County of Washington, Pennsylvania

Financial Statements and Required Supplementary and Supplementary Information

Year Ended December 31, 2018
with Independent Auditor's Reports

MaherDuessel

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COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2018

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YEAR ENDED DECEMBER 31, 2018

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Independent Auditor's Report

Board of County Commissioners
County Controller
County of Washington,
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 Washington, Pennsylvania (County), as of and for the year ended December 31, 2018, 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 as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Behavioral Health and Developmental Services Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,*" which requires the County to record the County's total OPEB liability and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information and OPEB information on pages i through x and 55 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
August 14, 2019

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the County of Washington's (County) financial statements provides an overview of the financial performance for the year ended December 31, 2018. It is recommended that it be read in conjunction with the basic financial statements and the accompanying notes to those statements.

The MD&A is designed to focus on the current year's activities and resulting changes in the County's financial position.

Financial Highlights

The General Fund reported an ending fund balance of $37,529,418, a decrease of $2,745,184 from 2017. The major components of the fund balance are: $17,678,538, which is assigned for future purposes and/or projects, and $19,349,039, which is unassigned and represents all other spendable monies not classified elsewhere.

The County had $43,763,551 of general obligation debt as of December 31, 2018. This represents a decrease of $1,980,142 from 2017.

The County had a $26 million unrestricted net position for its governmental activities as of December 31, 2018, a decrease of $42.9 million from the previous year. The decrease in net position was largely due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, which required the County to record the total Other Post-Employment Benefits (OPEB) liability and related items on the government-wide financial statements and restate beginning net position. Total assets increased by $3.9 million, and total liabilities increased by $42.9 million from 2017. Net investment in capital assets increased by $8.7 million from the previous year.

In 2004, the County ceased providing OPEBs to all employees hired on or after April 1, 2004. In 2012, the County established an OPEB Trust Fund (Trust) to provide future funding for OPEB liabilities. As of December 31, 2018, the Trust had an ending net position of $16,546,587, which positively affected the unfunded net OPEB liability recorded on the government-wide financial statements.

The County received $7,582,314 in Act 13 funds in 2018. This was the seventh year funds were received from this impact fee levied on unconventional gas wells.

The County has an Aa2 bond rating from Moody's Investors Services.

A county-wide reassessment of commercial and residential properties began in the fall of 2013 and concluded in the summer of 2016. Formal and informal appeals took place before an expanded tax appeals board, ending in the late fall of 2016. A total of $207,495 was spent in 2018, including contracted services and associated costs involved with the reassessment and remaining appeals costs. At the time of the issuance of this report, a very small number of appeals will go before the Court of Common Pleas. These are expected to be heard in 2019, which will conclude the reassessment process. During 2018, a total of $238,074 in real estate refunds were issued, a decrease of $788,189 from the previous year.

With the end of the Commonwealth's fiscal year on June 30, 2018, the County's Child Care Information Services (CCIS) department ceased operations. The Department of Human Services (DHS) restructured the service area for CCIS funded services. DHS awarded the new service area, which included Washington County, to Westmoreland Child Care Information, Inc.

The County's real estate millage remained unchanged at 2.43 mills.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the County's basic financial statements, which consist of three components:

1) Government-wide financial statements
2) Fund financial statements
3) Notes to the financial statements

The basic financial statements present two different views of the County and will be explained in more detail later in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Government-wide Financial Statements

Government-wide financial statements provide information on governmental and business-type activities in a manner similar to the private sector. The two government-wide financial statements are the Statement of Net Position and the Statement of Activities. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The Statement of Net Position presents all of the County's assets, deferred outflows, liabilities, and deferred inflows recording the difference as net position. Over time, increases or decreases in net position measure whether the County's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during 2018. Because it separates program revenue from general revenue, it shows to what extent each program relies on real estate taxes, charges for services, and intergovernmental revenues for funding.

All changes in net position are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses when goods and services are received.

Both statements report the following activities:

Governmental Activities - Most of the County's basic services are in this category, including General Government, Judicial, Public Safety, and Human Services. Real estate taxes, charges for services, and intergovernmental revenue primarily fund these programs.

Business-type Activities - These include the County Health Center and Health Choices, and intend to recover their costs of operations primarily through user charges.

Fund Financial Statements

Fund financial statements provide more detailed information about the County's funds with an emphasis on major funds, not the County as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities.

The County has two types of funds:

Governmental Funds: These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on expendable resources available at the end of the year.

Governmental fund statements provide a detailed short-term view of financial resources available in the near future to finance County programs. The County maintains a multitude of individual governmental funds. The following are listed as major funds:

General Fund
Behavioral Health/Development Services Fund
Capital Expenditures Fund

These have been identified as major funds based on criteria set forth in GASB Statement No. 34. Financial data for remaining governmental funds are combined into a single presentation labeled Other Governmental Funds.

Fiduciary Funds: The County is the trustee, or fiduciary, for its employees' pension plan and other post-employment benefits trust. In addition, the County is also responsible for agency funds, which represent clearing accounts for assets held by the County in its role as custodian until funds are allocated to private parties, organizations, or government agencies to which they belong. Fiduciary activities are reported in a similar manner to proprietary funds in a

Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. All fiduciary activities are excluded from the County's government-wide financial statements because the assets of these funds are not available to support County programs.

Notes to the Financial Statements: Notes to the basic financial statements provide additional information essential to a full understanding of the detail provided in the government-wide and fund financial statements. The notes begin on page 11 of this report.

Required Supplementary Information: Following the basic financial statements is additional Required Supplementary Information (RSI) that further explains and supports information in the financial statements.

