

**COUNTY OF FAYETTE
UNIONTOWN, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

COUNTY OF FAYETTE, PENNSYLVANIA
YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements	1 - 3
Management's Discussion and Analysis	4 - 18
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances	
of Governmental Funds to the Statement of Activities	24
Statement of Fund Net Position – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Position – Fiduciary Funds	28
Statement of Changes in Plan Net Position – Fiduciary Funds	29
Notes to Financial Statements	30 - 63
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual – General Fund	65
Schedule of Changes in the Net Pension Liability and Related Ratios	66
Schedule of Employer Contributions-Last 10 Years	67
Schedule of Investment Returns	68
Other Supplementary Information	
Combining Balance Sheet – Other Governmental Funds	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	
– Other Governmental Funds	71
Combining Balance Sheet – Special Revenue Funds	72 - 74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	
– Special Revenue Funds	75 - 77
Combining Balance Sheet – Capital Project Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	
– Capital Project Funds	79



INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Fayette
Uniontown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the COUNTY OF FAYETTE as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the COUNTY OF FAYETTE'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 Community Development Fund, which is a major fund and represents 0%, 0%, and 2.40%, respectively, of the assets, net position, and revenues of the governmental activities and 100% of the assets, net position and revenues of the Community Development Fund reported as major. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Community Development Fund, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



County Commissioners
County of Fayette
Page 2

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the COUNTY OF FAYETTE as of December 31, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Adoption of GASB Pronouncements

As described in Note 1 to the financial statements, in 2019 the County adopted the provisions of Governmental Accounting Standards Board's Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 17, subsequent events may have a significant impact on the operations of the County. Management has determined that it is not possible to predict the eventual outcome of the subsequent event. The accompanying financial statements do not include any adjustments related to the subsequent event. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of county contributions and investment returns, and schedules of changes in the net pension liability and related ratios (as listed in the table of contents as required supplementary information) on pages 4 - 18 and 65 - 68 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF FAYETTE's financial statements as a whole. The Combining and Individual Non-Major Funds financial statements on pages 70 through 79 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining and Individual Non-Major Funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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County Commissioners
County of Fayette
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the COUNTY OF FAYETTE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 COUNTY OF FAYETTE's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

September 30, 2020
Pittsburgh, Pennsylvania

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

The COUNTY OF FAYETTE, hereafter referred to as the "COUNTY", is pleased to present its financial statements developed in compliance with Statement No. 34 of the Governmental Accounting Standard Board (GASB), entitled "Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments (hereafter "GASB 34"), and related standards. GASB 34 enhances information provided to the users of its financial statements. This section of the financial reporting package presents our discussion and analysis of the COUNTY's financial performance during the year ended December 31, 2019. We recommend that it be read in conjunction with the accompanying basic financial statements in order to obtain a thorough understanding of the COUNTY's financial condition at December 31, 2019.

FINANCIAL HIGHLIGHTS

Fund Balance

The County's General Fund reported a fund balance in the amount of \$2,133,939 for the year ended December 31, 2019. This was a decrease of \$410,709 in 2019. The County reported an unassigned fund balance amount for the General Fund of \$468,743.

Real Estate Taxes

The County's assessed valuation increased from \$4,720,014,250 in 2018 to \$4,764,023,610 in 2019. The County's millage rate remained at 5.51 in 2019. The 2019 the General Fund millage was set at 5.28 and the Debt Service Fund was set at .23. In 2019, \$25,154,044 of real estate tax revenue was received for General Fund purposes and \$969,702 was received for Debt Service purposes.

Employee Health Cost

In 2010, the County commenced a self-funded health insurance program in order to help control the rising costs of health insurance. An internal service fund was created in order to handle the accounting process. In 2019, the County expended \$9,161,135 in health insurance costs leaving a net position of \$3,600,205.

Retirement Assets

The County's Retirement Trust Fund had an increase in the plan net position of \$11,157,937. The increase was due to an appreciation in fair market value on the investments and County contributions made during 2019. The County's retirement net position value was \$83,671,702 at December 31, 2019.

County's Net Position

The County's Governmental Activities had a total Net Position of \$31,747,098 for the year ended December 31, 2019.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial section of this report consists of four parts:

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

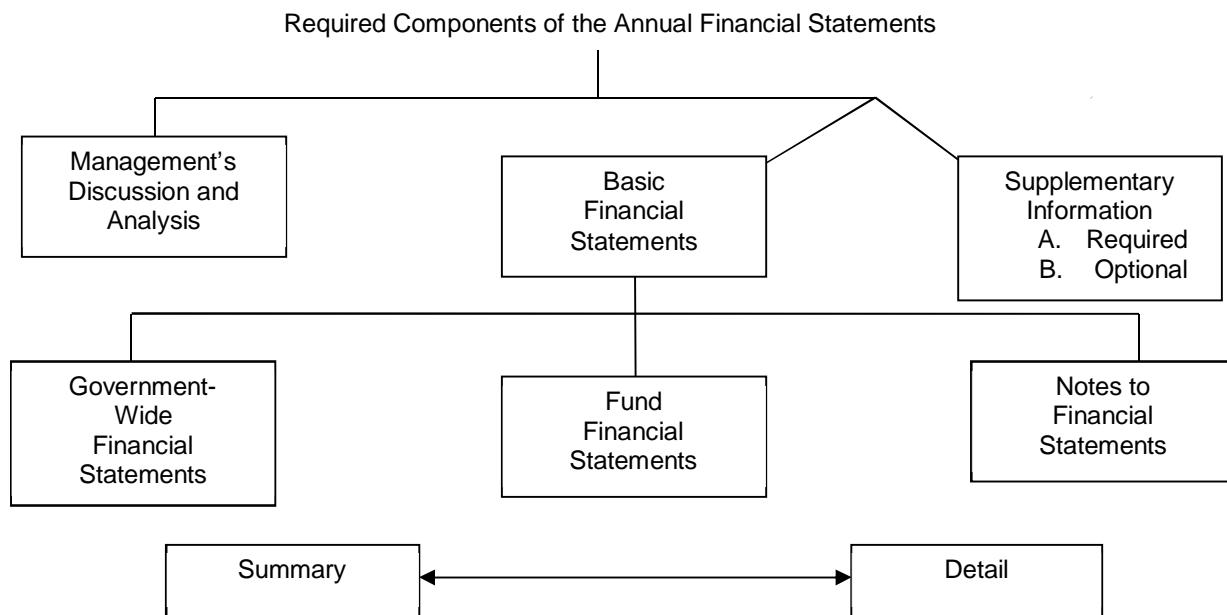
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the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

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

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

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

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



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COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

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

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

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

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

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

Government-wide financial statements

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

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

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

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

The primary government is included in the government-wide financial statements. (See Note 1, Notes to the Financial Statements for additional information).

There is one category of activity for the primary government:

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

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

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

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

- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position balances as follows:
 - Net investment in capital assets
 - Restricted net positions are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
 - Unrestricted net positions are net positions that do not meet any of the above restrictions

Fund Financial Statements

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

The COUNTY has three kinds of funds:

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

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

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

- *Proprietary funds* consist of the County's internal service fund. An internal service fund is an accounting device used to accumulate and allocate cost internally among the COUNTY's various functions. The COUNTY uses an internal service fund to account for the cost of employee fringe benefits, primarily the self-funded medical and dental programs. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary funds* are funds for which the COUNTY is the trustee or fiduciary. These include certain agency funds, or clearing accounts for assets held by the COUNTY in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The COUNTY is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position. These funds are excluded from the COUNTY's government-wide financial statements because the COUNTY cannot use these assets to finance its operations.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The COUNTY's total assets were \$83,895,817 at December 31, 2019.

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

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

	Governmental Activities	Net Change	% of Change
	2019	2018	
Assets:			
Current and Other Assets	\$ 49,388,837	\$ 47,986,794	\$ 1,402,043
Capital Assets	34,506,980	35,023,846	(516,866)
Total Assets	83,895,817	83,010,640	885,177
Deferred Outflows of Resources	2,418,537	6,368,699	(3,950,162)
Liabilities:			
Current and Other Liabilities	22,682,057	19,528,963	3,153,094
Long-Term Liabilities	27,965,686	34,414,641	(6,448,955)
Total Liabilities	50,647,743	53,943,604	(3,295,861)
Deferred Inflows of Resources	3,919,513	806,138	3,113,375
Net Position:			
Net Investment in Capital Assets	15,411,903	14,883,710	528,193
Restricted	23,888,344	24,547,700	(659,356)
Unrestricted	(7,553,149)	(4,801,813)	(2,751,336)
Total Net Position	\$ 31,747,098	\$ 34,629,597	\$ (2,882,499)

The 2019 increase in current and other assets was primarily due to an increase in Due from other Governments and grants receivable compared to 2018. The decrease in capital assets was due to less project activity in 2019.

The 2019 decrease in liabilities was primarily due to the \$5,167,596 Net Pension Liability decrease from 2018.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

Change in Net Position

The following statement of activities represents changes in net position for the year ended December 31, 2019. It shows revenues by source and expenses by function for governmental activities and the government as a whole.

	2019	2018	Total Change	Percent Change
Revenues				
Program Revenue:				
Charges for Services	\$ 53,889,043	\$ 52,941,737	\$ 947,306	1.8%
Operating Grants and Contributions	43,617,839	36,430,895	7,186,944	19.7%
Capital Grants and Contributions	3,122,389	1,980,735	1,141,654	57.6%
General Revenue:				
Real Estate Taxes	26,444,914	26,640,301	(195,387)	-0.7%
Hotel Tax	2,227,452	1,854,584	372,868	20.1%
Interest and Royalties	696,752	737,186	(40,434)	-5.5%
Total Revenue	\$ 129,998,389	\$ 120,585,438	\$ 9,412,951	7.8%
Expenses				
General Government	9,793,217	8,861,191	932,026	10.5%
Judicial Government	11,016,769	12,041,533	(1,024,764)	-8.5%
Public Safety	18,088,183	16,496,472	1,591,711	9.6%
Public Works	2,522,696	1,301,467	1,221,229	93.8%
Human Services	83,930,309	77,191,258	6,739,051	8.7%
Culture/Recreation	361,456	560,074	(198,618)	-35.5%
Community Services	5,507,884	3,888,617	1,619,267	41.6%
Community Development	553,746	617,203	(63,457)	-10.3%
Interest on Long-Term Liabilities	347,833	286,988	60,845	21.2%
Total Expenses	132,122,093	121,244,803	10,877,290	9.0%
Change in Net Position	(2,123,704)	(659,365)	(1,464,339)	222.1%
Net Position-Beginning, as Restated (Note 16)	<u>33,870,802</u>	<u>35,288,962</u>	<u>1,418,160</u>	<u>4.0%</u>
Net Position-Ending	<u>\$ 31,747,098</u>	<u>\$ 34,629,597</u>	<u>\$ (2,882,499)</u>	<u>-8.3%</u>

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2019, real estate taxes brought in \$26,444,914.

Table A-5
County of Fayette
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Program:		
General Government	\$ 9,793,217	\$ (6,910,364)
Judicial Government	11,016,769	(6,691,221)
Public Safety	18,088,183	(11,752,682)
Public Works	2,522,696	150,352
Human Services	83,930,309	(3,246,164)
Culture/Recreation	361,456	(29,380)
Community Services	5,507,884	(2,385,495)
Conservation/Development	553,746	(280,035)
Interest on Long-Term Debt	347,833	(347,833)
Total	<u>\$ 132,122,093</u>	<u>\$ (31,492,822)</u>

The COUNTY relied on real estate taxes and other general revenues to fund 23.84% of its governmental activities in 2019.

The real estate tax is based on the assessed value of real property. Changes in the assessed valuation affect tax revenues. The rate of taxation in 2019 was 5.28 mills for general purposes and debt service purposes were set at .23 mills.

Approximately 60.74% of judicial system spending came from property tax and other general revenues with the remainder coming from grants, fines, and courts costs. Property taxes and other general revenues covered more than 64.97% of public safety costs with the remainder coming from grants and fees covering room and board at the county prison.

Administrative, public works, human services, culture and recreation, Community Services, Conservation/Development and Interest expenditures required 70.56%, 0%, 3.87%, 8.13%, 43.31%, 50.57% and 100% respectively, from property taxes and other general revenue.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

Capital Assets

The COUNTY's capital assets, net of accumulated depreciation, were \$34,506,980 at December 31, 2019. A summary of capital assets at December 31, 2019 is as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ 3,007,378	\$ 186,592	\$ -	\$ 3,193,970
Construction in Progress	<u>70,701</u>	<u>12,000</u>	<u>(29,491)</u>	<u>53,210</u>
Total Capital Assets				
Not Being Depreciated	<u>3,078,079</u>	<u>198,592</u>	<u>(29,491)</u>	<u>3,247,180</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	48,165,930	966,348	-	49,132,278
Furniture, Fixtures and Equipment	11,493,468	535,585	(3,252)	12,025,801
Vehicles	8,804,800	972,010	-	9,776,810
Infrastructure	<u>21,586,881</u>	<u>197,126</u>	<u>-</u>	<u>21,784,007</u>
Total Capital Assets Being Depreciated	<u>90,051,079</u>	<u>2,671,069</u>	<u>(3,252)</u>	<u>92,718,896</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(35,743,155)	(880,666)	-	(36,623,821)
Furniture, Fixtures, and Equipment	(9,210,801)	(452,556)	3,252	(9,660,105)
Vehicles	(8,279,233)	(415,395)	-	(8,694,628)
Infrastructure	<u>(4,872,123)</u>	<u>(1,608,419)</u>	<u>-</u>	<u>(6,480,542)</u>
Total Accumulated Depreciation	<u>(58,105,312)</u>	<u>(3,357,036)</u>	<u>3,252</u>	<u>(61,459,096)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 35,023,846</u>	<u>\$ (487,375)</u>	<u>\$ (29,491)</u>	<u>\$ 34,506,980</u>

The total depreciation expense charged to governmental activities for 2019 was \$3,357,036.

