

COUNTY OF FULTON
MCCONNELLSBURG, PENNSYLVANIA
FINANCIAL STATEMENTS
AND SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2016

COUNTY OF FULTON
YEAR ENDED DECEMBER 31, 2016

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
County of Fulton
McConnellsburg, Pennsylvania

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the COUNTY OF FULTON as of December 31, 2016, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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County Commissioners
County of Fulton
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Adoption of GASB Pronouncements

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of contributions, schedule of investment returns and budgetary comparison information on pages 4 through 14 and 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF FULTON's basic financial statements. The combining and individual nonmajor fund financial statements on pages 53 through 60 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Pennsylvania Department of Human Services Single Audit Supplement is also not a required part of the basic financial statements.

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

Zelenkofske Axelrod LLC

County Commissioners
County of Fulton
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2017 on our consideration of the COUNTY OF FULTON's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the COUNTY OF FULTON's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
August 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2016

The COUNTY OF FULTON, hereafter referred to as the "COUNTY", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments (hereafter "GASB 34"), and related standards. GASB 34 enhances information provided to the users of its financial statements. This section of the financial reporting package presents our discussion and analysis of the COUNTY's financial performance during the year that ended on December 31, 2016. Please read this Management Discussion and Analysis in conjunction with the COUNTY's financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following four parts:

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

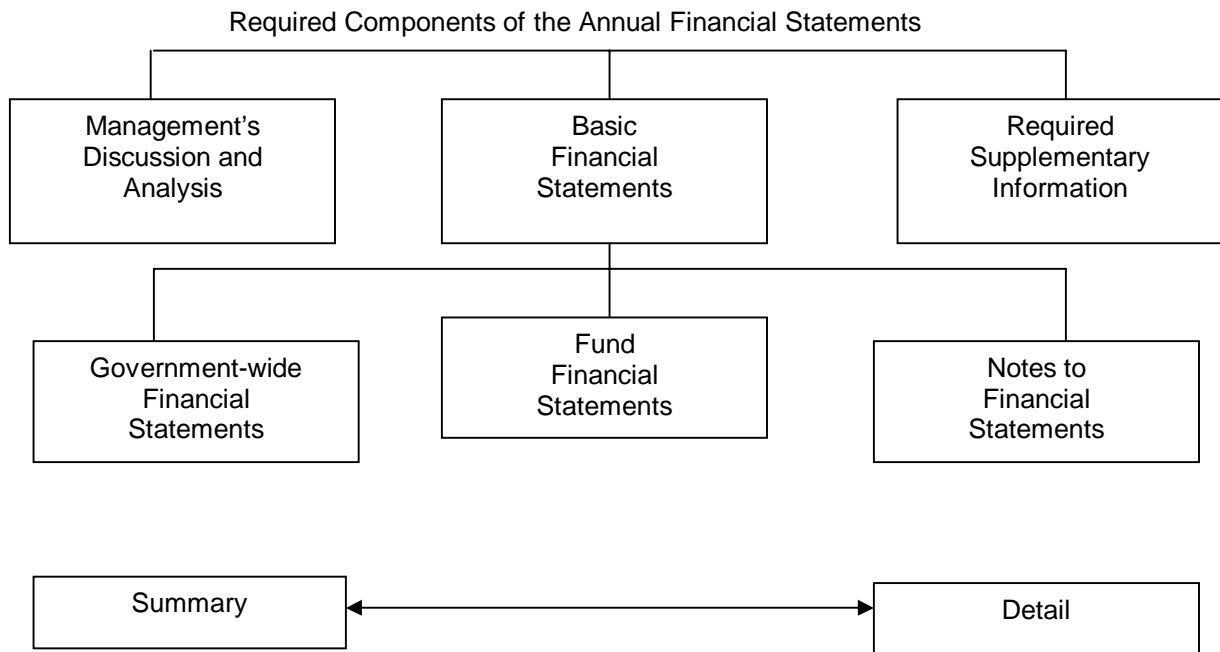
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the COUNTY's budget to actual figures for the general fund.

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 two types of fund financial statements:
 - *Governmental funds statements* show how general government services such as public safety, human services, public works, culture and recreation, and conservation and development are financed in the short term, as well as what remains for future spending.
 - *Fiduciary funds statements* reflect activities involving resources that are held by the COUNTY as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the COUNTY's programs.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

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 | | |
|---|--|--|---|---|
| | | <u>Governmental</u> | <u>Proprietary</u> | <u>Fiduciary</u> |
| Scope | Entire entity (except fiduciary funds) | The day-to-day operating activities of the County, such as public safety and courts | The activities of the County, such as the health choices 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 balances | -Statement of net position -Statement of revenues, expenses, and changes in net position -Statement of cash flows | -Statement of fiduciary net position |
| Accounting basis and measurement focus | Accrual | Modified Accrual | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset and liability information | All assets and liabilities, 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, short-term and long-term | All assets and liabilities, short-term and long-term |
| Type of inflow and outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenue 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 |

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

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

Government-wide financial statements

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

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

All changes to net position are reported using the economic resources measurement focus and the accrual basis of accounting, which requires that revenues be reported when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

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

There is one category of activities for the primary government:

- *Governmental activities* include the COUNTY's basic services such as general government, judicial, public safety, public works, human services, culture and recreation, and conservation and development.

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 in the fund level statements are reported as expenditures when financial resources (money) are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2016

Government wide statements are reported on the accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets
- Report long-term debt as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Allocate net position balances as follows:
 - Net investment in capital assets
 - Restricted net position is 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 position is net position that does not meet any of the above restrictions

Fund Financial Statements

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

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 basis of accounting.

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. A budgetary comparison of the COUNTY's general fund is presented as required supplementary information.

- *Fiduciary Funds* are 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. The fiduciary funds are reported using the accrual basis of accounting.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

IMPLEMENTATION OF GASB 34

The COUNTY implemented the infrastructure asset portion of GASB Statement No. 34 on a prospective basis in 2004. As a phase three government, the COUNTY did not retroactively report infrastructure assets.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The COUNTY's total assets were \$16,642,849 at December 31, 2016. Of this amount, \$9,053,915 was capital assets.

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

| | 2016 Governmental Activities | 2015 Governmental Activities | Changes from 2015 to 2016 |
|--------------------------------|------------------------------------|------------------------------------|------------------------------|
| Capital Assets, net | \$ 9,053,915 | \$ 7,118,417 | \$ 1,935,498 |
| Other Assets | 7,588,934 | 6,743,791 | 845,143 |
| Total Assets | \$ 16,642,849 | \$ 13,862,208 | \$ 2,780,641 |
| Deferred Outflows of Resources | \$ 487,105 | \$ 649,474 | \$ (162,369) |
| Current Liabilities | \$ 3,066,830 | \$ 1,586,199 | \$ 1,480,631 |
| Long-term Liabilities | 5,971,222 | 6,747,359 | (776,137) |
| Total Liabilities | \$ 9,038,052 | \$ 8,333,558 | \$ 704,494 |
| Deferred Inflows of Resources | \$ 374,115 | \$ 1,927 | \$ 372,188 |
| Net Position | | | |
| Net Investment | | | |
| in Capital Assets | \$ 4,661,852 | \$ 2,369,726 | \$ 2,292,126 |
| Restricted | 1,867,068 | 1,978,355 | (111,287) |
| Unrestricted | 1,188,867 | 1,828,116 | (639,249) |
| Total Net Position | \$ 7,717,787 | \$ 6,176,197 | \$ 1,541,590 |

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Table A-3: Condensed Statement of Net Position

Change in Net Position

The following statement of activities represents the change in net position for the year ended December 31, 2016 and December 31, 2015 and changes from 2016 to 2015. It shows revenues by source and expenses by function for governmental activities.

Table A-4: Condensed Statement of Activities

| | 2016 | 2015 | Changes from |
|------------------------------------|----------------------|---------------------|---------------------|
| | Governmental | Governmental | 2016 to 2015 |
| | Activities | Activities | 2016 to 2015 |
| Program Revenues: | | | |
| Charges for Services | \$ 758,089 | \$ 769,033 | \$ (10,944) |
| Operating Grants and Contributions | 4,830,144 | 3,858,296 | 971,848 |
| Capital Grants and Contributions | - | 162,287 | (162,287) |
| General Revenues: | | | |
| Property Taxes | 4,828,189 | 4,767,198 | 60,991 |
| Unrestricted Investment Earnings | 48,299 | 35,593 | 12,706 |
| Miscellaneous Revenue | 198,903 | 235,025 | (36,122) |
| Total Revenues | <u>\$ 10,663,624</u> | <u>\$ 9,827,432</u> | <u>\$ 836,192</u> |
| Expenses: | | | |
| General Government -Administrative | \$ 1,355,610 | \$ 1,183,212 | \$ 172,398 |
| General Government - Judicial | 1,894,635 | 1,909,441 | (14,806) |
| Public Safety | 1,914,265 | 1,983,688 | (69,423) |
| Public Works | 321,822 | 302,938 | 18,884 |
| Human Services | 3,375,132 | 3,331,863 | 43,269 |
| Culture and Recreation | 13,188 | 11,227 | 1,961 |
| Conservation and Development | 141,836 | 115,732 | 26,104 |
| Interest on Long-Term Debt | 105,546 | 89,882 | 15,664 |
| Total Expenses | <u>9,122,034</u> | <u>8,927,983</u> | <u>194,051</u> |
| Change in Net Position | <u>\$ 1,541,590</u> | <u>\$ 899,449</u> | <u>\$ 642,141</u> |

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Net Program Expenses

Net program expenses for the year ended December 31, 2016 indicate the amount of support required from taxes and other general revenues for a program of the government. In 2016, property taxes brought in \$4,828,189.

Net Cost of Governmental and Business-Type Activities

| | 2016 Total Cost of Services | 2016 Net Cost of Services |
|------------------------------------|--|--|
| Program: | | |
| General Government -Administrative | \$ 1,355,610 | \$ (1,013,191) |
| General Government - Judicial | 1,894,635 | (1,309,285) |
| Public Safety | 1,914,265 | (603,306) |
| Public Works | 321,822 | 121,659 |
| Human Services | 3,375,132 | (479,121) |
| Culture and Recreation | 13,188 | (13,188) |
| Conservation and Development | 141,836 | (131,823) |
| Interest on Long-Term Debt | <u>105,546</u> | <u>(105,546)</u> |
| Total | <u>\$ 9,122,034</u> | <u>\$ (3,533,801)</u> |

The COUNTY relied on property taxes and other general revenues to fund 38.7% of its governmental activities in 2016.

Capital Assets

The COUNTY's investment in capital assets at December 31, 2016, net of accumulated depreciation, was \$9,053,915. Capital assets consist primarily of land, buildings and equipment. The following is a summary of capital assets at December 31, 2016:

| | |
|------------------------------|----------------------------|
| | Governmental Activities |
| Land | \$ 230,925 |
| Construction in Progress | 2,276,948 |
| Buildings and Improvements | 8,705,003 |
| Machinery and Equipment | 867,878 |
| Vehicles | <u>279,159</u> |
| Total Capital Assets | <u>\$ 12,359,913</u> |
| Accumulated Depreciation | <u>(3,305,998)</u> |
| Net Capital Assets | <u>\$ 9,053,915</u> |

Other detailed information about the COUNTY's capital assets can be found in Note 4, Notes to the Financial Statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Debt Administration

At December 31, 2016, the COUNTY had \$4,392,063 of long-term debt obligations outstanding. Debt decreased 7.5% from the previous year. The following is a summary of debt obligations for the 2016 year:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|----------------------|------------------|---------------------|---------------------|
| <u>Governmental Activities:</u> | | | | |
| General Obligation Notes | \$ 4,748,691 | \$ - | \$ (356,628) | \$ 4,392,063 |
| Total Debt Obligations | 4,748,691 | - | (356,628) | 4,392,063 |
| Compensated absences | 228,456 | 14,902 | - | 243,358 |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 4,977,147</u> | <u>\$ 14,902</u> | <u>\$ (356,628)</u> | <u>\$ 4,635,421</u> |

Other detailed information about the COUNTY's long-term debt obligations can be found in Note 5, Notes to the 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 inflows, outflows, and balances of spendable resources. Such information is useful in assessing the COUNTY's financing requirements. In particular, unreserved/undesignated 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 and various special revenue funds. The general fund is the chief operating fund for the COUNTY. Special revenue funds are restricted to specific legislated use. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements.

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source for the year ended December 31, 2016 and 2015 were as follows:

| | <u>2016</u> | <u>2015</u> | <u>Changes from 2016 to 2015</u> |
|----------------------------|----------------------|----------------------|--------------------------------------|
| Revenue: | | | |
| Taxes | \$ 4,835,328 | \$ 4,785,407 | \$ 49,921 |
| Intergovernmental Revenues | 4,830,144 | 4,020,583 | 809,561 |
| Charges for Services | 580,922 | 556,469 | 24,453 |
| Interest and Rents | 48,299 | 35,593 | 12,706 |
| Fines and Forfeitures | 184,246 | 209,156 | (24,910) |
| License and Permits | 29,249 | 25,869 | 3,380 |
| Miscellaneous Income | 162,575 | 212,564 | (49,989) |
| Transfers In | 2,006,061 | 1,741,840 | 264,221 |
| Total revenues | <u>\$ 12,676,824</u> | <u>\$ 11,587,481</u> | <u>\$ 1,089,343</u> |

Governmental fund revenues totaled \$12,676,824 for the year ended December 31, 2016. This is a net increase of \$1,089,343 from 2015 with the difference largely resulting from an increase in intergovernmental revenues in the amount of \$809,561 and an increase in transfers in the amount of \$264,221.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

GOVERNMENTAL FUND EXPENDITURES

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

| | <u>2016</u> | <u>2015</u> | <u>Changes from 2016 to 2015</u> |
|---------------------------------------|----------------------|----------------------|--------------------------------------|
| Expenditures: | | | |
| General government - Administration | \$ 1,225,719 | \$ 1,275,540 | \$ (49,821) |
| General government - Judicial | 1,560,263 | 1,556,855 | 3,408 |
| Public Safety | 3,736,490 | 1,765,516 | 1,970,974 |
| Public Works | 292,824 | 269,812 | 23,012 |
| Human Services | 3,001,557 | 2,899,674 | 101,883 |
| Culture and Recreation | 12,000 | 10,000 | 2,000 |
| Conservation and Development | 122,758 | 129,047 | (6,289) |
| Debt Service | 462,174 | 361,434 | 100,740 |
| Employee Benefits/Liability Insurance | 886,116 | 973,585 | (87,469) |
| Operating Transfers Out | 2,006,061 | 1,741,840 | 264,221 |
| | <u>\$ 13,305,962</u> | <u>\$ 10,983,303</u> | <u>\$ 2,322,659</u> |
| Total Expenditures | <u>\$ 13,305,962</u> | <u>\$ 10,983,303</u> | <u>\$ 2,322,659</u> |

Governmental fund expenditures totaled \$13,305,962 for the year ended December 31, 2016. The increase of 17.5 percent resulted primarily from the increase in Public Safety expenditures and transfers out and Debt Service to the early payoff of a note. The increase was partially offset by a decrease in Administration and Employee Benefits expenditures in 2016. Judicial, Human Services, Public Works and Conservation and Development remained relatively level from 2016 to 2015.