Government-wide Statement of Net Position

The following table summarizes the Statement of Net Position as of December 31, 2018 and compares it to 2017.

Summary of Net Position

	Governmental Activities			Business-Type Activities	
	2018	2017		2018	2017
Assets:					
Current and other assets	$ 101,957,865	$ 104,912,008		$ -	$ 31,751
Capital assets	89,523,245	82,598,426		-	-
Total Assets	**191,481,110**	**187,510,434**		**-**	**31,751**
Deferred Outflows of Resources:					
Related to pensions	16,491,376	9,046,156		-	-
Related to OPEB	2,392,768	-		-	-
Deferred charge on refunding	860,911	983,708		-	-
Total Deferred Outflows of Resources	**19,745,055**	**10,029,864**		**-**	**-**
Liabilities:					
Current liabilities	79,368,615	78,368,001		-	31,751
Other liabilities	40,954,710	44,390,380	*	-	-
Total Liabilities	**120,323,325**	**122,758,381**		**-**	**31,751**
Deferred Inflows of Resources:					
Related to pension	2,117,209	9,183,096		-	-
Related to OPEB	11,807,746	-		-	-
Total Deferred Inflows of Resources	**13,924,955**	**9,183,096**		**-**	**-**
Net Position:					
Net investment in capital assets	46,804,446	38,053,002		-	-
Restricted	4,129,538	4,033,553		-	-
Unrestricted	26,043,901	23,512,266	*	-	-
Total Net Position	**$ 76,977,885**	**$ 65,598,821**		**$ -**	**$ -**

* - as restated under GASB Statement No. 75

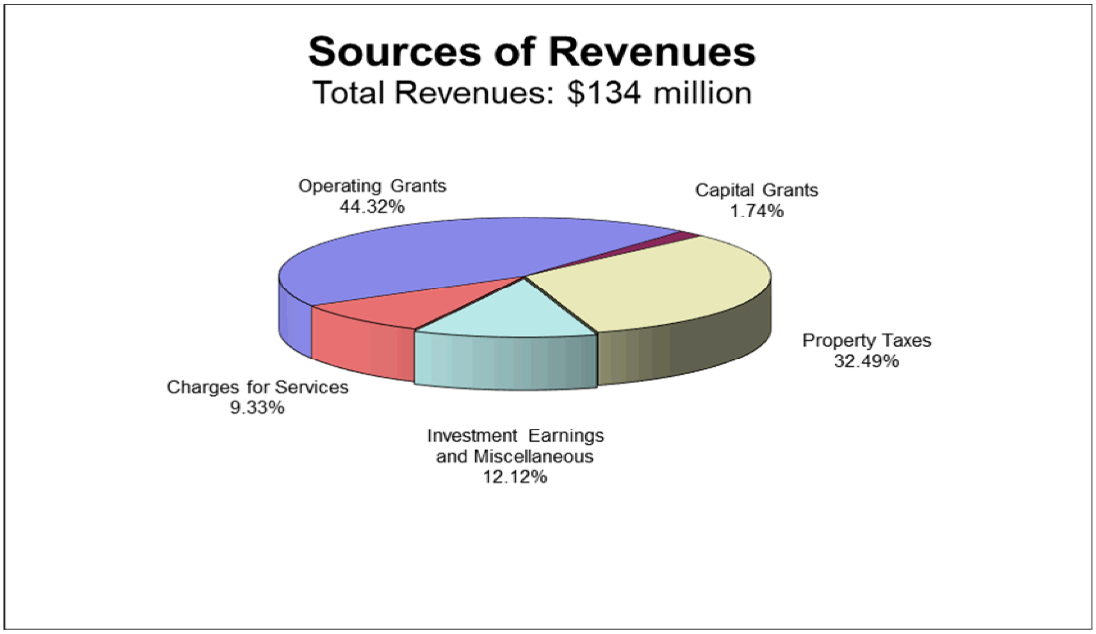
Net Position

For 2018, net position of governmental activities increased by $11,379,064 to $76,977,885. Governmental activities unrestricted net position, funds available for operations, increased by $2,531,635 (net of restatement under GASB Statement No. 75).

Summary of Changes in Net Position
For the Years Ended December 31, 2018 and 2017

