507 4100034507		26,052 65,246	26,052 65,246	0 0	0 0
Nutrition Services Incentive Program	7/1/14-6/30/15 7/1/15-6/30/16	93.053 93.053	4100034507 4100034507		13,725 14,552	13,725 12,127	0 0	0 2,425
Medicare Enrollment Assistance Program (F-MIPPA ADRC AAA)	7/1/14-6/30/15 7/1/15-6/30/16	93.071 93.071	4100034507 4100034507		5,484 6,045	5,484 0	0 0	0 6,045
State Health Insurance Assistance Program	7/1/14-6/30/15 7/1/15-6/30/16	93.324 93.324	4100034507 4100034507		10,907 7,908	10,907 0	0 0	0 7,908
Medical Assistance Program - Over 60 Medicaid Waiver	7/1/14-6/30/15 7/1/15-6/30/16	93.778 93.778	4100036725 4100036725		101,067 78,448	101,547 77,117	480 0	0 1,331

Beaver County, Pennsylvania

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

Federal Granting Agency/Program/Subrecipient	Contract Period	Federal CFDA Number	Pass-Through Grant Number	Pass-Through Federal Expenditures	Federal Expenditures	Federal Grant Receipts	Accounts Receivable (Deferred Revenue)	
							January 1, 2015	December 31, 2015
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED								
<u>Passed through Pennsylvania Department of Human Services:</u>								
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	7/1/14-6/30/16	93.243	ME6300120231		472,477	500,912	105,046	76,611
Total Amount Passed Through to Subrecipients					417,083			
Promoting Safe and Stable Families	7/1/14-6/30/15	93.556			3,732	3,732	0	0
Temporary Assistance for Needy Families - TANF	7/1/14-6/30/15	93.558	ME9661600104		334,684	610,437	275,753	0
	7/1/15-6/30/16	93.558	ME9661600104		315,778	0	0	315,778
Total Amount Passed Through to Subrecipients					650,462			
Temporary Assistance for Needy Families - TANF	10/1/14-9/30/15	93.558	4100064866		158,825	158,825	0	0
Total Amount Passed Through to Subrecipients					155,491			
Child Support Enforcement - Title IV-D	10/1/10-9/30/15	93.563	4100053549		1,578,118	1,720,637	552,468	409,948
Community-Based Child Abuse Prevention Grants	7/1/14-6/30/15	93.590			30,600	30,600	0	0
Child Welfare Services_State Grants - Title IV-B	7/1/14-6/30/15	93.645	ME100431600		18,755	18,755	0	0
	7/1/15-6/30/16	93.645	ME100431600		18,756	0	0	18,756
Foster Care_Title IV-E	7/1/14-6/30/15	93.658	ME100421600		11,969	30,493	18,524	0
	7/1/15-6/30/16	93.658	ME100421600		19,609	0	0	19,609
Foster Care_Title IV-E and AFCARS	7/1/14-6/30/15	93.658	ME100421600		604,392	1,144,870	540,478	0
	7/1/15-6/30/16	93.658	ME100421600		575,603	0	0	575,603
Foster Care_Title IV-E Information Technology Grant	7/1/13-6/30/14	93.658	ME100421600		0	21,370	21,370	0
	7/1/14-6/30/15	93.658	ME100421600		29,365	42,628	19,435	6,171
	7/1/15-6/30/16	93.658	ME100421600		17,372	0	0	17,372
Guardianship Assistance - Recovery	7/1/14-6/30/15	93.090	ME100421600		13,386	25,203	11,817	0
	7/1/15-6/30/16	93.090	ME100421600		13,846	0	0	13,846
Adoption Assistance - Title IV-E	7/1/14-6/30/15	93.659	ME100421600		303,539	626,217	322,678	0
	7/1/15-6/30/16	93.659	ME100421600		275,025	0	0	275,025
Social Services Block Grant - Mental Health/Mental Retardation Program, Early Intervention Program	7/1/14-6/30/16	93.667	ME6300110231		189,384	94,691	0	94,693
Total Amount Passed Through to Subrecipients					189,384			
Social Services Block Grant - Title XX	7/1/14-6/30/15	93.667	ME100421600		97,401	97,401	0	0
	7/1/15-6/30/16	93.667	ME100421600		97,400	0	0	97,400
Chafee Foster Care Independence Program	7/1/14-6/30/15	93.674	ME100431600		25,958	38,936	12,978	0
	7/1/15-6/30/16	93.674	ME100431600		25,956	0	0	25,956