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

Governmental Activities	
General Government	\$ 233,544
Judicial	235,705
Public Safety	350,967
Public Works	1,476,451
Culture/Recreation	96,447
Human Services	957,976
Conservation and Development	<u>5,946</u>
Total Depreciation	<u>\$ 3,357,036</u>

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

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

Debt Administration

At December 31, 2019, the COUNTY had \$19,052,888 of long term bonds, notes and capital leases outstanding. The County's general obligation debt increased .19%, capital leases decreased 26.3% in 2019.

	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bonds	\$ 11,065,000	\$ -	\$ (1,045,000)	\$ 10,020,000
General Obligation Notes	5,060,740	1,046,457	(32,378)	6,074,819
	<u>16,125,740</u>	<u>1,046,457</u>	<u>(1,077,378)</u>	<u>16,094,819</u>
Capital Leases	4,014,396	101,736	(1,158,063)	2,958,069
Total Long-Term Debt	<u>\$ 20,140,136</u>	<u>\$ 1,148,193</u>	<u>\$ (2,235,441)</u>	<u>\$ 19,052,888</u>

The County made principal payments on the General Obligation Bonds 2011 and 2012 totaling \$1,045,000. The County made drawn downs on the 2017 Note that were used for Capital improvements on the Courthouse, Public Service Building, County parking lot and Federal Building. The County drew down a total of \$1,046,457 during 2019. The County entered into two lease agreements during 2019. Children and Youth and Juvenile Probation purchased four vehicles totaling \$101,736.

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

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

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

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at December 31, 2018, and December 31, 2019, were as follows.

Table A-8
County of Fayette
Revenues by Source, Governmental Funds

	2019	2018	Changes from 2018 to 2019	Percentage Variance
Revenues:				
Taxes	\$ 26,891,654	\$ 26,830,998	\$ 60,656	0.2%
Hotel Tax	2,227,452	1,854,584	372,868	20%
Licenses and Permits	30,055	26,560	3,495	13%
Grants and Gifts	46,740,228	38,411,630	8,328,598	22%
Charges for Services	53,329,673	52,361,092	968,581	2%
Fines & Forfeitures	433,097	464,763	(31,666)	-7%
Interest and Royalties	696,751	737,184	(40,433)	-5%
Miscellaneous	92,848	89,323	3,525	4%
Lease Proceeds	101,736	252,948	(151,212)	100%
Note Proceeds	1,046,457	1,328,586	(282,129)	-21%
Operating Transfers In	4,683,915	3,970,496	713,419	18%
 Total Revenue	 \$ 136,273,866	 \$126,328,164	 \$ 9,945,702	 7.9%

Governmental fund revenues totaled \$136,273,866 for the year ended December 31, 2019. This was an overall 7.9% increase in the amount of \$9,945,702 from 2018. Real Estate Taxes increased 0.2%, for a total of \$60,656 due to a slight increase in the County's collectible rate. Hotel Taxes increased \$372,868 in 2019, which was a 20% increase from 2018. The Hotel Excise Tax is set at 5%. Licenses and Permits had an increase of 13%. Games of Chance increased \$2,300 in 2019 while Bingo increased \$1,195. Grants increased in the amount of \$8,328,598 from the Commonwealth and Federal Government in 2019, which amounted to a 22% increase from 2018. The increase was largely due to the increase in the Human Services programs from 2018, which was \$8,726,879. Federal and State Grant Funding increase correspondingly with the increase in Human Services programs. The General Fund grant programs increased \$409,135, Behavioral Health programs increased \$7,726,502 and FACT's increased \$968,268 from 2018. The Redevelopment Authority received \$1,141,656 in additional State and Federal funding during 2019, totaling \$3,122,389 for HOME and CDBG projects. In 2019, Children and Youth State and Federal Funding decreased to \$9,640,672 from \$10,848,236, which equates to a \$1,207,564 decrease or 12.53%. The County's 911 funding increased \$850,484 in 2019. In 2018, the County's 911 funding was \$2,275,828 and in 2019 the funding was \$3,126,312, which was an increase in the amount of \$850,484. In 2019, Charges for Services increased to \$968,581, which was a 2% increase. The General Fund reported an increase of \$443,730 in 2019 and Children and Youth increased \$910,025. Fines and Forfeitures reported a 7% decrease in the amount of \$31,666. Interest and Royalties decreased \$40,433, which was a 5% decrease from 2018 for a total of \$696,751 in 2019. Miscellaneous revenue increased \$3,525 to \$92,848 in 2019. The 2017 Note Proceeds were used for various Capital projects on the County's Buildings. The 2019 Lease Proceeds were used for Vehicles at Children and Youth and Juvenile Probation totaling \$101,736. Operating Transfers increased in 2019 due to an increase on the County match that was required during the year.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at December 31, 2018 and December 31, 2019 were as follows:

Table A-9
County of Fayette
Expenditures by Function, Governmental Funds

	2019	2018	Changes from 2017- 2018	Percentage Change
Expenditures:				
General Administrative	\$ 9,672,531	\$ 9,260,890	\$ 411,641	4%
General Judicial	10,656,066	11,685,258	(1,029,192)	-9%
Public Safety	18,189,642	16,429,643	1,759,999	11%
Public Works	1,056,163	2,199,057	(1,142,894)	-52%
Human Services	82,904,685	74,177,806	8,726,879	12%
Culture/Recreation	547,443	1,268,579	(721,136)	-57%
Community Service	5,507,884	3,888,617	1,619,267	42%
Conservation/Development	547,800	615,890	(68,090)	-11%
Retirement	700,000	500,000	200,000	40%
Debt Service-Principal	1,891,636	1,845,643	45,993	2%
Debt Service-Interest	689,878	622,059	67,819	11%
Operating Transfers Out	4,683,915	4,878,216	(194,301)	-4%
 Total Expenditures	 \$ 137,047,643	 \$ 127,371,658	 \$ 9,675,985	 8%

Governmental fund expenditures totaled \$137,047,643 for the year ended December 31, 2019. This was an overall increase of \$9,675,985 from 2018, or 8.0%.

Total expenditures for the County's funds were as follows: The General Fund, \$33,120,861, which was an increase of \$1,416,769 from 2018. The functions that made up this increase in the General Fund was:

<u>Functions:</u>	<u>2019</u>	<u>2018</u>	Changes from 2018 to 2019
General Government	\$ 8,623,744	\$ 9,086,766	\$ 463,022
Judicial Government	8,784,957	8,443,609	(341,348)
Public Safety	13,177,976	11,902,253	(1,275,723)
Public Works	278,664	180,252	(98,412)
Human Services	431,650	417,387	(14,263)
Recreation	506,070	462,935	(43,135)
Community Service	70,000	95,000	25,000
Conservation Development	547,800	615,890	68,090
Retirement	700,000	500,000	(200,000)
 \$ 33,120,861	 \$ 31,704,092	 \$ (1,416,769)	

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

GOVERNMENTAL FUND EXPENDITURES (Continued)

The Children and Youth expenditures totaled \$12,044,855 for 2019, which was an increase of \$326,141 from 2018. Behavioral Health expenditures totaled \$19,745,317 for 2019, which was an increase in the amount of \$7,281,025 from 2018. Health Choices expenditures totaled \$44,166,204 for 2019, which was a decrease of \$4,446 from 2018. Transportation (FACT) expenditures increased \$1,109,406 from 2018 for a total of \$5,778,613 for 2019. In 2019, FACT had over \$985,000 in capital asset purchases on vehicles and equipment, while in 2018, only \$221,000 was expended on capital assets. Domestic Relations expenditures totaled \$1,579,059, which was an increase of \$48,319 from 2018. Community Development Fund expenditures totaled \$3,122,389 for 2019, which was an increase of \$1,141,654 from 2018. This increase was the result of increased services from the HOME and CDBG programs that are administrated by the Redevelopment Authority. For 2019, the Debt Service Fund expenditures totaled \$2,602,000, compared to \$2,447,807 in 2018. Special Revenue and Capital Project Funds expenditures totaled \$10,204,430 for 2019, which was a decrease in the amount of \$1,515,137 from 2018. The Liquid Fuels Fund expenditures decreased \$358,907 from 2018. The Act 13 Bridge Fund expenditures decreased \$1,039,345, mainly due a sharp decline in bridge projects during 2019. The public safety 911 funding program's expenditures increased \$430,179 from 2018.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds at December 31, 2019.

Table A-10
County of Fayette
Ending Fund Balances, Governmental Funds

<u>Funds</u>	
General Fund	\$ 2,133,939
Debt Service	496,654
Health Choices	11,801,296
Transportation (FACT)	1,567,202
Domestic Relations	1,119,017
Non-major Governmental Funds	<u>5,464,224</u>
 Total Fund Balances-Governmental Funds	 <u>\$ 22,582,332</u>

The County's governmental funds reported a combined fund balance of \$22,582,332 at December 31, 2019. Of the total, the General Fund reported a fund balance in the amount of \$2,133,939. A detailed breakdown of the other governmental funds can found on pages 70-79 in the other supplemental information section of the financial statements.

BUDGETARY HIGHLIGHTS

The County Board of Commissioners review the budget to actual comparison on a monthly basis. For the year ended December 31, 2019, actual general fund revenues were \$1,927,049 or 5.1% under budget and actual expenditures were \$1,355,616 or 3.9% under budget. Most of the decrease in revenues was a result of grant funding budgeted but not received during 2019. For the year ended December 31, 2019, the fund balance of the General Fund decreased \$410,709.

**COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019**

NEXT YEAR'S BUDGET

The 2019 ending fund balance of the General Fund was \$2,133,939. In 2020, the County increased the tax millage by 1.25 mills. The 2020 millage was set at 6.76 mills.

The 2020 General Fund Budget was put on display on November 15, 2019 as a balanced budget and adopted on December 19, 2019. The total revenue and expenditures are \$46,063,215. The 2020 General Fund Budget millage was set at 6.76 mills. The total mills are 6.76, with the General Fund set at 5.31 and Debt Service set at 1.4 mills.

Economic Conditions

According to the U.S. Department of Labor, the unemployment rate for Fayette County was 6.6 percent in December 2016, compared to the rate of 8.7 percent in December 2015. The State's unemployment rate was 5.0 percent in December 2015 and 6.5 percent in December 2014.

The assessed value of the County's property increased by 1.26 percent in 2015 compared to an increase of 0.83 percent in 2014.

The County experienced a small decrease in property tax revenue in fiscal year 2014 due to a small decrease in the housing market. Spending for goods and services throughout the state and the country increased as unemployment rates, as indicated above, declined.

The county experienced a 26 percent increase in full value since 2010, largely attributed to the Marcellus Shale boom over the past few years. There are significant developments in progress. They include Boeing Corporation's construction of a 65,000 square foot facility.

Second only to agriculture in terms of economic impact and job creation, Fayette County's tourism industry continues to thrive and is a major employer in the county. The Commonwealth of Pennsylvania budget provides an increase of \$1.25 million to bolster statewide travel, tourism and film-related economic development.

This increase will support thousands of Pennsylvanians who work in the tourism industry and will assist in marketing Fayette County's rich history and attractions.