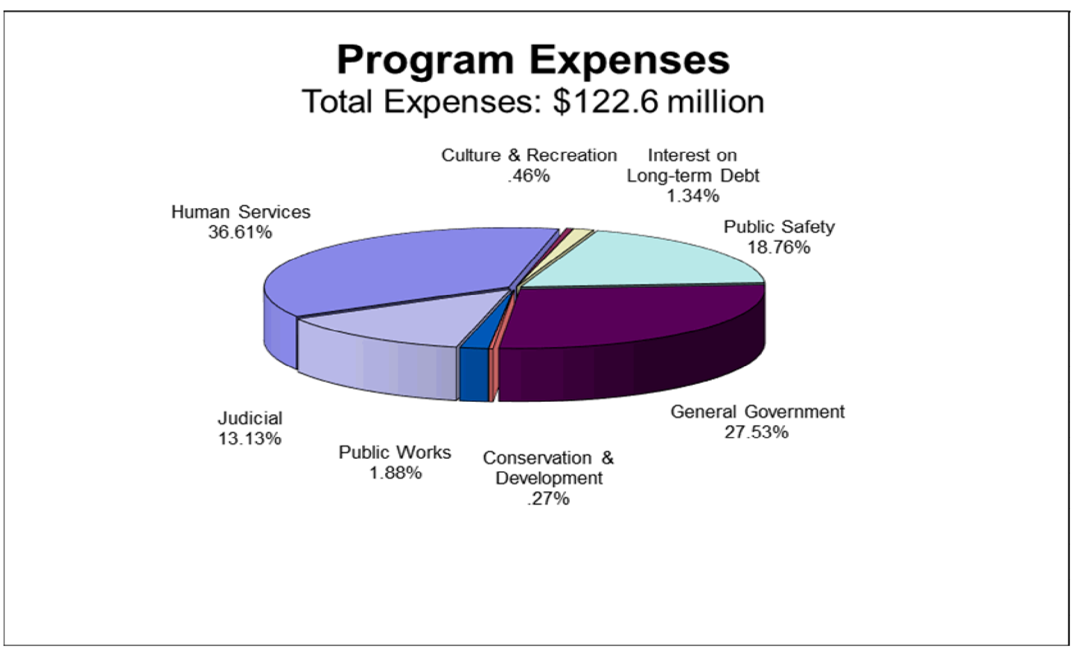
	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Revenues:				
Program revenues:				
Charges for services	$ 12,500,855	$ 11,343,914	$ -	$ 17,977,061
Operating grants and contributions	59,403,450	57,612,490	-	-
Capital grants and contributions	2,338,297	5,587,345	-	-
General revenues:				
Property and hotel taxes	43,515,442	43,096,766	-	-
Investment earnings	1,735,034	575,788	-	7,361
Miscellaneous	14,511,099	11,837,164	-	-
Total revenues	134,004,177	130,053,467	-	17,984,422
Program expenses:				
General government	33,758,496	26,535,981	-	-
Judicial	16,106,553	18,551,638	-	-
Public safety	23,009,064	24,422,780	-	-
Public works	2,310,708	2,342,556	-	22,482,198
Human services	44,896,792	51,979,742	-	-
Culture and recreation	563,016	531,636	-	-
Conservation and development	332,045	315,622	-	-
Interest	1,648,439	2,466,493	-	-
Total program expenses	122,625,113	127,146,448	-	22,482,198
Transfers	-	25,220,169		(25,220,169)
Special item - sale of health center	-	-	-	23,378,499
Change in Net Position	$ 11,379,064	$ 28,127,188	$ -	$ (6,339,446)

The following chart shows the composition of revenues for the year ended December 31, 2018:



Total government-wide revenues of $134 million were derived primarily from program-based operating grants, representing 44.32% of the total. Real estate taxes made up the second largest source of revenue at 32.49%.

The following chart graphically depicts the government-wide program expenses for the year ended December 31, 2018:



Net Cost of Government Activities

The following table presents a summary of expenses, program revenues and the net cost of services before taxes, investment earnings, and other income. Total expenses were $122.6 million with a net cost of services of $48.3 million.

Net Cost of Washington County's Governmental Activities
For the Years Ended December 31, 2018 and 2017

	Expenses		Program Revenues		Net Cost of Services	
	2018	2017	2018	2017	2018	2017
General government	$ 33,758,496	$ 26,535,981	$ 6,620,923	$ 6,392,558	$ 27,137,573	$ 20,143,423
Judicial	16,151,553	18,551,638	7,452,508	7,286,631	8,699,045	11,265,007
Public safety	23,009,064	24,422,780	6,443,876	6,367,006	16,565,188	18,055,774
Public works	2,310,708	2,342,556	1,898,352	3,319,684	412,356	(977,128)
Human services	44,896,792	51,979,742	51,121,060	50,942,479	(6,224,268)	1,037,263
Culture and recreation	518,016	531,636	705,398	234,641	(187,382)	296,995
Conservation and development	332,045	315,622	485	750	331,560	314,872
Debt service	1,648,439	2,466,493	-	-	1,648,439	2,466,493
Totals	$ 122,625,113	$ 127,146,448	$ 74,242,602	$ 74,543,749	$ 48,382,511	$ 52,602,699

Financial Analysis of County's Funds

The County uses fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds

For the year ended December 31, 2018, the County had combined ending fund balances of $84,778,665, a decrease of $2,012,493 from 2017.

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement, or policy, all County revenues and expenditures are recorded in the General Fund. At the end of 2018, the total General Fund balance was $37,529,418, a decrease of $2,745,184 from 2017.

General Fund revenues increased during 2018, from $79,216,663 to $88,305,090, and expenditures in the fund increased from $80,515,247 to $88,824,199.

The Behavioral Health/Developmental Services Fund accounts for the provision of various social services to eligible BH/DS clients. These services are funded by various federal and state grants. The year-end fund balance was $0.

The Capital Expenditures Fund provides for the acquisition or construction of major capital facilities. The year-end fund balance increased by $847,160.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Changes in Budget

This section summarizes the major factors involved in the variances in revenue and expenditure budgets. Variances are between the original and final amended budget and the final amended budget and actual General Fund amounts.

The annual budget is adopted in accordance with the County Code of the Commonwealth of Pennsylvania. Budgets are adopted on a departmental basis. During the course of the year, circumstances may occur that require a departmental budget to be increased. The Board of Commissioners, at a public meeting, must approve any adjustment that changes a department's total budget.

Expenditures and Other Financing Uses Variances

At the final meeting of the year, $5,715,000 was allocated to departments anticipated to exceed their original budgets. Of this amount, the largest adjustments were for the OPEB contribution and miscellaneous payments. The overall variance between the actual expenditures and the final budget was a positive variance of $2,292,444.

Revenue Variances

Variances between actual revenue and budgeted revenue for the year reflected a positive variance in the amount of $6,760,708.

Capital Assets and Debt Administration

The County's net investment in capital assets amounted to $89,523,245, as of December 31, 2018.

