

**COUNTY OF FAYETTE
UNIONTOWN, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

COUNTY OF FAYETTE, PENNSYLVANIA
YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Fayette
Uniontown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of County of Fayette, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise County of Fayette's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of County of Fayette as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Fayette, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

County of Fayette's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Fayette's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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To the Board of Commissioners
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County of Fayette's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Fayette's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of net pension liability and contributions related to pension plans, and schedules of total OPEB liability (as listed in the table of contents as required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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To the Board of Commissioners
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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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Fayette's basic financial statements. The other supplementary information in the financial section (as listed as other supplementary information in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information in the financial section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in the financial section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025 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

ZELENKOFSCHE AXELROD LLC

May 28, 2025
Pittsburgh, Pennsylvania

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023

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, 2023. 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, 2023.

FINANCIAL HIGHLIGHTS

Fund Balance

The County's General Fund reported a fund balance in the amount of \$10,523,885 for the year ended December 31, 2023. This was an increase of \$2,358,419 in 2023. The County reported an unassigned fund balance amount for the General Fund of \$7,436,034.

Real Estate Taxes

The County's assessed valuation decreased from \$4,866,366,090 in 2022 to \$4,853,932,380 in 2023. The County's millage stayed the same at 6.76448 mills in 2023. The 2023 the General Fund millage was set at 6.33948 and the Debt Service Fund was set at 0.425. In 2023, \$30,602,551 of real estate tax revenue was received for General Fund purposes and \$1,512,103 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 2023, the County expended \$12,153,361 in health insurance costs leaving a net position of \$2,658,758.

Retirement Assets

The County's Retirement Trust Fund had an increase in the plan net position of \$9,715,804. The increase was due to an appreciation in fair market value on the investments and County contributions made during 2023. The County's retirement net position value was \$97,993,087 at December 31, 2023.

County's Net Position

The County's Governmental Activities had a total Net Position of \$48,895,755 for the year ended December 31, 2023.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

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 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.

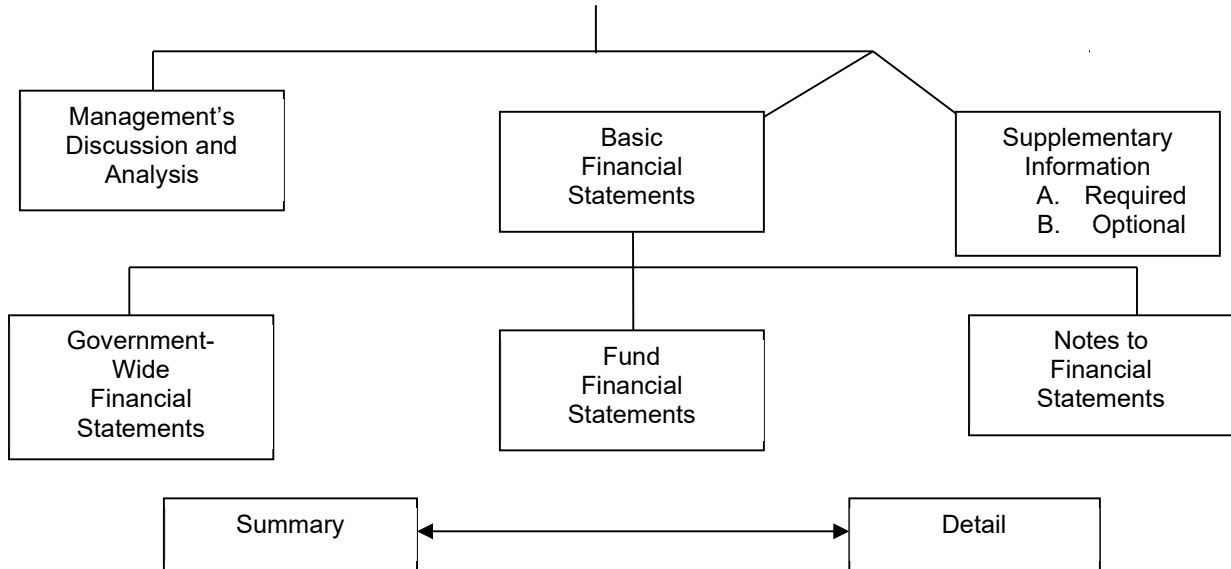
The basic financial statements present two different views of the County.

- *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, community service, 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, 2023

Organization of the County's annual financial report

Required Components of the Annual Financial Statements



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COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

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

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

| | Government-wide Statements | Fund Financial Statements | | |
|---|--|---|---|---|
| | | Governmental | Proprietary | Fiduciary |
| Scope | Primary government | 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 Statement of Changes in Plan 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, 2023

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, 2023

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, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The County's total assets were \$156,275,624 at December 31, 2023.

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.

| | Governmental Activities 2023 | 2022 | Net Change from 2022 to 2023 | % of Change |
|-----------------------------------|---|---------------------|---|------------------------|
| Assets: | | | | |
| Current and | | | | |
| Other Assets | \$81,339,837 | \$90,949,581 | \$ (9,609,744) | -10.6% |
| Capital Assets | 74,935,787 | 77,411,913 | (2,476,126) | -3.2% |
| Total Assets | <u>156,275,624</u> | <u>168,361,494</u> | <u>(12,085,870)</u> | <u>-7.2%</u> |
| Deferred Outflows of Resources | 6,592,903 | 10,284,164 | (3,691,261) | -35.9% |
| Liabilities: | | | | |
| Current and | | | | |
| Other Liabilities | 29,788,164 | 74,680,439 | (44,892,275) | -60.1% |
| Long-Term Liabilities | 84,184,608 | 47,529,110 | 36,655,498 | 77.1% |
| Total Liabilities | <u>113,972,772</u> | <u>122,209,549</u> | <u>(8,236,777)</u> | <u>-6.7%</u> |
| Deferred Inflows of Resources | - | 73,286 | (73,286) | 100% |
| Net Position: | | | | |
| Net Investment in | | | | |
| Capital Assets | 5,094,496 | 17,460,467 | (12,365,971) | -70.8% |
| Assigned | - | 2,401,250 | (2,401,250) | 100.0% |
| Restricted | 39,785,579 | 41,555,905 | (1,770,326) | -4.3% |
| Unrestricted | 4,015,680 | (5,054,799) | 9,070,479 | -179.4% |
| Total Net Position | <u>\$48,895,755</u> | <u>\$56,362,823</u> | <u>\$ (7,467,068)</u> | <u>-13.2%</u> |

The 2023 decrease in current and other assets was primarily due to a decrease in Cash and Cash Equivalents compared to 2022. The decrease in capital assets was due to depreciation.

The 2023 decrease in current liabilities was primarily due to the additional debt issued in 2023, resulting in an increase in long term debts as compared to 2022.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

Change in Net Position

The following statement of activities represents changes in net position for the year ended December 31, 2023. It shows revenues by source and expenses by function for governmental activities and the government as a whole.

| | <u>2023</u> | <u>2022</u> | <u>Total Change</u> | <u>Percent Change</u> |
|---------------------------------------|-----------------------|-----------------------|-------------------------|---------------------------|
| Revenues | | | | |
| Program Revenue: | | | | |
| Charges for Services | \$ 67,441,902 | \$ 80,872,300 | \$ (13,430,398) | -16.6% |
| Operating Grants and Contributions | 76,599,711 | 53,100,170 | 23,499,541 | 44.3% |
| Capital Grants and Contributions | - | 1,819,163 | (1,819,163) | -100.0% |
| General Revenue: | | | | |
| Real Estate Taxes | 33,352,660 | 32,908,727 | 443,933 | 1.3% |
| Hotel Tax | 2,965,585 | 3,274,360 | (308,775) | -9.4% |
| Interest and Royalties | 2,616,570 | 863,000 | 1,753,570 | 203.2% |
| Total Revenue | <u>\$ 182,976,428</u> | <u>\$ 172,837,720</u> | <u>\$ 10,138,708</u> | <u>5.9%</u> |
| Expenses | | | | |
| General Government | 18,868,163 | 26,964,471 | (8,096,308) | -30.0% |
| Judicial Government | 17,878,344 | 15,249,684 | 2,628,660 | 17.2% |
| Public Safety | 19,460,093 | 16,564,034 | 2,896,059 | 17.5% |
| Public Works | 2,797,700 | 1,159,812 | 1,637,888 | 141.2% |
| Human Services | 118,546,152 | 109,989,031 | 8,557,121 | 7.8% |
| Culture/Recreation | 637,311 | 1,312,180 | (674,869) | -51.4% |
| Community Services | 10,084,352 | 5,128,048 | 4,956,304 | 96.7% |
| Conservation/Development | 232,456 | 409,165 | (176,709) | -43.2% |
| Interest on Long-Term Liabilities | 1,426,840 | 827,338 | 599,502 | 72.5% |
| Total Expenses | <u>189,931,411</u> | <u>177,603,763</u> | <u>12,327,648</u> | <u>6.9%</u> |
| Change in Net Position | (6,954,983) | (4,766,043) | (2,188,940) | 45.9% |
| Net Position-Beginning | <u>55,850,738</u> | <u>61,128,866</u> | <u>5,278,128</u> | <u>8.6%</u> |
| Net Position-Ending | <u>\$ 48,895,755</u> | <u>\$ 56,362,823</u> | <u>\$ (7,467,068)</u> | <u>-13.2%</u> |

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

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 2023, real estate taxes brought in \$33,352,660.

| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|----------------------------|-----------------------------------|---------------------------------|
| Program: | | |
| General Government | \$ 18,868,163 | \$ (5,704,435) |
| Judicial Government | 17,878,344 | (13,594,093) |
| Public Safety | 19,460,093 | (13,283,894) |
| Public Works | 2,797,700 | 384,259 |
| Human Services | 118,546,152 | (1,479,265) |
| Culture/Recreation | 637,311 | (593,722) |
| Community Services | 10,084,352 | (10,084,352) |
| Conservation/Development | 232,456 | (107,456) |
| Interest on Long-Term Debt | 1,426,840 | (1,426,840) |
| Total | <u>\$ 189,931,411</u> | <u>\$ (45,889,798)</u> |

The County relied on real estate taxes and other general revenues to fund 17.6% of its governmental activities in 2023.

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 2023 was 6.34 mills for general purposes and debt service purposes were set at .43 mills.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

Capital Assets

The County's capital assets, net of accumulated depreciation, were \$74,935,787 at December 31, 2023. A summary of capital assets at December 31, 2023 is as follows:

| Governmental Activities | Beginning Balance | Additions | Retirements | Ending Balance |
|--|----------------------|----------------|-------------|-------------------|
| Capital Assets not Being Depreciated: | | | | |
| Land | \$ 3,225,470 | \$ - | \$ - | \$ 3,225,470 |
| Construction in Progress | 38,270,762 | - | - | 38,270,762 |
| Total Capital Assets Not Being Depreciated | 41,496,232 | - | - | 41,496,232 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 52,715,828 | 28,913 | - | 52,744,741 |
| Right of Use - Buildings | 1,747,706 | - | - | 1,747,706 |
| Furniture, Fixtures and Equipment | 15,554,989 | 116,332 | - | 15,671,321 |
| Vehicles | 11,617,358 | - | - | 11,617,358 |
| Infrastructure | 24,161,392 | - | - | 24,161,392 |
| Total Capital Assets Being Depreciated | 105,797,273 | 145,245 | - | 105,942,518 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (39,558,988) | (861,287) | - | (40,420,275) |
| Right of Use - Buildings | (207,860) | (207,860) | - | (415,720) |
| Furniture, Fixtures, and Equipment | (11,258,808) | (461,731) | - | (11,720,539) |
| Vehicles | (9,972,019) | (286,200) | - | (10,258,219) |
| Infrastructure | (8,883,916) | (804,294) | - | (9,688,210) |
| Total Accumulated Depreciation | (69,881,591) | (2,621,372) | - | (72,502,963) |
| Total Capital Assets, Net of Accumulated Depreciation | \$ 77,411,914 | \$ (2,476,127) | \$ - | \$ 74,935,787 |

The total depreciation expense charged to governmental activities for 2023 was \$2,621,372.