GOVERNMENTAL FUND BALANCES

Ending balances for governmental funds at December 31, 2016 were as follows:

| Fund | <u>Governmental Funds</u> |
|----------------------------------|--------------------------------------|
| General Fund | \$ 3,438,647 |
| 911 Wireless Fund | (744,233) |
| Pass-Through Grants Fund | (1,249) |
| Capital Projects | 1,057,384 |
| Non-Major Governmental Funds | |
| Non-Spendable | |
| Prepaid Assets | 3,963 |
| Restricted for: | |
| Government Administration | 7,925 |
| Government Judicial | 303,489 |
| Public Safety Funds | 140,458 |
| Public Works | 209,000 |
| Human Service | 148,312 |
| Debt Service Fund | 500 |
| | <u>813,647</u> |
| Total Other Governmental Funds | <u>813,647</u> |
| Total Governmental Fund Balances | <u>\$ 4,564,196</u> |

The County's governmental funds reported a combined fund balance of \$4,564,196 at December 31, 2016. Of the total, the general fund reported a fund balance in the amount of \$ 3,438,647.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

BUDGET HIGHLIGHTS

In 2016 the tax millage remained at 12.40 mills.

The County had a surplus of revenues over budget in the general fund in the amount of \$617,148. This favorable variance was the result of additional unanticipated Intergovernmental revenue and several items that were not within the direct control of the County. With the exception of Public Safety and Human Services, all areas experienced favorable expenditure variances during 2016. As a result, overall expenditures came in under the budgeted amount by \$99,143. The total fund balance in the general fund at year end was \$3,438,647.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

In 2016 Fulton County had one of the higher unemployment rates in the Commonwealth of Pennsylvania. With an underperforming economy the need for more County services is increased.

Revenue per Capita shows how a County's revenues are affected by changes in population. In the case of Fulton County Revenue per Capita and Taxes per Capita are flat as a result of the population not significantly increasing in Fulton County and little economic growth.

Because of the importance of property taxes, one measure of a county's health is the amount of assessed valuation per capita. This factor will show if fiscal capacity, the ability to meet its obligations, is reflected in its major asset which is property value. From 2008 to 2016 fiscal capacity is relatively flat. This is a result of low population growth and little economic development.

The percentage change in property values from year to year reflects the growth in property values. Property taxes represent a major source of revenue for the County. From 2005 to 2016 the change in property values is a downward sloping trend which reflects a limited tax base with little economic development.

With unfavorable economic indicators the County will need to look for opportunities to control government costs while maintaining a professional staff that can deliver the services that are needed in Fulton County.

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 Fulton
Business Office
116 West Market Street
McConnellsburg, PA 17233

Phone: 717-485-6860

COUNTY OF FULTON
STATEMENT OF NET POSITION
DECEMBER 31, 2016

| <u>Assets</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| Cash and Cash Equivalents | \$ 5,872,293 |
| Receivables (Net, Where Applicable, of Allowance for Uncollectibles) | |
| Accounts | 105,687 |
| Taxes | 720,109 |
| Due From Other Governments | 786,948 |
| Prepaid Assets | 101,209 |
| Restricted Cash | |
| Cash for Escheat | 2,688 |
| Capital Assets, Not Being Depreciated | 2,507,873 |
| Capital Assets Being Depreciated, Net | <u>6,546,042</u> |
| Total Assets | <u>\$ 16,642,849</u> |
| <u>Deferred Outflows of Resources</u> | |
| Pensions | <u>\$ 487,105</u> |
| <u>Liabilities</u> | |
| Total Assets and Deferred Outflows of Resources | <u>\$ 17,129,954</u> |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Accounts Payable | \$ 2,317,769 |
| Overdraft Liability | 10,028 |
| Accrued Payroll and Withholdings | 109,297 |
| Escrow Liability | 2,688 |
| Unearned Revenues | 122,003 |
| General Obligation Bonds | 261,687 |
| Compensated Absences | 243,358 |
| Portion Due or Payable after One Year | |
| General Obligation Bonds | 4,130,376 |
| Net Pension Liability | <u>1,840,846</u> |
| Total Liabilities | <u>9,038,052</u> |
| <u>Deferred Inflows of Resources</u> | |
| Pensions | <u>\$ 374,115</u> |
| <u>Net Position</u> | |
| Net Investment in Capital Assets | 4,661,852 |
| Restricted for: | |
| Governmental Administration | 7,925 |
| Governmental Judicial | 303,489 |
| Public Safety | 140,458 |
| Public Works | 209,000 |
| Human Services | 148,312 |
| Capital Projects | 1,057,384 |
| Debt Services | 500 |
| Unrestricted | <u>1,188,867</u> |
| Total Net Position | <u>7,717,787</u> |
| Total Liabilities, Deferred Outflows of Resources and Net Position | <u>\$ 17,129,954</u> |

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

COUNTY OF FULTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|---|--------------|-------------------------|--|--|--|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | |
| | | | | | Governmental Activities | Total |
| Primary Government: | | | | | | |
| Government Activities: | | | | | | |
| General Government - Administration | \$ 1,355,610 | \$ 269,904 | \$ 72,515 | \$ - | \$ (1,013,191) | \$ (1,013,191) |
| General Government - Judicial | 1,894,635 | 206,464 | 378,886 | - | (1,309,285) | (1,309,285) |
| Public Safety | 1,914,265 | 127,278 | 1,183,681 | - | (603,306) | (603,306) |
| Public Works | 321,822 | 92,040 | 351,441 | - | 121,659 | 121,659 |
| Human Services | 3,375,132 | 58,458 | 2,837,553 | - | (479,121) | (479,121) |
| Culture and Recreation | 13,188 | - | - | - | (13,188) | (13,188) |
| Conservation and Development | 141,836 | 3,945 | 6,068 | - | (131,823) | (131,823) |
| Interest on Long Term Debt | 105,546 | - | - | - | (105,546) | (105,546) |
| Total Government Activities | 9,122,034 | 758,089 | 4,830,144 | - | (3,533,801) | (3,533,801) |
| Total Primary Government | \$ 9,122,034 | \$ 758,089 | \$ 4,830,144 | \$ - | \$ (3,533,801) | \$ (3,533,801) |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 4,828,189 | 4,828,189 |
| Unrestricted Investment Earnings | | | | | 48,299 | 48,299 |
| Fines and Forfeitures | | | | | 184,246 | 184,246 |
| License and Permits | | | | | 14,657 | 14,657 |
| Total General Revenues | | | | | 5,075,391 | 5,075,391 |
| Change in Net Position | | | | | 1,541,590 | 1,541,590 |
| Net Position - Beginning of Year | | | | | 6,176,197 | 6,176,197 |
| Net Position - End of Year | | | | | \$ 7,717,787 | \$ 7,717,787 |

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

COUNTY OF FULTON
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2016

| <u>Assets</u> | <u>General</u> | 911 Wireless <u>Fund</u> | Grant <u>Fund</u> | Capital Projects <u>Fund</u> | Non-Major Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|--|---------------------|-----------------------------|----------------------|---------------------------------|---|---------------------------------------|
| Cash and Cash Equivalents | \$ 3,341,735 | \$ 625,773 | \$ - | \$ 1,057,384 | \$ 847,401 | \$ 5,872,293 |
| Accounts Receivables | | | | | | |
| Accounts | 69,127 | - | - | - | 36,560 | 105,687 |
| Taxes | 720,109 | - | - | - | - | 720,109 |
| Due from Other Governments | 156,679 | 489,918 | - | - | 140,351 | 786,948 |
| Prepaid Expenses | 97,246 | - | - | - | 3,963 | 101,209 |
| Restricted Cash | | | | | | |
| Cash Escheats | 2,688 | - | - | - | - | 2,688 |
| Total Assets | \$ 4,387,584 | \$ 1,115,691 | \$ - | \$ 1,057,384 | \$ 1,028,275 | \$ 7,588,934 |
| Liabilities | | | | | | |
| Accounts Payable | 380,991 | 1,859,924 | 1,249 | - | \$ 75,605 | 2,317,769 |
| Overdraft Liability | - | - | - | - | 10,028 | 10,028 |
| Accrued Payroll and Withholdings | 102,305 | - | - | - | 6,992 | 109,297 |
| Escrow Liability | 2,688 | - | - | - | - | 2,688 |
| Unearned Revenues | - | - | - | - | 122,003 | 122,003 |
| Total Liabilities | 485,984 | 1,859,924 | 1,249 | - | 214,628 | 2,561,785 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable Revenue - Property Taxes | 462,953 | - | - | - | - | 462,953 |
| Total Deferred Inflows of Resources | 462,953 | - | - | - | - | 462,953 |
| Fund Balances | | | | | | |
| Non-spendable | | | | | | |
| Prepaid Expenses | 97,246 | - | - | - | 3,963 | 101,209 |
| Restricted for: | | | | | | |
| Government Administration | - | - | - | - | 7,925 | 7,925 |
| General Government Judicial | - | - | - | - | 303,489 | 303,489 |
| Public Safety | - | - | - | - | 140,458 | 140,458 |
| Public Works | - | - | - | - | 209,000 | 209,000 |
| Human Services | - | - | - | - | 148,312 | 148,312 |
| Capital Reserve | - | - | - | 1,057,384 | - | 1,057,384 |
| Debt Service | - | - | - | - | 500 | 500 |
| Unassigned Funds | 3,341,401 | (744,233) | (1,249) | - | - | 2,595,919 |
| Total Fund Balances | 3,438,647 | (744,233) | (1,249) | 1,057,384 | 813,647 | 4,564,196 |
| Total Liabilities and Fund Balances | \$ 4,387,584 | \$ 1,115,691 | \$ - | \$ 1,057,384 | \$ 1,028,275 | \$ 7,588,934 |

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

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

| | | |
|--|-------------|-------------------------|
| Total fund balances of governmental funds | \$ | 4,564,196 |
| Amount reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$12,359,913 and the accumulated depreciation is \$3,305,998. | | |
| | | 9,053,915 |
| Revenue not available to pay for the current period's expenditures and therefore reported as deferred inflows of resources in the funds: | | |
| Property and Occupational Taxes | | 462,953 |
| Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term-are reported in the Statement of Net Position. Long-term liabilities at year-end consists of: | | |
| Compensated absences | (243,358) | |
| Net Pension Liability | (1,840,846) | |
| Deferred Outflows of Resources - Pension | 487,105 | |
| Deferred Inflows of Resources - Pension | (374,115) | |
| 2007 General Obligation Note | (99,999) | |
| 2009A General Obligation Note | (2,881,000) | |
| 2009B General Obligation Note | (275,185) | |
| 2012 General Obligation Note | (1,135,879) | |
| | | <u>(6,363,277)</u> |
| Total net position of governmental activities | \$ | <u><u>7,717,787</u></u> |

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

COUNTY OF FULTON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

| | General Fund | 911 Wireless Fund | Grant Fund | Capital Projects Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------|-------------------|--------------------------|------------------------------------|--------------------------------|
| Revenues | | | | | | |
| Taxes | \$ 4,835,328 | \$ - | \$ - | \$ - | \$ - | \$ 4,835,328 |
| Intergovernmental Revenues | 1,939,250 | 916,735 | 992,626 | - | 981,533 | 4,830,144 |
| Charges for Services | 428,004 | - | - | - | 152,918 | 580,922 |
| Fines and Forfeitures | 167,863 | - | 11,565 | - | 4,818 | 184,246 |
| Licenses and Permits | 29,249 | - | - | - | - | 29,249 |
| Interest and Rents | 47,046 | 107 | - | - | 1,146 | 48,299 |
| Miscellaneous Income | 126,583 | - | - | 75 | 35,917 | 162,575 |
| Total Revenues | 7,573,323 | 916,842 | 1,004,191 | 75 | 1,176,332 | 10,670,763 |
| Expenditures | | | | | | |
| General Government - Administrative | 1,225,719 | - | - | - | - | 1,225,719 |
| General Government - Judicial | 1,322,919 | - | - | - | 237,344 | 1,560,263 |
| Public Safety | 1,162,419 | 2,561,075 | 12,408 | - | 588 | 3,736,490 |
| Public Works | - | - | - | - | 292,824 | 292,824 |
| Human Services | 1,672,179 | - | 986,964 | - | 342,414 | 3,001,557 |
| Culture and Recreation | 12,000 | - | - | - | - | 12,000 |
| Conservation and Development | 116,690 | - | 6,068 | - | - | 122,758 |
| Debt Service | - | - | - | - | 462,174 | 462,174 |
| Employee Benefits and Liability Insurance | 886,116 | - | - | - | - | 886,116 |
| Total Expenditures | 6,398,042 | 2,561,075 | 1,005,440 | - | 1,335,344 | 11,299,901 |
| Excess of Revenues Over (Under) | | | | | | |
| Expenditures | 1,175,281 | (1,644,233) | (1,249) | 75 | (159,012) | (629,138) |
| Other Financing Sources (Uses) | | | | | | |
| Transfer In | 77,224 | 900,000 | - | 665,545 | 363,292 | 2,006,061 |
| Transfer Out | (1,028,837) | - | - | (910,975) | (66,249) | (2,006,061) |
| Total Other Financing Sources (Uses) | (951,613) | 900,000 | - | (245,430) | 297,043 | - |
| Net Change in Fund Balances | 223,668 | (744,233) | (1,249) | (245,355) | 138,031 | (629,138) |
| Fund Balances | | | | | | |
| Beginning of Year | 3,214,979 | - | - | 1,302,739 | 675,616 | 5,193,334 |
| Fund Balances - End of Year | \$ 3,438,647 | \$ (744,233) | \$ (1,249) | \$ 1,057,384 | \$ 813,647 | \$ 4,564,196 |

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

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

Amount reported for governmental activities in the Statement of
 Activates are different because:

Net change in fund balances - total governmental funds \$ (629,138)

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 as depreciation expense.

Capital Assets effect in the current year are:

| | | |
|--|-------------------------|-----------|
| Capital Additions | 2,244,409 | |
| Depreciation Expense | <u>(308,911)</u> | |
| Capital Assets Increase for the current period | <u><u>1,935,498</u></u> | 1,935,498 |

Revenues in the statement of activities that are not available to provide
 current financial resources are not reported as revenues in the funds.