Beaver County, Pennsylvania

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015

Federal Granting Agency/Program/Subrecipient	Contract Period	Federal CFDA Number	Pass-Through Grant Number	Pass-Through Federal Expenditures	Federal Expenditures	Federal Grant Receipts	Accounts Receivable (Deferred Revenue)		
							January 1, 2015	December 31, 2015	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED									
<u>Passed through Pennsylvania Department of Human Services:</u>									
Medical Assistance - Mental Health/Intellectual Disability Program, Waiver Program, and Early Intervention Program	7/1/14-6/30/16	93.778	ME6300120231		639,841	624,855	165,646	180,632	
Medical Assistance - Title IV-E Medicaid	7/1/14-6/30/15	93.778	ME 100421600		3,978	6,845	2,866	0	
	7/1/15-6/30/16	93.778	ME 100421600		3,909	0	0	3,909	
Medical Assistance - Transportation (B.C. Transit Authority) Program	7/1/14-6/30/15	93.778	ME6300220204		384,142	384,142	0	0	
	7/1/15-6/30/16	93.778	ME6300220204		454,458	454,458	0	0	
Toal Amount Passed Through to Subrecipients					838,600				
Block Grants for Community Mental Health Services	7/1/14-6/30/16	93.958	ME6300110231		194,379	97,189	0	97,190	
Toal Amount Passed Through to Subrecipients					194,379				
<u>Passed through University of Pittsburgh:</u>									
Foster Care Title IV-E Educators Fund - CWEL	7/1/14-6/30/15	93.658	ME100421600		24,232	62,216	37,983	0	
	7/1/15-6/30/16	93.658	ME100421600		24,137	0	0	24,137	
<u>Passed through Pennsylvania Department of Health:</u>									
Block Grant for Prevention and Treatment of Substance Abuse	7/1/14-6/30/16	93.959	4100053030		709,729	203,990	0	505,739	
Toal Amount Passed Through to Subrecipients					395,282				
<u>Passed through Pennsylvania Department of Community and Economic Development:</u>									
Community Services Block Grant	1/1/14-12/31/15	93.569	C000057050		298,349	173,891	49,458	173,916	
Toal Amount Passed Through to Subrecipients					274,838				
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>3,513,241</u>	<u>10,479,150</u>	<u>9,353,622</u>	<u>2,136,980</u>	<u>3,262,508</u>
U.S. DEPARTMENT OF HOMELAND SECURITY / FEMA									
<u>Passed through Pennsylvania Emergency Management Agency:</u>									
Emergency Management Performance Grant	10/1/14-9/30/15	97.042	N/A		22,761	28,704	5,943	0	
	10/1/15-9/30/16	97.042	N/A		5,952	0	0	5,952	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY / FEMA					<u>0</u>	<u>28,713</u>	<u>28,704</u>	<u>5,943</u>	<u>5,952</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>4,952,813</u>	<u>15,034,754</u>	<u>14,215,813</u>	<u>3,217,363</u>	<u>4,036,305</u>

Beaver County, Pennsylvania

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
CLUSTER AND PROGRAM TOTALS
For the year ended December 31, 2015