Summary of Capital Assets

		2018		2017
Capital Assets net of accumulated depreciation:				
Land and improvements	$	15,926,640	$	15,763,172
Buildings and improvements		24,072,738		22,549,714
Furniture, fixture and equipment		9,743,577		8,375,595
Infrastructure		28,674,919		28,139,006
Construction in progress		11,105,371		7,770,939
Total	$	89,523,245	$	82,598,426

Highlights of amounts expended in 2018 for major capital assets include:

- $1.2 million for development at the County Airport.
- $1.2 million for improvements to County Bridges.
- $416,000 for renovations to County Buildings.
- $640,000 for improvements at the County Fairgrounds.
- $1.5 million for improvements to the County Parks and County Trails.
- $5.7 million for construction, renovations, and improvements to County Public Safety.

Further details found in Note 4 of the County's financial statements.

Long-Term Debt

As of December 31, 2018, the County had outstanding debt of $43,763,551. This was a decrease of $1,980,142 from the previous year.

Outstanding Debt as of December 31, 2018 and 2017

		2018		2017
General obligation bonds	$	41,288,841	$	42,092,047
Lease rental debt		2,474,710		3,651,646
Total	$	43,763,551	$	45,743,693

Further details found in Note 8 to the County's financial statements.

Economic Factors and the 2019 Budget

The real estate tax rate for 2019 remained at 2.43 mills.

The County's 2019 actuarially determined contribution to the Retirement Fund is $3,909,029, an increase of $428,929 from 2018.

The County has a number of major capital renovation and improvement projects beginning or expecting to begin in 2019. These include repairs to the dome, roof, and masonry of the County Courthouse, replacement of the windows of the County Courthouse, repairs to the roof and masonry of the County Family Court Center, improvements to County Public Safety, and various other property renovation and improvement projects.

An additional Court of Common Pleas judge will be sworn in on August 30, 2019, earlier than the previously anticipated start date of January 1, 2020. The addition will make seven judges who serve on the Court of Common Pleas of the County.

The $149 million consolidated budget for 2019 represents a roughly 4.18% decrease from 2018. The decrease is largely due to the elimination of the CCIS department, as noted previously.

Contacting the County's Financial Management

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

Washington County Controller's Office
Courthouse Square, Suite 403
100 West Beau Street
Washington, PA 15301

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	$ 77,786,328
Receivables:	
Taxes receivable, net of allowance	1,915,368
Due from other governments	15,039,904
Interest and other	6,632,044
Loans receivable	89,749
Prepaid assets and other	494,472
Capital assets not being depreciated	11,585,371
Capital assets, net of accumulated depreciation	77,937,874
Total Assets	191,481,110
Deferred Outflows of Resources	
Related to pensions	16,491,376
Related to OPEB	2,392,768
Deferred charge on refunding	860,911
Total Deferred Outflows of Resources	19,745,055
Liabilities	
Accounts payable	12,609,943
Accrued payroll and other expenses	2,238,343
Accrued interest payable	388,762
Unearned revenue	420,343
Net OPEB liability	38,304,986
Net pension liability	22,781,238
Bonds payable:	
Amount due within one year	2,625,000
Amount due in more than one year	41,138,551
Net discount on bonds	(183,841)
Net bonds payable	43,579,710
Total Liabilities	120,323,325
Deferred Inflows of Resources	
Related to pensions	2,117,209
Related to OPEB	11,807,746
Total Deferred Inflows of Resources	13,924,955
Net Position	
Net investment in capital assets	46,804,446
Restricted for:	
Debt service	567,235
Domestic relations	345,677
Liquid fuels	1,648,441
Emergency communication	1,568,185
Unrestricted	26,043,901
Total Net Position	$ 76,977,885

The notes to the financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government Governmental Activities
Primary Government:					
Governmental activities:					
General government - administration	$ 33,758,496	$ 4,812,843	$ 1,791,251	$ 16,829	$ (27,137,573)
General government - judicial	16,151,553	5,132,168	2,320,340	-	(8,699,045)
Public safety	23,009,064	1,207,601	5,236,275	-	(16,565,188)
Public works and enterprises	2,310,708	254	-	1,898,098	(412,356)
Human services	44,896,792	1,260,476	49,860,584	-	6,224,268
Culture and recreation	518,016	87,513	195,000	422,885	187,382
Conservation and development	332,045	-	-	485	(331,560)
Interest and amortization	1,648,439	-	-	-	(1,648,439)
Total governmental activities	122,625,113	12,500,855	59,403,450	2,338,297	(48,382,511)
Total Primary Government	$ 122,625,113	$ 12,500,855	$ 59,403,450	$ 2,338,297	(48,382,511)

General revenues:	
Taxes:	
Property taxes, levied for general purposes, net of uncollectibles	41,089,223
Hotel tax	2,426,219
Interest	1,735,034
Rents and royalties	5,865,562
ACT 13 Impact Fee	7,582,314
Payments in lieu of taxes	135,438
Miscellaneous	927,785
Total general revenues and transfers	59,761,575
Change in Net Position	11,379,064
Net Position:	
Beginning of year, restated	65,598,821
End of year	$ 76,977,885