At the government-wide level revenue recognition is not limited by
 availability. The effects of these adjustments in the current year are:

Real Estate Taxes (7,139)

Under the modified accrual basis of accounting used in 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
 accounting until due, rather than as it accrues. This adjustment
 is as follows:

Compensated Absences (14,902)

Governmental funds do not report the changes in the Pension expense: (99,357)

Repayment of principal is an expenditure in the governmental funds, but
 reduces the liability in the Statement of Net Position:

Principal repayments:

| | | |
|-------------------------------|-----------------------|----------------|
| 2007 General Obligation Note | 16,667 | |
| 2009A General Obligation Note | 163,037 | |
| 2009B General Obligation Note | 20,822 | |
| 2010 General Obligation Note | 99,532 | |
| 2012 General Obligation Note | <u>56,570</u> | |
| Total Debt Principal Payments | <u><u>356,628</u></u> | <u>356,628</u> |

Total Net Position of Governmental Activities \$ 1,541,590

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

| | <u>Employee Retirement</u> | <u>IRC Section 457 Plan</u> | <u>Other Agency Funds</u> | <u>Total</u> |
|---|--------------------------------|---------------------------------|-------------------------------|---------------|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ 25,739 | \$ 151,201 | \$ 740,933 | \$ 917,873 |
| Investments | 10,350,307 | - | - | 10,350,307 |
| Receivables | 16,901 | - | - | 16,901 |
| | | | | |
| Total Assets | \$ 10,392,947 | \$ 151,201 | \$ 740,933 | \$ 11,285,081 |
| <u>Liabilities and Net Position</u> | | | | |
| Liabilities | | | | |
| Benefits and Refunds Payable | \$ 38,910 | \$ - | \$ - | \$ 38,910 |
| Funds Held in Fiduciary Capacity | - | 151,201 | 740,933 | 892,134 |
| | | | | |
| Total Liabilities | 38,910 | 151,201 | 740,933 | 931,044 |
| Net Position | | | | |
| Employees' Pension Benefits | 10,354,037 | - | - | 10,354,037 |
| | | | | |
| Total Net Position | \$ 10,354,037 | \$ - | \$ - | \$ 10,354,037 |

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

COUNTY OF FULTON
STATEMENT OF CHANGES IN PLAN NET POSITION -
EMPLOYEE RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | |
|---|-----------------------------|
| Additions: | |
| Contributions | |
| Employee | \$ 210,446 |
| County Contribution | <u>314,626</u> |
| Total Contributions | <u>525,072</u> |
| | |
| Investment Income: | |
| Net Appreciation in Fair Value of Investments | 959,558 |
| Interest | <u>54,245</u> |
| Total Investment Income | 1,013,803 |
| Less: Investment Expense | <u>(24,700)</u> |
| Net Investment Income | <u>989,103</u> |
| Total Additions | <u>1,514,175</u> |
| | |
| Deductions: | |
| Administrative Cost | 13,900 |
| Retirement Benefits | 476,900 |
| Death Benefits | 18,184 |
| Refunds to Member Contributions | <u>14,925</u> |
| Total Deductions | <u>523,909</u> |
| Increase | 990,266 |
| | |
| Net Position Held in Trust for Employees' Pension Benefits: | |
| Beginning of Year | <u>9,363,771</u> |
| End of Year | <u><u>\$ 10,354,037</u></u> |

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

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

The County of Fulton (the "County") was formed in 1850. The County operates under the direction of an elected Board of County Commissioners and provides the following services: general administrative services, tax assessment and collection, judicial, public improvements, and public safety.

A summary of the County's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

A) Reporting Entity

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 Fulton (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.

1. Component Units

In conformity with GAAP, the following Component Unit has been included in the financial Reporting Entity as a Blended Component Unit:

· Fulton County Food Basket ("The Program")

The Program is fiscally dependent on the County. Therefore, the Program is included in the Special Revenue Funds of the financial statements of the County.

2. Related Organizations

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

- Franklin - Fulton Drug and Alcohol
- Franklin - Fulton Mental Health/Mental Retardation
- Huntingdon - Bedford - Fulton Area Agency on Aging and Aging Advisory Council
- South Central Counties Solid Waste Agency
- Penn State Agricultural Extension - Fulton County

3. Joint Ventures

The County has entered into various Joinder Agreements for the provision of services to the member Counties. The County's Joint Ventures are as follows:

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

A) Reporting Entity (continued)

3. Joint Ventures (continued)

· Huntingdon - Bedford - Fulton Area Agency on Aging

The County has entered into a Joinder Agreement with the Counties of Huntingdon and Bedford for the administration of providing services to the elderly in the communities. The governing board consists of the nine County Commissioners involved in the Joinder Agreement. This board, on an annual basis, sets the amount of contribution required from each participating County. In 2016 Fulton County contributed \$8,500 to the operations of this Joinder.

Condensed information for this agency as of and for the year ended June 30, 2016, is as follows:

| | |
|--------------|---------------------|
| Assets | <u>\$ 1,326,616</u> |
| Liabilities | <u>\$ 968,941</u> |
| Fund Balance | <u>\$ 357,675</u> |
| Revenues | <u>\$ 6,648,873</u> |
| Expenditures | <u>\$ 6,648,873</u> |

Complete and more detailed financial statements are available by contacting Huntingdon - Bedford - Fulton Area Agency on Aging, P. O. Box 46, Bedford, PA 15522.

· Franklin/Fulton Drug and Alcohol and Mental Health/Mental Retardation

Fulton County entered into a Joinder Agreement with Franklin County for the provision of Drug and Alcohol and Mental Health/Mental Retardation services. The Fulton County Board of County Commissioners has delegated the responsibility to act as local authority for day-to-day program operations to the Franklin County Board of Commissioners and all Fulton County's share of grant revenues is sent directly to Franklin County. The Drug and Alcohol and Mental Health/Mental Retardation programs have been deemed to be departments of Franklin County. Pursuant to the Joinder Agreement, Fulton County contributes 10% of the cost of operations. Complete and more detailed financial statements are available by contacting Franklin County Department of Resource Management.

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

B) Basis of Presentation

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include a column for the governmental activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The County chooses to eliminate the indirect costs between governmental activities to avoid "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

Fund financial statements for the primary government's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds. The fiduciary statements include financial information for the County's retirement system and agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

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 180 days of the end of the current fiscal period, with the exception of property taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all 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 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 net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a 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.

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

B) Measurement Focus and Basis of Accounting (Continued)

Governmental Funds (Continued)

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 an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

C) Basis of Presentation

The determination of major funds is based on minimum criteria as set forth in GASB Statement Number 34. The non-major funds are combined in a column in the fund financial statements. The following are the County's major funds:

1. Governmental Fund Types

a. General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, State and Federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund, including operation of general County government, boards, commissions, the court system, and health and welfare activities.

b. 911 Wireless Fund

The 911 Wireless Fund is used to account for the emergency response communications network of the County.

c. Capital Projects Fund

The Capital Projects Fund is used to account for specific revenue sources related to the purchase of capital items.

d. Grant Fund

The Grant Fund is used to account for specific revenue sources related to various grant programs that are passed through to various agencies.

2. Other Fund Types

a. Retirement Trust Fund

The Employee Retirement Trust Fund is used to account for the revenue (i.e., member contributions, County appropriations, and net investment income) and the expenses (i.e., allowance contributions refunded, retirement allowances, and death benefits paid) of the Retirement Trust Fund.

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

C) Basis of Presentation

2. Other Fund Types (Continued)

b. Agency Funds

Agency Funds consist of restricted assets of the various row offices of the County. The row office funds, in essence, are escrow funds maintained with the row offices for bail posted, funds held from sheriff's sales, realty transfer taxes held and owed to other governmental entities, and other funds reserved for disposition of legal actions.

c. IRC Section 457 Trust Fund

The IRC Section 457 Trust Fund consists of the restricted assets of the plan in which the County acts in a fiduciary capacity along with a corresponding liability to the plan participants.

D) Budgets and Budgetary Accounting

· Legal Requirements

Commonwealth of Pennsylvania statutes require that all County Governments establish budgetary systems and approve annual operating budgets. The County's annual budget relates to the General Fund and Certain Special Revenue Funds, and is based on estimates of revenues and expenditures approved by the Board of County Commissioners. The County of Fulton follows these procedures in establishing the budgetary data reflected in the financial statements:

County Budget Process

1. In September, the department heads submit to the Board of County Commissioners proposed operating budgets for the fiscal year which commence on January 1.
2. Subsequently, the County Chief Financial Officer assembles the preliminary projections of revenues and expenditures into a formal budget incorporating any revisions or adjustments resulting from the Board of County Commissioners' review.
3. The Board of County Commissioners then interview department heads to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.
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 Board of County Commissioners adopts the final budget by enacting an appropriate resolution.

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

D) Budgets and Budgetary Accounting (Continued)

County Budget Process (Continued)

6. Formal budgeting integration is employed as a planning device. The budget adopted is on the cash basis. Budget amounts are as originally adopted by the Board of County Commissioners.

· Level of Control

The County maintains budgeting control at the individual fund level.

· Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

E) Long-term Liabilities

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

F) Interfunds

Operating transfers between funds are reported as other financing sources (uses) within those funds.

G) Unearned Revenue

The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues. The County deems revenues received within 180 days of year end to be available with the exception of property taxes, which must be received within 60 days of year end to be deemed available.

H) Investments

Investments in all funds are carried at fair value.

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

I) Deferred Outflows/Inflows of Resources

The Statements 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 10 year 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.

J) Cash and Cash Equivalents

The County considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

K) Capital Assets

Capital Assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical costs. Donated capital assets are recorded at the estimated fair market value at the time of donation. Infrastructure Assets are not reported prior to January 1, 2004.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

| | |
|----------------------------|---------------|
| Land Improvements | 10 - 15 Years |
| Buildings and Improvements | 10 - 50 Years |
| Machinery and Equipment | 8 - 20 Years |
| Vehicles | 5 Years |
| Infrastructure | 20 - 50 Years |

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

L) Compensated Absences

The County accrues accumulated unpaid vacation and compensatory leave when earned by the employee in the government-wide financial statements.

M) Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

N) Net Position/Fund Balances

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

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, 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 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 procedures are for the Commissioners to assign amounts to be used for specific purposes before issuance of audited financial statements.

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 restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

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

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

N) Net Position/Fund Balances (Continued)

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, 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.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

O) Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of GASB Statement No. 72 “Fair Value Measurement and Application”. The adoption of this statement resulted in additional disclosures in Note 2, but had no effect on the financial reporting information of the County.

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

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

In August 2015, the GASB issued Statement No. 77, “Tax Abatement Disclosures”. The adoption of this statement had no effect on previously reported amounts.

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

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

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

P) Pending Changes in Accounting Principles

In June of 2016, The GASB issued Statement No. 74 "*Financial Reporting for Postemployment Benefit Plans Other than Pensions*". The County is required to adopt statement No. 74 for its calendar year 2017 financial statements.

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

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

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

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

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

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

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

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

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

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 County utilizes various temporary investment sources in an effort to maximize interest earnings on its cash balances.

Under Section 1706 of the County Code of the Commonwealth of Pennsylvania, the County is authorized to invest its funds in the following:

- United States Treasury Bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits, other than certificates of deposit, or savings accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania, any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- Certificates of Deposit purchased from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania which are insured by the FDIC or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of Deposit may not exceed 20% of the bank's total capital surplus or 20% of a savings and loan's or savings bank's assets net of its liabilities.
- Commercial paper and prime commercial paper meeting certain requirements.
- Repurchase agreements which are fully collateralized by obligations of the United States of America.

In addition, the County Code provides that the employees' retirement trust fund may make any investment authorized by 20 Pa. C.S.A. §7302(b) (relating to fiduciaries' investments).

The County's investments at December 31, 2016 were as follows:

| | Cost | Market |
|---------------------------|------------------|-------------------|
| Fiduciary Funds | | |
| Retirement Fund | | |
| Corporate Bonds | \$ 1,325,533 | \$ 1,344,208 |
| Common Stock | 634,346 | 684,990 |
| Mutual Funds | 7,352,798 | 7,890,618 |
| Real Estate | 471,466 | 430,491 |
| Total Retirement Fund | 9,784,143 | 10,350,307 |
| Total Fiduciary Funds | \$ 9,784,143 | \$ 10,350,307 |
| Total Investments | \$ 9,784,143 | \$ 10,350,307 |

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 (Operating Investment Policy) states that maturities shall be set to generally match the projected cash flow requirements for the County as determined by the County Treasurer, unless market conditions dictate otherwise. As of December 31, 2016, the County had no operating fund investments. The County's Retirement Fund Investment Policy does not address interest rate risk.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than</u> | | |
|------------------------|---------------------|------------------|--------------------|---------------------|
| | | <u>1 Year</u> | <u>1 - 5 Years</u> | <u>5 - 10 Years</u> |
| Corporate Bonds | \$ 1,344,208 | \$ - | \$ - | \$ 1,344,208 |
| Total | <u>\$ 1,344,208</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,344,208</u> |

Credit Risk. The County's Operating Funds Investment Policy limits investments in federal agency securities that carry direct or implied guarantees of the U.S. Government.

As of December 31, 2016, the County's retirement investments had credit quality ratings as follows:

| <u>Investment Type</u> | <u>Credit Rating</u> | <u>Percentage</u> |
|------------------------|----------------------|-------------------|
| Corporate Bonds | A3 | 5% |
| Corporate Bonds | BAA1 | 52% |
| Corporate Bonds | BAA2 | 32% |
| Corporate Bonds | BAA3 | 11% |
| Mutual Fund | Not Rated | 100% |
| Real Estate | Not Rated | 100% |

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.

At December 31, 2016, the County had the following recurring fair value measurements:

| | <u>12/31/2016</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|----------------------|---------------------|-------------------|----------------|
| Investments measured by fair value level | | | | |
| Corporate Bonds | \$ 1,344,208 | \$ 1,344,208 | \$ - | \$ - |
| Corporate Stocks | 684,990 | 684,990 | - | - |
| Mutual Funds | 7,890,618 | 7,890,618 | - | - |
| Real Estate | 430,491 | - | 430,491 | - |
| Total investments by fair value level | <u>\$ 10,350,307</u> | <u>\$ 9,919,816</u> | <u>\$ 430,491</u> | <u>\$ -</u> |

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Custodial Credit Risk. For deposits and investments of the primary government, 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 party.

At December 31, 2016, the County's primary government's deposits, excluding the Employee Retirement Fund and IRC Section 457 Plan, had a carrying amount of \$6,605,886 and a bank balance of \$6,273,732. Of the bank balance, \$760,387 was covered by federal depository insurance, and the balance of \$5,513,345 in deposits was either insured or collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name.