All of the above factors were considered in preparing the County's budget for fiscal year 2020.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

**COUNTY OF FAYETTE
Fayette County Controller
61 East Main Street
Uniontown, PA 15401
Phone: 724-430-1217**

COUNTY OF FAYETTE
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Page 19

	Primary Government		
	Governmental		
	Activities	Total	
<u>Assets</u>			
Cash and Cash Equivalents	\$ 10,805,708	\$ 10,805,708	
Investments	1,039,760	1,039,760	
Restricted Cash	11,841,910	11,841,910	
Receivables:			
Taxes, Net	3,867,626	3,867,626	
Accounts, Net	5,390,493	5,390,493	
Loan Receivable	1,305,000	1,305,000	
Due from Other Government Units	12,523,776	12,523,776	
Other Assets	2,614,564	2,614,564	
Capital Assets, Not Being Depreciated	3,247,180	3,247,180	
Capital Assets Being Depreciated, Net	31,259,800	31,259,800	
Total Assets	<u>83,895,817</u>	<u>83,895,817</u>	
<u>Deferred Outflows of Resources</u>			
Pensions	<u>2,418,537</u>	<u>2,418,537</u>	
<u>Liabilities</u>			
Accounts Payable	5,824,487	5,824,487	
Accrued Liabilities	889,428	889,428	
Claims Payable	1,382,011	1,382,011	
Caption Payable	1,418,368	1,418,368	
Current Liabilities	4,600,105	4,600,105	
Funds Held in Escrow	309,651	309,651	
Unearned Revenue	5,843,516	5,843,516	
Interest Payable	42,189	42,189	
Current Portion of Long-Term Debt			
Capital Leases	1,142,142	1,142,142	
Bonds Payable	1,070,000	1,070,000	
Notes Payable	160,160	160,160	
Non-Current Portion of Long-Term Debt			
Capital Leases	1,815,927	1,815,927	
Bonds Payable	8,950,000	8,950,000	
Notes Payable	5,914,659	5,914,659	
Compensated Absences	53,311	53,311	
Net Pension Liability	<u>11,231,789</u>	<u>11,231,789</u>	
Total Liabilities	<u>50,647,743</u>	<u>50,647,743</u>	
<u>Deferred Inflows of Resources</u>			
Pensions	<u>3,919,513</u>	<u>3,919,513</u>	
<u>Net Position</u>			
Net Investment in Capital Assets	15,411,903	15,411,903	
Restricted for:			
Program Purposes	23,755,640	23,755,640	
Capital Projects	132,704	132,704	
Unrestricted	<u>(7,553,149)</u>	<u>(7,553,149)</u>	
Total Net Position	<u>\$ 31,747,098</u>	<u>\$ 31,747,098</u>	

The accompanying Notes are an Integral Part of the financial statements

COUNTY OF FAYETTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Page 20

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government						
					Governmental Activities	Total					
Functions/Programs											
Primary Government:											
Governmental Activities:											
General Government	\$ 9,793,217	\$ 2,697,643	\$ 185,210	\$ -	\$ (6,910,364)	\$ (6,910,364)					
Judicial Government	11,016,769	2,500,539	1,825,009	-	(6,691,221)	(6,691,221)					
Public Safety	18,088,183	1,252,991	5,082,510	-	(11,752,682)	(11,752,682)					
Public Works	2,522,696	1,626,912	1,046,136	-	150,352	150,352					
Human Services	83,930,309	45,740,433	34,943,712	-	(3,246,164)	(3,246,164)					
Culture/Recreation	361,456	2,265	329,811	-	(29,380)	(29,380)					
Community Services	5,507,884	-	-	3,122,389	(2,385,495)	(2,385,495)					
Conservation/Development	553,746	68,260	205,451	-	(280,035)	(280,035)					
Interest on Long-Term Liabilities	347,833	-	-	-	(347,833)	(347,833)					
Total Governmental Activities	132,122,093	53,889,043	43,617,839	3,122,389	(31,492,822)	(31,492,822)					
Total Primary Government	132,122,093	53,889,043	43,617,839	3,122,389	(31,492,822)	(31,492,822)					
General Revenues:											
Property Taxes - General Levy				26,444,914	26,444,914						
Hotel Tax				2,227,452	2,227,452						
Interest, Investment Earnings and Royalties				696,752	696,752						
Total General Revenues				29,369,118	29,369,118						
Change in Net Position											
				(2,123,704)	(2,123,704)						
Net Position - Beginning as Restated (Note 16)											
				33,870,802	33,870,802						
Net Position - Ending											
				\$ 31,747,098	\$ 31,747,098						

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

COUNTY OF FAYETTE
BALANCE SHEET-GOVERNMENT FUNDS
DECEMBER 31, 2019

Page 21

<u>Assets</u>	General Fund	Children and Youth	Behavioral Health	Health Choices	Transportation (FACT)	Domestic Relations	Debt Service	Community Development Fund	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 547,879	\$ 377,990	\$ 1,877,262	\$ 3,146,886	\$ 1,160,580	\$ 885,132	\$ 45,026	\$ -	\$ 2,788,368	\$ 10,829,123
Restricted Cash	489,842	6,275	-	9,472,447	-	-	-	-	-	9,968,564
Accounts Receivable	1,376,280	400,000	282,500	287,522	575,712	71,047	7,555	238,409	2,387,355	5,387,971
Taxes Receivable	3,629,217	-	-	-	-	-	-	-	-	3,867,626
Due from Other Governments	1,517,673	4,180,013	1,070,507	3,684,951	599,832	280,776	-	-	1,190,024	12,523,776
Due from Other Funds	2,895,509	-	-	-	-	-	-	-	312,261	3,207,770
Other Assets	1,288,196	-	-	-	40,600	-	844,768	-	-	2,173,564
Total Assets	\$ 11,744,596	\$ 4,964,278	\$ 3,230,269	\$ 16,591,806	\$ 2,376,724	\$ 1,236,955	\$ 1,135,758	\$ -	\$ 6,678,008	\$ 47,958,394
<u>Liabilities and Fund Balance</u>										
Liabilities										
Accounts Payable	\$ 1,072,002	\$ 996,773	\$ 1,580,408	\$ 298,697	\$ 756,207	\$ 87,623	\$ -	\$ -	\$ 1,036,147	\$ 5,827,857
Accrued Expenses	506,352	76,988	116,229	26,235	52,511	30,315	-	-	80,798	889,428
Claims Payable	-	-	-	781,633	-	-	-	-	-	781,633
Capiton Payable	-	-	-	1,418,368	-	-	-	-	-	1,418,368
Unearned Revenue	205,687	2,083,062	1,225,524	2,265,577	804	-	-	-	62,862	5,843,516
Other Liabilities	4,159,105	-	-	-	-	-	-	-	-	4,159,105
Funds Held in Escrow	303,376	6,275	-	-	-	-	-	-	-	309,651
Due to Other Funds	545,682	1,801,180	308,108	-	-	-	518,823	-	33,977	3,207,770
Total Liabilities	6,792,204	4,964,278	3,230,269	4,790,510	809,522	117,938	518,823	-	1,213,784	22,437,328
Deferred Inflows of Resources										
Unavailable Revenue-Property Taxes	2,818,453	-	-	-	-	-	120,281	-	-	2,938,734
Total Deferred Inflows of Resources	2,818,453	-	-	-	-	-	120,281	-	-	2,938,734
Fund Balance										
Non Spendable	1,288,196	-	-	-	40,600	-	844,768	-	-	2,173,564
Restricted:										
General Government	-	-	-	-	-	-	-	-	154,469	154,469
Judicial Government	-	-	-	-	-	-	-	-	71,930	1,190,947
Public Safety	175,500	-	-	-	-	1,119,017	-	-	1,638,231	1,813,731
Public Works	-	-	-	-	-	-	-	-	3,294,618	3,294,618
Human Services	-	-	-	11,801,296	1,526,602	-	-	-	-	13,327,898
Community Service	-	-	-	-	-	-	-	-	146,249	146,249
Culture and Recreation	75,750	-	-	-	-	-	-	-	151,773	227,523
Capital Projects	125,750	-	-	-	-	-	-	-	6,954	132,704
Unassigned	468,743	-	-	-	-	-	(348,114)	-	-	120,629
Total Fund Balance	2,133,939	-	-	11,801,296	1,567,202	1,119,017	496,654	-	5,464,224	22,582,332
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 11,744,596	\$ 4,964,278	\$ 3,230,269	\$ 16,591,806	\$ 2,376,724	\$ 1,236,955	\$ 1,135,758	\$ -	\$ 6,678,008	\$ 47,958,394

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

COUNTY OF FAYETTE
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2019

Page 22

Total Fund Balance of Governmental Funds \$ 22,582,332

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

Capital assets, including infrastructure assets, used in governmental activities are not current financial resources and, therefore are not reported in the funds 34,506,980

The funds record only tax revenue received through a period of 60 days subsequent to year-end. The statement of Net Position includes a receivable for the County's anticipated collections on the levy. 2,938,734

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities statement of net position 3,600,205

Long-term liabilities are not due and payable in the current period and accordingly not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year end consisted of:

General Obligation Bonds Payable	(10,020,000)
General Obligation Note Payable	(6,074,819)
Capital Leases	(2,958,069)
Accrued Interest Payable	(42,189)
Accrued Compensated Absences	(53,311)
Net Pension Liability	(11,231,789)
Deferred Outflows of Resources - Pension	2,418,537
Deferred Inflows of Resources - Pension	<u>(3,919,513)</u> <u>(31,881,153)</u>

Total Net Position of Governmental Activities \$ 31,747,098

COUNTY OF FAYETTE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Page 24

Net Change in fund balances-total government funds	\$	(773,777)
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense for the year \$(3,357,036) exceeded capital outlays of \$2,840,170 in the current period.

(516,866)

The Statement of Revenues, Expenses and Changes in Fund Balance-Governmental funds report tax revenue received within 60 days of the subsequent period. The Statement of Activities includes the full amount of the tax levy deemed collectible by the County.

(446,740)

The Internal Service Fund is used by management for self insurance on medical health claims. The net gain of these activities is reported within the governmental activities

412,693

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

2017 General Obligation Note Proceeds	(1,046,457)
2019 Lease Proceeds	(101,736)
2012 General Obligation Bond Principal Repayments	930,000
2011 General Obligation Bond Principal Repayments	115,000
2017 General Obligation Note Principal Repayments	32,378
Payments on Capital Leases	<u>1,158,063</u>
	<u>1,087,248</u>

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:

Pension Expense	(1,895,940)
Compensated Absences	11,438
Accrual of Interest on Long-Term Debt	<u>(1,760)</u>
	<u>(1,886,262)</u>

Change in Net Position of Governmental Activities	\$	<u>(2,123,704)</u>
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COUNTY OF FAYETTE
 STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2019

Page 25

Governmental
 Activities
 Internal
Service Fund

Assets

Restricted Cash and Cash Equivalents	\$ 1,866,501
Restricted Investments	1,039,760
Receivables	2,522
Loan Receivable	1,305,000
Other Assets	<u>441,000</u>
 Total Assets	 <u>\$ 4,654,783</u>

Liabilities and Net Position

Liabilities	
Claims Payable	613,578
Reserve to Highmark	<u>441,000</u>
 Total Liabilities	 <u>1,054,578</u>
 Net Position	
Restricted	<u>3,600,205</u>
 Total Net Position	 <u>3,600,205</u>
 Total Liabilities and Net Position	 <u>\$ 4,654,783</u>

COUNTY OF FAYETTE
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Governmental
Activities
Internal
Service Fund

Operating Revenues	
Employer Contributions:	
General Government	\$ 1,300,916
Judicial Government	1,900,803
Public Safety	2,312,733
Public Works	853,366
Human Services	2,043,194
Total Employer Contributions	<u>8,411,012</u>
Employee Contributions	<u>1,132,931</u>
 Total Operating Revenues	 <u>9,543,943</u>
 Operating Expenses	
Employee Benefits:	
General Government	1,495,532
Judicial Government	2,621,674
Public Safety	2,286,707
Public Works	980,892
Human Services	1,763,131
Other	<u>13,199</u>
 Total Operating Expenditures	 <u>9,161,135</u>
 Operating Income	 <u>382,808</u>
 Non Operating Revenue	
Interest	29,885
Total Nonoperating Revenue	<u>29,885</u>
 Change in Net Position	 412,693
 Total Net Position-Beginning	 <u>3,187,512</u>
 Total Net Position-Ending	 <u>\$ 3,600,205</u>

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

COUNTY OF FAYETTE
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Page 27

	<u>Internal Service Fund</u>
Cash Flows From Operating Activities	
Cash Received for Medical Claims	\$ 9,543,943
Cash Payments for Medical Claims	<u>(9,766,933)</u>
Net Cash Used in Operating Activities	<u>(222,990)</u>
Cash Flows from Investing Activities	
Interest	<u>29,885</u>
Net Cash Provided by Investing Activities	<u>29,885</u>
Net Decrease in Cash and Cash Equivalents	(193,105)
Cash and Cash Equivalents, Beginning of Year	<u>2,059,606</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,866,501</u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating Income	<u>\$ 382,808</u>
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Decrease in Accounts Receivable	3,561
Increase in Loans Receivable	<u>(535,500)</u>
Decrease in Accounts Payable and Accrued Liabilities	<u>(73,859)</u>
Total Adjustments	<u>(605,798)</u>
Net Cash Used in Operating Activities	<u>\$ (222,990)</u>
Presented on the Financial Statements as Follows:	
Restricted Cash and Cash Equivalents	<u>\$ 1,866,501</u>
Total Cash and Cash Equivalents	<u>\$ 1,866,501</u>