Program/Cluster	Federal CFDA Number	Federal Expenditures	Federal Grant Receipts	Accounts Receivable (Deferred Revenue)	
				January 1, 2015	December 31, 2015
Emergency Food Assistance Cluster	10.568 & 10.569	19,972	20,305	7,047	6,714
CDBG - Entitlement Grants Cluster	14.218 & 14.253	2,472,219	2,285,152	214,148	401,215
Highway Planning and Construction Cluster	20.205	272,147	692,462	495,820	75,505
Early Intervention Services (IDEA) Cluster	84.181 & 84.393	62,955	34,161	0	28,794
Aging Cluster	93.044, 93.045, & 93.053	638,625	331,027	0	307,598
TANF Cluster	93.558	809,287	769,262	275,753	315,778
CSBG Cluster	93.569	298,349	173,891	49,458	173,916
Medicaid Cluster	93.778	2,747,299	2,730,420	168,992	185,872
JAG Program Cluster	16.738 & 16.803	28,261	19,067	4,128	13,322
Emergency Shelter Grants Program (DCED)	14.231	333,048	275,440	26,254	83,862
Supportive Housing Program	14.267	111,903	115,427	20,224	16,700
Home Investment Partnerships Program	14.239	536,598	462,678	43,822	117,742
Crime Victim Assistance	16.575	76,437	64,850	12,403	23,991
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	100,794	124,071	23,277	0
Second Chance Act Prisoner Reentry Initiative	16.812	457,557	684,874	227,317	0
Grants to States (Library Services and Technology Act Grant)	45.310	55,000	55,000	0	0
Special Programs for the Aging_ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2,777	2,777	0	0
Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	6,950	6,950	0	0
Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services / Med Mgmt	93.043	14,670	7,335	0	7,335

Beaver County, Pennsylvania

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 CLUSTER AND PROGRAM TOTALS
 For the year ended December 31, 2015

Program/Cluster	Federal CFDA Number	Federal Expenditures	Federal Grant Receipts	Accounts Receivable (Deferred Revenue)	
				January 1, 2015	December 31, 2015
National Family Caregiver Support, Titel III, Part E	93.052	91,298	91,298	0	0
Medicare Enrollment Assistance Program	93.071	11,529	5,484	0	6,045
Guardianship Assistance - Recovery	93.090	27,232	25,203	11,817	13,846
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED), BC Scores	93.104	464,431	464,431	0	0
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	472,477	500,912	105,046	76,611
State Health Insurance Assistance Program	93.324	18,815	10,907	0	7,908
Promoting Safe and Stable Families	93.556	3,732	3,732	0	0
Child Support Enforcement - Title IV-D	93.563	1,578,118	1,720,637	552,468	409,948
Community-Based Child Abuse Prevention Grants	93.590	30,600	30,600	0	0
Child Welfare Services_State Grants - Title IV-B	93.645	37,511	18,755	0	18,756
Foster Care_Title IV-E	93.658	1,306,679	1,301,577	637,790	642,892
Adoption Assistance - Title IV-E	93.659	578,564	626,217	322,678	275,025
Social Sevices Block Grant	93.667	384,185	192,092	0	192,093
Chafee Foster Care Independence Program	93.674	51,914	38,936	12,978	25,956
Block Grants for Community Mental Health Services	93.958	194,379	97,189	0	97,190
Block Grant for Prevention and Treatment of Substance Abuse	93.959	709,729	203,990	0	505,739
Emergency Management Performance Grant	97.042	28,713	28,704	5,943	5,952
TOTAL EXPENDITURES OF FEDERAL AWARDS		15,034,754	14,215,813	3,217,363	4,036,305

County of Beaver, Pennsylvania

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2015**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Beaver (the County) under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the County, it is not intended and does not present the financial position, changes in net assets, nor cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The County has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – BALANCE OF LOANS

The County administers loans to support affordable housing for low-income households through the HOME Investments Partnership Program funded by the U.S. Department of Housing and Urban Development. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loans outstanding at December 31, 2015 consists of:

<u>Federal Grantor /Program</u>	<u>Federal CFDA Number</u>	<u>Outstanding Balance at December 31, 2015</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grant/Entitlement Grants	14.218	\$1,031,552

September 26, 2016

The Board of County Commissioners and the Controller
County of Beaver
Beaver, Pennsylvania

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING "AGREED-UPON PROCEDURES"
FOR FISCAL YEAR FINANCIAL
SCHEDULES AND EXHIBITS

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services (DHS), and the County of Beaver solely to assist you with respect to the financial schedules and exhibits required by the DHS Single Audit Supplement. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DHS. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are as follows:

- a. We have verified by comparison of the amounts and classifications that the supplemental financial schedules and exhibits listed below, which summarize amounts reported to DHS for fiscal periods ended June 30, 2015 and December 31, 2015, have been accurately compiled and reflect the audited books and records of the County of Beaver. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS Single Audit Supplement pertaining to these periods.