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

| | |
|-------------------------|----------------|
| Governmental Activities | |
| General Government | \$ (370,303) |
| Judicial | (151,370) |
| Public Safety | (541,027) |
| Public Works | (771,513) |
| Culture/Recreation | (151,105) |
| Human Services | (636,054) |
| Total Depreciation | \$ (2,621,372) |

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

Debt Administration

At December 31, 2023, the County had \$68,432,423 of long term bonds and notes outstanding. The County's general obligation debt increased 17% in 2023.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|--------------------------|------------------------------|----------------------|------------------------|-----------------------|
| General Obligation Bonds | \$ 3,955,000 | \$ - | \$ (715,000) | \$ 3,240,000 |
| General Obligation Notes | 54,413,704 | 55,859,378 | (45,080,659) | 65,192,423 |
| | <u>58,368,704</u> | <u>55,859,378</u> | <u>(45,795,659)</u> | <u>68,432,423</u> |
| Total Long-Term Debt | <u>\$ 58,368,704</u> | <u>\$ 55,859,378</u> | <u>\$ (45,795,659)</u> | <u>\$ 68,432,423</u> |

The County made principal payments on the General Obligation Bonds 2011 and 2012 totaling \$715,000.

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, 2023

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at December 31, 2022, and December 31, 2023, were as follows.

| | 2023 | 2022 | Changes from 2022 to 2023 | Percentage Variance |
|------------------------|-----------------------|-----------------------|------------------------------|------------------------|
| Revenues: | | | | |
| Taxes | \$ 32,114,654 | \$ 32,996,743 | \$ (882,089) | -2.7% |
| Hotel Tax | 2,965,585 | 3,274,360 | (308,775) | -9% |
| Licenses and Permits | 30,955 | 29,705 | 1,250 | 4% |
| Grants and Gifts | 76,594,989 | 54,919,333 | 21,675,656 | 39% |
| Charges for Services | 67,555,816 | 70,842,869 | (3,287,053) | -5% |
| Fines & Forfeitures | 419,111 | 384,832 | 34,279 | 9% |
| Interest and Royalties | 2,078,157 | 863,000 | 1,215,157 | 141% |
| Miscellaneous | 538,133 | 7,374 | 530,759 | 100% |
| Sale of Property | 5,000 | - | 5,000 | 100% |
| Note Proceeds | 55,859,378 | 24,316,373 | 31,543,005 | 130% |
| Operating Transfers In | 10,734,890 | 11,592,783 | (857,893) | -7% |
| Total Revenue | <u>\$ 248,896,668</u> | <u>\$ 199,227,372</u> | <u>\$ 49,669,296</u> | <u>24.9%</u> |

Governmental fund revenues totaled \$248,896,668 for the year ended December 31, 2023. This was an overall 24.9% increase in the amount of \$49,669,296 from 2022. Real Estate Taxes decreased 2.7%, for a total decrease of \$882,089. The Real Estate Tax stayed the same for 2023 as in 2022 at 6.76 mills. Hotel Taxes decreased \$308,775 or 9% in 2023. The Hotel Excise Tax is set at 5%. Licenses and Permits had an increase for 4% or \$1,250. Grants increased in the amount of \$21,675,656 or 39%. The major increase was the American Rescue Plan Act (ARPA) Funding in the amount of \$8,241,094 used for Governmental Services. Children and Youth grants decreased in 2023, \$428,547 or 3.08%. Behavior Health has a 142.88% increase in grant funds in the amount of \$16,815,964. The General Fund had a increase on grants funds of 4.30%, \$179,782. Charges for Service has a decrease in 2023 the amount of \$3,287,053 or 5%. The major variance was in General Fund. Fines and Forfeitures reported a 9% increase in the amount of \$34,279. Interest and Royalties increased \$1,215,157 which was a 141% increase from 2022 for a total of \$2,078,157 in 2023. Miscellaneous Revenue was increased \$530,759 in 2023. Note Proceeds increased in 2023 \$31,543,005 from 2022 due to issuance of new debt in 2023.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at December 31, 2022 and December 31, 2023 were as follows:

| Expenditures: | 2023 | 2022 | Changes from 2022 to 2023 | Percentage Change |
|--------------------------|-----------------------|-----------------------|--------------------------------------|------------------------------|
| General Administrative | \$ 17,873,731 | \$ 24,764,421 | \$ (6,890,690) | -27.8% |
| General Judicial | 16,956,263 | 11,811,788 | 5,144,475 | 43.6% |
| Public Safety | 18,002,905 | 35,113,883 | (17,110,978) | -48.7% |
| Public Works | 2,001,061 | 2,267,942 | (266,881) | -11.8% |
| Human Services | 117,579,665 | 102,720,761 | 14,858,904 | 14.5% |
| Culture/Recreation | 486,206 | 1,162,025 | (675,819) | -58.2% |
| Community Service | 10,084,352 | 512,048 | 9,572,304 | 1869.4% |
| Conservation/Development | 232,456 | 409,165 | (176,709) | -43.2% |
| Retirement | 1,721,240 | 2,787,780 | (1,066,540) | -38.3% |
| Debt Service-Principal | 45,795,659 | 3,262,829 | 42,532,830 | 1303.6% |
| Debt Service - Interest | 1,429,747 | 830,245 | 599,502 | 72.2% |
| Operating Transfer Out | 10,734,890 | 11,592,783 | (857,893) | -7.4% |
| | <u>\$ 242,898,175</u> | <u>\$ 197,235,670</u> | <u>\$ 45,662,505</u> | <u>23.2%</u> |

Governmental fund expenditures totaled \$242,898,175 for the year ended December 31, 2023. This was an overall increase of \$45,662,505 from 2022, or 23.2%. The increase was a result of refunding debt as a result of new debt issuance.

Total expenditures for the County's funds were as follows: The General Fund, \$37,777,354 which was an decrease of \$4,402,431 from 2022. The functions that made up this increase in the General Fund was:

| Functions: | 2023 | 2022 | Changes from 2022 to 2023 |
|--------------------------|----------------------|----------------------|--------------------------------------|
| General Government | \$ 12,726,559 | \$ 18,239,049 | \$ (5,512,490) |
| Judicial Government | 12,505,067 | 8,621,213 | 3,883,854 |
| Public Safety | 7,819,092 | 9,230,199 | (1,411,107) |
| Public Works | 703,538 | 699,022 | 4,516 |
| Human Services | 1,527,513 | 393,233 | 1,134,280 |
| Recreation | 382,167 | 328,233 | 53,934 |
| Community Service | 159,722 | 114,364 | 45,358 |
| Conservation Development | 232,456 | 409,165 | (176,709) |
| Contribution/Retirement | 1,721,240 | 2,787,780 | (1,066,540) |
| Debt Service-Principal | - | 1,357,527 | (1,357,527) |
| | <u>\$ 37,777,354</u> | <u>\$ 42,179,785</u> | <u>\$ (4,402,431)</u> |

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

GOVERNMENTAL FUND EXPENDITURES (Continued)

The Children and Youth expenditures totaled \$18,978,170 for 2023, which was an increase of \$2,774,388 from 2022 an increase of 17.12%. Behavioral Health expenditures totaled \$27,978,290 for 2023, which was an increase in the amount of \$15,684,807 which is 127.59%. Health Choices expenditures totaled \$58,577,249 for 2023, which was a decrease of \$2,709,596 which is 4.42%. Transportation (FACT) expenditures totaled \$9,073,826 an increase \$3,844,748 which was 73.53%. Community Development Fund expenditures totaled \$6,766,740 for 2023, which was an increase \$4,947,577 from 2022. For 2023, the Debt Service Fund expenditures totaled \$48,511,288 compared to \$3,006,987 in 2022. The additional debt service was due to new debt that refinanced existing debt. Other Government Funds expenditures totaled \$12,420,183 an decrease of \$6,945,446 from 2022. The Capital Project Fund 2023 expenditures were a \$22,241,507 decrease from 2022.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds at December 31, 2023.

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

| <u>Funds</u> | |
|--|---------------------|
| General Fund | \$ 10,523,885 |
| Health Choices | 13,156,655 |
| Behavioral Health | 1,327,365 |
| Transportation (FACT) | 1,983,522 |
| Children and Youth | (625,557) |
| Capital Projects | 104,198 |
| Debt Service | 4,508,691 |
| American Rescue Plan Fund | 108,970 |
| Non Major Governmental Funds | <u>8,785,143</u> |
| Total Fund Balances-Governmental Funds | <u>\$39,872,872</u> |

The County's governmental funds reported a combined fund balance of \$39,872,872 at December 31, 2023. Of the total, the General Fund reported a fund balance in the amount of \$10,523,885. A detailed breakdown of the other governmental funds can found 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, 2023, actual general fund revenues were \$8,932,851 or 17.9% under budget and actual expenditures were \$10,505,231 or 21.8% under budget. For the year ended December 31, 2023, the fund balance of the General Fund increased \$2,358,419.

COUNTY OF FAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

NEXT YEAR'S BUDGET

The 2023 ending fund balance of the General Fund was \$10,523,885. In 2023, the County kept the Real Estate Taxes the same at 6.76448 millage.

The 2024 General Fund Budget was put on displayed on November 13, 2023 as a balanced budget and adopted on December 21, 2023. The total revenue and expenditures are \$53,999,005. The 2024 General Fund Budget millage was set at 6.76448 mills. The total mills are 6.76448, with the General Fund set at 5.92448 and Debt Service set at 0.84 mills. General Fund mills decreased 0.415 mills and Debt Service mills increases 0.415 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 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 2024.

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, 2023

| | Primary Government | |
|---------------------------------------|--------------------|---------------|
| | Governmental | |
| | Activities | Total |
| <u>Assets</u> | | |
| Cash and Cash Equivalents | \$ 28,609,555 | \$ 28,609,555 |
| Investments | 1,073,296 | 1,073,296 |
| Restricted Cash | 15,227,873 | 15,227,873 |
| Receivables: | | |
| Taxes, Net | 5,879,729 | 5,879,729 |
| Accounts, Net | 18,600,834 | 18,600,834 |
| Due from Other Government Units | 9,406,095 | 9,406,095 |
| Prepaid Assets | 2,101,455 | 2,101,455 |
| Other Assets | 441,000 | 441,000 |
| Capital Assets, Not Being Depreciated | 41,496,232 | 41,496,232 |
| Capital Assets Being Depreciated, Net | 33,439,555 | 33,439,555 |
| Total Assets | 156,275,624 | 156,275,624 |
| <u>Deferred Outflows of Resources</u> | | |
| Pensions | 6,592,903 | 6,592,903 |
| <u>Liabilities</u> | | |
| Accounts Payable | 16,289,326 | 16,289,326 |
| Accrued Liabilities | 1,835,070 | 1,835,070 |
| Claims Payable | 3,614,196 | 3,614,196 |
| Funds Held in Escrow | 170,380 | 170,380 |
| Unearned Revenue | 3,768,046 | 3,768,046 |
| Interest Payable | 63,863 | 63,863 |
| Current Portion of Long-Term Debt | | |
| Operating Leases | 186,282 | 186,282 |
| Bonds Payable | 750,000 | 750,000 |
| Notes Payable | 3,111,001 | 3,111,001 |
| Non-Current Portion of Long-Term Debt | | |
| Operating Leases | 1,222,586 | 1,222,586 |
| Bonds Payable | 2,490,000 | 2,490,000 |
| Notes Payable | 62,081,422 | 62,081,422 |
| Compensated Absences | 67,752 | 67,752 |
| Net Pension Liability | 18,322,848 | 18,322,848 |
| Total Liabilities | 113,972,772 | 113,972,772 |
| <u>Net Position</u> | | |
| Net Investment in Capital Assets | 5,094,496 | 5,094,496 |
| Restricted for: | | |
| Program Purposes | 35,276,888 | 35,276,888 |
| Debt Service | 4,508,691 | 4,508,691 |
| Unrestricted | 4,015,680 | 4,015,680 |
| Total Net Position | \$ 48,895,755 | \$ 48,895,755 |