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

COUNTY OF FAYETTE
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2019

Page 28

	Retirement Trust Fund	Tax Claim Fund	Other Agency Funds	Total
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,360,573	\$ 4,451,749	\$ 1,718,501	\$ 7,530,823
Investments:				
Government Agency Obligations	15,397,753	-	-	15,397,753
Corporate Debt	4,086,442	-	-	4,086,442
Mutual Funds	47,612,297	-	-	47,612,297
Corporate Common Stocks	5,026,377	-	-	5,026,377
Other Equities	<u>10,064,433</u>	<u>-</u>	<u>-</u>	<u>10,064,433</u>
Total Investments	<u>82,187,302</u>	<u>-</u>	<u>-</u>	<u>82,187,302</u>
Accounts Receivable:				
Accounts Receivable (PNC)	<u>189,950</u>	<u>-</u>	<u>-</u>	<u>189,950</u>
Total Accounts Receivable	<u>189,950</u>	<u>-</u>	<u>-</u>	<u>189,950</u>
Total Assets	<u><u>\$ 83,737,825</u></u>	<u><u>\$ 4,451,749</u></u>	<u><u>\$ 1,718,501</u></u>	<u><u>\$ 89,908,075</u></u>
<u>Liabilities and Net Position</u>				
Liabilities:				
Investment Expense Payable	66,123	-	-	66,123
Funds Held in Fiduciary Capacity	<u>-</u>	<u>4,451,749</u>	<u>1,718,501</u>	<u>6,170,250</u>
Total Liabilities	<u>66,123</u>	<u>4,451,749</u>	<u>1,718,501</u>	<u>6,236,373</u>
Net Position:				
Held in Trust for Employees' Pension Benefits	<u>83,671,702</u>	<u>-</u>	<u>-</u>	<u>83,671,702</u>
Total Net Position	<u>83,671,702</u>	<u>-</u>	<u>-</u>	<u>83,671,702</u>
Total Liabilities and Net Position	<u><u>\$ 83,737,825</u></u>	<u><u>\$ 4,451,749</u></u>	<u><u>\$ 1,718,501</u></u>	<u><u>\$ 89,908,075</u></u>

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

COUNTY OF FAYETTE
 STATEMENT OF CHANGES IN PLAN NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED DECEMBER 31, 2019

Page 29

	<u>Retirement Trust Fund</u>
Additions	
Contributions:	
Employer	\$ 1,286,078
Employee	<u>1,916,246</u>
Total Contributions	<u>3,202,324</u>
 Investment Income:	
Net Appreciation in Fair Value of Investments	10,965,205
Interest	535,465
Dividends	1,517,662
Less: Investment Expense	<u>(224,584)</u>
Net Investment Income	<u>12,793,748</u>
 Total Additions	<u>15,996,072</u>
 Deductions	
Administrative costs	35,993
Retirement benefits	3,902,293
Death benefits	161,279
Member Contribution Refunds	254,621
Option 4 Refund	<u>483,949</u>
 Total Deductions	<u>4,838,135</u>
 Net Increase	11,157,937
 Net Position Held in Trust for Employees' Pension Benefits:	
Net Position, Beginning of Year	<u>72,513,765</u>
 Net Position, End of Year	<u>\$ 83,671,702</u>

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

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

A) Reporting Entity

The County of Fayette (the "County") was formed on September 26, 1783, and operates under the direction of an elected Board of Commissioners and provides the following services: general administrative services, tax assessment and collections, judicial, public improvements, public safety, and human service programs.

The County follows the criteria promulgated by the Governmental Accounting Standards Board ("GASB") Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*", for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements include those of the County of Fayette (the "Primary Government") and its Component Unit. The Component Unit discussed below is included in the County's financial reporting entity because of its operational or financial relationship with the County.

Blended Component Unit

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

Redevelopment Authority of the County of Fayette ("Authority")

The Authority was established on August 15, 1949 by resolution of the Commissioners of Fayette County under Act No. 385 of the General Assembly of the Commonwealth of Pennsylvania which was approved May 25, 1943. The primary function of the Authority is to undertake programs to redevelop and improve blighted areas within the County of Fayette. Funding for the programs has been provided primarily through federal, state and local grants.

The Authority administers state and federal grant programs intended to stimulate urban revitalization and growth in the County. The Authority's Board of Directors is appointed by the County and the Authority operates independently of any ongoing involvement of the County except that the County is a contractual recipient of Federal financial assistance under agreements with the U.S. Department of Housing and Urban Development (HUD). The County has authorized HUD to transmit funds under these programs directly to the Authority. HUD recognizes the Authority as the representative agency with program oversight responsibility. The County approves all projects of the Authority. The Authority is included in the Special Revenue Funds of the Financial Statements of the County.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 31

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

A) Reporting Entity (Continued)

Related Organizations

The Board of County Commissioners is also responsible for appointing the members of governing boards of other organizations, but the County's accountability for these organizations does not extend beyond making appointments. The County does not designate management nor does it have the ability to significantly influence the operations of these entities. In addition, the County does not have any financial accountability. These organizations include:

- a. Fayette County Community Action Agency
- b. Fayette County Housing Authority
- c. Lafayette Manor, Inc.
- d. Fayette County Airport Authority
- e. Drug and Alcohol Commission

B) Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 365 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of the year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the cash is received by the County.

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

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

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

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

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

Proprietary Funds

The County's internal service fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as reduction of the related liabilities, rather than an expense.

Fiduciary Funds

The County's fiduciary funds are presented in the fund financial statements activity by (pension trust fund, tax claim fund and other agency funds). Since, by definition, the assets of these funds are held for the benefit of a third party (individuals, private organizations, and/ or other governments) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements. The County's fiduciary funds are presented on the accrual basis of accounting.

The County reports the following major governmental funds:

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues from this fund are generally derived from real estate taxes, state and federal grants, and fees for services.
- The Domestic Relations Fund is used to account for Judicial expenditures relating to the County's child support enforcement program, which is funded by Federal and County funds.

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

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

- The Health Choices Fund accounts for the medical assistance funding for mental health, drug and alcohol and children services programs.
- The Behavioral Health Fund is used to account for specific revenue sources related to the provisions of Mental Health/Mental Retardation services that are restricted to expenditures for those specified purposes.
- The Children and Youth Fund is used to account for specific revenue sources related to the provisions of Children and Youth services that are restricted to expenditures for those specified purposes.
- The Transportation Fund is used to account for specific revenue sources related to the provisions of Transportation services that are restricted to expenditures for those specified purposes.
- The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest except that payable from proprietary, fiduciary, or special assessment funds.
- The Community Development Fund is to undertake programs to redevelop and improve blighted areas within Fayette County.

Additionally, the County reports the following fund types:

- The County reports the following major proprietary funds: the Internal Service Fund accounts for finance services and commodities furnished exclusively to user offices, departments and other funds of the County on a cost reimbursement basis. The principal service provided includes a self-insurance program for health and prescription drug coverage. Operating revenues are from employer and employee premiums and operating expenses include benefit claims expense. All other revenues and expenses are recorded as non-operating. The Internal Service Fund (after elimination) is included in governmental activities for government-wide reporting purposes.
- The Employee Retirement Trust Fund accounts for the revenue (i.e., member contributions, County contributions, and net investment income) and the expenses (i.e., contributions refunded, retirement allowances, and death benefits paid) of the Retirement Trust Fund.
- The Agency Funds consist of restricted revenues of the various row offices of the County. The row office funds, in essence, are escrow funds maintained by the row offices for bails posted, funds held for sheriff's sales, realty transfer taxes held and owed to other governmental entities, and other funds reserved for disposition of legal action.

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

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

- The Tax Claim Fund is used to account for sales on properties that have been taken over by the County as a result of delinquent taxes. These proceeds are distributed to municipalities who were owed the back taxes.

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

1. Cash and Cash Equivalents

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

2. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds." All receivables are shown net of an allowance for doubtful accounts.

3. Investments

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

4. Restricted Assets

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

5. Capital Assets

The cost of capital assets acquired for general government purposes is recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the County's capitalization threshold has been met. Capital assets, which include land; buildings and improvements; furniture, fixtures and equipment; and infrastructure assets are recorded in the government-wide financial statements.

Capital assets are defined by the County as assets with a value of \$5,000 or more and useful life longer than one year. This capitalization threshold is applied to individual capital assets rather than to groups/sets of capital assets (e.g., chairs, desks, etc.). Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

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

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

5. Capital Assets (Continued)

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

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

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

Infrastructure	50 years
Vehicles	5 years
Buildings and improvements	20-40 years
Furniture, fixtures and equipment	5-10 years

6. Compensated Absences

County policy for vacation leave is that vacation leave is to be used within the year earned. As a result, there is no liability for vacation leave at year-end.

Sick leave may be accumulated up to 120 days. Effective January 1, 2014, upon termination, an employee who retires with more than twenty years of service may receive a one-time payout equal to \$35 per accumulated sick day. Children and Youth will receive a one-time payout equal to \$40 per accumulated sick day. As of December 31, 2019, an accrued liability in the amount of \$53,311 has been included in the government-wide statement of net position associated with this benefit.

7. Long-Term Obligations

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

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

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

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

8. Deferred Outflows/Inflows of Resources

The Statement of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The County has two items that qualify for reporting in these categories: deferred outflows and inflows related to pensions and unavailable tax revenue.

Deferred outflows and inflows of resources related to pensions are described further in Note 6. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a 7.4 year (2015), 5.7 year (2016 and 2017), 5.4 year (2018) and 5.3 year (2019) closed period, which reflects the weighted average remaining service life of all members of the plan beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). *Unavailable tax revenue*, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

9. Net Position/Fund Balances

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

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

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

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

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

9. Net Position/Fund Balances (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 defined below by GASB Statement No. 34. The County's restricted fund balances consist of external enabling legislation for the state, federal or local government grants.

Committed – This classification consists of amounts used for specific purposes imposed by formal action of the County's highest level of decision making authority (County Commissioners). The removal or modification of the use of committed funds can only be accomplished by formal action prior to fiscal year-end by the County's highest level of authority.

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 present procedure is for the Director of Finance to assign amounts to be used for specific purposes before issuance of audited financial statements. After such fund assignation, the Accounting Department will provide the County Commissioners with a full reporting of its actions within thirty days.

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

The County's GASB 54 Fund Balance Policy is to apply expenditures against any non-spendable funds, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

10. Interfund Transactions

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

11. Accounting Estimates

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

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

E) Budgets and Budgetary Accounting

Legal Requirements

Commonwealth of Pennsylvania statutes require that County Governments establish budgetary systems and adopt annual operating budgets. The County's annual budget includes the General Fund, which is based on estimates of revenues and expenditures which are approved by the Commissioners. The County adopted the 2019 budget on the modified accrual basis of accounting. The County follows these procedures in establishing the budgetary date reflected in the financial statements.

County Budget Process

1. Prior to October 1, the department heads submit to the County Commissioners proposed operating budgets for the fiscal year which commences January 1.
2. The Commissioners then interview all department heads to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.
3. Subsequently, the County administrator's office assembles the preliminary projections of revenues and expenditures into a formal budget incorporating any revisions or adjustments resulting from the Commissioners' review
4. Public hearings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
5. After the 20 day inspection period, but prior to December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.
6. The formal budgeting process is employed as a planning device. The budget adopted is on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budget amounts are as originally adopted, or as amended by the County Commissioners.

Level of Control

The County maintains budgetary control at the individual fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

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

E) Budgets and Budgetary Accounting (Continued)

Management Amendment Authority

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

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

F) Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*." The adoption of this statement had no effect on previously reported amounts.

G) Pending Changes in Accounting Principles

In November of 2016, The GASB issued Statement No. 83 "*Certain Asset Retirement Obligations*". The County is required to adopt statement No. 83 for its calendar year 2019 financial statements.

In January of 2017, The GASB issued Statement No. 84 "*Fiduciary Activities*". The County is required to adopt statement No. 84 for its calendar year 2019 financial statements.

In June of 2017, The GASB issued Statement No. 87 "*Leases*". The County is required to adopt statement No. 87 for its calendar year 2019 financial statements.

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

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

In August of 2018, The GASB issued Statement No. 90 "*Majority Equity Interests-an amendment of GASB Statement No. 14 and No. 61*". The County is required to adopt statement No. 90 for its calendar year 2020 financial statements.

In May of 2019, The GASB issued Statement No. 91 "*Conduit Debt Obligations*". The County is required to adopt statement No. 91 for its calendar year 2022 financial statements.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 41

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

G) Pending Changes in Accounting Principles (Continued)

In January of 2020, The GASB issued Statement No. 92 "Omnibus 2020". The County is required to adopt statement No. 92 for its calendar year 2022 financial statements.

In March of 2020, The GASB issued Statement No. 93 "Replacement of *Interbank Offered Rates*". The County is required to adopt statement No. 93 for its calendar year 2021 financial statements.

In March of 2020, The GASB issued Statement No. 94 "Public-Private and Public-Public Partnership and Availability Payment Arrangements". The County is required to adopt statement No. 94 for its calendar year 2023 financial statements.

In May of 2020, The GASB issued Statement No. 96 "Subscription-Based Information Technology Arrangements". The County is required to adopt statement No. 96 for its calendar year 2023 financial statements.

In June of 2020, The GASB issued Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". The County is required to adopt statement No. 97 for its calendar year 2022 financial statements.