<u>Program Name</u>	<u>Exhibit Number</u>	<u>Referenced Schedule/Exhibit</u>
Child Support Enforcement	A-1(a)	Comparison of Single Audit Expenditures with Reported Expenditures
Early Intervention Services	V (a) EI	Schedule of Revenues, Expenditures, and Carryover Funds
Early Intervention Program	V (b) EI	Report of Income and Expenditures
County Human Services Block Grant	VI (a) BG-S	Report of Income and Expenditures
Supplemental Schedule Reconciliation	XX	Federal Awards Passed through the Pennsylvania DHS

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

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

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

The Binkley Kanavy Group, LLC

Certified Public Accountants

County of Beaver, Pennsylvania

**CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES
For the Twelve Month Period Ended December 31, 2015**

3/31/2015	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
1. Salary/Overhead	\$ 593,203	\$ 24,856	\$ 50,990	\$ 517,357	\$ 341,456	\$ 593,203	\$ 24,856	\$ 50,990	\$ 517,357	\$ 341,456	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	6	-	-	6	4	6	-	-	6	4	-	-	-	-	-
3. Interest/Prog. Income	9,074	380	-	8,694	5,738	9,074	380	-	8,694	5,738	-	-	-	-	-
4. Blood Testing Fees	837	-	-	837	552	837	-	-	837	552	-	-	-	-	-
5. Blood Testing Costs	1,081	-	-	1,081	713	1,081	-	-	1,081	713	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 584,367	\$ 24,476	\$ 50,990	\$ 508,901	\$ 335,875	\$ 584,367	\$ 24,476	\$ 50,990	\$ 508,901	\$ 335,875	\$ -	\$ -	\$ -	\$ -	\$ -

Quarter Ending:	Single Audit Expenditures					Reported Expenditures					Single Audit Over (Under) Reported				
6/30/2015	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
1. Salary/Overhead	\$ 602,967	\$ 19,429	\$ 122,926	\$ 460,612	\$ 304,004	\$ 602,967	\$ 19,429	\$ 122,926	\$ 460,612	\$ 304,004	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	6	-	-	6	4	6	-	-	6	4	-	-	-	-	-
3. Interest/Prog. Income	9,739	316	-	9,423	6,219	9,739	316	-	9,423	6,219	-	-	-	-	-
4. Blood Testing Fees	1,151	-	-	1,151	760	1,151	-	-	1,151	760	-	-	-	-	-
5. Blood Testing Costs	1,345	-	-	1,345	888	1,345	-	-	1,345	888	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 593,416	\$ 19,113	\$ 122,926	\$ 451,377	\$ 297,909	\$ 593,416	\$ 19,113	\$ 122,926	\$ 451,377	\$ 297,909	\$ -	\$ -	\$ -	\$ -	\$ -

County of Beaver, Pennsylvania

**CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES (CONTINUED)
For the Twelve Month Period Ended December 31, 2015**

Quarter Ending:	<u>Single Audit Expenditures</u>					<u>Reported Expenditures</u>					<u>Single Audit Over (Under) Reported</u>				
9/30/2015	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
1. Salary/Overhead	\$ 631,479	\$ 27,626	\$ 47,422	\$ 556,431	\$ 367,244	\$ 631,479	\$ 27,626	\$ 47,422	\$ 556,431	\$ 367,244	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	6	-	-	6	4	6	-	-	6	4	-	-	-	-	-
3. Interest/Prog. Income	10,168	457	-	9,711	6,409	10,168	457	-	9,711	6,409	-	-	-	-	-
4. Blood Testing Fees	553	-	-	553	365	553	-	-	553	365	-	-	-	-	-
5. Blood Testing Costs	1,231	-	-	1,231	812	1,231	-	-	1,231	812	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 621,983	\$ 27,169	\$ 47,422	\$ 547,392	\$ 361,278	\$ 621,983	\$ 27,169	\$ 47,422	\$ 547,392	\$ 361,278	\$ -	\$ -	\$ -	\$ -	\$ -