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

COUNTY OF FAYETTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

| | | Program Revenues | | | Net (Expenses) Revenue and Changes in Net Position | |
|-----------------------------------|---------------|------------------|-----------------------------|-----------------------------|---|----------------|
| | | Charges for | Operating | Capital | Primary Government | |
| | Expenses | Services | Grants and Contributions | Grants and Contributions | Governmental Activities | Total |
| Functions/Programs | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 18,868,163 | \$ 3,119,427 | \$ 10,044,301 | \$ - | \$ (5,704,435) | \$ (5,704,435) |
| Judicial Government | 17,878,344 | 2,518,722 | 1,765,529 | - | (13,594,093) | (13,594,093) |
| Public Safety | 19,460,093 | 970,475 | 5,205,724 | - | (13,283,894) | (13,283,894) |
| Public Works | 2,797,700 | 1,554,330 | 1,627,629 | - | 384,259 | 384,259 |
| Human Services | 118,546,152 | 59,278,948 | 57,787,939 | - | (1,479,265) | (1,479,265) |
| Culture/Recreation | 637,311 | - | 43,589 | - | (593,722) | (593,722) |
| Community Services | 10,084,352 | - | - | - | (10,084,352) | (10,084,352) |
| Conservation/Development | 232,456 | - | 125,000 | - | (107,456) | (107,456) |
| Interest on Long-Term Liabilities | 1,426,840 | - | - | - | (1,426,840) | (1,426,840) |
| Total Governmental Activities | 189,931,411 | 67,441,902 | 76,599,711 | - | (45,889,798) | (45,889,798) |
| General Revenues: | | | | | | |
| | | | | | 33,352,660 | 33,352,660 |
| | | | | | 2,965,585 | 2,965,585 |
| | | | | | 2,616,570 | 2,616,570 |
| | | | | | 38,934,815 | 38,934,815 |
| | | | | | | |
| | | | | | (6,954,983) | (6,954,983) |
| | | | | | | |
| | | | | | 55,850,738 | 55,850,738 |
| | | | | | | |
| | | | | | \$ 48,895,755 | \$ 48,895,755 |

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

COUNTY OF FAYETTE
BALANCE SHEET- GOVERNMENTAL FUNDS
DECEMBER 31, 2023

| Assets | General Fund | Health Choices Fund | Behavioral Health Fund | Transportation Fund (FACT) | Children and Youth Fund | Capital Project Fund | Debt Service Fund | American Rescue Plan Fund | Community Development Fund | Non Major Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|------------------------|----------------------------|-------------------------|----------------------|---------------------|---------------------------|----------------------------|------------------------------|--------------------------|
| Cash and Cash Equivalents | \$ 5,700,376 | \$ 4,744,982 | \$ 4,630,771 | \$ 2,245,888 | \$ 363,799 | \$ 143,352 | \$ 3,212,208 | \$ 1,541,541 | \$ - | \$ 6,026,638 | \$ 28,609,555 |
| Restricted Cash | 520,171 | 11,197,558 | - | - | - | 200,000 | - | - | - | - | 11,917,729 |
| Accounts Receivable | 11,854,487 | 4,775,904 | 1,158,284 | 24,622 | 7,270 | 1,082 | 15,110 | - | - | 759,926 | 18,596,685 |
| Taxes Receivable | 5,568,306 | - | - | - | - | - | 311,423 | - | - | - | 5,879,729 |
| Due from Other Governments | 772,903 | 668 | - | - | 6,564,310 | - | - | - | - | 2,068,214 | 9,406,095 |
| Due from Other Funds | 5,800,360 | - | - | - | - | - | 13,080 | - | - | 1,442,986 | 7,256,426 |
| Prepaid Assets | 686,601 | - | - | 43,000 | - | - | 1,122,400 | - | - | 249,454 | 2,101,455 |
| Total Assets | \$ 30,903,204 | \$ 20,719,112 | \$ 5,789,055 | \$ 2,313,510 | \$ 6,935,379 | \$ 344,434 | \$ 4,674,221 | \$ 1,541,541 | \$ - | \$ 10,547,218 | \$ 83,767,674 |
| Liabilities and Fund Balance | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | |
| Accounts Payable | \$ 4,741,602 | \$ 4,862,456 | \$ 3,047,452 | \$ 200,258 | \$ 1,867,102 | \$ 230,464 | \$ - | \$ - | \$ - | \$ 898,992 | \$ 15,848,326 |
| Accrued Expenses | 1,016,848 | 814,636 | - | - | - | - | - | - | - | 3,586 | 1,835,070 |
| Claims Payable | - | 1,885,365 | - | - | - | - | - | - | - | - | 1,885,365 |
| Unearned Revenue | 17,409 | - | - | 129,730 | 78,415 | - | - | 1,432,571 | - | 781,322 | 2,439,447 |
| Funds Held in Escrow | 170,380 | - | - | - | - | - | - | - | - | - | 170,380 |
| Due to Other Funds | 1,455,192 | - | 96,994 | - | 5,615,419 | 9,772 | 874 | - | - | 78,175 | 7,256,426 |
| Total Liabilities | \$ 7,401,431 | \$ 7,562,457 | \$ 3,144,446 | \$ 329,988 | \$ 7,560,936 | \$ 240,236 | \$ 874 | \$ 1,432,571 | \$ - | \$ 1,762,075 | \$ 29,435,014 |
| Deferred Inflows of Resources | | | | | | | | | | | |
| Unavailable Revenue - Deferred Revenue | \$ 69,753 | \$ - | \$ 1,258,846 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,328,599 |
| Unavailable Revenue - Property Taxes | 4,222,793 | - | - | - | - | - | 164,656 | - | - | - | 4,387,449 |
| Unavailable Revenue - Opioid Revenue | 8,685,342 | - | 58,398 | - | - | - | - | - | - | - | 8,743,740 |
| Total Deferred Inflows of Resources | \$ 12,977,888 | \$ - | \$ 1,317,244 | \$ - | \$ - | \$ - | \$ 164,656 | \$ - | \$ - | \$ - | \$ 14,459,788 |
| Fund Balance | | | | | | | | | | | |
| Non Spendable | \$ 686,601 | \$ - | \$ - | \$ 43,000 | \$ - | \$ - | \$ 1,122,400 | \$ - | \$ - | \$ 249,454 | \$ 2,101,455 |
| Assigned: | | | | | | | | | | | |
| Sheepskin Trail | 275,750 | - | - | - | - | - | - | - | - | - | 275,750 |
| County Capital Projects | 2,125,500 | - | - | - | - | - | - | - | - | - | 2,125,500 |
| Restricted: | | | | | | | | | | | |
| General Government | - | - | - | - | - | - | - | 108,970 | - | 177,312 | 286,282 |
| Judicial Government | - | - | - | - | - | - | - | - | - | 1,377,698 | 1,377,698 |
| Public Safety | - | - | - | - | - | - | - | - | - | 2,032,067 | 2,032,067 |
| Public Works | - | - | - | - | - | - | - | - | - | 4,612,722 | 4,612,722 |
| Human Services | - | 13,156,655 | - | 1,940,522 | - | - | - | - | - | - | 15,097,177 |
| Community Service | - | - | - | - | - | - | - | - | - | 364,246 | 364,246 |
| Capital Projects | - | - | - | - | - | 104,198 | - | - | - | - | 104,198 |
| Debt Service | - | - | - | - | - | - | 4,508,691 | - | - | - | 4,508,691 |
| Unassigned | 7,436,034 | - | 1,327,365 | - | (625,557) | - | (1,122,400) | - | - | (28,356) | 6,987,086 |
| Total Fund Balance | \$ 10,523,885 | \$ 13,156,655 | \$ 1,327,365 | \$ 1,983,522 | \$ (625,557) | \$ 104,198 | \$ 4,508,691 | \$ 108,970 | \$ - | \$ 8,785,143 | \$ 39,872,872 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 30,903,204 | \$ 20,719,112 | \$ 5,789,055 | \$ 2,313,510 | \$ 6,935,379 | \$ 344,434 | \$ 4,674,221 | \$ 1,541,541 | \$ - | \$ 10,547,218 | \$ 83,767,674 |

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, 2023

| | |
|--|---------------|
| Total Fund Balance of Governmental Funds | \$ 39,872,872 |
|--|---------------|

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

74,935,787

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.

4,387,449

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

2,658,758

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 | (3,240,000) | |
| General Obligation Note Payable | (65,192,423) | |
| Operating Leases | (1,408,868) | |
| Accrued Interest Payable | (63,863) | |
| Accrued Compensated Absences | (67,752) | |
| Net Pension Liability | (18,322,848) | |
| Deferred Outflows of Resources - Pension | 6,592,903 | (81,702,851) |

Revenues not available for current use are recorded as deferred inflows in the funds

| | |
|-------------------|-----------|
| Opioid Settlement | 8,743,740 |
|-------------------|-----------|

| | |
|---|---------------|
| Total Net Position of Governmental Activities | \$ 48,895,755 |
|---|---------------|