The County has not completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: DEPOSIT AND INVESTMENT RISK

The components of cash and cash equivalents, and investments at December 31, 2019, are as follows:

	Cash & Cash Equivalents	Investments	Total
General Fund	\$ 1,037,721	\$ -	\$ 1,037,721
Children and Youth Fund	384,265	-	384,265
Behavioral Health Fund	1,877,262	-	1,877,262
Health Choices	12,619,333	-	12,619,333
Transportation Fund	1,160,580	-	1,160,580
Domestic Relations Fund	885,132	-	885,132
Debt Service Fund	45,026	-	45,026
Nonmajor Funds	2,788,368	-	2,788,368
Internal Service Fund	1,866,501	1,039,760	2,906,261
Fiduciary Funds	<u>7,530,823</u>	<u>82,187,302</u>	<u>89,718,125</u>
Total	<u><u>\$ 30,195,011</u></u>	<u><u>\$ 83,227,062</u></u>	<u><u>\$ 113,422,073</u></u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's Operating Funds Investment Policy states that maturities will be set to generally match the projected cash flow requirements for the County as determined by the County Treasurer, unless market conditions dictate otherwise.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 42

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County's Operating Funds Investment Policy limits investments in federal agency securities that carry direct and implied guarantees of the U.S. Government.

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

As of December 31, 2019, the County's cash and restricted cash balances for its governmental activities and fiduciary funds, excluding the pension fund were \$28,817,868 and its bank balances were \$29,955,453. Of those bank balances, \$28,955,453 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name.

Pension Trust Fund

As of December 31, 2019, the County's retirement fund had the following investments and maturities:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More than 10
U.S. Government					
Agencies	\$ 533,463	\$ -	\$ 677	\$ 51,679	\$ 481,107
Mortgages	214,951	-	-	-	214,951
U.S. Government					
Treasuries	6,547,759	482,696	4,568,310	1,496,753	-
Corporate Bonds	<u>4,086,442</u>	<u>160,670</u>	<u>1,922,256</u>	<u>1,931,597</u>	<u>71,919</u>
Total	<u>\$11,382,615</u>	<u>\$ 643,366</u>	<u>\$ 6,491,243</u>	<u>\$ 3,480,029</u>	<u>\$ 767,977</u>

Interest Rate Risk - The County's Retirement Fund Investment Policy does not address interest rate risk.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County's Retirement Investment Policy states fixed income securities must be rated as investment grade by Moody's and/or Standard's and Poor's.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 43

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2019, the County's retirement investments had credit quality ratings as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
Corporate Bonds	A-1	3.26%
Corporate Bonds	A-2	9.80%
Corporate Bonds	A-3	15.96%
Corporate Bonds	AA-1	1.74%
Corporate Bonds	AA-2	1.18%
Corporate Bonds	BA-1	4.68%
Corporate Bonds	BA-2	1.66%
Corporate Bonds	BAA-1	18.93%
Corporate Bonds	BAA-2	28.61%
Corporate Bonds	BAA-3	14.18%
Total		<u>100.00%</u>

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Pension Trust Funds do not have a formal deposit or investment policy for custodial credit risk. The County's investments in guaranteed investment contracts are also not subject to custodial credit risk.

As of December 31, 2019, the County's cash balance for its pension funds were \$1,360,573 and its bank balance was \$1,360,673. Of the bank balance, \$1,110,673 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name. None of the County's investments were exposed to custodial credit risk at December 31, 2019.

Concentration of Credit Risk – The Retirement Investment Policy requires that no more than 5% of the total equity holdings of the entire Fund shall be invested in the securities of any one issuer (measured at market or at purchase). Similarly, fixed income investments in any one issuer shall not exceed 5% of the total fixed income assets of the entire fund (based on market value measured at market or time of purchase). The policy places no limitations on investments in United States Government Guaranteed Obligations and fully backed Federal Agency Obligations.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 44

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	12/31/2019	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments measured by fair value level				
U.S. Government Securities	\$ 15,397,753	\$ 15,397,753	\$ -	\$ -
Domestic Corporate Debt	4,086,442	4,086,442	-	-
Domestic Corporate Stock	5,026,377	5,026,377	-	-
Registered Investment Companies	47,612,297	47,612,297	-	-
Other	10,064,433	10,064,433	-	-
Total investments by fair value level	\$ 82,187,302	\$ 82,187,302	\$ -	\$ -

NOTE 3: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose have been classified as restricted in balance sheet/statement of net assets. Restricted cash is composed of the following:

General Fund

Restricted cash is composed of the Coroner Vital Statistics Project, Project 70, Election Bureau, Jacob Creek Park, and Hotel Tax whose use is limited to a specific purpose. \$ 489,842

Children and Youth Fund

Accounts comprising of funds held by the Program in escrow for children are offset by a corresponding liability captioned in Funds Held in a Fiduciary Capacity. \$ 6,275

Health Choices

The restricted cash balance is composed of a risk contingency reserve and a restricted reserve for equity. \$9,472,447

Internal Service Fund

Cash and cash equivalents for health insurance are assets used to fund medical claims incurred by the county. \$2,906,261

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 45

NOTE 4: REAL ESTATE TAXES

Real estate taxes for the calendar year are levied on March 1 of each year. Any unpaid real estate taxes attach as an enforceable lien on property as of January 1 of the following year. Taxes are levied on March 1 and payable with a 2% discount to April 30, with no discount or penalty to June 30 and with a 10% penalty from July 1 till December 31 of the current year. The County bills these taxes which are collected by either the County's Treasurers office or by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities. Real estate property taxes levied for 2019 are recorded as receivables, net of estimated uncollectible. The net receivables collected during 2019 and expected to be collected within the first sixty (60) days of 2019 are recognized as revenue in 2019. Net receivables estimated to be collectible on or after March 1 are reflected in unearned revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectability.

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

The County's 2019 real estate taxes are based on assessed values established by the County's Bureau of Assessments. The total 2019 real estate tax levied equaled \$26,249,770, based on a total County assessed valuation of \$4,764,023,610. Based on the 2019 levy of 5.28 mills for general purposes and .23 mills for debt services purposes a property owner would pay \$5.51 per \$1,000 of assessed valuation.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 46

NOTE 5: CAPITAL ASSETS

A summary of changes in the capital assets for the year ended December 31, 2019 is as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ 3,007,378	\$ 186,592	\$ -	\$ 3,193,970
Construction in Progress	70,701	12,000	(29,491)	53,210
Total Capital Assets				
Not Being Depreciated	<u>3,078,079</u>	<u>198,592</u>	<u>(29,491)</u>	<u>3,247,180</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	48,165,930	966,348	-	49,132,278
Furniture, Fixtures and Equipment	11,493,468	535,585	(3,252)	12,025,801
Vehicles	8,804,800	972,010	-	9,776,810
Infrastructure	<u>21,586,881</u>	<u>197,126</u>	<u>-</u>	<u>21,784,007</u>
Total Capital Assets Being Depreciated	<u>90,051,079</u>	<u>2,671,069</u>	<u>(3,252)</u>	<u>92,718,896</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(35,743,155)	(880,666)	-	(36,623,821)
Furniture, Fixtures and Equipment	(9,210,801)	(452,556)	3,252	(9,660,105)
Vehicles	(8,279,233)	(415,395)	-	(8,694,628)
Infrastructure	<u>(4,872,123)</u>	<u>(1,608,419)</u>	<u>-</u>	<u>(6,480,542)</u>
Total Accumulated Depreciation	<u>(58,105,312)</u>	<u>(3,357,036)</u>	<u>3,252</u>	<u>(61,459,096)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 35,023,846</u>	<u>\$ (487,375)</u>	<u>\$ (29,491)</u>	<u>\$ 34,506,980</u>

The total depreciation expense charged to the governmental activities for 2019 was \$3,357,036.

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

Governmental Activities	
General Government	\$ 233,544
Judicial	235,705
Public Safety	350,967
Public Works	1,476,451
Culture/Recreation	96,447
Human Services	957,976
Conservation and Development	5,946
Total Depreciation	<u>\$ 3,357,036</u>

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 47

NOTE 6: PENSION PLAN

A. Plan Description:

General

The County has a single employer defined benefit pension plan covering substantially all full-time and part-time employees working over 1,000 hours per year. The plan is included in the financial statements of the County and does not issue a stand-alone report. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries pursuant to Act 96 of 1971 of the Commonwealth of Pennsylvania (County Pension Law.)

The Retirement Board administers the Plan. Management of the Plan is vested in the Board, which consists of five members - three elected County Commissioners, the County Controller and the County Treasurer.

Plan Membership:

Membership of the Plan consisted of the following at December 31, 2019, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	281
Inactive plan members entitled to but not yet receiving benefits	38
Active plan members	<u>563</u>
Total plan members	<u>882</u>

Benefit Provisions:

Fayette County Employees Pension Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member's final 3-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. 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 time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest.

On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index. The plan did not include an assumption for projected ad hoc postemployment benefit changes as they are not substantively automatic.

Contributions:

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 2019 measurement period, the active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 5.28 percent of annual payroll.

NOTE 6: PENSION PLAN (CONTINUED)

A. Plan Description (Continued):

Measurement Focus and Basis of Accounting

The Plan's operations are accounted for on an economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

B. Investments:

Methods Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates 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 the real estate assets.

Investment Policy:

The Plan is governed by the Retirement Board who is responsible for the management of plan assets. 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. The following was the Board's asset allocation (no official policy exists) for the 2019 measurement period:

Asset Class	Target Allocation
Domestic Equity	49%
International Equity	16%
Fixed Income	<u>35%</u>
Total	<u>100%</u>

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 49

NOTE 6: PENSION PLAN (CONTINUED)

B. Investments (Continued):

Concentrations:

As of December 31, 2019, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one issuer that represent 5.00% or more of net position available for benefits ($\$82,187,302 \times .05 = \$4,109,305$):

Investment	Fair Value
Vanguard Institutional Index	\$ 14,212,635
Vanguard Total International Index	5,197,626
Vanguard Specialized Portfolio	4,293,751
Vontobel Global Equity	4,680,873
Hartford Schroeder International	4,736,176
American Washington Mutual	4,282,126
MFS Low Volatility Global Equity	5,437,075
JPMCB Strategic Property Fund	<u>6,762,228</u>
	<u><u>\$ 49,602,490</u></u>

Rate of return:

For the 2019 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Net Pension Liability:

The components of the net pension liability of the County for the December 31, 2019 measurement period were as follows:

Total Pension Liability	\$ 94,903,491
Less: Plan Fiduciary Net Position	(83,671,702)
Net Pension Liability	<u><u>\$ 11,231,789</u></u>

Plan fiduciary net position as a percentage
of total pension liability 88.17%

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 50

NOTE 6: PENSION PLAN (CONTINUED)

Changes in the County's net pension liability for the plan for the year ended December 31, 2019 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
Balances at 12/31/18	\$ 88,913,150	\$ 72,513,765	\$ 16,399,385
Service Cost	2,428,813	-	2,428,813
Interest	6,368,376	-	6,368,376
Changes of Benefit Terms	471,835	-	471,835
Difference Between Expected and Actual Experience	1,523,459	-	1,523,459
Changes in Assumptions	-	-	-
Contributions - Employer	-	1,286,078	(1,286,078)
Contributions - Member	-	1,916,246	(1,916,246)
Net Investment Income	-	12,793,748	(12,793,748)
Benefit Payments, Including Refunds of Member Contributions	(4,802,142)	(4,802,142)	-
Plan Administrative Expenses	-	(35,993)	35,993
Net Changes	<u>5,990,341</u>	<u>11,157,937</u>	<u>(5,167,596)</u>
Balances at 12/31/19	<u>\$ 94,903,491</u>	<u>\$ 83,671,702</u>	<u>\$ 11,231,789</u>

Deferred Outflows of Resources and Deferred Inflows of Resources:

The total pension expense recognized in 2019 for the plan was \$3,176,018. At December 31, 2019, the plan reports the following deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actuarial assumptions	\$ 2,418,537	\$ (622,925)
Difference between actual and projected investment earnings	-	(3,296,588)
Total	<u>\$ 2,418,537</u>	<u>\$ (3,919,513)</u>

NOTE 6: PENSION PLAN (CONTINUED)

The deferred outflows of resources will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Governmental Activities</u>
2020	\$ (187,465)
2021	(345,934)
2022	286,844
2023	(1,340,655)
2024	<u>86,234</u>
Total	<u>\$ (1,500,976)</u>

D. Actuarial assumptions:

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.00%
Salary Increases	3.50%, average, including inflation
Investment rate of return	7.00%, 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. Mortality

The actuarial assumptions used in the valuation for the 2019 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

Discount Rate:

The discount rate used to measure the total pension liability was 7.0 percent. 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).