Quarter Ending:	<u>Single Audit Expenditures</u>					<u>Reported Expenditures</u>					<u>Single Audit Over (Under) Reported</u>				
12/31/2015	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
1. Salary/Overhead	\$ 844,064	\$ 35,367	\$ -	\$ 808,697	\$ 479,260	\$ 844,064	\$ 35,367	\$ -	\$ 808,697	\$ 479,260	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	6	-	-	6	3	6	-	-	6	3	-	-	-	-	-
3. Interest/Prog. Income	11,642	480	-	11,162	7,215	11,642	480	-	11,162	7,215	-	-	-	-	-
4. Blood Testing Fees	341	-	-	341	225	341	-	-	341	225	-	-	-	-	-
5. Blood Testing Costs	852	-	-	852	562	852	-	-	852	562	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 832,927	\$ 34,887	\$ -	\$ 798,040	\$ 472,379	\$ 832,927	\$ 34,887	\$ -	\$ 798,040	\$ 472,379	\$ -	\$ -	\$ -	\$ -	\$ -

County of Beaver, Pennsylvania

MEDICAL ASSISTANCE TRANSPORTATION PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
For the Twelve Month Period Ended June 30, 2015

<u>Service Data</u>		<u>Reported</u>	<u>Actual</u>
Expenditures			
	Group I Clients	*	\$ 1,541,284
	Group II Clients	*	<u>201,088</u>
	Total Expenditures	*	<u>\$ 1,742,372</u>
<u>Allocation Data</u>			
Revenues			
	Pennsylvania Department of Human Services	\$ 1,630,137	\$ 1,711,967
	Interest Income	<u>-</u>	<u>-</u>
	Total Revenues	<u>\$ 1,630,137</u>	<u>\$ 1,711,967</u>
Funds Expended			
	Operating Costs	*	1,421,263
	Administrative Costs	*	<u>321,109</u>
	Excess Revenues over Expenditures		<u>\$ (30,405)</u>

* The Authority does not provide for budgeted expenditures/trips between Group I and Group II clients. Services costs and administration costs are allocated based on actual trips.

County of Beaver, Pennsylvania

**COUNTY REPORT OF INCOME AND EXPENDITURES
COUNTY HUMAN SERVICES BLOCK GRANT
For the Twelve Month Period Ended June 30, 2015**

Schedule of Fund Balances – Summary Report

County Match	4.81%
Actual County Match (\$)	\$561,459
Actual County Match (%)	4.81%

Block Grant Reporting		Costs Eligible for DHS Participation (2)										
Sources of Funding:	Appropriation	DHS Allocation (1)	Mental Health	Intellectual Disabilities	Homeless Assistance	Child Welfare	HSS	D&A	Total	Balance of Funds (3)	Adjustments (4)	Total Fund Balance (5)
1 State Human Services Block Grant	Multiple	\$11,663,468	\$7,339,227	\$2,313,169	\$114,549	\$937,843	\$309,011	\$399,563	\$11,413,362	\$250,106	\$0	\$250,106
2 SSBG	Multiple	\$189,385	\$93,914	\$95,471	\$0				\$189,385	\$0	\$0	\$0
3 SABG	70113	\$0			\$0				\$0	\$0	\$0	\$0
4 CMHSBG	70167	\$204,379	\$204,379						\$204,379	\$0	\$0	\$0
5 MA	70175	\$128,003		\$128,003					\$128,003	\$0	\$0	\$0
6 Crisis Counseling	80222	\$0	\$0						\$0	\$0	\$0	\$0
Total for Block Grant		\$12,185,235	\$7,637,520	\$2,536,643	\$114,549	\$937,843	\$309,011	\$399,563	\$11,935,129	\$250,106	\$0	\$250,106

Retained Earnings	
I. Unexpended Allocation	\$250,106
II. Maximum Retained Earnings (3%)	\$349,904
III. Waiver Requested Money (if applicable)	\$0
IV. Total Requested Retained Earnings	\$250,106

Prior Year Retained Earnings	
I. FY 13-14 Retained Earning	\$259,408
II. Total Expended Retained Earnings-3%	\$259,408
III. Total Expended Retained Earnings-Waiver	\$0
IV. Amounts to be Returned to DHS	\$0