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

COUNTY OF FAYETTE
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

| | General Fund | Health Choices Fund | Behavioral Health Fund | Transportation Fund (FACT) | Children and Youth Fund | Capital Project Fund | Debt Service Fund | American Rescue Plan Fund | Community Development Fund | Non Major Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|------------------------|----------------------------|-------------------------|----------------------|---------------------|---------------------------|----------------------------|------------------------------|--------------------------|
| Revenues | | | | | | | | | | | |
| Real Estate and Per Capita Taxes | \$ 30,602,551 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,512,103 | \$ - | \$ - | \$ - | \$ 32,114,654 |
| Hotel Tax | - | - | - | - | - | - | - | - | - | 2,965,585 | 2,965,585 |
| Licenses and Permits | 30,955 | - | - | - | - | - | - | - | - | - | 30,955 |
| Grants and Gifts | 4,362,127 | - | 28,584,860 | 7,412,435 | 13,500,488 | 200,000 | - | 8,241,094 | 6,766,740 | 7,527,245 | 76,594,989 |
| Fines | 419,111 | - | - | - | - | - | - | - | - | - | 419,111 |
| Charges for Services | 4,563,897 | 59,343,478 | - | - | 92,407 | 754,768 | 310,109 | - | - | 2,491,157 | 67,555,816 |
| Interest, Rents, and Royalties | 836,571 | 225,737 | 143,654 | 82,708 | 53,231 | 13,742 | 93,751 | 298,998 | - | 329,765 | 2,078,157 |
| Miscellaneous | 114,882 | - | 187,141 | 26,723 | 22,737 | - | 41,638 | 132,990 | - | 12,022 | 538,133 |
| Total Revenues | 40,930,094 | 59,569,215 | 28,915,655 | 7,521,866 | 13,668,863 | 968,510 | 1,957,601 | 8,673,082 | 6,766,740 | 13,325,774 | 182,297,400 |
| Expenditures | | | | | | | | | | | |
| General Government-Administration | 12,726,559 | - | - | - | - | 1,631,748 | 2,269 | 3,111,617 | - | 401,538 | 17,873,731 |
| General Government-Judicial | 12,505,067 | - | - | - | - | 18,450 | - | 2,375,218 | - | 2,057,528 | 16,956,263 |
| Public Safety | 7,819,092 | - | - | - | - | 1,742,995 | - | 3,063,453 | - | 5,377,365 | 18,002,905 |
| Public Works | 703,538 | - | - | - | - | 13,910 | 1,283,613 | - | - | - | 2,001,061 |
| Human Services | 1,527,513 | 58,577,249 | 27,978,290 | 9,073,826 | 18,978,170 | - | - | 28,755 | - | 1,415,862 | 117,579,665 |
| Culture/Recreation | 382,167 | - | - | - | - | - | - | 94,039 | - | 10,000 | 486,206 |
| Community Service | 159,722 | - | - | - | - | - | - | - | 6,766,740 | 3,157,890 | 10,084,352 |
| Conservation/Development | 232,456 | - | - | - | - | - | - | - | - | - | 232,456 |
| Retirement | 1,721,240 | - | - | - | - | - | - | - | - | - | 1,721,240 |
| Debt Service-Principal | - | - | - | - | - | - | 45,795,659 | - | - | - | 45,795,659 |
| Debt Service-Interest | - | - | - | - | - | - | 1,429,747 | - | - | - | 1,429,747 |
| Total Expenditures | 37,777,354 | 58,577,249 | 27,978,290 | 9,073,826 | 18,978,170 | 3,407,103 | 48,511,288 | 8,673,082 | 6,766,740 | 12,420,183 | 232,163,285 |
| Other Financing Sources (Uses) | | | | | | | | | | | |
| Note Proceeds | 7,535,000 | - | - | - | - | - | 48,324,378 | - | - | - | 55,859,378 |
| Sale of Property | - | - | - | - | 5,000 | - | - | - | - | - | 5,000 |
| Operating Transfers In | 24,262 | - | 390,000 | 249,132 | 4,678,750 | 3,018,876 | 1,122,400 | - | - | 1,251,470 | 10,734,890 |
| Operating Transfers(Out) | (8,353,583) | - | - | - | - | (39,435) | (1,032,376) | - | - | (1,309,496) | (10,734,890) |
| Total Other Financing Sources | (794,321) | - | 390,000 | 249,132 | 4,683,750 | 2,979,441 | 48,414,402 | - | - | (58,026) | 55,864,378 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 2,358,419 | 991,966 | 1,327,365 | (1,302,828) | (625,557) | 540,848 | 1,860,715 | - | - | 847,565 | 5,998,493 |
| Fund Balances-Beginning of Year (As restated see NOTE 15) | 8,165,466 | 12,164,689 | - | 3,286,350 | - | (436,650) | 2,647,976 | 108,970 | - | 7,937,578 | 33,874,379 |
| Fund Balances-End of Year | \$ 10,523,885 | \$ 13,156,655 | \$ 1,327,365 | \$ 1,983,522 | \$ (625,557) | \$ 104,198 | \$ 4,508,691 | \$ 108,970 | \$ - | \$ 8,785,143 | \$ 39,872,872 |

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

COUNTY OF FAYETTE
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2023

Net Change in fund balances-total government funds \$ 5,998,493

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 \$(2,621,372) was exceeded by capital outlays of \$145,245 in the current period. (2,476,127)

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. 1,238,007

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 (1,619,410)

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:

| | | |
|----------------------|-------------------|--------------|
| Note Proceeds | (55,859,378) | |
| Principal Repayments | <u>45,795,659</u> | (10,063,719) |

The acquisition of assets through lease arrangements are presented as other financing sources on the governmental fund statements. Such transactions do not affect net position since they are liabilities equal to the assets acquired. This is the amount presented in the governmental fund statements.

| | | |
|----------------|----------------|---------|
| Lease Payments | <u>173,874</u> | 173,874 |
|----------------|----------------|---------|

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 | 379,009 | |
| Compensated Absences | (24,238) | |
| Accrual of Interest on Long-Term Debt | <u>2,907</u> | 357,678 |

Certain revenues are not available for use in the government funds.

| | | |
|-------------------|--|------------------|
| Opioid Settlement | | <u>(563,780)</u> |
|-------------------|--|------------------|

| | | |
|---|--|-----------------------|
| Change in Net Position of Governmental Activities | | <u>\$ (6,954,984)</u> |
|---|--|-----------------------|

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

COUNTY OF FAYETTE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

| | <u>Governmental Activities Internal Service Fund</u> |
|--------------------------------------|--|
| <u>Assets</u> | |
| Restricted Cash and Cash Equivalents | \$ 3,310,144 |
| Restricted Investments | 1,073,296 |
| Receivables | 4,149 |
| Other Assets | <u>441,000</u> |
| Total Assets | <u><u>\$ 4,828,589</u></u> |
| <u>Liabilities and Net Position</u> | |
| Liabilities | |
| Claims Payable | \$ 1,728,831 |
| Reserve to Highmark | <u>441,000</u> |
| Total Liabilities | <u>2,169,831</u> |
| Net Position | |
| Restricted | <u>2,658,758</u> |
| Total Net Position | <u>2,658,758</u> |
| Total Liabilities and Net Position | <u><u>\$ 4,828,589</u></u> |

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

COUNTY OF FAYETTE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

| | Governmental Activities Internal Service Fund |
|------------------------------|--|
| Operating Revenues | |
| Employer Contributions: | |
| General Government | \$ 1,454,971 |
| Judicial Government | 3,332,908 |
| Public Safety | 1,894,574 |
| Public Works | 29,873 |
| Human Services | <u>3,642,470</u> |
| Total Employer Contributions | 10,354,796 |
| Employee Contributions | <u>168</u> |
| Total Operating Revenues | <u>10,354,964</u> |
| Operating Expenses | |
| Employee Benefits: | |
| General Government | 2,020,391 |
| Judicial Government | 3,889,735 |
| Public Safety | 1,955,405 |
| Human Services | <u>4,287,830</u> |
| Total Operating Expenditures | <u>12,153,361</u> |
| Operating Income | <u>(1,798,397)</u> |
| Non Operating Revenue | |
| Interest | <u>178,987</u> |
| Total Nonoperating Revenue | <u>178,987</u> |
| Change in Net Position | (1,619,410) |
| Total Net Position-Beginning | <u>4,278,168</u> |
| Total Net Position-Ending | <u>\$ 2,658,758</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, 2023

| | Governmental Activities Internal Service Fund |
|--|--|
| Cash Flows From Operating Activities | |
| Cash Received for Medical Claims | \$ 11,491,711 |
| Cash Payments for Medical Claims | <u>(12,153,361)</u> |
| Net Cash Used in Operating Activities | <u>(661,650)</u> |
| Cash Flows from Investing Activities | |
| Interest | <u>178,987</u> |
| Net Cash Provided by Investing Activities | <u>178,987</u> |
| Net Decrease in Cash and Cash Equivalents | (482,663) |
| Cash and Cash Equivalents, Beginning of Year | <u>4,866,103</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 4,383,440</u> |
| Reconciliation of Operating Income to Net Cash Used for Operating Activities: | |
| Operating Income | <u>\$ (1,798,397)</u> |
| Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities: | |
| Increase in Accounts Receivable | (4,149) |
| Increase in Accounts Payable and Accrued Liabilities | <u>1,140,896</u> |
| Total Adjustments | <u>1,136,747</u> |
| Net Cash Used in Operating Activities | <u>\$ (661,650)</u> |
| Presented on the Financial Statements as Follows: | |
| Restricted Cash and Cash Equivalents | <u>\$ 4,383,440</u> |
| Total Cash and Cash Equivalents | <u>\$ 4,383,440</u> |

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

COUNTY OF FAYETTE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

| | <u>Component Unit</u> <u>Retirement Trust</u> <u>Fund</u> | <u>Custodial</u> <u>Funds</u> | <u>Total</u> |
|-------------------------------------|---|----------------------------------|---------------------------|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$ 1,922,942 | \$ 7,881,387 | \$ 9,804,329 |
| Investments: | | | |
| US Government Obligations | 6,274,757 | - | 6,274,757 |
| Corporate Bonds | 6,055,503 | - | 6,055,503 |
| Fixed Income | 8,856,255 | - | 8,856,255 |
| Equities | 60,072,378 | - | 60,072,378 |
| Alternatives | 14,582,194 | - | 14,582,194 |
| Total Investments | <u>95,841,087</u> | <u>-</u> | <u>95,841,087</u> |
| Accounts Receivable: | | | |
| Receivable | <u>292,729</u> | <u>157,071</u> | <u>449,800</u> |
| Total Accounts Receivable | <u>292,729</u> | <u>157,071</u> | <u>449,800</u> |
| Total Assets | <u>\$ 98,056,758</u> | <u>\$ 8,038,458</u> | <u>\$ 106,095,216</u> |
| <u>Liabilities and Net Position</u> | | | |
| Liabilities: | | | |
| Accounts Payable | | | |
| Accounts Payable | \$ - | \$ 589,039 | \$ 589,039 |
| Investment Expense Payable | <u>63,671</u> | <u>-</u> | <u>63,671</u> |
| Total Liabilities | <u>63,671</u> | <u>589,039</u> | <u>652,710</u> |
| Net Position: | | | |
| Held in Trust for Employees' | | | |
| Pension Benefits | 97,993,087 | - | 97,993,087 |
| Custodial Funds | <u>-</u> | <u>7,449,419</u> | <u>7,449,419</u> |
| Total Net Position | <u>97,993,087</u> | <u>7,449,419</u> | <u>105,442,506</u> |
| Total Liabilities and Net Position | <u>\$ 98,056,758</u> | <u>\$ 8,038,458</u> | <u>\$ 106,095,216</u> |

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

COUNTY OF FAYETTE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2023

| | Retirement Trust Fund |
|---|--------------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 3,061,238 |
| Employee | 2,483,612 |
| Total Contributions | <u>5,544,850</u> |
| Investment Income: | |
| Net Appreciation in Fair Value of Investments | 9,362,170 |
| Interest | 364,217 |
| Dividends | 1,194,260 |
| Less: Investment Expense | <u>(195,155)</u> |
| Net Investment Income | <u>10,725,492</u> |
| Total Additions (Net) | <u>16,270,342</u> |
| Deductions | |
| Administrative costs | 36,177 |
| Retirement benefits | 5,456,496 |
| Member Contribution Refunds | <u>1,061,865</u> |
| Total Deductions | <u>6,554,538</u> |
| Net Decrease | 9,715,804 |
| Net Position Held in Trust for Employees' Pension Benefits: | |
| Net Position, Beginning of Year | <u>88,277,283</u> |
| Net Position, End of Year | <u>\$ 97,993,087</u> |

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

COUNTY OF FAYETTE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITON (CONTINUED)
DECEMBER 31, 2023

| | Custodial Funds |
|---|----------------------------|
| <u>Additions</u> | |
| Property Tax Collected for Other Governments | \$ 15,791,173 |
| Inheritance Tax Collected for Other Governments | 15,548,816 |
| Fees Collected for Other Governments | 7,918,703 |
| Fees Collected for Permits & Other Governments | 1,006,911 |
| Fees Collected on Library Fund | 136,086 |
| Fees from Individuals on Probations | 4,721 |
| Youth Commission Program | 596,202 |
| JCR JPO Program | 4,204 |
| Inmate Account Collections | 190,742 |
| Collections for Children & Youth Trust | 112,304 |
| Collections for Support | 374,950 |
| Recording and Filing Fees | 7,055,559 |
| Interest and Dividends | 452,441 |
| Fees and Fines Collected - Other | 329,423 |
| Fees on Prothonotary Trust Account | 57,307 |
| Fees on Prothonotary divorce Account | 14,801 |
| Miscellaneous Collections | 100 |
| Total Additions | <u>49,594,443</u> |
| <u>Deductions</u> | |
| Property Tax Collections to Other Governments | \$ 12,082,681 |
| Realty Tax Collections to Other Governments | 10,050,309 |
| Inheritance Tax Collected to Other Governments | 15,638,985 |
| Fees Collected to Other Governments | 8,284,001 |
| Payment on Library Fund | 153,973 |
| Sheriff Permit Expenditures | 967,106 |
| APO Expenditure on Probation | 597,356 |
| JPO Commission and JCR Program Cost | 12,057 |
| Inmate Disbursements | 15,291 |
| Payments of Children & Youth Trust Funds | 376,041 |
| Support Payments | 371,544 |
| Payments to Other Entities | 307,707 |
| Payment on Prothonotary Trust Account | 50,510 |
| Payment on Prothonotary divorce Account | 36,015 |
| Total Deductions | <u>48,943,576</u> |
| Change in net position | 650,867 |
| Net Position – January 1 | <u>6,798,552</u> |
| Net Position – December 31 | <u>\$ 7,449,419</u> |

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

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, 2023

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

A) Reporting Entity(Continued)

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.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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 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 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 Capital Project Fund is used to for Capital expenditures on buildings and grounds within Fayette County.
- 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 American Rescue Plan Act Fund is used for the funds received from the US Treasury until how the County will use these 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 enterprise fund: 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. This fund is a blended fiduciary component unit of the County.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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

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

- The Custodial 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.