The notes to the financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General	Behavioral Health and Developmental Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 29,994,264	$ 1,465,645	$ 41,593,843	$ 4,732,576	$ 77,786,328
Receivables:					
Taxes receivable, net of allowance	1,758,798	-	-	156,570	1,915,368
Due from other governments	12,008,463	505,557	80,414	2,445,470	15,039,904
Interest and other	3,485,491	46,521	2,983,424	116,608	6,632,044
Loans receivable	-	-	-	89,749	89,749
Total receivables	17,252,752	552,078	3,063,838	2,808,397	23,677,065
Due from other funds	86,393	-	2,475	9,965	98,833
Prepaids and other	453,742	-	35,683	5,047	494,472
Total Assets	$ 47,787,151	$ 2,017,723	$ 44,695,839	$ 7,555,985	$ 102,056,698
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	$ 6,588,731	$ 1,876,691	$ 2,112,739	$ 2,031,782	$ 12,609,943
Accrued payroll and other expenditures	1,833,990	33,063	-	371,290	2,238,343
Unearned revenue	90,866	107,125	15	222,337	420,343
Due to other funds	2,013	844	82,132	13,844	98,833
Total Liabilities	8,515,600	2,017,723	2,194,886	2,639,253	15,367,462
Deferred Inflows of Resources:					
Unavailable revenue - loan repayment	-	-	-	89,749	89,749
Unavailable revenue - real estate taxes	1,742,133	-	-	78,689	1,820,822
Total Deferred Inflows of Resources	1,742,133	-	-	168,438	1,910,571
Fund Balance:					
Nonspendable:					
Prepaids and other	453,742	-	35,683	5,047	494,472
Restricted for:					
Debt service	-	-	-	567,235	567,235
Domestic relations	-	-	-	345,677	345,677
Liquid fuels	-	-	-	1,648,441	1,648,441
Emergency communication	-	-	-	1,568,185	1,568,185
Committed for:					
Capital projects	-	-	42,234,966	-	42,234,966
Hazardous materials	-	-	-	569,902	569,902
Airport operations	-	-	-	28,766	28,766
Assigned for:					
Encumbrances	48,099	-	230,304	15,041	293,444
Resources to be used for future purposes and/or projects	17,678,538	-	-	-	17,678,538
Unassigned	19,349,039	-	-	-	19,349,039
Total Fund Balance	37,529,418	-	42,500,953	4,748,294	84,778,665
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 47,787,151	$ 2,017,723	$ 44,695,839	$ 7,555,985	$ 102,056,698

The notes to the financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2018

Total Fund Balance - Governmental Funds		$ 84,778,665
Amounts 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 as assets in governmental funds. The cost of the assets including infrastructure is $166,780,852 and the accumulated depreciation is $77,257,607.		89,523,245
Property taxes receivable will be collected next year but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		1,820,822
Amounts loaned that will be collected in future years but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		89,749
Governmental funds report the effect of premiums, discounts, and deferred charges on refunding when debt is first issued, whereas these amounts are capitalized and amortized in the statement of net position.		1,044,752
The actuarially accrued net OPEB liability and deferred outflows and inflows of resources for OPEB are not recorded on the fund financial statements.		(47,719,964)
The actuarially accrued net pension liability and deferred outflows and inflows of resources for pensions are not recorded on the fund financial statements.		(8,407,071)
Long-term liabilities, including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	$ (43,763,551)	
Accrued interest on bonds	(388,762)	(44,152,313)
Total Net Position - Governmental Activities		$ 76,977,885

The notes to the financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2018

	General	Behavioral Health and Developmental Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 38,190,241	$ -	$ -	$ 2,768,720	$ 40,958,961
Intergovernmental	31,142,942	11,353,026	8,005,199	19,229,711	69,730,878
Charges for services	16,253,787	937,871	2,861,008	232,580	20,285,246
Fines and forfeits	211,676	-	-	-	211,676
Interest	786,375	34,332	821,906	92,451	1,735,064
Other	1,720,069	10,752	130	403,579	2,134,530
Total revenues	88,305,090	12,335,981	11,688,243	22,727,041	135,056,355
Expenditures:					
Current:					
General government - administration	13,574,222	-	-	-	13,574,222
General government - judicial	14,145,305	-	-	3,386,686	17,531,991
Public safety	19,775,023	-	-	4,273,382	24,048,405
Public works and enterprises	-	-	-	1,305,114	1,305,114
Human services	24,710,242	12,792,899	-	10,416,434	47,919,575
Culture and recreation	329,182	-	-	-	329,182
Conservation and development	333,144	-	-	-	333,144
Other	15,957,081	-	-	-	15,957,081
Debt service:					
Principal	-	-	-	2,360,000	2,360,000
Interest and fiscal charges	-	-	-	1,194,304	1,194,304
Capital projects	-	-	11,101,070	1,253,909	12,354,979
Total expenditures	88,824,199	12,792,899	11,101,070	24,189,829	136,907,997
Excess (Deficiency) of Revenues Over (Under) Expenditures	(519,109)	(456,918)	587,173	(1,462,788)	(1,851,642)
Other Financing Sources (Uses):					
Sale of capital assets	20,122	-	-	-	20,122
Real estate refunds	(238,074)	-	-	-	(238,074)
Loan repayment	-	-	-	8,306	8,306
Transfers in	48,795	456,918	300,000	1,340,013	2,145,726
Transfers out	(2,056,918)	-	(40,013)	-	(2,096,931)
Total other financing sources (uses)	(2,226,075)	456,918	259,987	1,348,319	(160,851)
Net Change in Fund Balance	(2,745,184)	-	847,160	(114,469)	(2,012,493)
Fund Balance:					
Beginning of year	40,274,602	-	41,653,793	4,862,763	86,791,158
End of year	$ 37,529,418	$ -	$ 42,500,953	$ 4,748,294	$ 84,778,665