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 2019 measurement period (see the discussion of the pension plan's investment policy) are summarized in the following table:

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 52

NOTE 6: PENSION PLAN (CONTINUED)

D. Actuarial assumptions (Continued):

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.4-6.4%
International Equity	5.5-6.5%
Fixed Income	1.3-3.3%
Real Estate/Alternative	4.5-5.5%
Cash	0.0-1.0%

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the County, calculated using the discount rate of 7.0 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

Net Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
	(6.0%)	(7.0%)	(8.0%)
Net Pension Liability	\$ 22,969,045	\$ 11,231,789	\$ 3,169,680

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 53

NOTE 7: LONG-TERM DEBT

A summary of changes in long-term debt obligations is as follows:

Government Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds, Notes and Loans Payable:					
GOB, Series 2012	\$ 9,410,000	\$ -	\$ (930,000)	\$ 8,480,000	\$ 950,000
GOB, Series 2011	1,655,000	-	(115,000)	1,540,000	120,000
GON, Series 2017	5,060,740	1,046,457	(32,378)	6,074,819	160,160
Total Bonds, Notes and Loans Payable	16,125,740	1,046,457	(1,077,378)	16,094,819	1,230,160
Other Liabilities:					
Capital Leases	4,014,396	101,736	(1,158,063)	2,958,069	1,142,142
Total Long Term Debt	\$ 20,140,136	\$ 1,148,193	\$ (2,235,441)	\$ 19,052,888	\$ 2,372,302

An analysis of debt service requirements, excluding capital leases, to maturity on these obligations follows:

Year Ended December 31,	Principal Requirements	Interest Requirements	Total Debt Requirements
2020	\$ 1,230,160	\$ 281,494	\$ 1,511,654
2021	1,196,778	344,954	1,541,732
2022	1,230,260	343,649	1,573,909
2023	1,266,227	343,716	1,609,943
2024	1,305,623	341,324	1,646,947
2025-2029	6,130,394	1,676,815	7,807,209
2030-2034	2,703,711	1,246,530	3,950,241
2035-2039	1,031,666	371,466	1,403,132
Total	\$ 16,094,819	\$ 4,949,948	\$ 21,044,767

Pertinent information regarding long-term debt obligations outstanding is presented below:

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 54

NOTE 7: LONG-TERM DEBT (CONTINUED)

	Balance Outstanding <u>December 31, 2019</u>
\$2,230,000 General Obligation Bonds, Series 2011, dated September 28, 2011. The 2011 bonds have interest rates from 4.0% to 5.23% with a final maturity date on November 1, 2023. The proceeds of the 2011 bonds were used to undertake renovations, upgrades, repairs, replacements and improvements to equipment and infrastructure in County buildings.	\$ 1,540,000
\$14,075,000 General Obligation Bonds, Series 2012 dated July 17, 2012. The 2012 bonds have interest rates from 2.0% to 3.375% with a final maturity date on November 15, 2028. The proceeds of the 2012 bonds were used to refund, on a current refunding basis, the GOB Series 2002 and GOB Series 2007 bonds.	<u>8,480,000</u>
Total General Obligation Bonds	<u>\$ 10,020,000</u>
\$6,074,819 General Obligation Note, Series 2017 dated November 17, 2017. The 2017 Note has interest rates from 2.529% to 4.316% with a final maturity date on December 1, 2042. The proceeds of the 2017 note were used to refund the 2014 Note and for various capital improvements at the Courthouse and other County buildings. The 2017 Note is structured so that the County may borrow up to \$10,000,000 until December 31, 2019.	<u>\$ 6,074,819</u>
Total General Obligation Note	<u>\$ 6,074,819</u>
Total Bonds, Notes and Loans Payable	<u>\$ 16,094,819</u>

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 55

NOTE 7: LONG-TERM DEBT (CONTINUED)

Capital Lease One

During 2012, 911 signed a lease with Motorola Solutions Inc. in the amount of \$7,469,381 (including interest) with an interest rate of 2.68% for a period of 10 years for the purpose of leasing equipment. The remaining payments on the remaining lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 780,333	\$ 64,435	\$ 844,768
2021	801,246	43,523	844,769
2022	822,719	22,049	844,768
Total	<u>\$ 2,404,298</u>	<u>\$ 130,007</u>	<u>\$ 2,534,305</u>

Capital Lease Two

During 2015, the County signed a lease with Ford Credit in the amount of \$24,301 with interest of 5.95% maturing June of 2020 for a vehicle. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 2,725	\$ 60	\$ 2,785
Total	<u>\$ 2,725</u>	<u>\$ 60</u>	<u>\$ 2,785</u>

Capital Lease Three

During 2015, the County signed a lease with Ford Credit in the amount of \$67,283 with interest of 5.45% maturing July of 2020 for a vehicle. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 8,784	\$ 161	\$ 8,945
Total	<u>\$ 8,784</u>	<u>\$ 161</u>	<u>\$ 8,945</u>

Capital Lease Four

During 2015, the County signed a lease with PNC Equipment Finance in the amount of 444,698 with interest 4.61% for a period of 63 months for Ford Business Copiers. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 92,469	\$ 3,052	\$ 95,521
2021	15,829	92	15,921
Total	<u>\$ 108,298</u>	<u>\$ 3,144</u>	<u>\$ 111,442</u>

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 56

NOTE 7: LONG-TERM DEBT (CONTINUED)

Capital Lease Five

During 2015, the County signed a lease with LEAF in the amount of \$91,407 with interest of 4% for a period of 63 months for Ford Business Copiers. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 15,818	\$ 291	\$ 16,109
Total	<u>\$ 15,818</u>	<u>\$ 291</u>	<u>\$ 16,109</u>

Capital Lease Six

During 2016, the County signed a lease with Ford Business in the amount of \$736,994 with interest of 3.05% for a period of 60 months for Ford Business Copiers. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 164,665	\$ 5,140	\$ 169,805
Total	<u>\$ 164,665</u>	<u>\$ 5,140</u>	<u>\$ 169,805</u>

Capital Lease Seven

During 2019, the County signed a lease with Ford Credit the amount of \$82,948 with interest of 5.95% for a period of 48 months for three Ford Vehicles (2019 Ford Explorer, 2019 Ford F-150 and 2019 Ford Escape). This was for Children and Youth. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 20,687	\$ 2,419	\$ 23,106
2021	21,946	1,160	23,106
2022	5,692	85	5,777
Total	<u>\$ 48,325</u>	<u>\$ 3,664</u>	<u>\$ 51,989</u>

Capital Lease Eight

During 2019, the County signed a lease agreement with Fort Capital Resources to Judicial records scan. The total lease amount of \$170,000 with interest of 8.062% for a period of 54 months. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 31,228	\$ 9,872	\$ 41,100
2021	34,023	7,077	41,100
2022	37,068	4,032	41,100
2023	26,537	863	27,400
Total	<u>\$ 128,856</u>	<u>\$ 21,844</u>	<u>\$ 150,700</u>

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 57

NOTE 7: LONG-TERM DEBT (CONTINUED)

Capital Lease Nine

During 2019, the County signed a lease with Ford Credit the amount of \$70,910 with interest of 7.25% for a period of 48 months for three Ford Vehicles (2019 Ford Explorer, 2019 Ford F-150 and 2019 Ford Escape). This was for Children and Youth. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 17,728	\$ 2,488	\$ 20,216
2021	17,728	2,488	20,216
2022	17,726	2,488	20,214
Total	<u>\$ 53,182</u>	<u>\$ 7,464</u>	<u>\$ 60,646</u>

Capital Lease Ten

1. During 2019, the County signed a lease with Ford Credit the amount of \$30,826 with interest of 7.25% for a period of 48 months for Ford Vehicles (2019 Ford Explorer., This was for Juvenile Probation. The remaining payments on the lease are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 7,706	\$ 1,081	\$ 8,787
2021	7,706	1,081	8,787
2022	7,706	1,081	8,787
Total	<u>\$ 23,118</u>	<u>\$ 3,243</u>	<u>\$ 26,361</u>

Maturities on outstanding capital leases are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2020	\$ 1,142,142	\$ 89,002	\$ 1,231,144
2021	898,478	55,420	953,898
2022	890,911	29,735	920,646
2023	26,538	862	27,400
Total	<u>\$ 2,958,069</u>	<u>\$ 175,019</u>	<u>\$ 3,133,088</u>

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 58

NOTE 8: RISK MANAGEMENT

The County is exposed to many risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There have been no significant changes in insurance coverage since the prior year.

Health Care – Self Insurance

The County maintains a self-insurance program for health and prescription drug coverage for eligible employees on cost-reimbursement basis. Employees contribute from a range of \$28.30 to \$272.42 a month depending on single or dependent coverage election. Monthly, each department is charged for their employees' health claims.

A stop-loss insurance contract executed with an insurance carrier covers independent claims in excess of \$125,000 up to \$1,875,000 maximum and the minimum aggregated amount of \$6,076,948 for all claims paid.

During the year ended December 31, 2019, total claims expenses and stop-loss insurance expenses were \$9,164,505. Claims expenses recorded as employee fringe expenditures represent claims processed as of December 31, 2019 and includes (\$613,578) claims payable.

The claims liability of \$600,379 is based on requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, which was amended by GASB Statement No. 30, that requires a liability for claims be reported if information prior to the issuance of financial statements indicates that a liability had been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. The claim liability is recorded in the internal service fund accounts payable. Changes in the claims liability is as follows:

	2017	2018	2019
Claims Liability-Beginning of Year	\$ (821,559)	\$ (901,244)	\$ (660,225)
Current Year Premiums	8,137,479	9,761,634	9,207,782
Claims Payments and Administration	(8,217,164)	(9,520,615)	(9,161,135)
Claims Liability-End of Year	<u>\$ (901,244)</u>	<u>\$ (660,225)</u>	<u>\$ (613,578)</u>

The financial statement does reflect a contingent liability for any unassisted claims. The County does maintain a deposit of \$441,000 with Highmark Blue Cross Blue Shield.

NOTE 9: OPERATING LEASES

In the normal course of business, the County leases IT services and office space for operations. Aggregate annual commitments on leases at December 31, 2019 are as follows:

Year Ended December 31,	Total
2020	\$ 327,687
2021	327,687
2022	327,687
2023	326,967
2024	327,687
2025-2029	327,687
Total	<u>\$ 1,965,402</u>

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 59

NOTE 10: SHORT-TERM OBLIGATIONS

The County utilizes short-term financing, when needed, in the form of a Tax Anticipation Note (TAN). The TAN is secured to finance general operations through periods of uneven property tax collection, so that cash flows are not restricted. The County received a TAN in January 2019 for \$8,00,000, with an interest rate of 3.38%, and subsequently paid off the balance by December 31, 2019.

NOTE 11: LITIGATION

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

The County is involved in a litigated matter for which there is no insurance coverage. This includes a federal civil rights claim filed in the United States District Court of the Western Pennsylvania. The County has incurred substantial costs in the defense of this case and further costs are anticipated. Motions are currently pending and if unsuccessful it is likely that the case will proceed to trial. As of December 31, 2019 the cost of this litigation is not determinable.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances of each individual fund as of December 31, 2019, are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 2,895,509	\$ 545,682
Children and Youth Fund	-	1,801,180
Behavioral Health	-	308,108
Debt Service Fund	-	518,823
Other Government Funds	312,261	33,979
 Total	 <u>\$ 3,207,770</u>	 <u>\$ 3,207,772</u>

NOTE 13: INTERFUND OPERATING TRANSFERS

Interfund transfers are executed as a result of the requirements for certain funds to fund a portion of the expenditures or expenses of other funds. Interfund operating transfers were as follows for the year ended December 31, 2019:

	Transfers In	Transfers Out
General Fund	\$ 461,301	\$ 3,338,458
Children and Youth Fund	1,286,246	-
Behavioral Health Fund	395,000	-
FACT Transportation	200,000	-
Domestic Relations Fund	719,689	-
Debt Service Fund	844,768	-
Other Governmental Funds	776,911	1,345,457
 Total	 <u>\$ 4,683,915</u>	 <u>\$ 4,683,915</u>

NOTE 14: TAX ABATEMENTS

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

Local Economic Revitalization Tax Assistance (LERTA)

The LERTA program exists pursuant to the Commonwealth of Pennsylvania Local Economic Revitalization Tax Assistance Act 76 of 1977 (72 P.S. §4722, et seq.). Currently, the LERTA is only in certain municipalities that have adopted a LERTA ordinance. There is not a "county-wide" LERTA program. Once a LERTA ordinance is adopted by a municipality, the County will follow with an ordinance specific to the County and that particular municipality. The LERTA exemption must be applied for by the landowner to the municipality. Once approved by the municipality, the approved application is passed to the county for exemption and LERTA schedule. Some school districts also participate in the LERTA in the same manner as the County. LERTA schedules are 6 to 10 years with most municipalities adopting a 10% per year declining schedule on the new construction value. New construction value is determined by the County Assessment Office. The LERTA program is, generally, on both Residential and Commercial properties. Many municipalities have the LERTA as a municipal-wide program, where a few municipalities have specified certain areas that the LERTA would be available. During 2019, 6 properties received the LERTA exemption from the County's real estate property tax at a total of \$15,033 for various projects.