At December 31, 2016, the County's entire retirement fund's cash and cash equivalents balance was either insured or collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer. At December 31, 2016, the County is not subject to concentration of credit risk.

NOTE 3: REAL ESTATE TAXES

Real Estate Property 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 billed on April 1 and payable with a 2% discount to May 31, with no discount or penalty to July 30 and with a 5% penalty from August 1 to March 31 of the subsequent year. The County bills these taxes which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

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 bonded or funded debt.

The County's 2016 real estate taxes are based on assessed values established by the County's Bureau of Assessments. Assessed values of real property are generally 100% of the market value as determined by the Fulton County Bureau of Assessments. The total 2016 real estate taxes levied was \$4,847,016 based on a total County assessed valuation of \$390,888,350. Based on the 2016 levy of 12.40 mills, a property owner would pay \$12.40 per \$1,000 of assessed valuation.

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

NOTE 4: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2016 was as follows:

Governmental Activities:

| | Beginning Balance | Increase | Decreases | Ending Balance |
|--|----------------------|---------------------|-----------------|---------------------|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 230,925 | \$ - | \$ - | \$ 230,925 |
| Construction-in-Progress | 32,539 | 2,244,409 | - | 2,276,948 |
| Total Capital Assets, Not Being Depreciated | 263,464 | 2,244,409 | - | 2,507,873 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Improvements | 8,705,003 | - | - | 8,705,003 |
| Machinery and Equipment | 867,878 | - | - | 867,878 |
| Vehicles | 314,056 | - | (34,897) | 279,159 |
| Total Capital Assets, Being Depreciated | 9,886,937 | - | (34,897) | 9,852,040 |
| Total Capital Assets, Historical Cost | 10,150,401 | 2,244,409 | (34,897) | 12,359,913 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (1,980,498) | (262,774) | - | (2,243,272) |
| Machinery and Equipment | (814,353) | (25,522) | - | (839,875) |
| Vehicles | (237,133) | (20,615) | 34,897 | (222,851) |
| Total Accumulated Depreciation | (3,031,984) | (308,911) | 34,897 | (3,305,998) |
| Total Capital Assets, Net of Accumulated Depreciation | \$ 7,118,417 | \$ 1,935,498 | \$ - | \$ 9,053,915 |

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

Governmental Activities:

| | |
|------------------------------|-------------------|
| General Government | \$ 15,969 |
| Judicial Government | 178,443 |
| Public Safety | 36,391 |
| Human Services | 71,645 |
| Conservation and Development | 6,463 |
| Total Depreciation | \$ 308,911 |

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

NOTE 5: LONG-TERM OBLIGATIONS

The following is a summary of changes in general long-term obligations for the County for the year ended December 31, 2016.

| General Long-Term Obligations | Balances as of January 1, 2016 | Additions | Reductions | Balances as of December 31, 2016 | Amount Due in One Year |
|--|-----------------------------------|------------------|-------------------|-------------------------------------|---------------------------|
| G.O. Note 2007 | \$ 116,666 | \$ - | \$ 16,667 | \$ 99,999 | \$ 16,667 |
| G.O. Note 2009 A | 3,044,037 | - | 163,037 | 2,881,000 | 165,806 |
| G.O. Note 2009 B | 296,007 | - | 20,822 | 275,185 | 21,335 |
| G.O. Note 2010 | 99,532 | - | 99,532 | - | - |
| G.O. Note 2012 | 1,192,449 | - | 56,570 | 1,135,879 | 57,879 |
| Total General Long-term Obligations | <u>4,748,691</u> | <u>-</u> | <u>356,628</u> | <u>4,392,063</u> | <u>261,687</u> |
| Compensated Absences | <u>228,456</u> | <u>14,902</u> | <u>-</u> | <u>243,358</u> | <u>243,358</u> |
| Total Governmental Activities Long-Term Debt | <u>\$ 4,977,147</u> | <u>\$ 14,902</u> | <u>\$ 356,628</u> | <u>\$ 4,635,421</u> | <u>\$ 505,045</u> |

A summary of the outstanding loan principle and interest amortization as of December 31, 2016, is presented in the following table:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|---------------------|---------------------|
| 2017 | \$ 261,687 | \$ 103,297 | \$ 364,984 |
| 2018 | 267,432 | 96,606 | 364,038 |
| 2019 | 273,312 | 89,796 | 363,108 |
| 2020 | 258,025 | 133,514 | 391,539 |
| 2021 | 267,333 | 123,283 | 390,616 |
| 2022-2026 | 1,422,678 | 452,542 | 1,875,220 |
| 2027-2031 | 1,522,639 | 165,576 | 1,688,215 |
| 2032-2036 | 118,957 | 3,218 | 122,175 |
| | <u>\$ 4,392,063</u> | <u>\$ 1,167,832</u> | <u>\$ 5,559,895</u> |

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

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of the Long-term Obligations outstanding as of December 31, 2016:

| <u>Year</u> | <u>Amount of Original Issue</u> | <u>Purpose</u> | <u>Balance Outstanding December 31, 2016</u> |
|-------------------------------------|---|---|--|
| 2007 | \$250,000 | A 15 year General Obligation Note in the amount of \$250,000 with a variable interest rate of 1.395% to a maximum of 5.50%. The purpose of this loan is for the purchase of two properties. (Final Maturity in 2022). | \$ 99,999 |
| 2009 | \$3,700,000 | A 28 year General Obligation Note in the amount of \$3,700,000 with a fixed interest rate of 2.57% through January 2016, the rate will increase to 4.5% for the duration of the loan. In December 2014, the County refinanced the terms to a 17 year General Obligation Note with a fixed interest rate of 2.32% for a term of 5 years, and a variable interest rate thereafter, with a rate ceiling of 3.79%. The purpose of this loan is for various construction projects throughout the county. (Final Maturity in 2031). | 2,881,000 |
| 2009 | \$412,000 | A 25 year General Obligation Note in the amount of 412,000 with a fixed interest rate of 2.57% through January 2016, the rate will increase to 4.5% for the duration of the loan. In December 2014, the County refinanced the terms to a 14 year General Obligation Note with a fixed interest rate of 2.32% for a term of 5 years, and a variable interest rate thereafter, with a rate ceiling of 3.79%. The purpose of this loan is to refund/refinance the 2003 note. (Final maturity in 2028). | 275,185 |
| 2012 | \$1,400,000 | A 20 year General Obligation note in the amount of \$1,400,000 with a fixed interest of 2.57% through July 2016, the rate will increase to 4.5% for the duration of the loan. In December 2014, the County refinanced the terms to a 19 year General Obligation Note with a fixed interest rate of 2.32% for a term of 5 years, and a variable interest rate thereafter, with a rate ceiling of 3.79%. The purpose of this loan is for various construction projects throughout the county. | <u>1,135,879</u> |
| Total General Long-term Obligations | | | <u>\$4,392,063</u> |

NOTE 6: EMPLOYEES' RETIREMENT PLAN

The Fulton County Employee's Retirement Plan (the "Plan") is a single-employer defined benefit pension plan that covers all full time employees of the County. The plan provides retirement, disability and death benefits to plan members and their beneficiaries. The Plan is part of the County's financial reporting entity and is included in the County's financial statements as a Pension Trust Fund.

Summary of Significant Accounting Policies

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

Plan Description

The Fulton County Employees' Retirement System (the "Plan") is a contributory defined benefit single employer retirement plan that is administered by the County Retirement Board. All employees working over 1,000 hours per year are required to enter the plan, and County elected officials have the option of enrolling in the plan. The plan is included in the financial statements of County of Fulton as a pension trust fund. The plan provides retirement, disability and death benefits to plan members pursuant to Act 96 of 1971 of the Commonwealth of Pennsylvania (County Pension Law). Cost-of-living adjustments are provided at the discretion of the County Retirement Board.

Management of the Plan is vested in the Board, which consists of five members - three elected County Commissioners, the Chief Clerk and the County Treasurer.

Membership

At December 31, 2016, employees covered by the Plan consisted of the following:

| | |
|--|------------|
| Inactive Members or Beneficiaries Currently Receiving Benefits | 46 |
| Inactive Members Entitled to but not yet Receiving Benefits | 5 |
| Active Members | <u>67</u> |
| Total | <u>118</u> |

Benefits provided. Fulton County Employees Pension Plan provides retirement, disability, and death benefits. Employees who have reached the normal retirement age of 60, or age 55 with 20 years of County service, are entitled to annual retirement benefits equal to the member's annuity based on the actuarial equivalent of the accumulated payroll deductions, and a County annuity equal to the product of: (a) the "Final Average Salary" (three highest years), (b) the employee's applicable class rate, and (c) the membership service in the applicable class. The Plan permits early retirement on a voluntary basis before age 55 with 20 years of service and, on an involuntary basis, after eight years of service. Employees become 100% vested after five years of service.

Death and disability benefits are also provided for in the Plan. If an active employee dies at age 60 or older, or after ten years of County service, death benefits are paid to the employee's beneficiary. Active employees who become totally disabled receive an annual pension equal to 25% of the "Final Average Salary" after five years of County service.

NOTE 6: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Contributions. All members currently contribute 8% of pay. Voluntary member contributions up to an additional 10% of pay are permitted. Member contributions are credited with interest. The Retirement Board determines by January 31 of each year the interest rate to be credited for that year. The rate must be between 4% and 5.5%. The interest rate credited during 2016 was 4.0%. The County contributes amounts periodically to provide for the county portion of the pension. Per the County Pension Law, contribution requirements of the plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania.

Administrative costs of the Plan may be financed through investment earnings. The Act makes no provision for termination of the Plan. The County does not issue a separate financial report for the Plan.

Legally Required Reserves

At December 31, 2016, the County has a balance of \$3,238,790 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2016. Since these accumulations represent the present value as of December 31, 2016 of future benefits, the reserve balance and liability are identical.

The County has a balance of \$2,333,180 in the County Annuity Reserve Account as of December 31, 2016. This balance and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the County's share of the retirement allowances and this reserve is fully funded.

This is the account out of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the county are funded.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County annuity reserve account to the retired members' reserve account to provide for such County annuities actually entered into.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances, including cost-of-living adjustments and death benefits are paid. The balance in this account was \$4,782,067 as of December 31, 2016. The corresponding liability for those annuitants on the roll is identical.

Plan Reporting

Net Pension Liability of the County

The total pension liability was based on an actuarial valuation dated January 1, 2016 and update procedures were used to rollforward the total pension liability to the December 31, 2016 measurement date. The components of the net pension liability of the County for the 2016 measurement period were as follows:

| | |
|--|---------------------|
| Total pension liability | \$ 12,194,883 |
| Plan fiduciary net position | <u>10,354,037</u> |
| County's net pension liability | <u>\$ 1,840,846</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 84.9% |

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

NOTE 6: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Changes in the County's net pension liability for the plan for the year ended December 31, 2016 were as follows:

| | Increase (Decrease) | | |
|---------------------------------|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Balances at 12/31/15 | \$ 11,639,817 | \$ 9,363,771 | \$ 2,276,046 |
| Service Cost | 119,872 | - | 119,872 |
| Interest Cost | 805,328 | - | 805,328 |
| Changes of Benefit Terms | 6,028 | - | 6,028 |
| Changes for Experience | (117,249) | - | (117,249) |
| Contributions - Employer | - | 314,626 | (314,626) |
| Contributions - Member | - | 210,446 | (210,446) |
| Net Investment Income | - | 989,103 | (989,103) |
| Benefit Payments, including | | | |
| Refunds of Member Contributions | (510,009) | (510,009) | - |
| Administrative Expense | - | (13,900) | 13,900 |
| Other Changes | 251,096 | - | 251,096 |
| Net Changes | 555,066 | 990,266 | (435,200) |
| Balances at 12/31/16 | \$ 12,194,883 | \$ 10,354,037 | \$ 1,840,846 |

Deferred Outflows of Resources

The total pension expense recognized in 2016 for the plan was \$99,357. At December 31, 2016, the County reported deferred outflows of resources related to the pension plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference Between Expected and Actual Experience | \$ - | \$ 107,237 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 487,105 | 266,878 |
| Total | \$ 487,105 | \$ 374,115 |

NOTE 6: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

The deferred outflows/(inflows) of resources will be recognized in pension expense as follows:

| <u>Year Ended December 31:</u> | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| 2017 | \$ 83,710 |
| 2018 | 83,710 |
| 2019 | 83,710 |
| 2020 | (78,659) |
| 2021 | (11,939) |
| 2022-2026 | <u>(47,542)</u> |
| Total | <u>\$ 112,990</u> |

The schedule of changes in the net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the plan.

Plan Actuarial Methods and Assumptions

Actuarial assumptions. The total pension liability was determined by an actuarial valuation for the 2016 measurement period, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 4.0 percent, average, including inflation |
| Investment rate of return | 7.0 percent, percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2000 Annuitant and Non- Annuitant Mortality Tables for Males and Females with no projected improvement.

The actuarial assumptions used in the valuation for the 2016 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. No experience studies have been performed in the last 10 years.

Under the Act, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once every three years subsequent to the member's retirement date. The adjustment, should the Plan 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 considered to be substantively automatic.

Investment policy. 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.

NOTE 6: EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

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 inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long Term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Domestic equity | 46.0% | 5.50-7.50% |
| International equity | 17.0% | 4.50-6.50% |
| Fixed income | 34.0% | 1.00-3.00% |
| Real Estate/Alternative | 3.0% | 4.50-6.50% |
| Cash | <u>0.0%</u> | 0.00% |
| Total | <u>100.00%</u> | |

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 96 of 1971. The pension plan's ARC is calculated based on the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

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 than the current rate:

| | 1% Decrease <u>(6.0%)</u> | Current Discount <u>Rate (7.0%)</u> | 1% Increase <u>(8.0%)</u> |
|--------------------------------|---------------------------------|---|---------------------------------|
| County's net pension liability | \$2,709,900 | \$1,840,846 | \$853,489 |

Rate of return. For the 2016 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.56 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 7: RISK MANAGEMENT

The County participates in the Pennsylvania Counties Workers' Compensation Trust (the "Trust") insurance pool for workers' compensation insurance. Insurance premiums are developed based on employee job descriptions, rate factors, and payroll costs for the year. The Trust has an audit performed each year and the County may be required to pay any additional premium as a result of the audit, or the County may be entitled to a refund as a result of the audit. For the year ended December 31, 2016 the County paid insurance premiums of \$29,778 to the trust.