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.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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

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

5) Capital Assets (Continued)

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

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

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

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

| | |
|-----------------------------------|-------------|
| 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, 2023, an accrued liability in the amount of \$67,752 has been included in the government-wide statement of net position associated with this benefit.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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

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

7. Long-Term Obligations

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.

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 5.4 year (2018), 5.3 year (2019), 5.2 year (2020), 5.1 year (2021), 5.0 year (2022), and 4.8 (2023) 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.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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

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:

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 assignment, the Accounting Department will provide the County Commissioners with a full reporting of its actions within thirty days.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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)

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.

12. Leases Payable

The County is a lessee for noncancellable leases of property and equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities for leases that management determine to be material.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses its estimated incremental borrowing rate as the discount rate for leases.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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

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

12 Leases Payable (Continued)

• The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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 2023 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.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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

E) Budgets and Budgetary Accounting (Continued)

6. The formal budgeting process is employed as a planning device. The budget adopted is on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budget amounts are as originally adopted, or as amended by the County Commissioners.

Level of Control

The County maintains budgetary control at the individual fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

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

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

F) Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of GASB Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The adoption of this statement had no effect on previously reported amounts.

The County adopted the provisions of GASB Statement No. 96 "Subscription-Based Information Technology Arrangements". The adoption of this statement had no effect on previously reported amounts.

The County adopted the provisions of GASB Statement No. 99 "Omnibus 2022": The adoption of this statement had no effect on previously reported amounts.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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

G) Pending Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 100 "Accounting Changes and Error Corrections -An amendment of GASB Statement No. 62. The County is required to adopt statement No. 100 for its calendar year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101 "Compensated Absences". The County is required to adopt statement No. 101 for its calendar year 2024 financial statements.

In December 2023, the GASB issued Statement No. 102 "Certain Risk Disclosures. The County is required to adopt Statement No. 102 for its calendar year 2025 financial statements.

In April, 2024 the GASB issued Statement No. 103 "Financial Reporting Model Improvements". The County is required to adopt Statement No. 103 for its calendar year 2026 financial statements.

In September 2024, the GASB issued Statement No. 104 "Disclosure of Certain Capital Assets". The County is required to adopt Statement No. 104 for its calendar year 2026 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, 2023, are as follows:

| | Cash & Cash Equivalents | Investments | Total |
|-----------------------------|----------------------------|---------------------|-----------------------|
| General Fund | \$ 6,220,547 | \$ - | \$ 6,220,547 |
| Health Choices Fund | 15,942,540 | - | 15,942,540 |
| Behavioral Health Fund | 4,630,771 | - | 4,630,771 |
| Transportation (FACT) Fund | 2,245,888 | - | 2,245,888 |
| Children and Youth Fund | 363,799 | - | 363,799 |
| Capital Projects Fund | 343,352 | - | 343,352 |
| Debt Service Fund | 3,212,208 | - | 3,212,208 |
| American Rescue Plan Fund | 1,541,541 | - | 1,541,541 |
| Nonmajor Governmental Funds | 6,026,638 | - | 6,026,638 |
| Internal Service Fund | 3,310,144 | 1,073,296 | 4,383,440 |
| Fiduciary Funds | 9,804,329 | 95,841,087 | 105,645,416 |
| Total | <u>\$53,641,757</u> | <u>\$96,914,383</u> | <u>\$ 150,556,140</u> |

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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.

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, 2023, the County's cash and restricted cash balances for its governmental activities and fiduciary funds, excluding the pension fund were \$51,718,815 and its bank balances were \$43,851,360. Of those bank balances, \$43,351,360 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, 2023, 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 | \$ 6,274,757 | \$ - | \$ 1,017,472 | \$4,151,623 | \$ 1,105,662 |
| Corporate Bonds | 6,055,503 | - | 3,661,801 | 1,576,044 | 817,658 |
| Total | <u>\$12,330,260</u> | <u>\$ -</u> | <u>\$ 4,679,273</u> | <u>\$5,727,667</u> | <u>\$ 1,923,320</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, 2023

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2023, the County's retirement investments had credit quality ratings as follows:

| <u>Investment Type</u> | <u>Credit Quality Rating</u> | <u>Percent of Investment Type</u> |
|------------------------|----------------------------------|---------------------------------------|
| Corporate Bonds | A-1 | 19.07% |
| Corporate Bonds | A-2 | 15.54% |
| Corporate Bonds | A-3 | 8.71% |
| Corporate Bonds | AAA | 5.37% |
| Corporate Bonds | AA-1 | 4.04% |
| Corporate Bonds | AA-2 | 1.02% |
| Corporate Bonds | AA-3 | 2.32% |
| Corporate Bonds | BAA-1 | 9.92% |
| Corporate Bonds | BAA-2 | 11.30% |
| Corporate Bonds | BAA-3 | 1.48% |
| Corporate Bonds | NR | 21.23% |
| 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, 2023, the County's cash balance for its pension funds were \$1,922,942 and its bank balance was \$347,897. Of the bank balance, \$347,897 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, 2023.

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, 2023

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.

| | 12/31/23 | Fair Value Measurements | | |
|---|---------------------|-------------------------|-------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| <u>Investments measured by fair value level</u> | | | | |
| U.S. Government Securities | \$ 6,274,757 | \$ 6,274,757 | \$ - | \$ - |
| Domestic Corporate Debt | 6,055,503 | 6,055,503 | - | - |
| Fixed Income | 8,856,255 | 8,856,255 | - | - |
| Equities | 60,072,378 | 60,072,378 | - | - |
| Other | 14,582,194 | 14,582,194 | - | - |
| Total investments by fair value level | <u>\$95,841,087</u> | <u>\$95,841,087</u> | <u>\$ -</u> | <u>\$ -</u> |

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.

\$ 520,171

Health Choices

The restricted cash balance is composed of a risk contingency reserve and a restricted reserve for equity.

\$ 11,197,558

Capital Project Fund

The restricted cash balance are to be used for future capital projects

\$ 200,000

Internal Service Fund

Cash and cash equivalents for health insurance are assets used to fund medical claims incurred by the county.

\$ 4,383,440

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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 2023 are recorded as receivables, net of estimated uncollectible. The net receivables collected during 2023 and expected to be collected within the first sixty (60) days of 2024 are recognized as revenue in 2023. 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 2023 real estate taxes are based on assessed values established by the County's Bureau of Assessments. The total 2023 real estate tax levied equaled \$32,834,329, based on a total County assessed valuation of \$4,853,932,380. Based on the 2023 levy of 6.33948 mills for general purposes and 0.425 mills for debt services purposes a property owner would pay \$6.76 per \$1,000 of assessed valuation.

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COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 5: CAPITAL ASSETS

A summary of changes in the capital assets for the year ended December 31, 2023 is as follows:

| Governmental Activities | Beginning Balance | Additions | Addition from CIP | Retirements | Ending Balance |
|--|----------------------|----------------|----------------------|-------------|-------------------|
| Capital Assets not Being Depreciated: | | | | | |
| Land | \$ 3,225,470 | \$ - | \$ - | \$ - | \$ 3,225,470 |
| Construction in Progress | 38,270,762 | - | - | - | 38,270,762 |
| Total Capital Assets Not Being Depreciated | 41,496,232 | - | - | - | 41,496,232 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings and Improvements | 52,715,828 | 28,913 | - | - | 52,744,741 |
| Right of Use - Buildings | 1,747,706 | - | - | - | 1,747,706 |
| Furniture, Fixtures and Equipment | 15,554,989 | 116,332 | - | - | 15,671,321 |
| Vehicles | 11,617,358 | - | - | - | 11,617,358 |
| Infrastructure | 24,161,392 | - | - | - | 24,161,392 |
| Total Capital Assets Being Depreciated | 105,797,273 | 145,245 | - | - | 105,942,518 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | (39,558,988) | (861,287) | - | - | (40,420,275) |
| Right of Use - Buildings | (207,860) | (207,860) | - | - | (415,720) |
| Furniture, Fixtures and Equipment | (11,258,808) | (461,731) | - | - | (11,720,539) |
| Vehicles | (9,972,019) | (286,200) | - | - | (10,258,219) |
| Infrastructure | (8,883,916) | (804,294) | - | - | (9,688,210) |
| Total Accumulated Depreciation | (69,881,591) | (2,621,372) | - | - | (72,502,963) |
| Total Capital Assets, Net of Accumulated Depreciation | \$ 77,411,914 | \$ (2,476,127) | \$ - | \$ - | \$ 74,935,787 |

The total depreciation expense charged to the governmental activities for 2023 was \$2,621,372.

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

| | |
|-------------------------|-----------------------|
| Governmental Activities | |
| General Government | \$ (370,303) |
| Judicial | (151,370) |
| Public Safety | (541,027) |
| Public Works | (771,513) |
| Human Services | (636,054) |
| Culture/Recreation | (151,105) |
| Total Depreciation | <u>\$ (2,621,372)</u> |

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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, 2023, the date of the latest actuarial valuation:

| | |
|---|-----|
| Inactive plan members or beneficiaries currently receiving benefits | 365 |
| Inactive plan members entitled to but not yet receiving benefits | 47 |
| Active plan members | 583 |
| Total plan members | 995 |

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 2021 measurement period, the active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 7.80 percent of annual payroll.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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 2021 measurement period:

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

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 6: PENSION PLAN (CONTINUED)

B. Investments (Continued):

Rate of return:

For the 2023 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.52%. 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, 2023 measurement period were as follows:

| | |
|-----------------------------------|----------------------|
| Total Pension Liability | \$ 116,315,935 |
| Less: Plan Fiduciary Net Position | <u>(97,993,087)</u> |
| Net Pension Liability | <u>\$ 18,322,848</u> |

| | |
|--|--------|
| Plan fiduciary net position as a percentage of total pension liability | 84.25% |
|--|--------|

Changes in the County's net pension liability for the plan for the year ended December 31, 2023 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Position Liability (a) - (b) |
|---|-----------------------------------|---------------------------------------|--|
| Balances at 12/31/22 | \$ 110,597,315 | \$ 88,277,283 | \$ 22,320,032 |
| Service Cost | 2,830,481 | - | 2,830,481 |
| Interest | 7,826,277 | - | 7,826,277 |
| Changes of Benefit Terms | - | - | - |
| Difference Between Expected and Actual Experience | 1,580,223 | - | 1,580,223 |
| Changes in Assumptions | - | - | - |
| Contributions - Employer | - | 3,061,238 | (3,061,238) |
| Contributions - Member | - | 2,483,612 | (2,483,612) |
| Net Investment Income | - | 10,725,492 | (10,725,492) |
| Benefit Payments, Including Refunds of Member Contributions | (6,518,361) | (6,518,361) | - |
| Plan Administrative Expenses | - | (36,177) | 36,177 |
| Net Changes | <u>5,718,620</u> | <u>9,715,804</u> | <u>(3,997,184)</u> |
| Balances at 12/31/2023 | <u>\$ 116,315,935</u> | <u>\$ 97,993,087</u> | <u>\$ 18,322,848</u> |