The notes to the financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balance - Governmental Funds		$ (2,012,493)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlays (net of deletions)	$ 12,327,016	
Less: Depreciation expense	(5,402,197)	6,924,819
Some taxes will not be collected for several months after the County of Washington's year-end; they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues changed by this amount during the year.		130,262
Loan repayments that will be collected in future years and, therefore, are not considered as "available" revenues in the governmental funds. Unavailable loan repayments decreased by this amount during the year.		(7,207)
The issuance of long-term obligations (e.g., bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.		1,897,690
Changes in the net OPEB liability and related deferred outflows and inflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.		7,794,998
Changes in the net pension liability and related deferred outflows and inflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.		(3,357,180)
Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in accrued interest is shown here.		8,175
Change in Net Position of Governmental Activities		$ 11,379,064

The notes to the financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 37,650,413	$ 37,650,413	$ 38,190,241	$ 539,828
Intergovernmental	27,365,065	27,365,065	31,142,942	3,777,877
Charges for services	14,234,300	14,234,300	16,253,787	2,019,487
Fines and forfeits	165,000	165,000	211,676	46,676
Interest	104,000	104,000	786,375	682,375
Other	1,475,604	2,025,604	1,720,069	(305,535)
Total revenues	80,994,382	81,544,382	88,305,090	6,760,708
Expenditures:				
Current:				
General government - administration	14,127,595	14,040,595	13,574,222	(466,373)
General government - judicial	14,805,473	14,590,473	14,145,305	(445,168)
Public safety	20,523,667	20,348,667	19,775,023	(573,644)
Human services	26,836,712	25,214,712	24,710,242	(504,470)
Culture and recreation	329,182	329,182	329,182	-
Conservation and development	343,144	333,144	333,144	-
Other	11,611,500	16,259,870	15,957,081	(302,789)
Total expenditures	88,577,273	91,116,643	88,824,199	(2,292,444)
Excess (Deficiency) of Revenues Over Expenditures	(7,582,891)	(9,572,261)	(519,109)	9,053,152
Other Financing Sources (Uses):				
Sale of capital assets	10,000	10,000	20,122	10,122
Real estate refunds	(180,000)	(180,000)	(238,074)	(58,074)
Transfers in	10,000	10,000	48,795	38,795
Transfers out	(2,020,000)	(2,030,630)	(2,056,918)	(26,288)
Total other financing sources (uses)	(2,180,000)	(2,190,630)	(2,226,075)	(35,445)
Net Change in Fund Balance	$ (9,762,891)	$ (11,762,891)	$ (2,745,184)	$ 9,017,707

The notes to the financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUND

BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 10,771,584	$ 11,353,026	$ 581,442
Charges for services	862,000	937,871	75,871
Interest	11,700	34,332	22,632
Other	-	10,752	10,752
Total revenues	11,645,284	12,335,981	690,697
Expenditures:			
Human services	12,331,232	12,792,899	461,667
Excess (Deficiency) of Revenues Over Expenditures	(685,948)	(456,918)	229,030
Other Financing Sources (Uses):			
Transfer in	420,000	456,918	36,918
Net Change in Fund Balance	$ (265,948)	$ -	$ 265,948

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2018

	Employees' Retirement Plan	OPEB Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	$ 4,580,719	$ 462,754	$ 8,298,622
Investments:			
U.S. government and related obligations	17,529,603	-	-
Common stock	16,887,985	-	-
Mutual funds - equity	41,023,063	11,605,184	-
Corporate debt	17,172,203	-	-
Mutual funds - fixed income	-	3,638,063	-
Exchange-traded funds	13,850,509	-	-
Mortgage and other asset-backed securities	3,720,063	-	-
Property trust fund	8,574,158	-	-
Collective trust fund	12,650,313	-	-
Private equity fund	19,595,631	840,167	-
Receivables:			
Interest	271,119	419	-
Total Assets	155,855,366	16,546,587	8,298,622
Liabilities			
Accounts payable	76,119	-	-
Due to other governments	-	-	2,300,109
Escrow liability	-	-	5,998,513
Total Liabilities	76,119	-	$ 8,298,622
Net Position			
Net Position Restricted for:			
Pension benefits	155,779,247	-	
OPEB	-	16,546,587	
Total Net Position	$ 155,779,247	$ 16,546,587	

The notes to the financial statements are an integral part of this statement.

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2018

	Employees' Retirement Plan	OPEB Trust Fund
Additions:		
Contributions:		
Employer	$ 3,480,100	$ 5,000,000
Employee	2,934,702	-
Total contributions	6,414,802	5,000,000
Investment earnings (loss):		
Net decrease in fair value of investments	(12,101,341)	(1,242,501)
Interest and dividends	4,784,067	357,553
Total investment earnings (loss)	(7,317,274)	(884,948)
Investment expense	(366,519)	-
Net investment earnings (loss)	(7,683,793)	(884,948)
Total additions	(1,268,991)	4,115,052
Deductions:		
Benefits	9,662,961	-
Refunds of contributions	878,464	-
Administrative expense	91,778	-
Total deductions	10,633,203	-
Change in Net Position	(11,902,194)	4,115,052
Net Position:		
Beginning of year	167,681,441	12,431,535
End of year	$ 155,779,247	$ 16,546,587

The notes to the financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The County of Washington (County), a fourth class County, originally founded in 1781, is located in western Pennsylvania, to the south of the City of Pittsburgh. The County, operating under an elected three-member Board of Commissioners (Commissioners), provides services in many areas to its residents, including various general government, public safety, and health and welfare services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

The reporting entity for the County includes the accounts of all County operations, including administrative and judicial government, corrections, and health and welfare.

Management has evaluated all potential component units, and has determined the County has no component units that are required to be included. Consistent with applicable guidance, the criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the County reviews the applicability of the following criteria:

1. Organizations that make up the legal County entity.

2. Legally separate organizations if the Commissioners appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

    a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.