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

NOTE 8: FUND BLANCE REPORTING

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

| Fund | Fund Balance | Balances |
|-------------------------------------|---|-----------|
| <u>Major funds</u> | | |
| General Fund | <u>Non-spendable:</u> These amounts are prepaid expenses | \$ 97,246 |
| Capital Projects | <u>Restricted Funds:</u> These funds are restricted for the Capital Projects programs | 1,057,384 |
| <u>Non-major Governmental funds</u> | | |
| Debt Service | <u>Restricted Funds:</u> These funds are restricted for debt service | 500 |
| Special Revenue Funds | <u>Non-spendable:</u> These amounts are prepaid expenses | 3,963 |
| | <u>Restricted Funds:</u> These funds are restricted within the departments of General Government | 7,925 |
| | These funds are restricted within the Judicial System | 303,489 |
| | These funds are restricted within the Public Safety Programs | 140,458 |
| | These funds are restricted within the Public Works Programs | 209,000 |
| | These funds are restricted within the Human Services Programs | 148,312 |

NOTE 9: 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's financial statements.

NOTE 10: RELATED THIRD PARTY TRANSACTIONS

The Human Services Director is the Vice President of the Board of the Fulton County Family Partnership Inc. The Fulton County Family Partnership Inc. receives pass through funding from the County for the Medical Assistance Transportation Program in the amount of \$425,812.

NOTE 11: DEFICIT FUND BALANCES

For the year ended December 31, 2016, the following funds had deficit fund balances:

| | |
|-------------------------------|---------------------|
| Governmental Funds | |
| 911 Fund | \$ (744,233) |
| Pass-Through Grants Fund | (1,249) |
| Victims of Juvenile Offenders | (174) |
| Victim Witness | (107) |
| Total Deficit Fund Balance | <u>\$ (745,763)</u> |

Revenues were not sufficient to fund the expenditures in the above funds. The General Fund will offset these deficits.

NOTE 12: INTERFUND OPERATING TRANSFERS

Interfund operating transfers are as follows:

| Major Funds: | Transfers IN | Transfers OUT |
|-----------------------------------|-----------------|------------------|
| General Fund | \$ 77,224 | \$ 1,028,837 |
| 911 Wireless Fund | 900,000 | - |
| Capital Project Fund | 665,545 | 910,975 |
| Total Major Funds | 1,642,769 | 1,939,812 |
| | | |
| Special Revenue Funds | | |
| Human Services Fund | - | 4,894 |
| Hazardous Materials Fund | 2,000 | - |
| Community Development Block Grant | - | 12,520 |
| Clerk of Courts Automation Fund | - | 841 |
| Recorder of Deeds Fund | - | 5,793 |
| Victim Witness | - | 27,735 |
| County Records Improvement Fund | - | 3,862 |
| Prothonotary Automation Fund | - | 1,788 |
| Offender Supervision | - | 8,816 |
| Total Special Revenue Funds | 2,000 | 66,249 |
| | | |
| Debt Service Fund | 361,292 | - |
| | | |
| Total Transfers In and Out | \$ 2,006,061 | \$ 2,006,061 |

These transfers occur because certain funds reimburse other funds for expenditures incurred.

NOTE 13: SUBSEQUENT EVENTS

During 2017 the County issued General Obligation Note, Series 2017, in the amount of \$1,800,000. The purpose of the debt issuance was to fund capital projects as well as to pay the costs of issuance of the debt.

During 2017 the County issued General Obligation Note, Series 2017, in the amount of \$4,290,365. The purpose of the debt issuance was to payoff the Series A and B of 2009 and 2012 General Obligation Notes and to pay the cost of issuance of the debt.

REQUIRED
SUPPLEMENTAL
INFORMATION

County of Fulton
Schedule of Changes in the Net
Pension Liability and Related Ratios

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|----------------------|----------------------|----------------------|
| Total pension liability | | | |
| Service cost | \$ 97,640 | \$ 97,674 | \$ 119,872 |
| Interest | 736,328 | 772,310 | 805,328 |
| Changes of benefit terms | 34,817 | - | 6,028 |
| Differences between expected and actual experience | (54,528) | (2,141) | (117,249) |
| Other - Increase in Employee Contribution Balances | 228,032 | 109,911 | 251,096 |
| Benefit payments, including refunds of member contributions | (510,037) | (546,535) | (510,009) |
| Net change in total pension liability | 532,252 | 431,219 | 555,066 |
| Total pension liability - beginning | 10,676,346 | 11,208,598 | 11,639,817 |
| Total pension liability - ending (a) | <u>\$ 11,208,598</u> | <u>\$ 11,639,817</u> | <u>\$ 12,194,883</u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 294,176 | \$ 293,643 | \$ 314,626 |
| Contributions - member | 190,622 | 196,220 | 210,446 |
| Net investment income | 575,971 | (143,873) | 989,103 |
| Benefit payments, including refunds of member contributions | (510,037) | (546,535) | (510,009) |
| Administrative expense | (11,400) | (12,900) | (13,900) |
| Net change in plan fiduciary net position | 539,332 | (213,445) | 990,266 |
| Plan fiduciary net position - beginning | 9,037,884 | 9,577,216 | 9,363,771 |
| Plan fiduciary net position - ending (b) | <u>\$ 9,577,216</u> | <u>\$ 9,363,771</u> | <u>\$ 10,354,037</u> |
| County's net pension liability - ending (a) - (b) | \$ 1,631,382 | \$ 2,276,046 | \$ 1,840,846 |
| Plan fiduciary net position as a percentage of the total pension liability | 85.4% | 80.4% | 84.9% |
| Covered-employee payroll | \$ 2,105,641 | \$ 2,089,918 | \$ 2,289,761 |
| County's net pension liability as a percentage of covered-employee payroll | 77.5% | 108.9% | 80.4% |

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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 314,626 | \$ 293,643 | \$ 294,176 | \$ 343,204 | \$ 290,069 | \$ 257,448 | \$ 249,545 | \$ 214,638 | \$ 97,192 | \$ 101,707 |
| Contributions in relation to the actuarially determined contribution | 314,626 | 293,643 | 294,176 | 343,204 | 290,069 | 257,448 | 249,545 | 214,638 | 97,192 | 101,707 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | \$ 2,289,761 | \$ 2,089,918 | \$ 2,105,641 | \$ 2,164,505 | \$ 2,038,005 | \$ 2,124,688 | \$ 2,224,110 | \$ 1,997,751 | \$ 1,834,159 | \$ 1,920,652 |
| Contributions as a percentage of covered-employee payroll | 13.74% | 14.05% | 13.97% | 15.86% | 14.23% | 12.12% | 11.22% | 10.74% | 5.30% | 5.30% |

Notes to Schedule

Valuation date January 1, 2016

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 closed |
| Remaining amortization period | 30 years |
| Asset valuation method | Smoothed value with a corridor of 70% to 130% of market value. |
| Inflation | 3.0% |
| Salary increases | 4.0% average, including inflation |
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |
| Retirement age | Retirement rates from age 55 to age 70 |
| Mortality | RP-2000 Table. This table does not include projected mortality improvements. |

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 6.39% | -1.51% | 10.56% |

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

COUNTY OF FULTON
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Favorable <u>(Unfavorable)</u> |
|---|-----------------------|-------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 4,710,791 | \$ 4,770,471 | \$ 4,835,328 | \$ 64,857 |
| Intergovernmental Revenues | 1,267,990 | 1,267,990 | 1,939,250 | 671,260 |
| Charges for Services | 581,119 | 581,119 | 428,004 | (153,115) |
| Fines and Forfeitures | 168,000 | 168,000 | 167,863 | (137) |
| Licenses and Permits | 22,745 | 22,745 | 29,249 | 6,504 |
| Interest and Rents | 20,850 | 20,850 | 47,046 | 26,196 |
| Miscellaneous Income | 125,000 | 125,000 | 126,583 | 1,583 |
| Total Revenues | <u>6,896,495</u> | <u>6,956,175</u> | <u>7,573,323</u> | <u>617,148</u> |
| Expenditures | | | | |
| General Government - Administrative | 1,300,399 | 1,300,399 | 1,225,719 | 74,680 |
| General Government - Judicial | 1,373,559 | 1,373,559 | 1,322,919 | 50,640 |
| Public Safety | 1,284,284 | 1,152,380 | 1,162,419 | (10,039) |
| Human Services | 1,507,229 | 1,507,229 | 1,672,179 | (164,950) |
| Culture and Recreation | 12,000 | 12,000 | 12,000 | - |
| Conservation and Development | 122,921 | 122,921 | 116,690 | 6,231 |
| Employee Benefits and Liability Insurance | 1,028,697 | 1,028,697 | 886,116 | 142,581 |
| Total Expenditures | <u>6,629,089</u> | <u>6,497,185</u> | <u>6,398,042</u> | <u>99,143</u> |
| Excess of Revenues Over (Under) Expenditures | <u>267,406</u> | <u>458,990</u> | <u>1,175,281</u> | <u>716,291</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfer In | 202,080 | 202,080 | 77,224 | (124,856) |
| Operating Transfer Out | (484,960) | (484,960) | (1,028,837) | (543,877) |
| Total Other Financing Sources(Uses) | <u>(282,880)</u> | <u>(282,880)</u> | <u>(951,613)</u> | <u>(668,733)</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>\$ (15,474)</u> | <u>\$ 176,110</u> | <u>\$ 223,668</u> | <u>\$ 47,558</u> |

OTHER
SUPPLEMENTAL
INFORMATION

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

| <u>Assets</u> | <u>Special Revenue Funds</u> | <u>Debt Service Fund</u> | <u>Total Non-Major Governmental Funds</u> |
|--------------------------------------|--------------------------------------|----------------------------------|---|
| Cash and Cash Equivalents | \$ 846,901 | \$ 500 | \$ 847,401 |
| Accounts Receivable | 36,560 | - | 36,560 |
| Due From Other Governments | 140,351 | - | 140,351 |
| Prepaid Assets | 3,963 | - | 3,963 |
| | | | |
| Total Assets | \$ 1,027,775 | \$ 500 | \$ 1,028,275 |
| <u>Liabilities and Fund Balances</u> | | | |
| Liabilities | | | |
| Accounts Payable and Accrued | \$ 75,605 | \$ - | \$ 75,605 |
| Overdraft Liability | 10,028 | - | 10,028 |
| Wage Payable | 6,992 | - | 6,992 |
| Unearned Revenues | 122,003 | - | 122,003 |
| | | | |
| Total Liabilities | 214,628 | - | 214,628 |
| Fund Balances | | | |
| Non-Spendable Funds | | | |
| Prepaid Assets | 3,963 | - | 3,963 |
| Restricted for: | | | |
| General Government Administration | 7,925 | - | 7,925 |
| General Government Judicial | 303,489 | - | 303,489 |
| Public Safety | 140,458 | - | 140,458 |
| Public Works | 209,000 | - | 209,000 |
| Human Services | 148,312 | - | 148,312 |
| Debt Service | - | 500 | 500 |
| | | | |
| Total Fund Balances | 813,147 | 500 | 813,647 |
| | | | |
| Total Liabilities and Fund Balances | \$ 1,027,775 | \$ 500 | \$ 1,028,275 |

COUNTY OF FULTON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE ENDED DECEMBER 31, 2016

| | Special Revenue Funds | Debt Service Fund | Total Non-Major Governmental Funds |
|---|-----------------------------|-------------------------|--|
| Revenues | | | |
| Intergovernmental Revenues | \$ 981,533 | \$ - | \$ 981,533 |
| Charges for Services | 152,918 | - | 152,918 |
| Fines and Forfeitures | 4,818 | - | 4,818 |
| Interest | 1,146 | - | 1,146 |
| Miscellaneous Income | 35,917 | - | 35,917 |
| Total Revenues | 1,176,332 | - | 1,176,332 |
| Expenditures | | | |
| General Government Administration | - | - | - |
| General Government Judicial | 237,344 | - | 237,344 |
| Public Safety | 588 | - | 588 |
| Public Works | 292,824 | - | 292,824 |
| Human Services | 342,414 | - | 342,414 |
| Debt Service | 100,882 | 361,292 | 462,174 |
| Total Expenditures | 974,052 | 361,292 | 1,335,344 |
| Excess of Revenues Over (Under) | | | |
| Expenditures | 202,280 | (361,292) | (159,012) |
| Other Financing Sources (Uses) | | | |
| Operating Transfers In | 2,000 | 361,292 | 363,292 |
| Operating Transfers (Out) | (66,249) | - | (66,249) |
| Total Other Financing Sources (Uses) | (64,249) | 361,292 | 297,043 |
| Excess of Revenues and Other | | | |
| Financing Sources Over (Under) | | | |
| Expenditures and Other | | | |
| Financing Uses | 138,031 | - | 138,031 |
| Fund Balances - Beginning of Year | 675,116 | 500 | 675,616 |
| Fund Balances - End of Year | \$ 813,147 | \$ 500 | \$ 813,647 |

COUNTY OF FULTON
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

| | Emergency Shelter Fund | Human Services Development Fund | Independent Living Fund | Domestic Relations Title IV-D Fund | Hazardous Materials Fund | Offender Supervision Fund | Substance Abuse Fund | Liquid Fuel Fund | Food Basket Fund | Community Development Block Grant Fund |
|--|------------------------------|--|-------------------------------|---|--------------------------------|---------------------------------|----------------------------|------------------------|------------------------|---|
| <u>Assets</u> | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 896 | \$ 89,587 | \$ 25,525 | \$ 229,417 | \$ 38,189 | \$ - | 48,155 | \$ 35,109 | 93,784 | \$ - |
| Accounts Receivable | - | - | - | - | - | 920 | - | - | - | - |
| Due From Other Governments | - | - | - | 69,539 | 730 | - | - | - | - | 49,039 |
| Prepaid Assets | - | - | - | - | - | - | - | - | - | - |
| Total Assets | \$ 896 | \$ 89,587 | \$ 25,525 | \$ 298,956 | \$ 38,919 | \$ 920 | \$ 48,155 | \$ 35,109 | \$ 93,784 | \$ 49,039 |
| <u>Liabilities and Fund Balances</u> | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts Payable | \$ - | \$ 18,856 | \$ - | \$ 839 | 7 | 460 | \$ - | \$ 2,222 | \$ - | \$ 49,039 |
| Wage Payable | - | - | - | 6,992 | - | - | - | - | - | - |
| Overdraft Liability | - | - | - | - | - | 460 | - | - | - | - |
| Unearned Revenues | 896 | 70,731 | 25,525 | - | - | - | - | - | - | - |
| Total Liabilities | 896 | 89,587 | 25,525 | 7,831 | 7 | 920 | - | 2,222 | - | 49,039 |
| Fund Balances | | | | | | | | | | |
| Non- spendable | | | | | | | | | | |
| Prepaid Assets | - | - | - | - | - | - | - | - | - | - |
| Restricted for: | | | | | | | | | | |
| General Government Administration | - | - | - | - | - | - | - | - | - | - |
| General Government Judicial | - | - | - | 291,125 | - | - | - | - | - | - |
| Public Safety | - | - | - | - | 38,912 | - | - | - | - | - |
| Public Works | - | - | - | - | - | - | 32,887 | - | - | - |
| Human Services | - | - | - | - | - | - | 48,155 | - | 93,784 | - |
| Total Fund Balances | - | - | - | 291,125 | 38,912 | - | 48,155 | 32,887 | 93,784 | - |
| Total Liabilities and Fund Balances | \$ 896 | \$ 89,587 | \$ 25,525 | \$ 298,956 | \$ 38,919 | \$ 920 | \$ 48,155 | \$ 35,109 | \$ 93,784 | \$ 49,039 |