County of Beaver, Pennsylvania

SCHEDULE OF REVENUES, EXPENDITURES, AND CARRYOVER FUNDS
EARLY INTERVENTION SERVICES
For the Twelve Month Period Ended June 30, 2015

Sources of Funding	DHS Funds Available				Cost Eligible for DHS Participation	Balance of Funds	Grant Fund Adjs.	Total Fund Balance
	App	Carryover	Allotment	Total Allocation				
		(1)	(2)	(3)				
A. Early Intervention								
1. Early Intervention Services	10235	\$ 6,198	\$ 1,170,950	\$ 1,177,148	\$ 1,177,148	\$ -	\$ -	\$ -
2. Early Intervention - Training	10235	-	5,085	5,085	5,085	-	-	-
3. Early Intervention Administration	10235	-	43,216	43,216	43,216	-	-	-
4. Infant & Toddlers w/ Disabilities (Part C)	70170	-	62,955	62,955	62,955	-	-	-
5. IT & F Waiver Admin	10235/70184	-	8,574	8,574	8,574	-	-	-
7. Reserved	00001	-	-	-	-	-	-	-
8. Total		\$ 6,198	\$ 1,290,780	\$ 1,296,978	\$ 1,296,978	\$ -	\$ -	\$ -

County of Beaver, Pennsylvania
REPORT OF INCOME AND EXPENDITURES
EARLY INTERVENTION PROGRAM
For the Twelve Month Period Ended June 30, 2015

	Admin Office	Early Intervention	Supports Coordination	Total
I. TOTAL ALLOCATION				\$1,296,978
II. TOTAL EXPENDITURES	\$62,547	\$1,004,776	\$534,950	\$1,602,273
III. COSTS OVER ALLOCATION				
A. County Funded Eligible	\$0	\$0	\$0	\$0
B. County Funded Ineligible	\$531	\$0	\$0	\$531
C. Other Eligible	\$0	\$0	\$0	\$0
D. Other Ineligible	\$0	\$0	\$0	\$0
Subtotal Costs Over Allocation	\$531	\$0	\$0	\$531
IV. REVENUE				
A. Program Service Fees	\$0	\$0	\$0	\$0
B. Private Insurance Fees	\$0	\$0	\$0	\$0
C. Medical Assistance	\$0	\$0	\$156,183	\$156,183
D. Earned Interest	\$14	\$0	\$0	\$14
E. Other	\$5,410	\$0	\$0	\$5,410
Subtotal Revenues	\$5,424	\$0	\$156,183	\$161,607
V. DHS REIMBURSEMENT				
C. DHS Categorical Funding 90%	\$43,216	\$904,298	\$340,890	\$1,288,404
D. DHS Categorical Funding 100%	\$8,574	\$0	\$0	\$8,574
Subtotal DHS Reimbursement	\$51,790	\$904,298	\$340,890	\$1,296,978
VI. COUNTY MATCH				
10% County Match	\$4,802	\$100,478	\$37,877	\$143,157
Subtotal County Match	\$4,802	\$100,478	\$37,877	\$143,157
VII. TOTAL DHS REIMBURSEMENT AND COUNTY MATCH	\$56,592	\$1,004,776	\$378,767	\$1,440,135
VIII. TOTAL CARRYOVER				\$0

Beaver County, Pennsylvania

SUPPLEMENTAL SCHEDULE - RECONCILIATION
For the Twelve Month Period Ended December 31, 2015

Federal Awards Passed through the Pennsylvania Department of Human Services
Expenditures per the SEFA to Revenue Received per the Pennsylvania Audit Confirmation Reply