Keystone Opportunity Zone ("KOZ")

The KOZ program exists pursuant to the Commonwealth of Pennsylvania Keystone Opportunity Zone, Keystone Opportunity Expansion Zone, and Keystone Opportunity Improvement Zone Act (73 P.S. §§820.101- 820.1309). A KOZ is designated by Executive Order of the Governor and approved by the local communities. A KOZ provides a significant reduction in state and local taxes. During 2019, 53 properties received the KOZ exemption from the County's real estate property tax at a total of \$93,701.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 61

NOTE 15: FUND BALANCE

Under GASB 54, fund balances are recorded as non-spendable, restricted, committed, and assigned are not available for payments of other subsequent expenditures. The following fund balances are recorded on the fund level of the financial statements:

Fund	Fund Balance	Amount
<i>Major Funds:</i>		
General Fund	Non-Spendable: These amounts are prepaid expenses	\$ 1,288,196
Public Safety		
	Funding for 911 Capital Program in 2019 Additional cost for Adult Probation program that will off set prison out of County rentals on prisoners	175,500
Culture and Recreation		
	General Fund match on Sheepskin Trail Project and County Parks.	75,750
Capital Program		
	Additional funding for County buildings, Public Safety Building, and Public Service building.	125,750
Health Choices	Restricted: These amounts are restricted for the Health Choices Behavioral Health program	11,801,296
Debt Service	Non-Spendable: 911 Motorola Lease payment made in December 2018 that is due on January 1, 2019.	844,768
Transportation	Non-Spendable: These amounts are prepaid expenses Restricted: These funds are restricted within the Transportation Program	40,600 1,526,602
Domestic Relations	Restricted: These funds are restricted for Child Support Enforcement	1,119,017
<i>Non-Major Funds</i>		
Capital Project Funds	Restricted: This amount is restricted for capital projects	6,954

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 62

NOTE 15: FUND BALANCE (CONTINUED)

Fund	Fund Balance	Amount
<i>Non-Major Funds</i>		
Special Revenue Funds		
Restricted:		
These funds are restricted within the departments of General Government		154,469
These funds are restricted within the Judicial System		71,930
These funds are restricted within the Public Safety Programs		1,638,231
These funds are restricted within the Public Works Programs		3,294,618
These funds are restricted within the Community Service Programs		146,249
These funds are restricted within the Culture and Recreation Programs		151,773

NOTE 16: PRIOR PERIOD ADJUSTMENT

The following restatement was necessary to properly record the Capitation Fund Balance and Unearned Revenue accounts in the Health Choices Fund. The result of this restatement in Fund Balance is detailed below.

	Health Choices Fund	Governmental Activities
Fund Balance/Net Position at January 1, 2019 as previously reported	\$ 12,797,951	\$ 34,629,597
Capitation Fund Balance Reclassification	<u>(758,795)</u>	<u>(758,795)</u>
Fund Balance/Net Position at January 1, 2019 as restated	<u>\$ 12,039,156</u>	<u>\$ 33,870,802</u>

NOTE 17: SUBSEQUENT EVENTS

During December 2019, the County issued a Tax Revenue and Anticipation Note for 2019 in an amount not to exceed \$8,000,000 at an interest rate of 3.38%.

After year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of the Authority's operations. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State and Federal tax revenues are also significantly decreased. This decrease could result in less grant money that is relied upon by local municipalities of fund specific projects. In addition, the County's own source revenue or derived revenues could be affected negatively. Overall, decrease funding could result in the County having to curtail or eliminate some services.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

Page 63

NOTE 17: SUBSEQUENT EVENTS (Continued)

In addition, the negative events in the financial markets and worldwide due to the COVID-19 pandemic have caused a significant decrease in investment values either directly invested or tied to the equity markets. These declines, at present, are expected to be temporary and not permanent; however, equity market recover, if it occurs, may take some time. The major resulting impact of the equity market's decline on the County will be in the form of a decrease in Pension plan assets. As a result of the current market conditions, investments and their ratings may fluctuate in the near future.

REQUIRED
SUPPLEMENTARY
INFORMATION

COUNTY OF FAYETTE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Page 65

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Real Estate and Per Capita Taxes	\$ 26,597,270	\$ 26,597,270	\$ 25,921,952	\$ (675,318)
Licenses and Permits	26,100	26,100	30,055	3,955
Grants and Gifts	3,633,424	4,426,735	3,240,339	(1,186,396)
Fines and Cost	439,300	439,300	433,097	(6,203)
Charges for Services	5,319,535	5,536,130	5,623,046	86,916
Interest, Rents, and Royalties	<u>457,997</u>	<u>457,997</u>	<u>307,994</u>	<u>(150,003)</u>
Total Revenues	<u>36,473,626</u>	<u>37,483,532</u>	<u>35,556,483</u>	<u>(1,927,049)</u>
Expenditures				
General Government-Administration	8,609,652	8,748,266	8,623,744	124,522
General Government-Judicial	9,591,302	9,737,508	8,784,957	952,551
Public Safety	11,884,771	12,797,151	13,177,976	(380,825)
Public Works	673,085	685,703	278,664	407,039
Human Services	411,935	429,975	431,650	(1,675)
Culture/Recreation	516,459	625,064	506,070	118,994
Community Service	80,000	80,000	70,000	10,000
Conservation/Development	525,510	672,810	547,800	125,010
Contributions	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Total Expenditures	<u>32,992,714</u>	<u>34,476,477</u>	<u>33,120,861</u>	<u>1,355,616</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	2,500	2,500	-	(2,500)
Lease Proceeds	-	-	30,826	30,826
Loan Proceeds	60,614	60,614	-	(60,614)
Operating Transfers In	77,574	108,324	461,301	352,977
Operating Transfers(Out)	<u>(3,621,600)</u>	<u>(3,877,610)</u>	<u>(3,338,458)</u>	<u>539,152</u>
Total Other Financing Sources	<u>(3,480,912)</u>	<u>(3,706,172)</u>	<u>(2,846,331)</u>	<u>859,841</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (699,117)</u>	<u>\$ (410,709)</u>	<u>\$ 288,408</u>

COUNTY OF FAYETTE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Page 66

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 3,254,374	\$ 2,805,082	\$ 3,154,866	\$ 3,207,877	\$ 2,391,243	\$ 2,428,813
Interest	4,487,857	4,852,177	5,298,642	5,675,499	5,952,586	6,368,376
Changes of benefit terms	-	-	-	66,257	-	471,835
Differences between expected and actual experience	(309,892)	965,190	1,835,539	679,873	(989,351)	1,523,459
Changes of assumptions	-	-	-	-	-	-
Benefits payments, including refunds of member contributions	(2,950,347)	(3,101,096)	(3,682,433)	(3,999,434)	(4,083,687)	(4,802,142)
Net change in total pension liability	4,481,992	5,521,353	6,606,614	5,630,072	3,270,791	5,990,341
Total pension liability- beginning	63,402,328	67,884,320	73,405,673	80,012,287	85,642,359	88,913,150
Total pension liability- ending (a)	\$ 67,884,320	\$ 73,405,673	\$ 80,012,287	\$ 85,642,359	\$ 88,913,150	\$ 94,903,491
Plan fiduciary net position						
Contributions- employer	\$ -	\$ -	\$ 1,050,637	\$ 986,423	\$ 906,281	\$ 1,286,078
Contributions- employee	1,542,792	1,600,239	1,752,786	1,813,021	1,844,945	1,916,246
Net investment income	3,899,257	(40,291)	4,204,196	9,594,185	(2,695,238)	12,793,748
Benefit payments, including refunds of employee contributions	(2,950,156)	(3,101,096)	(3,682,624)	(3,999,434)	(4,083,687)	(4,802,142)
Administrative expense	(28,825)	(44,676)	(35,436)	(28,095)	(42,366)	(35,993)
Other	-	-	-	(193)	-	-
Net change in plan fiduciary position	2,463,068	(1,585,824)	3,289,559	8,365,907	(4,070,065)	11,157,937
Plan fiduciary net position - beginning	64,051,120	66,514,188	64,928,364	68,217,923	76,583,830	72,513,765
Plan fiduciary net position - ending (b)	\$ 66,514,188	\$ 64,928,364	\$ 68,217,923	\$ 76,583,830	\$ 72,513,765	\$ 83,671,702
County's net pension liability - ending (a)-(b)	\$ 1,370,323	\$ 8,477,309	\$ 11,794,364	\$ 9,058,529	\$ 16,399,385	\$ 11,231,789
Plan fiduciary net position as a percentage of the total pension liability	97.98%	88.45%	85.26%	89.42%	81.56%	88.17%
Covered- employee payroll	\$ 17,714,203	\$ 20,297,545	\$ 22,876,556	\$ 23,215,519	\$ 23,765,303	\$ 24,343,258
County net pension liability as a percentage of covered- employee payroll	7.74%	41.77%	51.56%	39.02%	69.01%	46.14%

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

COUNTY OF FAYETTE
OTHER SUPPLEMENTARY INFORMATION
EMPLOYEE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS-LAST 10 YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 898,609	\$ 1,169,854	\$ 1,514,812	\$ 1,722,251	\$ 1,740,335	\$ 2,113,391	\$ 2,472,543	\$ 2,513,493	\$ 2,237,978	\$ 2,740,910
Contributions in relation to the actuarially determined contribution	898,609	840,000	1,514,883	-	-	-	1,050,637	986,423	906,281	1,286,078
Contributions deficiency (excess)	\$ -	\$ 329,854	\$ (71)	\$ 1,722,251	\$ 1,740,335	\$ 2,113,391	\$ 1,421,906	\$ 1,527,070	\$ 1,331,697	\$ 1,454,832
Covered - employee payroll	\$ 16,317,818	\$ 16,454,060	\$ 16,448,620	\$ 17,057,828	\$ 17,714,203	\$ 20,297,545	\$ 2,287,656	\$ 23,215,519	\$ 23,765,303	\$ 24,343,258
Contributions as a percentage of covered-employee payroll	5.51%	5.11%	9.21%	0.00%	0.00%	0.00%	4.59%	4.25%	3.81%	5.28%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level dollar
Remaining Amortization Period:	23 years
Asset Valuation Method:	Fair-Market value
Inflation	3.00%
Salary increases	3.5 average, including inflation
Investment rate of return	7.0% net of pension plan investment expense including inflation
Retirement age	Age 60 or 55 with 20 years' service
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

COUNTY OF FAYETTE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT RETURNS

Page 68

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	6.70%	0.15%	7.10%	14.79%	-3.44%	19.05%

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

OTHER
SUPPLEMENTARY
INFORMATION

FAYETTE COUNTY
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2019

Page 70

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 2,771,303	\$ 17,065	\$ 2,788,368
Accounts Receivable	2,387,355	-	2,387,355
Due from Other Governments	1,190,024	-	1,190,024
Due from Other Funds	<u>167,261</u>	<u>145,000</u>	<u>312,261</u>
Total Assets	<u>\$ 6,515,943</u>	<u>\$ 162,065</u>	<u>\$ 6,678,008</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	886,695	149,452	1,036,147
Accrued Expenses	75,139	5,659	80,798
Unearned Revenue	62,862	-	62,862
Due to Other Funds	<u>33,977</u>	<u>-</u>	<u>33,977</u>
Total Liabilities	<u>1,058,673</u>	<u>155,111</u>	<u>1,213,784</u>
Fund Balances			
Restricted:			
General Government	154,469	-	154,469
Judicial	71,930	-	71,930
Public Safety	1,638,231	-	1,638,231
Public Works	3,294,618	-	3,294,618
Community Service	146,249	-	146,249
Culture and Recreation	151,773	-	151,773
Capital Projects	<u>-</u>	<u>6,954</u>	<u>6,954</u>
Total Fund Balances	<u>5,457,270</u>	<u>6,954</u>	<u>5,464,224</u>
Total Liabilities and Fund Balances	<u>\$ 6,515,943</u>	<u>\$ 162,065</u>	<u>\$ 6,678,008</u>

COUNTY OF FAYETTE
OTHER GOVERNMENTAL FUNDS

Page 71

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
Revenue			
Hotels	\$ 2,227,452	\$ -	\$ 2,227,452
Grants and Gifts	4,954,282	-	4,954,282
Charges for Services	2,496,693	20,538	2,517,231
Interest, Rents and Royalties	<u>103,392</u>	<u>1,864</u>	<u>105,256</u>
Total Revenue	<u>9,781,819</u>	<u>22,402</u>	<u>9,804,221</u>
Expenditures			
Current:			
General Government -Administration	129,640	898,661	1,028,301
General Government-Judicial	250,229	41,821	292,050
Public Safety	4,776,263	235,403	5,011,666
Public Works	777,499	-	777,499
Human Services	738,046	-	738,046
Culture and Recreation	16,850	24,523	41,373
Community Service	<u>2,315,495</u>	<u>-</u>	<u>2,315,495</u>
Total Expenditures	<u>9,004,022</u>	<u>1,200,408</u>	<u>10,204,430</u>
Excess of Revenues Over (Under) Expenditures	<u>777,797</u>	<u>(1,178,006)</u>	<u>(400,209)</u>
Other Financing Sources (Uses)			
Note Proceeds 2017 Note	-	1,046,457	1,046,457
Operating Transfers In	704,936	71,975	776,911
Operating Transfers (Out)	<u>(1,332,824)</u>	<u>(12,633)</u>	<u>(1,345,457)</u>
Total Other Financing Sources (Uses)	<u>(627,888)</u>	<u>1,105,799</u>	<u>477,911</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>149,909</u>	<u>(72,207)</u>	<u>77,702</u>
Fund Balances-Beginning of Year	<u>5,307,361</u>	<u>79,161</u>	<u>5,386,522</u>
Fund Balances-End of Year	<u>\$ 5,457,270</u>	<u>\$ 6,954</u>	<u>\$ 5,464,224</u>