COUNTY OF FULTON
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

(continued)

| | Clerk of Courts Automation Fund | Register of Wills Automation Fund | Clerk of Ophran Courts Automation Fund | Victims of Juvenile Offenders Fund | Liquid Fuels Act 89 Fund | Adoption Counseling Fund | Performcare Fund | Recorder Of Deeds Improvement Fund | County Records Improvement Fund | Farmland Preservation Fund |
|--|---------------------------------------|---|---|---|--------------------------------|--------------------------------|---------------------|---|--|----------------------------------|
| <u>Assets</u> | | | | | | | | | | |
| Cash and Cash Equivalents | \$ - | \$ 2,511 | \$ 4,346 | \$ - | \$ 15,213 | \$ 1,369 | \$ - | \$ 905 | \$ 6,369 | \$ 9,141 |
| Accounts Receivable | 24 | - | - | - | - | - | 30,000 | 651 | - | - |
| Due From Other Governments | - | - | - | 2,582 | - | - | - | - | - | - |
| Prepaid Assets | - | - | - | - | - | - | - | - | - | - |
| Total Assets | \$ 24 | \$ 2,511 | \$ 4,346 | \$ 2,582 | \$ 15,213 | \$ 1,369 | \$ 30,000 | \$ 1,556 | \$ 6,369 | \$ 9,141 |
| <u>Liabilities and Fund Balances</u> | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts Payable | \$ - | \$ 555 | \$ 555 | \$ 187 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Wage Payable | - | - | - | - | - | - | - | - | - | - |
| Overdraft Liability | 23 | - | - | 2,569 | - | - | - | - | - | - |
| Unearned Revenues | - | - | - | - | - | - | - | - | - | - |
| Total Liabilities | 23 | 555 | 555 | 2,756 | - | - | - | - | - | - |
| Fund Balances | | | | | | | | | | |
| Non- spendable | | | | | | | | | | |
| Prepaid Assets | - | - | - | - | - | - | - | - | - | - |
| Restricted for: | | | | | | | | | | |
| General Government Administration | - | - | - | - | - | - | - | 1,556 | 6,369 | - |
| General Government Judicial | 1 | 1,956 | 3,791 | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | 15,213 | - | 30,000 | - | - | - |
| Public Works | - | - | - | - | - | - | - | - | - | - |
| Human Services | - | - | - | (174) | - | 1,369 | - | - | - | 9,141 |
| Total Fund Balances | 1 | 1,956 | 3,791 | (174) | 15,213 | 1,369 | 30,000 | 1,556 | 6,369 | 9,141 |
| Total Liabilities and Fund Balances | \$ 24 | \$ 2,511 | \$ 4,346 | \$ 2,582 | \$ 15,213 | \$ 1,369 | \$ 30,000 | \$ 1,556 | \$ 6,369 | \$ 9,141 |

COUNTY OF FULTON
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

(continued)

| | Prothonotary Automation Fund | Juvenile Grant In Aid Fund | Caseworker Visitation Grant Fund | Victim Witness Fund | Marcellus Shale Act 13 Fund | Marcellus Shale Act 13 Bridge Fund | Children Services IT Fund | Liquid Fuels Registration Fee Fund | DA Forfeitures & Donations Fund | Total Special Revenue Funds |
|--|------------------------------------|----------------------------------|---|---------------------------|--------------------------------------|---|------------------------------------|---|---------------------------------------|-----------------------------------|
| <u>Assets</u> | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 567 | 56,333 | \$ - | \$ - | \$ 77,211 | \$ 83,219 | \$ 5,100 | \$ 17,799 | 6,156 | \$ 846,901 |
| Accounts Receivable | - | - | 4,965 | - | - | - | - | - | - | 36,560 |
| Due From Other Governments | - | - | - | 7,170 | - | - | 11,291 | - | - | 140,351 |
| Prepaid Assets | - | - | - | - | - | - | 3,963 | - | - | 3,963 |
| Total Assets | \$ 567 | \$ 56,333 | \$ 4,965 | \$ 7,170 | \$ 77,211 | \$ 83,219 | \$ 20,354 | \$ 17,799 | \$ 6,156 | \$ 1,027,775 |
| <u>Liabilities and Fund Balances</u> | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 301 | \$ 2,116 | \$ - | \$ 468 | \$ - | \$ - | \$ 75,605 |
| Wage Payable | - | - | - | - | - | - | - | - | - | 6,992 |
| Overdraft Liability | - | - | - | 6,976 | - | - | - | - | - | 10,028 |
| Unearned Revenues | - | - | 4,965 | - | - | - | 19,886 | - | - | 122,003 |
| Total Liabilities | - | - | 4,965 | 7,277 | 2,116 | - | 20,354 | - | - | 214,628 |
| Fund Balances | | | | | | | | | | |
| Non- spendable | | | | | | | | | | |
| Prepaid Assets | - | - | - | - | - | - | 3,963 | - | - | 3,963 |
| Restricted for: | | | | | | | | | | |
| General Government Administration | - | - | - | - | - | - | - | - | - | 7,925 |
| General Government Judicial | 567 | - | - | (107) | - | - | - | - | 6,156 | 303,489 |
| Public Safety | - | 56,333 | - | - | - | - | - | - | - | 140,458 |
| Public Works | - | - | - | - | 75,095 | 83,219 | - | 17,799 | - | 209,000 |
| Human Services | - | - | - | - | - | - | (3,963) | - | - | 148,312 |
| Total Fund Balances | 567 | 56,333 | - | (107) | 75,095 | 83,219 | - | 17,799 | 6,156 | 813,147 |
| Total Liabilities and Fund Balances | \$ 567 | \$ 56,333 | \$ 4,965 | \$ 7,170 | \$ 77,211 | \$ 83,219 | \$ 20,354 | \$ 17,799 | \$ 6,156 | \$ 1,027,775 |

COUNTY OF FULTON
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Emergency Shelter Fund | Human Services Development Fund | Independent Living Fund | Domestic Relations Title IV-D Fund | Hazardous Materials Fund | Offender Supervision Fund | Substance Abuse Fund | Liquid Fuel Fund | Food Basket Fund | Community Development Block Grant Fund |
|--|------------------------------|--|-------------------------------|---|--------------------------------|---------------------------------|----------------------------|------------------------|------------------------|---|
| Revenues | | | | | | | | | | |
| Intergovernmental Revenues | \$ 24,388 | \$ 75,210 | 35,099 | 207,236 | \$ 1,525 | \$ - | \$ - | \$ 39,400 | \$ 152,762 | \$ 247,041 |
| Charges for Services | - | - | - | 25,631 | - | 17,632 | - | - | - | - |
| Interest | - | 128 | 54 | 424 | 54 | - | 69 | 13 | 72 | - |
| Fines and Forfeitures | - | - | - | - | - | - | 4,818 | - | - | - |
| Miscellaneous Income | - | - | - | - | - | - | - | - | 32,795 | 2,980 |
| Total Revenues | 24,388 | 75,338 | 35,153 | 233,291 | 1,579 | 17,632 | 4,887 | 39,413 | 185,629 | 250,021 |
| Expenditures | | | | | | | | | | |
| General Government Administration | - | - | - | - | - | - | - | - | - | - |
| General Government Judicial | - | - | - | 224,306 | - | 8,816 | 1,397 | - | - | - |
| Public Safety | - | - | - | - | 588 | - | - | - | - | - |
| Public Works | - | - | - | - | - | - | - | 32,567 | - | 237,501 |
| Human Services | 24,388 | 75,338 | 35,153 | - | - | - | - | - | 200,145 | - |
| Debt Service | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | 24,388 | 75,338 | 35,153 | 224,306 | 588 | 8,816 | 1,397 | 32,567 | 200,145 | 237,501 |
| Excess of Revenues Over (Under) Expenditures | - | - | - | 8,985 | 991 | 8,816 | 3,490 | 6,846 | (14,516) | 12,520 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Operating Transfers In | - | - | - | - | 2,000 | - | - | - | - | - |
| Operating Transfers (Out) | - | - | - | - | - | (8,816) | - | - | - | (12,520) |
| Total Other Financing Sources | - | - | - | - | 2,000 | (8,816) | - | - | - | (12,520) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | - | - | - | 8,985 | 2,991 | - | 3,490 | 6,846 | (14,516) | - |
| Fund Balances - Beginning of Year | - | - | - | 282,140 | 35,921 | - | 44,665 | 26,041 | 108,300 | - |
| Fund Balances - End of Year | \$ - | \$ - | \$ - | \$ 291,125 | \$ 38,912 | \$ - | \$ 48,155 | \$ 32,887 | \$ 93,784 | \$ - |

COUNTY OF FULTON
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

(continued)

| | Clerk of Courts Automation Fund | Register of Wills Automation Fund | Clerk of Ophran Courts Automation Fund | Victims of Juvenile Offenders Fund | Liquid Fuels Act 89 Fund | Adoption Counseling Fund | Performcare Fund | Recorder Of Deeds Improvement Fund | County Records Improvement Fund | Farmland Preservation Fund |
|--|---------------------------------------|---|---|---|--------------------------------|--------------------------------|---------------------|---|--|----------------------------------|
| Revenues | | | | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ - | \$ 5,003 | 6,531 | \$ - | \$ 30,000 | \$ - | \$ - | \$ - |
| Charges for Services | 841 | 320 | 490 | - | - | - | - | 6,444 | 3,862 | 3,870 |
| Interest | 1 | 3 | 7 | - | 17 | 2 | - | - | 14 | 9 |
| Fines and Forfeitures | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Income | - | - | - | - | - | 100 | - | - | - | - |
| Total Revenues | 842 | 323 | 497 | 5,003 | 6,548 | 102 | 30,000 | 6,444 | 3,876 | 3,879 |
| Expenditures | | | | | | | | | | |
| General Government Administration | - | - | - | - | - | - | - | - | - | - |
| General Government Judicial | - | 555 | 555 | 283 | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - | - | - | - | - |
| Human Services | - | - | - | - | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | - | 555 | 555 | 283 | - | - | - | - | - | - |
| Excess of Revenues Over (Under) | | | | | | | | | | |
| Expenditures | 842 | (232) | (58) | 4,720 | 6,548 | 102 | 30,000 | 6,444 | 3,876 | 3,879 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Operating Transfers In | - | - | - | - | - | - | - | - | - | - |
| Operating Transfers (Out) | (841) | - | - | (4,894) | - | - | - | (5,793) | (3,862) | - |
| Total Other Financing Sources | (841) | - | - | (4,894) | - | - | - | (5,793) | (3,862) | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1 | (232) | (58) | (174) | 6,548 | 102 | 30,000 | 651 | 14 | 3,879 |
| Fund Balances - Beginning of Year | - | 2,188 | 3,849 | - | 8,665 | 1,267 | - | 905 | 6,355 | 5,262 |
| Fund Balances - End of Year | \$ 1 | \$ 1,956 | \$ 3,791 | \$ (174) | \$ 15,213 | \$ 1,369 | \$ 30,000 | \$ 1,556 | \$ 6,369 | \$ 9,141 |

COUNTY OF FULTON
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

(continued)

| | Prothonotary Automation Fund | Juvenile Grant In Aid Fund | Caseworker Visitation Grant Fund | Victim Witness Fund | Marcellus Shale Act 13 Fund | Marcellus Shale Act 13 Bridge Fund | Children Services IT Fund | Liquid Fuels Registration Fee Fund | DA Forfeitures & Donations Fund | Total Special Revenue Funds |
|--|------------------------------------|----------------------------------|---|---------------------------|--------------------------------------|---|------------------------------------|---|---------------------------------------|-----------------------------------|
| Revenues | | | | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ 56,244 | \$ 2,032 | \$ 28,704 | \$ 25,000 | \$ 40,000 | \$ 5,358 | \$ - | \$ - | \$ 981,533 |
| Charges for Services | 1,788 | - | - | - | - | - | - | 92,040 | - | 152,918 |
| Interest | 3 | 47 | - | 4 | 109 | 104 | - | 12 | - | 1,146 |
| Fines and Forfeitures | - | - | - | - | - | - | - | - | - | 4,818 |
| Miscellaneous Income | - | 42 | - | - | - | - | - | - | - | 35,917 |
| Total Revenues | 1,791 | 56,333 | 2,032 | 28,708 | 25,109 | 40,104 | 5,358 | 92,052 | - | 1,176,332 |
| Expenditures | | | | | | | | | | |
| General Government Administration | - | - | - | - | - | - | - | - | - | - |
| General Government Judicial | - | - | - | 1,080 | - | - | - | - | 352 | 237,344 |
| Public Safety | - | - | - | - | - | - | - | - | - | 588 |
| Public Works | - | - | - | - | 11,456 | 11,300 | - | - | - | 292,824 |
| Human Services | - | - | 2,032 | - | - | - | 5,358 | - | - | 342,414 |
| Debt Service | - | - | - | - | - | - | - | 100,882 | - | 100,882 |
| Total Expenditures | - | - | 2,032 | 1,080 | 11,456 | 11,300 | 5,358 | 100,882 | 352 | 974,052 |
| Excess of Revenues Over (Under) Expenditures | 1,791 | 56,333 | - | 27,628 | 13,653 | 28,804 | - | (8,830) | (352) | 202,280 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Operating Transfers In | - | - | - | - | - | - | - | - | - | 2,000 |
| Operating Transfers (Out) | (1,788) | - | - | (27,735) | - | - | - | - | - | (66,249) |
| Total Other Financing Sources | (1,788) | - | - | (27,735) | - | - | - | - | - | (64,249) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 3 | 56,333 | - | (107) | 13,653 | 28,804 | - | (8,830) | (352) | 138,031 |
| Fund Balances - Beginning of Year | 564 | - | - | - | 61,442 | 54,415 | - | 26,629 | 6,508 | 675,116 |
| Fund Balances - End of Year | \$ 567 | \$ 56,333 | \$ - | \$ (107) | \$ 75,095 | \$ 83,219 | \$ - | \$ 17,799 | \$ 6,156 | \$ 813,147 |