4. In management's judgment, exclusion of the component unit would render the financial statements misleading.

Related Organizations:

Following are organizations that have much of their governing board appointed by the County Commissioners, without the County being financially accountable for the organization:

Washington County Authority

The Washington County Authority (Authority) was created, pursuant to the Municipality Authorities Act of 1945, primarily as a financing vehicle for County projects. The Authority's officers are appointed by the Commissioners. Debt issued by the Authority on behalf of the County is subject to guarantee by the County. Payments equal to related debt service are made by the County under the terms of a lease agreement. Separately issued audited financial statements of the Authority are available through the Authority's administrative offices. The County does not feel the exclusion of the Authority as a component unit would render the financial statements misleading and therefore, has chosen not to include as a component unit.

Washington County Tourist Promotion Agency

The Washington County Tourist Promotion Agency (Agency) was designed to stimulate and increase the volume of tourism within the County. The Agency's Board is appointed by the Commissioners. The Agency operates autonomously from the County and is responsible for the designation of management. Debt issued by the Agency on behalf of the County is subject to guarantee by the County. Separately issued financial statements are available through the Agency's administrative offices. The County does not feel the exclusion of the

Authority as a component unit would render the financial statements misleading and therefore, has chosen not to include as a component unit.

Washington County Housing Authority

The Washington County Housing Authority (Housing County) administers HUD's Section 8 housing program for the County and is funded through federal grants. The Housing Authority’s Board is appointed by the County Commissioners and operates independently of any ongoing involvement of the County. The County must approve the concept of any major capital expansion project, but is not financially accountable for the Housing Authority.

Washington County Industrial Development Authority

The Washington County Industrial Development Authority (IDA) issues low interest, tax-exempt bonds and uses the proceeds to finance projects intended to stimulate economic growth in the County. The IDA's Board is appointed by the County Commissioners and the IDA operates independently of any ongoing involvement of the County. The County must approve the concept of any major bond issue of the IDA. The County has no legal responsibility for IDA debt.

Washington County Redevelopment Authority

The Washington County Redevelopment Authority (RDA) administers state and federal grant programs intended to stimulate urban revitalization and growth in the County. The RDA's Board is appointed by the County Commissioners and the RDA operates independently of any ongoing involvement of the County except that the County is a contractual recipient of federal financial assistance under agreements with the U.S. Department of Housing and Urban Development (HUD). The County has authorized HUD to transmit funds under these programs directly to the RDA. HUD recognizes RDA as the representative agency with program oversight responsibility. During 2011, the RDA took over operations for the Washington County Airport. These transactions do not meet the criteria for inclusion in the County's financial statements.

Washington County Hospital Authority

The Washington County Hospital Authority (Hospital Authority) issues low interest, tax-exempt bonds to enable capital financing for hospitals and nursing homes. The five members of the Hospital Authority's Board are appointed by the County Commissioners. The Hospital Authority operates independently of any ongoing involvement of the County.

The County must approve the concept of any major project of the Hospital Authority, but are not financially accountable for the Hospital Authority. The County has no legal responsibility for Hospital Authority debt.

Washington County Conservation District

The Washington County Conservation District (Conservation District), whose Board is appointed by the County Commissioners, provides services and programs intended to address the conservation of the County's natural resources. The Conservation District operates independently of any ongoing involvement of the County.

Washington County Drug and Alcohol Program - Single County

The Washington County Drug and Alcohol Program - Single County (D&A Program) was established to provide treatment services through federal and state funded programs to eligible residents of the County. The D&A Program Board of Directors is comprised of eleven members. The County does not exercise significant control over the D&A Program, and the D&A Program is independent of the County regarding fiscal accountability, scope of public service, and financial assistance program relationships.

Washington/Greene County Job Training Agency

The Washington/Greene County Job Training Agency (Training Agency) was established as a separate non-profit entity as of September 1, 1995 to provide job-training services through federal and state funded programs to eligible residents of Washington and Greene Counties. The Training Agency's Board of Directors is comprised of seventeen members, all of whom are subject to final approval prior to appointment, by the Commissioners of the participating counties. No one County exercises significant control over the Training Agency and the Training Agency is independent of the counties regarding fiscal accountability, scope of public service, and financial assistance program relationships. The Training Agency remains independent of the County.

Washington County Fair Board

The Washington County Fair Board (Fair Board) is an eleven-member Board elected from the general membership of the Washington County Agriculture Fair, Inc. The Fair Board manages the annual agriculture fair as well as the maintenance and upkeep of the grounds and facilities under a lease agreement with the County.

Southwest Behavioral Health Management, Inc.

Southwest Behavioral Health Management, Inc. (SBHM) is a private, non-profit corporation incorporated for the purpose of monitoring the behavioral health services of the Health Choices program. SBHM operates primarily under funding administered through six counties, one of which is the County, which jointly formed the corporation.

Washington County Transportation Authority

The Washington County Transportation Authority (Transportation Authority) was created in November 2001, pursuant to the Municipality Authorities Act of 1945, to oversee County transportation operations. The Authority assumed responsibility for services previously provided by the Human Services Authority and the County. The Transportation Authority's Board is appointed by the Commissioners and one commissioner serves as an advisory member of the Board. Effective July 1, 2015, the Transportation Authority consolidated the Washington City Transit System. The Transportation Authority's Board operates autonomously from the County and is responsible for the designation of management.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

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

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

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 collectible 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 30 days of the end of the current fiscal period. Property taxes are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met. All other revenue items are considered to be measurable and available only when cash is received by the County.

Unearned revenues arise when resources are received by the County before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the County has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due.