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 6: PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources:

The total pension expense recognized in 2023 for the plan was \$2,682,029. At December 31, 2023, the plan reports the following deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actuarial assumptions | \$ 2,965,959 | \$ - |
| Difference between actual and projected investment earnings | <u>3,626,944</u> | <u>-</u> |
| Total | <u>\$ 6,592,903</u> | <u>\$ -</u> |

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

| <u>Year Ended December 31:</u> | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| 2024 | \$ 2,044,264 |
| 2025 | 2,157,257 |
| 2026 | 3,044,175 |
| 2027 | <u>(652,793)</u> |
| Total | <u>\$ 6,592,903</u> |

D. Actuarial assumptions:

The total pension liability was determined by an actuarial valuation as of December 31, 2023, 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 2023 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.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 6: PENSION PLAN (CONTINUED)

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 2021 measurement period (see the discussion of the pension plan's investment policy) are summarized in the following table:

| 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:

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|-----------------------|-----------------------|---------------------------------|-----------------------|
| Net Pension Liability | \$ 32,457,226 | \$ 18,322,848 | \$ 9,615,652 |

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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 2011 | \$ 640,000 | \$ - | \$ (85,000) | \$ 555,000 | \$ 90,000 |
| GOB, Series 2012 | 3,315,000 | - | (630,000) | 2,685,000 | 660,000 |
| GON, Series 2020 | 32,188,095 | 47,000,000 | (43,557,846) | 35,630,249 | 40,000 |
| GON, Series 2021A | 13,555,000 | - | (15,000) | 13,540,000 | 10,000 |
| GON, Series 2021B | 3,130,000 | - | (45,000) | 3,085,000 | 1,206,500 |
| GON, Series 2022 | 185,976 | 1,324,378 | - | 1,510,354 | 392,700 |
| GON, Series A 2023 | - | 35,000 | - | 35,000 | 5,000 |
| GON, Series B 2023 | - | 7,500,000 | - | 7,500,000 | 5,000 |
| Notes Payable | 5,354,633 | - | (1,462,813) | 3,891,820 | 1,451,801 |
| Total Bonds, Notes and Loans Payable | <u>\$58,368,704</u> | <u>\$55,859,378</u> | <u>\$ (45,795,659)</u> | <u>\$ 68,432,423</u> | <u>\$ 3,861,001</u> |

An analysis of debt service requirements to maturity on these obligations follows:

| Year Ended December 31, | Principal Requirements | Interest Requirements | Total Debt Requirements |
|-------------------------|---------------------------|--------------------------|----------------------------|
| 2024 | \$ 3,861,001 | \$ 2,892,099 | \$ 6,753,100 |
| 2025 | 3,794,519 | 2,814,150 | 6,608,669 |
| 2026 | 11,163,100 | 2,559,785 | 13,722,885 |
| 2027 | 2,466,554 | 1,466,607 | 3,933,161 |
| 2028 | 2,215,000 | 1,415,234 | 3,630,234 |
| 2029-2033 | 11,143,900 | 6,269,728 | 17,413,628 |
| 2034-2038 | 11,679,100 | 4,980,066 | 16,659,166 |
| 2039-2043 | 13,004,400 | 3,646,812 | 16,651,212 |
| 2044-2047 | 9,104,849 | 1,123,953 | 10,228,802 |
| Total | <u>\$68,432,423</u> | <u>\$27,168,434</u> | <u>\$ 95,600,857</u> |

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 7: LONG-TERM DEBT(CONTINUED)

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

| Issuance | Amount of Original Issuance | Purpose | Balance Outstanding December 31, 2023 |
|--|--------------------------------|--|--|
| General Obligation Bond Series 2011 | \$ 2,230,000 | To undertake renovations, upgrades, repairs, replacements and improvements equipment and infrastructures in County buildings. | \$ 555,000 |
| General Obligation Bond Series 2012 | 14,075,000 | To refund, on a current refunding basis, the General Obligation Bond Series 2002 and General Obligation Bond Series 2007. | 2,685,000 |
| General Obligation Note Series 2021 A | 16,745,000 | To payoff the General Obligation Note Series 2017, to pay on the General Obligation Bond Series 2011 and General Obligation Bond Series 2012, and additional funds for Capital Projects. | 13,540,000 |
| General Obligation Note Series 2021 B | 3,145,000 | To pay additional principal payments on the General Obligation Bonds Series 2011 and General Obligation Bond Series 2012. | 3,085,000 |
| General Obligation Note Series 2020 | 51,000,000 | To use for the Fayette County Prison Construction. | 35,630,249 |
| General Obligation Note Series 2022 | 8,500,000 | To undertake renovations, upgrades, repairs, replacements and improvements equipment and infrastructures in County buildings. | 1,510,354 |
| General Obligation Note Series 2023 A | 3,500,000 | To undertake renovations, upgrades, repairs, replacements and improvements equipment and infrastructures in County buildings. | 35,000 |
| General Obligation Note Series 2023 B | 7,500,000 | To undertake renovations, upgrades, repairs, replacements and improvements equipment and infrastructures in County buildings. | 7,500,000 |
| Total Bonds and Notes and Loans Payable | | | <u>\$ 64,540,603</u> |

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 7: LONG-TERM DEBT (CONTINUED)

Notes Payable

The County has entered into financing agreements for equipment to be used in operations. Amortization expense has been included with depreciation. Future minimum lease payments at December 31, 2023 and present value obligations were:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|--------------|----------------------|-------------|----------------------|--------------------|--------------------|
| Copiers | \$ 701,224 | \$ - | \$ (270,516) | \$ 430,708 | \$ 283,642 |
| Motorola | 4,489,600 | - | (1,122,400) | 3,367,200 | 1,122,400 |
| Scanner | 26,413 | - | (26,413) | - | - |
| Body Scanner | 137,396 | - | (43,484) | 93,912 | 45,759 |
| Total | <u>\$5,354,633</u> | <u>\$ -</u> | <u>\$(1,462,813)</u> | <u>\$3,891,820</u> | <u>\$1,451,801</u> |

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 \$31.54 to \$318.70 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 \$150,000 up to \$1,875,000 maximum and the minimum aggregated amount of \$11,638,281 for all claims paid.

During the year ended December 31, 2023, total claims expenses and stop-loss insurance expenses were \$12,153,361. Claims expenses recorded as employee fringe expenditures represent claims processed as of December 31, 2023 and includes \$1,728,831 claims payable.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 8: RISK MANAGEMENT(CONTINUED)

The claims liability of \$1,728,831 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:

| | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|---------------------|-----------------------|------------------|---------------------|
| Claims Liability-Beginning of Year | \$ (901,244) | \$ (657,225) | \$ (610,578) | \$ 96,731 |
| Current Year Premiums | 9,764,634 | 9,207,782 | 9,992,222 | 10,392,330 |
| Claims Payments and Administration | (9,520,615) | (9,161,135) | (9,284,913) | (11,464,396) |
| Claims Liability-End of Year | <u>\$ (657,225)</u> | <u>\$ (610,578)</u> | <u>\$ 96,731</u> | <u>\$ (975,335)</u> |
| | 2022 | 2023 | | |
| Claims Liability-Beginning of Year | \$ (975,335) | \$ (587,935) | | |
| Current Year Premiums | 10,237,165 | 11,012,465 | | |
| Claims Payments and Administration | (9,849,765) | (12,153,361) | | |
| Claims Liability-End of Year | <u>\$ (587,935)</u> | <u>\$ (1,728,831)</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: LEASE OBLIGATIONS

In 2022 the County adopted the provisions of Governmental Accounting Standards Board Statement No. 87, "Leases". In conjunction with the adoption of this standard, the County recognized an initial lease obligation, and a corresponding right of use asset in the amounts listed below.

| | Beginning Balance | Lease Additions | Lease Payments | Ending Balance | Current Portion |
|-------------------------|----------------------|--------------------|---------------------|--------------------|--------------------|
| Governmental Activities | <u>\$1,582,742</u> | <u>\$ -</u> | <u>\$ (173,874)</u> | <u>\$1,408,868</u> | <u>\$186,282</u> |

The County leases space for various County agencies and departments from external parties. The leases mature from 2025 through 2041, and have an imputed interest rate of 4.24%. The initial value of the lease liability for buildings as of January 1, 2022, was \$1,582,742, of which \$1,408,868 was outstanding as of December 31, 2023. A corresponding right of use asset was initially recorded in the amount of \$1,747,706, and there was \$412,720 of accumulated amortization as of December 31, 2023.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 9: LEASE OBLIGATIONS(CONTINUED)

Aggregate annual commitments on leases at December 31, 2023 are as follows:

| Governmental Activities | | | |
|-------------------------------|---------------------|-------------------|---------------------|
| <u>Year ended December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ 186,282 | \$ 56,144 | \$ 242,426 |
| 2025 | 198,253 | 48,014 | 246,267 |
| 2026 | 129,152 | 40,836 | 169,988 |
| 2027 | 134,425 | 35,363 | 169,788 |
| 2028 | 142,465 | 29,509 | 171,974 |
| 2029-2033 | 392,667 | 74,714 | 467,381 |
| 2034-2038 | 127,753 | 35,447 | 163,200 |
| 2039-2041 | 97,871 | 6,529 | 104,400 |
| | <u>\$ 1,408,868</u> | <u>\$ 326,556</u> | <u>\$ 1,735,424</u> |

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 2024 for \$9,000,000, with an interest rate of 4.99%, and subsequently paid off the balance by December 31, 2024.

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.

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances of each individual fund as of December 31, 2023, are as follows:

| | Due From Other Funds | Due to Other Funds |
|------------------------------|-------------------------|-------------------------|
| General Fund | \$ 5,800,360 | \$ 1,455,192 |
| Behavioral Health Fund | - | 96,994 |
| Children and Youth Fund | - | 5,615,419 |
| Capital Project Fund | - | 9,772 |
| Debt Service Fund | 13,080 | 874 |
| Non Major Governmental Funds | <u>1,442,986</u> | <u>78,175</u> |
| Total | <u>\$ 7,256,426</u> | <u>\$ 7,256,426</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, 2023:

| | Transfers In | Transfers Out |
|------------------------------|--------------------------|--------------------------|
| General Fund | \$ 24,262 | \$ 8,353,583 |
| Behavioral Health Fund | 390,000 | - |
| Transportation (FACT) Fund | 249,132 | - |
| Children and Youth Fund | 4,678,750 | - |
| Capital Project Fund | 3,018,876 | 39,435 |
| Debt Service Fund | 1,122,400 | 1,032,376 |
| Non Major Governmental Funds | <u>1,251,470</u> | <u>1,309,496</u> |
| Total | <u>\$ 10,734,890</u> | <u>\$ 10,734,890</u> |

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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 5 to 10 years with most municipalities adopting a five year, 20% 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 2023, 26 properties received the LERTA exemption from the County's real estate property tax at a total of \$10,797 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 after approval by the municipality, the school district and the County. While designation is for a ten year period, a designated parcel only qualifies for tax abatement once it is developed. A KOZ provides a significant reduction in state and local taxes. During 2023, 31 properties received the KOZ exemption from the County's real estate property tax at a total of \$25,458.

NOTE 15: PRIOR PERIOD ADJUSTMENT

The following restatement was necessary to properly present the general fund for previously unrecorded changes in fund balance.

| | <u>General Fund</u> | <u>Governmental Activities</u> |
|--|---------------------|--------------------------------|
| Fund Balance/ Net Position at January 1, 2023 as previously reported | \$ 8,677,551 | \$ 56,362,823 |
| Adjustment for previously | <u>(512,085)</u> | <u>(512,085)</u> |
| Fund balance. Net Position at January 1, 2023 | <u>\$ 8,165,466</u> | <u>\$ 55,850,738</u> |

COUNTY OF FAYETTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 16: SUBSEQUENT EVENTS

During December 2024, the County issued a Tax Revenue and Anticipation Note for 2025 in an amount not to exceed \$9,000,000 at an interest rate of 4.98%.