COUNTY OF FULTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

| Federal Grantor/Pass-through Grantor/Program Title | Pass-through grantor's number | County Fund in Which Grant Activity is Recorded | Federal CFDA Number | (Accrued)/Unearned Revenue at 12/31/2015 | Federal Grant Receipts | Expenditures | Accrued/(Unearned) Revenue at 12/31/2016 | Subrecipient Expenditures |
|---|----------------------------------|---|---------------------------|--|------------------------------|--------------|--|------------------------------|
| U.S. Department of Agriculture | | | | | | | | |
| Passed Through Pennsylvania Emergency Management Agency: | | | | | | | | |
| Emergency Food Assistance Program | N/A | Pass-Through Grants | 10.568 | \$ (527) | \$ 731 | \$ 204 | \$ - | \$ 204 |
| Emergency Food Assistance Program - Commodities | N/A | Pass-Through Grants | 10.569 | - | 10,215 | 10,215 | - | 10,215 |
| Total U.S. Department of Agriculture | | | | (527) | 10,946 | 10,419 | - | 10,419 |
| U.S. Federal Emergency Management Agency | | | | | | | | |
| Passed Through Pennsylvania Emergency Management Agency: | | | | | | | | |
| Disaster Relief | N/A | General Fund | 97.036 | \$ - | \$ - | \$ 6,150 | \$ 6,150 | \$ - |
| Emergency Management Performance Grants | N/A | General Fund | 97.042 | - | 44,012 | 44,012 | - | - |
| Homeland Security Grant Program | N/A | General Fund | 97.067 | - | 1,551 | 1,551 | - | - |
| Total U.S. Federal Emergency Management Agency | | | | - | 45,563 | 51,713 | 6,150 | - |
| U.S. Department of Health and Human Services | | | | | | | | |
| Passed Through Pennsylvania Department of Human Services: | | | | | | | | |
| Foster Care Title IV-E | N/A | General Fund | 93.658 | \$ (65,853) | \$ 255,478 | \$ 233,078 * | \$ 43,453 | \$ - |
| Foster Care Title IV-E - SFC IT Grant | N/A | SFC IT Fund | 93.658 | - | 2,459 | 2,976 * | 517 | - |
| Adoption Assistance | N/A | General Fund | 93.659 | (30,742) | 76,572 | 59,708 | 13,878 | - |
| Adoption Assistance - SFC IT Grant | N/A | SFC IT Fund | 93.659 | - | 110 | 128 | 18 | - |
| Child Welfare Services Title IV-B | N/A | General Fund | 93.645 | (18,346) | 55,038 | 36,692 | - | - |
| Independent Living Title IV-E | N/A | Independent Living | 93.674 | 10,122 | 4,365 | 4,365 | (10,122) | - |
| Promoting Safe and Stable Families | N/A | Caseworker Grant | 93.556 | - | 2,032 | 2,032 | - | - |
| Temporary Assistance for Needy Families | N/A | General Fund | 93.558 | (14,763) | 24,412 | 13,824 | 4,175 | - |
| Title XX Block Grant | N/A | General Fund | 93.667 | (5,896) | 17,687 | 11,791 | - | - |
| Title XX Block Grant - HSBG (ID) | N/A | Pass-Through Grants | 93.667 | (3,444) | 10,331 | 6,887 | - | 6,887 |
| Title XX Block Grant - HSBG (MH) | N/A | Pass-Through Grants | 93.667 | (314) | 941 | 627 | - | 627 |
| Domestic Relation Title IV-D | 4100070493 | Domestic Relations | 93.563 | (61,487) | 208,487 | 207,236 | 60,236 | - |
| Community Mental Health Block Grant | N/A | Pass-Through Grants | 93.958 | (4,232) | 13,952 | 9,720 | - | 9,720 |
| Medicaid Relief | N/A | General Fund | 93.778 | - | 975 | 975 | - | - |
| Medicaid - HSBG (MA) | N/A | Pass-Through Grants | 93.778 | (10,952) | 28,796 | 17,844 | - | 17,844 |
| Medical Assistance Transportation Program | N/A | Pass-Through Grants | 93.778 | - | 212,906 | 212,906 | - | 212,906 |
| Total U. S. Department of Health and Human Services | | | | (205,907) | 914,541 | 820,789 | 112,155 | 247,984 |
| U.S. Department of Housing and Urban Development | | | | | | | | |
| Passed Through Pennsylvania Department of Community and Economic Development: | | | | | | | | |
| Community Development Block Grant - 2012 | C000053411 | CDBG Fund | 14.228 | - | 37,336 | 54,687 * | 17,351 | - |
| Community Development Block Grant - 2013 | C000055460 | CDBG Fund | 14.228 | (2,828) | 94,799 | 120,023 * | 28,052 | - |
| Community Development Block Grant - 2014 | | CDBG Fund | 14.228 | - | 68,695 | 72,331 * | 3,636 | - |
| Total Community Development Block Grant | | | | (2,828) | 200,830 | 247,041 * | 49,039 | - |
| Emergency Solutions Grant Program | C000060145 | Pass-Through Grants | 14.231 | - | 8,469 | 8,469 | - | 8,469 |
| Total U.S. Department of Housing and Urban Development | | | | (2,828) | 209,299 | 255,510 | 49,039 | 8,469 |
| Total Expenditures of Federal Awards | | | | \$ (209,262) | \$ 1,180,349 | \$ 1,138,431 | \$ 167,344 | \$ 266,872 |

* Denotes tested as a Major Program

See accompanying Notes to Schedules of Expenditures of Awards.

NOTE 1: REPORTING ENTITY

The County of Fulton is the reporting entity for financial reporting purposes as defined in Note 1A to the County of Fulton's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Pennsylvania Department of Human Services Expenditures include the grant activity of the County of Fulton and are presented on the modified accrual basis of accounting as described in Note 1C to the County of Fulton Financial Statements. The County did not use the 10% de minimis indirect cost rate.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2016 threshold for determining Type A and Type B programs is \$750,000. The following Type B Programs were audited as major:

| <u>CFDA#</u> | <u>Program</u> |
|--|-----------------------------------|
| 14.228 | Community Development Block Grant |
| 93.658 | Title IV-E Foster Care |
| <u>Pennsylvania Department of Human Services</u> | |
| PA DHS | Children and Youth Services |

The amount expended under programs audited as major federal programs totaled \$483,095 or 42.44% of total federal awards expended.

NOTE 4: RELATED THIRD PARTY TRANSACTIONS

The Human Services Director is the Vice President of the Board of the Fulton County Family Partnership Inc. The Fulton County Family Partnership receives pass through funding from the County for the Medical Assistance Transportation Program in the amount \$425,812.

Zelenkofske Axelrod LLC

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

Board of County Commissioners
County of Fulton
McConnellsburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of COUNTY OF FULTON, PENNSYLVANIA as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise COUNTY OF FULTON, PENNSYLVANIA's basic financial statements, and have issued our report thereon dated August 29, 2017.

Internal Control over Financial Reporting

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

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

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

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Pittsburgh, PA 15237
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Greensburg

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Greensburg, PA 15601
724-834-2151 Fax 724-834-5969

Zelenkofske Axelrod LLC

Board of County Commissioners
County of Fulton
McConnellsburg, Pennsylvania

Compliance and Other Matters

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

Purpose of this Report

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

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania
August 29, 2017

Zelenkofske Axelrod LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES *SINGLE AUDIT SUPPLEMENT*

Board of County Commissioners
County of Fulton
McConnellsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited COUNTY OF FULTON, PENNSYLVANIA's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Pennsylvania Department of Human Services Single Audit Supplement that could have a direct and material effect on each of COUNTY OF FULTON, PENNSYLVANIA's major federal and DHS programs for the year ended December 31, 2016. COUNTY OF FULTON, PENNSYLVANIA's major federal and DHS programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and DHS programs.

Auditor's Responsibility

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

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

Unmodified Opinion on Each Major Federal and DHS Program

In our opinion, COUNTY OF FULTON, PENNSYLVANIA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and DHS programs for the year ended December 31, 2016.

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Pittsburgh

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Zelenkofske Axelrod LLC

Report on Internal Control over Compliance

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

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

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

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

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania
August 29, 2017

COUNTY OF FULTON, PENNSYLVANIA
SUMMARY SCHEDULE OF AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Section I - Summary of Auditors' Results

Financial Statements

| | |
|--|-------------------|
| Type of auditors' report issued: | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| · Material weaknesses identified? | <u>No</u> |
| · Significant deficiency identified not considered to be material weaknesses? | <u>No</u> |
| Noncompliance material to financial statements noted? | <u>No</u> |

Federal and Pennsylvania Department of Human Services Awards

| | |
|---|----------------------|
| Internal control over major programs: | |
| · Material weaknesses identified? | <u>No</u> |
| · Significant deficiency identified not considered to be material weaknesses? | <u>None Reported</u> |
| Type of auditors' report issued on compliance for major programs: | <u>Unmodified</u> |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <u>No</u> |

Identification of Major Programs

| <u>CFDA Number</u> | <u>Name of Program</u> |
|--------------------|---|
| | <u>Federal</u> |
| 14.228 | Community Development Block Grant |
| 93.658 | Title IV-E Foster Care |
| | <u>Pennsylvania Department of Human Services</u> |
| | Children and Youth Services |

| | |
|--|------------------|
| Dollar threshold used to determine major programs using risk-based approach: | <u>\$750,000</u> |
| Auditee qualified as low-risk auditee? | <u>Yes</u> |

COUNTY OF FULTON, PENNSYLVANIA
SUMMARY SCHEDULE OF AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Section II – Financial Statement Findings

None

COUNTY OF FULTON, PENNSYLVANIA
SUMMARY SCHEDULE OF AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Section III - Federal and Pennsylvania Department of Human Services Award Findings and Questioned Costs

None

COUNTY OF FULTON, PENNSYLVANIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

There were no findings in the prior year.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES
TO THE FINANCIAL SCHEDULES AND EXHIBITS REQUIRED BY THE
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES

Board of County Commissioners
County of Fulton
McConnellsburg, Pennsylvania

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

The procedures and associated findings are as follows:

- (a) We have verified by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for fiscal year ended June 30, 2016 (December 31, 2016 for Schedule A-1(a), A-1(c) and A-1(d)) have been accurately compiled and reflect the audited books and records of COUNTY OF FULTON, PENNSYLVANIA. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS Single Audit Supplement pertaining to this period.

| <u>Program Name</u> | <u>Number</u> | <u>Referenced Schedule/Exhibit</u> |
|--|---------------|--|
| Title IV-D Child Support Enforcement Program | A-1(a) | Summary of Expenditures |
| Title IV-D Child Support Enforcement Program | A-1(c) | Comparison of Reported Incentives to Incentives on Deposit |
| Title IV-D Child Support Enforcement Program | A-1(d) | Comparison of Single Audit Title-IV-D Account With Reported Title IV-D Account |
| Medical Assistance Transportation Program | III | Schedule of Revenues and Expenditures |
| Combined Homeless Assistance Programs | XIX | Schedule of Revenues and Expenditures |

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Board of County Commissioners
County of Fulton
McConnellsburg, Pennsylvania

- b) We have inquired of management regarding adjustments to reported revenues or expenditures which were not reflected on the reports submitted to the DHS for the period in question.
- c) In regard to the Reconciliation Schedule included as Exhibit XX, we have performed the following procedures:
 - 1. Agree the expenditure amounts listed on the Reconciliation Schedule under the "Federal Expenditures per the SEFA" column to the audited Schedule of Expenditures of Federal Awards ("SEFA").
 - 2. Agree the receipt amounts listed on the Reconciliation Schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column to the subrecipient Federal amounts that were reflected in the audit confirmation reply from the Commonwealth of Pennsylvania Office of Budget, Comptroller Operations.
 - 3. Recalculate the amounts listed under the "Difference" column and the "% Difference" column.
 - 4. Agree the amounts listed under the "Difference" column to the audited books and records of the County.
 - 5. Agree the "Detailed Explanation of the Differences" to the audited books and records of the County.
- d) The processes detailed in paragraphs (a), (b) and (c) above disclosed no adjustments and/or findings.