(A) CFDA Name	(B) CFDA Number	(C) Federal Expenditures per the SEFA	(D) Federal Awards Received per the audit confirmation reply from Pennsylvania	(E) Difference (C - D)	(F) % Difference (E / D)	(G) Detailed Explanation of the Differences
Special Education - Grants for Infants and Families	84.181	62,955.00	48,558.00	14,397.00	29.65%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Guardianship Assistance - Recovery	93.090	27,232.00	25,369.18	1,862.82	7.34%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Promoting Safe and Stable Families	93.556	3,732.00	3,732.00	0.00	0.00%	
Temporary Assistance for Needy Families - TANF	93.558	650,462.00	610,437.00	40,025.00	6.56%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Temporary Assistance for Needy Families - TANF	93.558	158,825.00	158,824.76	0.24	0.00%	
Child Support Enforcement - Title IV-D	93.563	1,578,118.00	1,634,427.00	(56,309.00)	-3.45%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Community-Based Child Abuse Prevention Grants	93.590	30,600.00	30,600.00	0.00	0.00%	
Child Welfare Services_State Grants - Title IV-B	93.645	37,511.00	37,511.00	0.00	0.00%	
Foster Care_Title IV-E	93.658	31,578.00	38,220.17	(6,642.17)	-17.38%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS. There was also a payment from DHS for an invoice adjustment to 2014 expenditures.
Foster Care_Title IV-E and AFCARS	93.658	1,179,995.00	831,145.10	348,849.90	41.97%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Foster Care_Title IV-E Information Technology Grant	93.658	46,737.00	42,628.08	4,108.92	9.64%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Adoption Assistance - Title IV-E	93.659	578,564.00	748,965.66	(170,401.66)	-22.75%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Social Services Block Grant - Mental Health/Mental	93.667	189,384.00	142,039.00	47,345.00	33.33%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Social Services Block Grant - Title XX	93.667	194,801.00	194,801.00	0.00	0.00%	
Chafee Foster Care Independence Program	93.674	51,914.00	51,914.00	0.00	0.00%	
Medical Assistance - Mental Health/Intellectual Disability Program, Waiver Program, and Early Intervention Program	93.778	639,841.00	114,645.50	525,195.50	458.10%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Medical Assistance - Title IV-E Medicaid	93.778	7,887.00	6,844.52	1,042.48	15.23%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.
Medical Assistance - Transportation (B.C. Transit Authority) Program	93.778	838,600.00	838,600.00	0.00	0.00%	
Block Grants for Community Mental Health Services	93.958	194,379.00	148,285.00	46,094.00	31.08%	The difference is due to the timing of when the expenditure occurred and when the payment was received from DHS.

OTHER REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

The Board of County Commissioners
and the Beaver County Controller
County of Beaver
Beaver, Pennsylvania

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Report on Compliance for Each Major Federal Program

We have audited the County of Beaver's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Pennsylvania Department of Human Services' (DHS) Single Audit Supplement* that could have a direct and material effect on each of the County's major federal and DHS programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Our report includes a reference to other auditors who audited the financial statements of the Beaver County Transit Authority and the Community College of Beaver County, as of and for the year ended June 30, 2015, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of compliance with the requirements for each major program and on internal control over compliance required by the Uniform Guidance that are reported on separately by those auditors.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and DHS programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *Pennsylvania DHS's Single Audit Supplement*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or DHS program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and DHS program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and DHS program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *Pennsylvania DHS Single Audit Supplement*. Accordingly, this report is not suitable for any other purpose.

The Binkley Kanavy Group, LLC

Certified Public Accountants
September 26, 2015

The Board of County Commissioners
and the Beaver County Controller
County of Beaver
Beaver, Pennsylvania

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Beaver (the County) as of and for the year ended December 31, 2015 (with the aggregate discretely presented component units as of and for the year ended June 30, 2015), and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 26, 2016. Our report includes a reference to other auditors who audited the financial statements of the Beaver County Transit Authority and the Community College of Beaver County as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

The Binkley Kanavy Group, LLC

Certified Public Accountants
September 26, 2016

County of Beaver, Pennsylvania

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 516(a) of 2 CFR 200?	No

Identification of major programs:

CFDA Number(s): Name of Federal Program or Cluster:

93.558	TANF Cluster
93.658	Foster Care – Title IV-E
93.778	Medicaid Cluster
93.959	Block Grant for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low risk auditee?	Yes
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Section II - Financial Statement Findings

No Findings Noted.

Section III - Federal Award Findings and Questioned Costs

See Summary Schedule of Audit Findings on the following page.

County of Beaver, Pennsylvania

SUMMARY SCHEDULE OF CURRENT AND PRIOR AUDIT FINDINGS
Year Ended December 31, 2015

SUMMARY SCHEDULE OF AUDIT FINDINGS

No findings noted.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No findings noted.