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, 2023

| | Original Budget | Final Budget | Actual | Variance Positive/ (Negative) |
|---|-----------------|---------------|---------------|-------------------------------------|
| Revenues | | | | |
| Real Estate and Per Capita Taxes | \$ 32,235,375 | \$ 32,235,375 | \$ 30,602,551 | \$ (1,632,824) |
| Licenses and Permits | 28,525 | 28,525 | 30,955 | 2,430 |
| Grants and Gifts | 10,630,280 | 10,630,280 | 4,362,127 | (6,268,153) |
| Fines and Cost | 472,750 | 472,750 | 419,111 | (53,639) |
| Charges for Services | 6,045,045 | 6,045,045 | 4,563,897 | (1,481,148) |
| Interest, Rents, and Royalties | 450,970 | 450,970 | 836,571 | 385,601 |
| Miscellaneous | - | - | 114,882 | 114,882 |
| Total Revenues | 49,862,945 | 49,862,945 | 40,930,094 | (8,932,851) |
| Expenditures | | | | |
| General Government-Administration | \$14,557,240 | \$14,557,240 | 12,726,559 | 1,830,681 |
| General Government-Judicial | 12,008,290 | 12,008,290 | 12,505,067 | (496,777) |
| Public Safety | 15,132,640 | 15,132,640 | 7,819,092 | 7,313,548 |
| Public Works | 1,810,655 | 1,810,655 | 703,538 | 1,107,117 |
| Human Services | 520,150 | 520,150 | 1,527,513 | (1,007,363) |
| Culture/Recreation | 787,355 | 787,355 | 382,167 | 405,188 |
| Community Service | - | - | 159,722 | (159,722) |
| Conservation/Development | 694,545 | 694,545 | 232,456 | 462,089 |
| Contributions | 2,771,710 | 2,771,710 | 1,721,240 | 1,050,470 |
| Total Expenditures | \$48,282,585 | \$48,282,585 | 37,777,354 | 10,505,231 |
| Other Financing Sources (Uses) | | | | |
| Loan Proceeds | 447,025 | 447,025 | 7,535,000 | 7,087,975 |
| Operating Transfers In | 5,272,405 | 5,272,405 | 24,262 | (5,248,143) |
| Operating Transfers(Out) | (7,299,790) | (7,299,790) | (8,353,583) | (1,053,793) |
| Total Other Financing Sources | (1,580,360) | (1,580,360) | (794,321) | 786,039 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | \$ - | \$ - | \$ 2,358,419 | \$ 2,358,419 |

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 3,254,374 | \$ 2,805,082 | \$ 3,154,866 | \$ 3,207,877 | \$ 2,391,243 | \$ 2,428,813 | \$ 2,513,056 | \$ 2,652,819 | \$ 2,708,534 | \$ 2,830,481 |
| Interest | 4,487,857 | 4,852,177 | 5,298,642 | 5,675,499 | 5,952,586 | 6,368,376 | 6,717,279 | 7,056,420 | 7,439,342 | 7,826,277 |
| 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 | 1,107,022 | 947,096 | 1,638,780 | 1,580,223 |
| 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) | (5,213,046) | (5,740,522) | (6,132,956) | (6,518,361) |
| Net change in total pension liability | 4,481,992 | 5,521,353 | 6,606,614 | 5,630,072 | 3,270,791 | 5,990,341 | 5,124,311 | 4,915,813 | 5,653,700 | 5,718,620 |
| Total pension liability- beginning | 63,402,328 | 67,884,320 | 73,405,673 | 80,012,287 | 85,642,359 | 88,913,150 | 94,903,491 | 100,027,802 | 104,943,615 | 110,597,315 |
| Total pension liability- ending (a) | <u>\$ 67,884,320</u> | <u>\$ 73,405,673</u> | <u>\$ 80,012,287</u> | <u>\$ 85,642,359</u> | <u>\$ 88,913,150</u> | <u>\$ 94,903,491</u> | <u>\$ 100,027,802</u> | <u>\$ 104,943,615</u> | <u>\$ 110,597,315</u> | <u>\$ 116,315,935</u> |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions- employer | \$ - | \$ - | \$ 1,050,637 | \$ 986,423 | \$ 906,281 | \$ 1,286,078 | \$ 1,689,248 | \$ 2,077,037 | \$ 1,816,611 | \$ 3,061,238 |
| Contributions- employee | 1,542,792 | 1,600,239 | 1,752,786 | 1,813,021 | 1,844,945 | 1,916,246 | 2,047,340 | 2,021,846 | 2,293,112 | 2,483,612 |
| Net investment income | 3,899,257 | (40,291) | 4,204,196 | 9,594,185 | (2,695,238) | 12,793,748 | 7,652,451 | 11,711,918 | (9,505,915) | 10,725,492 |
| 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) | (5,213,046) | (5,740,522) | (6,132,956) | (6,518,361) |
| Administrative expense | (28,825) | (44,676) | (35,436) | (28,095) | (42,366) | (35,993) | (42,858) | (37,523) | (36,762) | (36,177) |
| Other | - | - | - | (193) | - | - | 2,788 | 958 | 1,854 | - |
| Net change in plan fiduciary position | 2,463,068 | (1,585,824) | 3,289,559 | 8,365,907 | (4,070,065) | 11,157,937 | 6,135,923 | 10,033,714 | (11,564,056) | 9,715,804 |
| Plan fiduciary net position - beginning | 64,051,120 | 66,514,188 | 64,928,364 | 68,217,923 | 76,583,830 | 72,513,765 | 83,671,702 | 89,807,625 | 99,841,339 | 88,277,283 |
| Plan fiduciary net position - ending (b) | <u>\$ 66,514,188</u> | <u>\$ 64,928,364</u> | <u>\$ 68,217,923</u> | <u>\$ 76,583,830</u> | <u>\$ 72,513,765</u> | <u>\$ 83,671,702</u> | <u>\$ 89,807,625</u> | <u>\$ 99,841,339</u> | <u>\$ 88,277,283</u> | <u>\$ 97,993,087</u> |
| County's net pension liability - ending (a)-(b) | <u>\$ 1,370,132</u> | <u>\$ 8,477,309</u> | <u>\$ 11,794,364</u> | <u>\$ 9,058,529</u> | <u>\$ 16,399,385</u> | <u>\$ 11,231,789</u> | <u>\$ 10,220,177</u> | <u>\$ 5,102,276</u> | <u>\$ 22,320,032</u> | <u>\$ 18,322,848</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 97.98% | 88.45% | 85.26% | 89.42% | 81.56% | 88.17% | 89.78% | 95.14% | 79.82% | 84.25% |
| Covered- employee payroll | \$ 17,714,203 | \$ 20,297,545 | \$ 22,876,556 | \$ 23,215,519 | \$ 23,765,303 | \$ 24,343,258 | \$ 25,228,103 | \$ 26,639,741 | \$ 27,012,499 | \$ 27,638,651 |
| County net pension liability as a percentage of covered- employee payroll | 7.74% | 41.77% | 51.56% | 39.02% | 69.01% | 46.14% | 40.51% | 19.15% | 82.63% | 66.29% |

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Actuarially determined contribution | \$ 1,740,335 | \$ 2,113,391 | \$ 2,472,543 | \$ 2,513,493 | \$ 2,237,978 | \$ 2,740,910 | \$ 3,014,153 | \$ 3,089,368 | \$ 3,035,608 | \$ 3,474,094 |
| Contributions in relation to the actuarially determined contribution | - | - | 1,050,637 | 986,423 | 906,281 | 1,286,078 | 1,689,248 | 2,077,037 | 1,816,611 | 3,061,238 |
| Contributions deficiency (excess) | <u>\$ 1,740,335</u> | <u>\$ 2,113,391</u> | <u>\$ 1,421,906</u> | <u>\$ 1,527,070</u> | <u>\$ 1,331,697</u> | <u>\$ 1,454,832</u> | <u>\$ 1,324,905</u> | <u>\$ 1,012,331</u> | <u>\$ 1,218,997</u> | <u>\$ 412,856</u> |
| Covered - employee payroll | \$ 17,714,203 | \$ 20,297,545 | \$ 22,876,556 | \$ 23,215,519 | \$ 23,765,303 | \$ 24,343,258 | \$ 25,228,103 | \$ 26,639,741 | \$ 27,012,499 | \$ 27,638,651 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 4.59% | 4.25% | 3.81% | 5.28% | 6.70% | 7.80% | 6.73% | 11.08% |

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: | 20 years |
| Asset Valuation Method: | Market value adjusted for unrecognized gains and losses from prior years |
| 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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 6.70% | 0.15% | 7.10% | 14.79% | -3.44% | 18.80% | 10.32% | 14.70% | -11.04% | 13.52% |

OTHER
SUPPLEMENTARY
INFORMATION

FAYETTE COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2023

| | Human Services | Act 13 Fund | Conciliation Fee Fund | Affordable Housing Fund |
|-----------------------------------|-------------------|--------------------|--------------------------|----------------------------|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$878,914 | \$1,784,645 | \$ 110,267 | \$ 242,431 |
| Accounts Receivable | - | - | 1,900 | 4,990 |
| Due from Other Governments | - | 44,092 | - | - |
| Due from Other Funds | - | 1,351,000 | - | - |
| Prepaid Assets | - | - | - | - |
| | | | | |
| Total Assets | <u>\$878,914</u> | <u>\$3,179,737</u> | <u>\$ 112,167</u> | <u>\$ 247,421</u> |
| | | | | |
| Liabilities | | | | |
| Accounts Payable | \$107,592 | \$ 172,835 | \$ 178 | \$ - |
| Accrued Expenses | - | - | - | - |
| Unearned Revenue | 771,322 | - | - | - |
| Due to Other Funds | - | - | 791 | - |
| | | | | |
| Total Liabilities | <u>878,914</u> | <u>172,835</u> | <u>969</u> | <u>-</u> |
| | | | | |
| Fund Balances | | | | |
| Nonspendable | - | - | - | - |
| Restricted: | | | | |
| General Government | - | - | - | - |
| Judicial Government | - | - | 111,198 | - |
| Public Safety | - | - | - | - |
| Public Works | - | 3,006,902 | - | - |
| Community Service | - | - | - | 247,421 |
| Unassigned | - | - | - | - |
| Total Fund Balance | <u>-</u> | <u>3,006,902</u> | <u>111,198</u> | <u>247,421</u> |
| | | | | |
| Total Liabilities & Fund Balances | <u>\$878,914</u> | <u>\$3,179,737</u> | <u>\$ 112,167</u> | <u>\$ 247,421</u> |

FAYETTE COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2023

| | C-17 Fund | Domestic Relations Fund | IPP Fund | Hotel Tax Fund |
|-----------------------------------|-------------------|-------------------------------|------------------|-------------------|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ 235,561 | \$ 732,670 | \$ 13,417 | \$ 116,861 |
| Accounts Receivable | 16,631 | 56,682 | 30,660 | 480,097 |
| Due from Other Governments | - | 238,670 | 46,417 | - |
| Due from Other Funds | - | - | - | - |
| Prepaid Assets | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 252,192</u> | <u>\$ 1,028,022</u> | <u>\$ 90,494</u> | <u>\$ 596,958</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 6,514 | \$ 7,415 | \$ 5,030 | \$ 480,133 |
| Accrued Expenses | - | - | - | - |
| Unearned Revenue | - | - | 10,000 | - |
| Due to Other Funds | 34,763 | 11,998 | - | - |
| | <u>41,277</u> | <u>19,413</u> | <u>15,030</u> | <u>480,133</u> |
| Total Liabilities | <u>41,277</u> | <u>19,413</u> | <u>15,030</u> | <u>480,133</u> |
| <u>Fund Balances</u> | | | | |
| Nonspendable | - | - | - | - |
| Restricted: | | | | |
| General Government | - | - | - | - |
| Judicial Government | 210,915 | 1,008,609 | - | - |
| Public Safety | - | - | 75,464 | - |
| Public Works | - | - | - | - |
| Community Service | - | - | - | 116,825 |
| Unassigned | - | - | - | - |
| Total Restricted Fund Balance | <u>210,915</u> | <u>1,008,609</u> | <u>75,464</u> | <u>116,825</u> |
| Total Liabilities & Fund Balances | <u>\$ 252,192</u> | <u>\$ 1,028,022</u> | <u>\$ 90,494</u> | <u>\$ 596,958</u> |