COUNTY OF FAYETTE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2019

Page 72

	Human Services	Act 13 Fund	Central Booking Fund	Conciliation Fee Fund	Affordable Housing Fund	C-17 Fund
Assets						
Cash and Cash Equivalents	\$ 154,462	\$ 64,539	\$ -	\$ 32,249	\$ 25,137	\$ 53,927
Accounts Receivable	-	2,139,105	-	1,400	5,490	7,576
Due from Other Governments	15,992	144,455	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Total Assets	\$ 170,454	\$ 2,348,099	\$ -	\$ 33,649	\$ 30,627	\$ 61,503
Liabilities						
Accounts Payable	\$ 107,592	\$ 141,732	\$ -	\$ 467	\$ -	\$ 4,405
Accrued Expenses	-	-	-	209	-	-
Unearned Revenue	62,862	-	-	229	-	30,715
Due to Other Funds	-	-	-	905	-	35,120
Total Liabilities	170,454	141,732	-	905	-	35,120
Fund Balances						
Restricted:						
General Government	-	-	-	-	-	-
Judicial	-	-	-	32,744	-	26,383
Public Safety	-	-	-	-	-	-
Public Works	-	2,206,367	-	-	-	-
Community Service	-	-	-	-	30,627	-
Culture and Recreation	-	-	-	-	-	-
Total Restricted Fund Balance	-	2,206,367	-	32,744	30,627	26,383
Total Liabilities & Fund Balances	\$ 170,454	\$ 2,348,099	\$ -	\$ 33,649	\$ 30,627	\$ 61,503

COUNTY OF FAYETTE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2019

Page 73

	IPP Fund	Hotel Tax Fund	Liquid Fuel Fund	DA Law Enforcement	Hazmat	West Nile Virus Fund
Assets						
Cash and Cash Equivalents	\$ 513,310	\$ 221,060	\$ 1,094,775	\$ 200	\$ 152,313	\$ -
Accounts Receivable	19,610	208,665	-	-	-	-
Due from Other Governments	8,063	-	-	-	2,632	-
Due from Other Funds	-	-	16,827	-	-	-
Total Assets	\$ 540,983	\$ 429,725	\$ 1,111,602	\$ 200	\$ 154,945	\$ -
Liabilities						
Accounts Payable	\$ 274,439	\$ 314,103	\$ 8,851	\$ -	\$ 1,840	\$ -
Accrued Expenses	11,026	-	11,467	-	6,719	-
Unearned Revenue	-	-	3,033	-	-	-
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	285,465	314,103	23,351	-	8,559	-
Fund Balances						
Restricted:						
General Government	-	-	-	-	-	-
Judicial	-	-	-	200	-	-
Public Safety	255,518	-	-	-	146,386	-
Public Works	-	-	1,088,251	-	-	-
Community Service	-	115,622	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Total Restricted Fund Balance	255,518	115,622	1,088,251	200	146,386	-
Total Liabilities & Fund Balances	\$ 540,983	\$ 429,725	\$ 1,111,602	\$ 200	\$ 154,945	\$ -

COUNTY OF FAYETTE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2019

Page 74

	Energy Efficiency Block Grant	911 Fund	Sheepskin Trail Fund	Prothonotary Automation Fund	Record of Deeds Improvement Fund	Clerk of Courts Automation Fund	Total
Assets							
Cash and Cash Equivalents	\$ -	\$ 144,973	\$ 151,773	\$ 2,499	\$ 151,301	\$ 8,785	\$ 2,771,303
Accounts Receivable	-	-	-	1,863	3,168	478	2,387,355
Due from Other Governments	-	1,018,882	-	-	-	-	1,190,024
Due from Other Funds	-	150,434	-	-	-	-	167,261
Total Assets	\$ -	\$ 1,314,289	\$ 151,773	\$ 4,362	\$ 154,469	\$ 9,263	\$ 6,515,943
Liabilities							
Accounts Payable	\$ -	\$ 32,244	\$ -	\$ 1,022	\$ -	\$ -	\$ 886,695
Accrued Expenses	-	45,718	-	-	-	-	75,139
Unearned Revenue	-	-	-	-	-	-	62,862
Due to Other Funds	-	-	-	-	-	-	33,977
Total Liabilities	-	77,962	-	1,022	-	-	1,058,673
Fund Balances							
Restricted:							
General Government	-	-	-	-	154,469	-	154,469
Judicial	-	-	-	3,340	-	9,263	71,930
Public Safety	-	1,236,327	-	-	-	-	1,638,231
Public Works	-	-	-	-	-	-	3,294,618
Community Service	-	-	-	-	-	-	146,249
Culture and Recreation	-	-	151,773	-	-	-	151,773
Total Restricted Fund Balance	-	1,236,327	151,773	3,340	154,469	9,263	5,457,270
Total Liabilities & Fund Balances	\$ -	\$ 1,314,289	\$ 151,773	\$ 4,362	\$ 154,469	\$ 9,263	\$ 6,515,943

**COUNTY OF FAYETTE
SPECIAL REVENUE FUNDS**
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Human Service Fund	Act 13 Fund	Central Booking Fund	Conciliation Fee Fund	Affordable Housing Fund	C-17 Fund
Revenues						
Hotels	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Gifts	735,200	266,048	-	-	-	20,000
Charges for Services	-	1,475,742	171	32,200	68,260	108,019
Interest and Royalties	2,846	40,674	1,651	926	1,861	1,330
Total Revenues	738,046	1,782,464	1,822	33,126	70,121	129,349
Expenditures						
Current:						
General Government -Administration	-	2,438	-	-	-	-
General Government-Judicial	-	-	-	54,073	-	134,739
Public Safety	-	-	-	-	-	-
Public Works	-	300,783	-	-	-	-
Human Services	738,046	-	-	-	-	-
Culture and Recreation	-	11,600	-	-	-	-
Community Service	-	-	-	-	100,000	-
Total Expenditures	738,046	314,821	-	54,073	100,000	134,739
Excess of Revenues Over (Under) Expenditures	-	1,467,643	1,822	(20,947)	(29,879)	(5,390)
Other Financing Sources (Uses)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	(877,932)	(177,145)	(8,828)	-	-
Total Other Financing Sources (Uses)	-	(877,932)	(177,145)	(8,828)	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	589,711	(175,323)	(29,775)	(29,879)	(5,390)
Fund Balances-Beginning of Year	-	1,616,656	175,323	62,519	60,506	31,773
Fund Balances-End of Year	\$ -	\$ 2,206,367	\$ -	\$ 32,744	\$ 30,627	\$ 26,383

COUNTY OF FAYETTE
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	IPP Fund	Hotel Tax Fund	Liquid Fuel Fund	DA Law Enforcement	Hazmat	West Nile Virus Fund
Revenues						
Hotels	\$ -	\$ 2,227,452	\$ -	\$ -	\$ -	\$ -
Grants and Gifts	107,916	-	609,554	-	14,252	-
Charges for Services	697,499	-	3,447	200	24,675	9,240
Interest and Royalties	12,168	4,845	18,688	-	3,372	99
Total Revenues	817,583	2,232,297	631,689	200	42,299	9,339
Expenditures						
Current:						
General Government -Administration	-	99,394	-	-	-	-
General Government-Judicial	-	-	-	-	-	-
Public Safety	863,901	-	-	-	81,075	-
Public Works	-	-	476,716	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Community Service	-	2,215,495	-	-	-	-
Total Expenditures	863,901	2,314,889	476,716	-	81,075	-
Excess of Revenues Over (Under) Expenditures	(46,318)	(82,592)	154,973	200	(38,776)	9,339
Other Financing Sources (Uses)						
Operating Transfers In	-	-	79,436	-	25,000	-
Operating Transfers (Out)	(234,194)	-	-	-	-	(16,197)
Total Other Financing Sources (Uses)	(234,194)	-	79,436	-	25,000	(16,197)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(280,512)	(82,592)	234,409	200	(13,776)	(6,858)
Fund Balances-Beginning of Year	536,030	198,214	853,842	-	160,162	6,858
Fund Balances-End of Year	\$ 255,518	\$ 115,622	\$ 1,088,251	\$ 200	\$ 146,386	\$ -

COUNTY OF FAYETTE
SPECIAL REVENUE FUNDS

Page 77

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Energy Efficiency Block Grant	911 Fund	Sheepskin Trail Fund	Prothonotary Automation Fund	Record of Deeds Improvement Fund	Clerk of Courts Automation Fund	Total
Revenues							
Hotels	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,227,452
Grants and Gifts	-	3,126,312	75,000	-	-	-	4,954,282
Charges for Services	-	4,498	-	25,881	39,858	7,003	2,496,693
Interest and Royalties	<u>-</u>	<u>11,428</u>	<u>1,534</u>	<u>297</u>	<u>1,555</u>	<u>118</u>	<u>103,392</u>
Total Revenues	<u>-</u>	<u>3,142,238</u>	<u>76,534</u>	<u>26,178</u>	<u>41,413</u>	<u>7,121</u>	<u>9,781,819</u>
Expenditures							
Current:							
General Government -Administration	-	-	-	-	27,808	-	129,640
General Government-Judicial	-	-	-	38,537	-	22,880	250,229
Public Safety	-	3,831,287	-	-	-	-	4,776,263
Public Works	-	-	-	-	-	-	777,499
Human Services	-	-	-	-	-	-	738,046
Culture and Recreation	-	-	5,250	-	-	-	16,850
Community Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,315,495</u>
Total Expenditures	<u>-</u>	<u>3,831,287</u>	<u>5,250</u>	<u>38,537</u>	<u>27,808</u>	<u>22,880</u>	<u>9,004,022</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(689,049)</u>	<u>71,284</u>	<u>(12,359)</u>	<u>13,605</u>	<u>(15,759)</u>	<u>777,797</u>
Other Financing Sources (Uses)							
Operating Transfers In	-	600,500	-	-	-	-	704,936
Operating Transfers (Out)	<u>(18,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(295)</u>	<u>(1,332,824)</u>
Total Other Financing Sources (Uses)	<u>(18,233)</u>	<u>600,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(295)</u>	<u>(627,888)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(18,233)	(88,549)	71,284	(12,359)	13,605	(16,054)	149,909
Fund Balances-Beginning of Year	<u>18,233</u>	<u>1,324,876</u>	<u>80,489</u>	<u>15,699</u>	<u>140,864</u>	<u>25,317</u>	<u>5,307,361</u>
Fund Balances-End of Year	<u>\$ -</u>	<u>\$ 1,236,327</u>	<u>\$ 151,773</u>	<u>\$ 3,340</u>	<u>\$ 154,469</u>	<u>\$ 9,263</u>	<u>\$ 5,457,270</u>

COUNTY OF FAYETTE
CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2019

Page 78

	<u>Capital Project Fund</u>	<u>Capital Reserve Fund</u>	<u>Capital Bond Fund</u>	<u>Total Capital Project Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ -	\$ 17,065	\$ -	\$ 17,065
Due from Other Funds	<u>-</u>	<u>145,000</u>	<u>-</u>	<u>145,000</u>
Total Assets	<u>\$ -</u>	<u>\$ 162,065</u>	<u>\$ -</u>	<u>\$ 162,065</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts Payable	\$ -	\$ 149,452	\$ -	\$ 149,452
Accrued Expenses	<u>-</u>	<u>5,659</u>	<u>-</u>	<u>5,659</u>
Total Liabilities	<u>-</u>	<u>155,111</u>	<u>-</u>	<u>155,111</u>
Fund Balances				
Restricted:				
Capital Projects	<u>-</u>	<u>6,954</u>	<u>-</u>	<u>6,954</u>
Total Fund Balances	<u>-</u>	<u>6,954</u>	<u>-</u>	<u>6,954</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 162,065</u>	<u>\$ -</u>	<u>\$ 162,065</u>

COUNTY OF FAYETTE
CAPITAL PROJECT FUNDS

Page 79

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Capital Project Fund	Capital Reserve Fund	Capital Bond Fund	Total Capital Project Funds
Revenues				
Charges for Services	\$ -	\$ 2,103	\$ 18,435	\$ 20,538
Interest and Royalties	<u>80</u>	<u>1,783</u>	<u>1</u>	<u>1,864</u>
Total Revenue	<u>80</u>	<u>3,886</u>	<u>18,436</u>	<u>22,402</u>
Expenditures				
General Administration	- -	898,661	- -	898,661
Judicial Government	- -	41,821	- -	41,821
Public Safety	- -	235,403	- -	235,403
Recreation & Culture	<u>- -</u>	<u>24,523</u>	<u>- -</u>	<u>24,523</u>
Total Expenditures	<u>- -</u>	<u>1,200,408</u>	<u>- -</u>	<u>1,200,408</u>
Other Financing Sources (Uses)				
Note Proceeds 2017 Note	- -	1,046,457	- -	1,046,457
Transfer In	- -	71,975	- -	71,975
Transfer Out	<u>(3,925)</u>	<u>(5,659)</u>	<u>(3,049)</u>	<u>(12,633)</u>
Total Other Financing Sources (Uses)	<u>(3,925)</u>	<u>1,112,773</u>	<u>(3,049)</u>	<u>1,105,799</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,845)</u>	<u>(83,749)</u>	<u>15,387</u>	<u>(72,207)</u>
Fund Balances-Beginning of Year	<u>3,845</u>	<u>90,703</u>	<u>(15,387)</u>	<u>79,161</u>
Fund Balances-End of Year	<u>\$ -</u>	<u>\$ 6,954</u>	<u>\$ -</u>	<u>\$ 6,954</u>