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

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

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
August 29, 2017

COUNTY OF FULTON
SUMMARY OF EXPENDITURES - TITLE IV-D CHILD SUPPORT ENFORCEMENT PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Single Audit Expenditures | | | | | | Reported Expenditures | | | | | | Single Audit Over(Under) Reported | | | | | |
|--|---------------------------|-------------|-----------|-------------|-----|---------------------|-----------------------|-------------|-----------|-------------|-----|---------------------|-----------------------------------|-------------|-----------|-------------|-----|---------------------|
| | (A) | (B) | (C) | (D) | (E) | (F) | (A) | (B) | (C) | (D) | (E) | (F) | (A) | (B) | (C) | (D) | (E) | (F) |
| | Total | Unallowable | Incentive | Net (A-B-C) | FFP | Amount Paid (D x E) | Total | Unallowable | Incentive | Net (A-B-C) | FFP | Amount Paid (D x E) | Total | Unallowable | Incentive | Net (A-B-C) | FFP | Amount Paid (D x E) |
| Calendar Quarter Ended 3/31/16 | | | | | | | | | | | | | | | | | | |
| Salary/Overhead (Exclude Blood Tests) | \$ 76,301 | \$ 3,078 | \$ - | \$ 73,223 | 66% | \$ 48,327 | \$ 76,301 | \$ 3,078 | \$ - | \$ 73,223 | 66% | \$ 48,327 | \$ - | \$ - | \$ - | \$ - | 66% | \$ - |
| Fees/Costs | - | - | - | - | 66% | - | - | - | - | - | 66% | - | - | - | - | - | 66% | - |
| Interest/Program Income | 3,121 | 127 | - | 2,994 | 66% | 1,976 | 3,121 | 127 | - | 2,994 | 66% | 1,976 | - | - | - | - | 66% | - |
| Blood Testing Fees | 158 | - | - | 158 | 66% | 104 | 158 | - | - | 158 | 66% | 104 | - | - | - | - | 66% | - |
| Subtotal (1-2-3-4) | 73,022 | 2,951 | - | 70,071 | - | 46,247 | 73,022 | 2,951 | - | 70,071 | - | 46,247 | - | - | - | - | - | - |
| Blood Testing | - | - | - | - | 66% | - | - | - | - | - | 66% | - | - | - | - | - | 66% | - |
| ADP | 261 | 11 | - | 250 | 66% | 165 | 261 | 11 | - | 250 | 66% | 165 | - | - | - | - | 66% | - |
| Net Total (5+6+7) | \$ 73,283 | \$ 2,962 | \$ - | \$ 70,321 | - | \$ 46,412 | \$ 73,283 | \$ 2,962 | \$ - | \$ 70,321 | - | \$ 46,412 | \$ - | \$ - | \$ - | \$ - | - | \$ - |
| Calendar Quarter Ended 6/30/16 | | | | | | | | | | | | | | | | | | |
| Salary/Overhead (Exclude Blood Tests) | \$ 83,295 | \$ 3,260 | \$ - | \$ 80,035 | 66% | \$ 52,823 | \$ 83,295 | \$ 3,260 | \$ - | \$ 80,035 | 66% | \$ 52,823 | \$ - | \$ - | \$ - | \$ - | 66% | \$ - |
| Fees/Costs | - | - | - | - | 66% | - | - | - | - | - | 66% | - | - | - | - | - | 66% | - |
| Interest/Program Income | 3,950 | 156 | - | 3,794 | 66% | 2,504 | 3,950 | 156 | - | 3,794 | 66% | 2,504 | - | - | - | - | 66% | - |
| Blood Testing Fees | 96 | - | - | 96 | 66% | 63 | 96 | - | - | 96 | 66% | 63 | - | - | - | - | 66% | - |
| Subtotal (1-2-3-4) | 79,249 | 3,104 | - | 76,145 | - | 50,256 | 79,249 | 3,104 | - | 76,145 | - | 50,256 | - | - | - | - | - | - |
| Blood Testing | 114 | - | - | 114 | 66% | 75 | 114 | - | - | 114 | 66% | 75 | - | - | - | - | 66% | - |
| ADP | - | - | - | - | 66% | - | - | - | - | - | 66% | - | - | - | - | - | 66% | - |
| Net Total (5+6+7) | \$ 79,363 | \$ 3,104 | \$ - | \$ 76,259 | - | \$ 50,331 | \$ 79,363 | \$ 3,104 | \$ - | \$ 76,259 | - | \$ 50,331 | \$ - | \$ - | \$ - | \$ - | - | \$ - |
| Calendar Quarter Ended 9/30/16 | | | | | | | | | | | | | | | | | | |
| Salary/Overhead (Exclude Blood Tests) | \$ 81,347 | \$ 3,077 | \$ - | \$ 78,270 | 66% | \$ 51,658 | \$ 81,347 | \$ 3,077 | \$ - | \$ 78,270 | 66% | \$ 51,658 | \$ - | \$ - | \$ - | \$ - | 66% | \$ - |
| Fees/Costs | - | - | - | - | 66% | - | - | - | - | - | 66% | - | - | - | - | - | 66% | - |
| Interest/Program Income | 2,407 | 91 | - | 2,316 | 66% | 1,529 | 2,407 | 91 | - | 2,316 | 66% | 1,529 | - | - | - | - | 66% | - |
| Blood Testing Fees | 68 | - | - | 68 | 66% | 45 | 68 | - | - | 68 | 66% | 45 | - | - | - | - | 66% | - |
| Subtotal (1-2-3-4) | 78,872 | 2,986 | - | 75,886 | - | 50,084 | 78,872 | 2,986 | - | 75,886 | - | 50,084 | - | - | - | - | - | - |
| Blood Testing | - | - | - | - | 66% | - | - | - | - | - | 66% | - | - | - | - | - | 66% | - |
| ADP | 273 | 10 | - | 263 | 66% | 174 | 273 | 10 | - | 263 | 66% | 174 | - | - | - | - | 66% | - |
| Net Total (5+6+7) | \$ 79,145 | \$ 2,996 | \$ - | \$ 76,149 | - | \$ 50,258 | \$ 79,145 | \$ 2,996 | \$ - | \$ 76,149 | - | \$ 50,258 | \$ - | \$ - | \$ - | \$ - | - | \$ - |
| Calendar Quarter Ended 12/31/16 | | | | | | | | | | | | | | | | | | |
| Salary/Overhead (Exclude Blood Tests) | \$ 97,650 | \$ 3,375 | \$ - | \$ 94,275 | 66% | \$ 62,222 | \$ 97,650 | \$ 3,375 | \$ - | \$ 94,275 | 66% | \$ 62,222 | \$ - | \$ - | \$ - | \$ - | 66% | \$ - |
| Fees/Costs | 1 | - | - | 1 | 66% | 1 | 1 | - | - | 1 | 66% | 1 | - | - | - | - | 66% | - |
| Interest/Program Income | 3,174 | 112 | - | 3,062 | 66% | 2,021 | 3,174 | 112 | - | 3,062 | 66% | 2,021 | - | - | - | - | 66% | - |
| Blood Testing Fees | 97 | - | - | 97 | 66% | 64 | 97 | - | - | 97 | 66% | 64 | - | - | - | - | 66% | - |
| Subtotal (1-2-3-4) | 94,378 | 3,263 | - | 91,115 | - | 60,136 | 94,378 | 3,263 | - | 91,115 | - | 60,136 | - | - | - | - | - | - |
| Blood Testing | 152 | - | - | 152 | 66% | 100 | 152 | - | - | 152 | 66% | 100 | - | - | - | - | 66% | - |
| ADP | - | - | - | - | 66% | - | - | - | - | - | 66% | - | - | - | - | - | 66% | - |
| Net Total (5+6+7) | \$ 94,530 | \$ 3,263 | \$ - | \$ 91,267 | - | \$ 60,236 | \$ 94,530 | \$ 3,263 | \$ - | \$ 91,267 | - | \$ 60,236 | \$ - | \$ - | \$ - | \$ - | - | \$ - |

CHILD SUPPORT ENFORCEMENT
 COMPARISON OF REPORTED INCENTIVES TO INCENTIVES ON DEPOSIT

EXHIBIT A-1 (c)

County FULTON COUNTY

Year Ended 12/31/16

| Month | MSE Incentive Paid Cost Worksheet Ending Incentive Balance | Audited Title IV-D Account Incentive Balance | Type of Account Structure |
|--------------|--|---|---|
| January 1 | 232,292 | 232,292 | <input type="checkbox"/> Separate Bank Account <input checked="" type="checkbox"/> Restricted Fund - General Ledger <input type="checkbox"/> Other: _____ |
| March 31 | 241,108 | 241,108 | |
| June 30 | 244,951 | 244,951 | |
| September 30 | 249,319 | 249,319 | |
| December 31 | 253,581 | 253,581 | |

Note: Do not include income received from interest or Medical Incentives.

EXHIBIT A-1 (d)

**CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT TITLE IV-D ACCOUNT WITH REPORTED TITLE IV-D ACCOUNT**

| County _____ <u>Fulton County</u> | Year Ended _____ <u>12/31/2016</u> | | |
|-----------------------------------|--|-----------------------------------|---|
| | Single Audit TITLE IV-D Account | Reported TITLE IV-D Account | Single Audit Over/(Under) Reported |
| Balance at January 1 | \$ 269,481 | \$ 269,481 | \$ - |
| Receipts: | | | |
| Reimbursements | \$ 208,487 | \$ 208,487 | \$ - |
| Incentives | 21,289 | 21,289 | - |
| Title XIX Incentives | - | - | - |
| Interest | 425 | 425 | - |
| Program Income | - | - | - |
| Genetic Testing Costs | - | - | - |
| Maintenance of Effort (MOE) | - | - | - |
| Other: _____ | - | - | - |
| Total Receipts | <u>\$ 230,201</u> | <u>\$ 230,201</u> | <u>\$ -</u> |
| Intra-fund Transfers - In | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| Funds Available | <u>\$ 499,682</u> | <u>\$ 499,682</u> | <u>\$ -</u> |
| Disbursements: | | | |
| Transfers to General Fund | \$ 208,487 | \$ 208,487 | - |
| Vendor Payments | - | - | - |
| Bank Charges | - | - | - |
| Other: _____ | - | - | - |
| Total Disbursements | <u>\$ 208,487</u> | <u>\$ 208,487</u> | <u>\$ -</u> |
| Intra-fund Transfers - Out | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at December 31 | <u><u>\$ 291,195</u></u> | <u><u>\$ 291,195</u></u> | <u><u>\$ -</u></u> |

The Title IV-D account consists of 1 account. Please indicate here the total number of accounts that make up the Title IV-D account.

The Title IV-D account is comprised of a 1 checking, _____ savings, _____ CD, and _____ other accounts. Please indicate here the type of accounts that the Title IV-D account is comprised of.

COUNTY OF FULTON
 SCHEDULE OF REVENUES AND EXPENDITURES
 MEDICAL ASSISTANCE TRANSPORTATION PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

EXHIBIT III

| <u>Service Data</u> | <u>Reported</u> | <u>Actual</u> |
|---------------------------------------|-------------------|-------------------|
| Expenditures (Line 5) * | | |
| Group I Clients | \$ 416,790 | \$ 416,790 |
| Group II Clients | <u>5,847</u> | <u>5,847</u> |
| Total Expenditures | <u>\$ 422,637</u> | <u>\$ 422,637</u> |
| Summary of Trips (Line 4)* | | |
| Group I Clients | 384 | 384 |
| Group II Clients | <u>8</u> | <u>8</u> |
| Total Passenger Trips | <u>392</u> | <u>392</u> |
| <u>Allocation Data:</u> | | |
| Revenues | | |
| Department of Human Services | \$ 422,637 | \$ 422,637 |
| Interest Income | <u>-</u> | <u>-</u> |
| Total Revenues | <u>422,637</u> | <u>422,637</u> |
| Funds Expended | | |
| Service Costs (Line 2, I)* | 231,559 | 231,559 |
| Administrative Cost (Line 2, II)* | <u>191,078</u> | <u>191,078</u> |
| Excess of Revenues Under Expenditures | <u>\$ -</u> | <u>\$ -</u> |

* Line number correspond to quarterly report.

COUNTY OF FULTON
 SCHEDULE OF REVENUES AND EXPENDITURES - COUNTY HOMELESS ASSISTANCE PROGRAMS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| <u>Sources of Funding</u> | | | | | | <u>Total</u> | |
|--|---------------------------|----------------------------|------------------------------|------------------------------|---|-------------------------------|-------------------------|
| DHS Allocation | | | | | | \$ 22,000 | |
| Client Contributions | | | | | | - | |
| Other | | | | | | - | |
| Interest Earned | | | | | | - | |
| | | | | | | <hr/> | |
| | Total HAP Funding | | | | | <u><u>\$ 22,000</u></u> | |
| | | | | | | | |
| <u>Expenses</u> | <u>Bridge Housing</u> | <u>Case Management</u> | <u>Rental Assistance</u> | <u>Emergency Shelter</u> | <u>Innovative Supportive Housing Services</u> | | |
| Clients | \$ - | \$ - | \$ 19,800 | \$ - | \$ - | \$ 19,800 | |
| Personnel | - | - | - | - | - | - | |
| Operating | - | - | - | - | - | - | |
| Fixed Assets | - | - | - | - | - | - | |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | |
| Subtotal | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 19,800</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | \$ 19,800 | |
| | | | | | | | |
| (County Administration is not allowable for PENNFREE Bridge Housing) | | | | | | County Administration | <hr/> 2,200 |
| (Subtotal Plus County Administration) | | | | | | Total HAP Expenses | <u><u>\$ 22,000</u></u> |
| | | | | | | | |
| (Total Funding Minus Total Expenses) | | | | | | Total Unexpended HAP Funds | <hr/> \$ - |

COUNTY OF FULTON, PENNSYLVANIA
RECONCILIATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2016

| CFDA Name | CFDA NO. | Dept. | Federal Expenditures per the SEFA | Federal Awards Received per the audit confirmation reply from Pennsylvania | Difference | % of Difference | Detailed Explanation of the Differences |
|--|----------|---------------------|-----------------------------------|--|--------------------|-----------------|--|
| Promoting Safe and Stable Families (Caseworker Visitation) | 93.556 | Caseworker Grant | \$ 2,032 | \$ 2,032 | \$ - | 0.00% | Explanation not necessary as difference is \$0 |
| Temporary Assistance for Needy Families | 93.558 | SFC | 13,824 | 17,799 | (3,975) | -22.33% | The County accrued additional expenditures of \$4,175 in the current year ("CY"), noted a timing difference between the State confirm and receipt by the County in the amount of \$6,613 and accrued expenditures of \$(14,763) in the prior year ("PY") |
| Child Support Enforcement | 93.563 | DRO | 207,236 | 244,680 | (37,444) | -15.30% | The County accrued additional expenditures of \$60,236 in the CY, noted a timing difference between the State confirm and receipt by the County in the amount of \$36,193 and accrued expenditures of \$(61,487) in the PY |
| Child Welfare Services - State Grants | 93.645 | SFC | 36,692 | 36,692 | - | 0.00% | Explanation not necessary as difference is \$0 |
| Foster Care - Title IV-E | 93.658 | SFC | 233,078 | 273,883 | (40,805) | -14.90% | The County accrued additional expenditures of \$43,453 in the current year ("CY"), noted a timing difference between the State confirm and receipt by the County in the amount of \$17,405 and accrued expenditures of \$(66,853) in the prior year ("PY") |
| Foster Care - Title IV-E - IT Grant | 93.658 | SFC | 2,976 | 2,976 | - | 0.00% | Explanation not necessary as difference is \$0 |
| Adoption Assistance | 93.659 | SFC | 59,708 | 60,986 | (1,278) | -2.10% | The County accrued additional expenditures of \$13,878 in the current year ("CY"), noted a timing difference between the State confirm and receipt by the County in the amount of \$15,586 and accrued expenditures of \$(30,742) in the prior year ("PY") |
| Adoption Assistance - IT Grant | 93.658 | SFC | 128 | 128 | - | 0.00% | Explanation not necessary as difference is \$0 |
| Social Services Block Grant | 93.667 | SFC | 11,791 | 11,791 | - | 0.00% | Explanation not necessary as difference is \$0 |
| Social Services Block Grant (MH & ID) | 93.667 | Pass-Through Grants | 7,514 | 9,391 | (1,877) | -19.99% | The County accrued expenditures of \$(3,758) in the prior year ("PY") and noted a timing difference between the State Confirm and receipt by the County in the amount of \$1,881 |
| Chafee Foster Care Independence Program | 93.674 | Independent Living | 4,365 | 4,365 | - | 0.00% | Explanation not necessary as difference is \$0 |
| Medical Assistance Program | 93.778 | SFC | 975 | 975 | - | 0.00% | Explanation not necessary as difference is \$0 |
| Medical Assistance Transportation Program | 93.778 | Pass-Through Grants | 212,906 | 210,741 | 2,166 | 1.03% | The County noted a timing difference between the State confirm and receipt by the County in the amount of \$2,166 |
| Medical Assistance Program | 93.778 | Pass-Through Grants | 17,844 | 23,319 | (5,475) | -23% | The County accrued expenditures of \$(10,952) in the prior year ("PY") and noted a timing difference between the State Confirm and receipt by the County in the amount of \$5,477 |
| Community Mental Health Block Grant | 93.958 | Pass-Through Grants | 9,720 | 11,836 | (2,116) | -18% | The County accrued expenditures of \$(4,232) in the prior year ("PY") and noted a timing difference between the State Confirm and receipt by the County in the amount of \$2,116. |
| TOTAL | | | \$ 820,789 | 911,593 | \$ (90,804) | | |