FAYETTE COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2023

| | Liquid Fuel Fund | Hazmat Fund | 911 Fund | Sheepskin Trail Fund |
|-----------------------------------|---------------------|------------------|--------------------|-------------------------|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$1,467,253 | \$165,397 | \$ 18,817 | \$ 41,009 |
| Accounts Receivable | 162,834 | - | - | - |
| Due from Other Governments | - | 5,800 | 1,733,235 | - |
| Due from Other Funds | 16,827 | - | 75,159 | - |
| Prepaid Assets | - | - | 249,454 | - |
| | <u>-</u> | <u>-</u> | <u>249,454</u> | <u>-</u> |
| Total Assets | <u>\$1,646,914</u> | <u>\$171,197</u> | <u>\$2,076,665</u> | <u>\$ 41,009</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 32,838 | \$ 133 | \$ 15,719 | \$ 69,365 |
| Accrued Expenses | 3,586 | - | - | - |
| Unearned Revenue | - | - | - | - |
| Due to Other Funds | 4,670 | 19 | 25,934 | - |
| | <u>4,670</u> | <u>19</u> | <u>25,934</u> | <u>-</u> |
| Total Liabilities | <u>41,094</u> | <u>152</u> | <u>41,653</u> | <u>69,365</u> |
| <u>Fund Balances</u> | | | | |
| Nonspendable | - | - | 249,454 | - |
| Restricted: | | | | |
| General Government | - | - | - | - |
| Judicial Government | - | - | - | - |
| Public Safety | - | 171,045 | 1,785,558 | - |
| Public Works | 1,605,820 | - | - | - |
| Community Service | - | - | - | - |
| Unassigned | - | - | - | (28,356) |
| Total Restricted Fund Balance | <u>1,605,820</u> | <u>171,045</u> | <u>2,035,012</u> | <u>(28,356)</u> |
| Total Liabilities & Fund Balances | <u>\$1,646,914</u> | <u>\$171,197</u> | <u>\$2,076,665</u> | <u>\$ 41,009</u> |

FAYETTE COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2023

| | Prothonotary Automation Fund | Record of Deeds Improvement Fund | Clerk of Courts Automation Fund | Register of Wills Automation Fund | Total |
|-----------------------------------|------------------------------------|---|---------------------------------------|--|----------------------|
| <hr/> | | | | | |
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 703 | \$ 175,846 | \$ 32,195 | \$ 10,652 | \$ 6,026,638 |
| Accounts Receivable | 1,458 | 2,706 | 1,543 | 425 | 759,926 |
| Due from Other Governments | - | - | - | - | 2,068,214 |
| Due from Other Funds | - | - | - | - | 1,442,986 |
| Prepaid Assets | - | - | - | - | 249,454 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 2,161</u> | <u>\$ 178,552</u> | <u>\$ 33,738</u> | <u>\$ 11,077</u> | <u>\$ 10,547,218</u> |
| <hr/> | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ - | \$ 1,240 | \$ - | \$ - | \$ 898,992 |
| Accrued Expenses | - | - | - | - | 3,586 |
| Unearned Revenue | - | - | - | - | 781,322 |
| Due to Other Funds | - | - | - | - | 78,175 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>-</u> | <u>1,240</u> | <u>-</u> | <u>-</u> | <u>1,762,075</u> |
| <hr/> | | | | | |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | - | 249,454 |
| Restricted: | | | | | |
| General Government | - | 177,312 | - | - | 177,312 |
| Judicial Government | 2,161 | - | 33,738 | 11,077 | 1,377,698 |
| Public Safety | - | - | - | - | 2,032,067 |
| Public Works | - | - | - | - | 4,612,722 |
| Community Service | - | - | - | - | 364,246 |
| Unassigned | - | - | - | - | (28,356) |
| Total Restricted Fund Balance | <u>2,161</u> | <u>177,312</u> | <u>33,738</u> | <u>11,077</u> | <u>8,785,143</u> |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities & Fund Balances | <u>\$ 2,161</u> | <u>\$ 178,552</u> | <u>\$ 33,738</u> | <u>\$ 11,077</u> | <u>\$ 10,547,218</u> |

FAYETTE COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
DECEMBER 31, 2023

| | Human Services | Act 13 Fund | Conciliation Fee Fund | Affordable Housing Fund |
|---|-------------------|--------------------|--------------------------|----------------------------|
| Revenues | | | | |
| Hotels | \$ - | \$ - | \$ - | \$ - |
| Grants and Gifts | 1,354,461 | 286,213 | - | - |
| Charges for Services | - | 1,423,121 | 26,900 | 63,560 |
| Interest and Royalties | 61,401 | 85,212 | 4,262 | 10,102 |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>1,415,862</u> | <u>1,794,546</u> | <u>31,162</u> | <u>73,662</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government -Administration | - | - | - | 82,281 |
| General Government-Judicial | - | - | 10,330 | - |
| Public Safety | - | 424,379 | - | - |
| Human Services | 1,415,862 | - | - | - |
| Culture and Recreation | - | 10,000 | - | - |
| Community Service | - | - | - | - |
| Total Expenditures | <u>1,415,862</u> | <u>434,379</u> | <u>10,330</u> | <u>82,281</u> |
| Excess of Revenues Over (Under) Expenditures | <u>-</u> | <u>1,360,167</u> | <u>20,832</u> | <u>(8,619)</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | - | - | - | - |
| Operating Transfers (Out) | - | (1,285,234) | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(1,285,234)</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | - | 74,933 | 20,832 | (8,619) |
| Fund Balances-Beginning of Year | - | 2,931,969 | 90,366 | 256,040 |
| Fund Balances-End of Year | <u>\$ -</u> | <u>\$3,006,902</u> | <u>\$ 111,198</u> | <u>\$ 247,421</u> |

COUNTY OF FAYETTE
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2023

| | C-17 Fund | Domestic Relations Fund | IPP Fund | Hotel Tax Fund |
|---|-------------------|----------------------------|------------------|-------------------|
| Revenues | | | | |
| Hotels | \$ - | \$ - | \$ - | \$ 2,965,585 |
| Grants and Gifts | - | 1,283,447 | 105,013 | - |
| Charges for Services | 118,967 | 3,266 | 617,452 | - |
| Interest and Royalties | 9,219 | 31,804 | 1,897 | 12,750 |
| Miscellaneous | - | 2,792 | 2,027 | - |
| Total Revenues | <u>128,186</u> | <u>1,321,309</u> | <u>726,389</u> | <u>2,978,335</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government -Administration | - | - | - | - |
| General Government-Judicial | 73,215 | 1,939,145 | - | - |
| Public Safety | - | - | 673,570 | - |
| Human Services | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Community Service | - | - | - | 3,157,890 |
| Total Expenditures | <u>73,215</u> | <u>1,939,145</u> | <u>673,570</u> | <u>3,157,890</u> |
| Excess of Revenues Over (Under) Expenditures | <u>54,971</u> | <u>(617,836)</u> | <u>52,819</u> | <u>(179,555)</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | - | 617,136 | - | - |
| Operating Transfers (Out) | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>617,136</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>54,971</u> | <u>(700)</u> | <u>52,819</u> | <u>(179,555)</u> |
| Fund Balances-Beginning of Year | <u>155,944</u> | <u>1,009,309</u> | <u>22,645</u> | <u>296,380</u> |
| Fund Balances-End of Year | <u>\$ 210,915</u> | <u>\$ 1,008,609</u> | <u>\$ 75,464</u> | <u>\$ 116,825</u> |

COUNTY OF FAYETTE
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2023

| | Liquid Fuel Fund | Hazmat Fund | 911 Fund | Sheepskin Trail Fund |
|---|---------------------|----------------|--------------|-------------------------|
| Revenues | | | | |
| Hotels | \$ - | \$ - | \$ - | \$ - |
| Grants and Gifts | 593,289 | 2,100 | 3,859,133 | 43,589 |
| Charges for Services | 3,058 | 30,175 | 101 | - |
| Interest and Royalties | 51,779 | 7,159 | 46,335 | 3,092 |
| Miscellaneous | 7,153 | - | 50 | - |
| Total Revenues | 655,279 | 39,434 | 3,905,619 | 46,681 |
| Expenditures | | | | |
| Current: | | | | |
| General Government -Administration | - | - | - | 215,908 |
| General Government-Judicial | - | - | - | - |
| Public Safety | 452,462 | 86,510 | 3,740,444 | - |
| Human Services | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Community Service | - | - | - | - |
| Total Expenditures | 452,462 | 86,510 | 3,740,444 | 215,908 |
| Excess of Revenues Over (Under) Expenditures | 202,817 | (47,076) | 165,175 | (169,227) |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | 205,834 | 45,000 | 328,500 | 55,000 |
| Operating Transfers (Out) | - | - | (24,262) | - |
| Total Other Financing Sources (Uses) | 205,834 | 45,000 | 304,238 | 55,000 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 408,651 | (2,076) | 469,413 | (114,227) |
| Fund Balances-Beginning of Year | 1,197,169 | 173,121 | 1,565,599 | 85,871 |
| Fund Balances-End of Year | \$ 1,605,820 | \$ 171,045 | \$ 2,035,012 | \$ (28,356) |

COUNTY OF FAYETTE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

| | Prothonotary Automation Fund | Record of Deeds Improvement Fund | Clerk of Courts Automation Fund | Register of Wills Automation Fund | Total |
|---|------------------------------------|---|--|--|-------------|
| Revenues | | | | | |
| Hotels | \$ - | \$ - | \$ - | \$ - | \$2,965,585 |
| Grants and Gifts | - | - | - | - | 7,527,245 |
| Charges for Services | 21,610 | 168,977 | 9,650 | 4,320 | 2,491,157 |
| Interest and Royalties | 127 | 4,626 | - | - | 329,765 |
| Miscellaneous | - | - | - | - | 12,022 |
| Total Revenues | 21,737 | 173,603 | 9,650 | 4,320 | 13,325,774 |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government -Administration | - | 103,349 | - | - | 401,538 |
| General Government-Judicial | 27,017 | - | 1,565 | 6,256 | 2,057,528 |
| Public Safety | - | - | - | - | 5,377,365 |
| Human Services | - | - | - | - | 1,415,862 |
| Culture and Recreation | - | - | - | - | 10,000 |
| Community Service | - | - | - | - | 3,157,890 |
| Total Expenditures | 27,017 | 103,349 | 1,565 | 6,256 | 12,420,183 |
| Excess of Revenues Over (Under) Expenditures | (5,280) | 70,254 | 8,085 | (1,936) | 905,591 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | 1,251,470 |
| Operating Transfers (Out) | - | - | - | - | (1,309,496) |
| Total Other Financing Sources (Uses) | - | - | - | - | (58,026) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (5,280) | 70,254 | 8,085 | (1,936) | 847,565 |
| Fund Balances-Beginning of Year | 7,441 | 107,058 | 25,653 | 13,013 | 7,937,578 |
| Fund Balances-End of Year | \$ 2,161 | \$ 177,312 | \$ 33,738 | \$ 11,077 | \$8,785,143 |