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

The accounts of the County are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

The County reports the following major governmental funds:

- The *General Fund* is the principal operating fund of the County, which is used to account for all financial transactions except those required to be accounted for in other funds.

- The *Behavioral Health and Developmental Services Fund* accounts for expenditures and reimbursement of revenue related to providing treatment services to individuals who suffer from mental disabilities.

- The *Capital Expenditures Fund* accounts for capital projects funded by the County's General Fund, Act 13 impact fee funds, and bond proceeds.

The County also reports the following other governmental funds:

<u>Special Revenue Funds</u>

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds utilized to account for those financial activities include:

- The *Airport Operating Fund* accounts for the County contribution of $100,000 per year to the RDA to assist in operating of the airport. The County operates under a cooperation agreement with the RDA to manage the day to day financial and operational affairs of the Washington County Airport.

- The *Human Services Special Revenue Fund* accounts for the provision of various social services to eligible County residents. These services are funded by various federal and state grants.

- The *Liquid Fuels Fund* accounts for state aid revenues used for building and improving roads and bridges.

- The *Hazardous Materials Emergency Response Fund* accounts for funds earmarked for the handling of emergency situations involving hazardous materials.

- The *Domestic Relations Fund* accounts for expenditures and reimbursement of revenue related to the operation of the County's child support enforcement program, which is funded by federal and County funds.

- The *Emergency Communication 911 Fund*, accounts for the operations of the County's emergency communication system, which is funded by the Pennsylvania Emergency Management Agency (PEMA) and County contributions.

Capital Projects Funds

The *Airport Capital Projects Fund* accounts for construction and renovation projects to the County Airport.

Debt Service Fund

The *Debt Service Fund* accounts for the servicing of general long-term debt.

Additionally, the County reports the following fund types:

Fiduciary and Agency Funds

The *Employees' Retirement Plan* is used to account for the pension plan for County employees. The plan is accounted for in essentially the same manner as a proprietary fund, since capital maintenance is critical.

The *OPEB Trust Fund* is used to account for the funding of the County's other post-employment benefit obligations. The fund is an OPEB trust fund and is accounted for in essentially the same manner as a proprietary fund, since capital maintenance is critical.

Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds are used to account for cash collected by elected row officers (Treasurer's Office, Recorder of Deeds, Register of Wills, Prothonotary, Clerk of Courts, Inmate and Sheriff) and other County offices that are subsequently disbursed to the County General Fund, other governments, or individuals for whom it was collected.

D. Deposits and Investments

For the purposes of the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

E. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

F. Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. These costs are charged to operations when incurred.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	5 - 50 years
Buildings and improvements	10 - 40 years
Infrastructure (bridges)	60 years
Infrastructure (other)	50 years
Furniture and equipment	5 - 20 years

Inventories, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2018 is not significant.

I. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category:

In conjunction with pension and OPEB accounting requirements, the effect of the change in assumptions and the difference between projected and actual earnings on pension and OPEB plan investments are recorded as deferred outflows of resources related to pensions and OPEB on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Notes 5 and 6 present additional information about the pension and OPEB plans.

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statements of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category:

In conjunction with pension accounting requirements, the effect of the change in assumptions and the difference between projected and actual earnings on pension and OPEB plan investments are recorded as deferred inflows of resources related to pensions and OPEB on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Notes 5 and 6 present additional information about the pension and OPEB plans.

Unavailable revenue is reported only on the balance sheet and represents property taxes and loan repayments which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

J. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

K. Compensated Absences

Accumulated unpaid vacation pay is generally earned in the year prior to use. The amount of accumulated vacation expected to be paid within twelve months is recorded as a fund liability. The County converts unpaid accumulated sick leave to a termination benefit provided certain restrictive criteria are met. The ultimate amounts to be paid have not been determined; however, such payments have been, and are expected to continue to be, immaterial. Accordingly, no liability for accumulated sick leave has been recorded.

L. Fund Equity

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. The levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid expenditures, and inventory.

- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are restricted for debt service, liquid fuels expenditures, and emergency communication 911.

- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by elected Commissioners. Such a commitment is made via formal action of the County Board of Commissioners and must be made prior to the end of the fiscal year. Removal of this commitment also requires the same formal action that imposed the constraint. Committed funds include funds for capital projects, hazardous materials, airport operations, and domestic relations.

- Assigned – This category represents intentions of the County to use the funds for specific purposes. The County Board of Commissioners has delegated the authority to make assignments to the County's Finance Director. This category includes encumbrances.

- Unassigned – This category represents all other funds not otherwise defined.

The County's policy is to use funds in the order of the most restricted to the least restricted.

M. Net Position

The government-wide are required to report three components of net position:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

- Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

N. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all governmental funds of the County. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During August and September, the department/agency management uses current financial status reports to develop financial projections for their programs for the ensuing year, which are then reviewed with the budget staff.

2. The Commissioners then review the submitted budgets with management.

3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable financing method.

4. Subsequently, the finance department assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned Commissioners' review.

5. By early December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.

6. After the 20-day inspection period, but no later than December 31, the Commissioners adopt the final budget by enacting an appropriate resolution.

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The legal level of required Commissioner approval for budget amendments is the individual fund level. The Commissioners made several supplementary budgetary appropriations throughout the year. These budget changes are reflected in the applicable budget to actual statements in the final budget amounts.

The Behavioral Health and Developmental Services fund budgeted expenditures exceeded revenues. Transfers in were used to account for this budgeted deficit.

O. Encumbrance Accounting

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ than those estimates.

Q. Adoption of Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* was adopted in the current year by the County. As a result of this implementation, the government-wide net position as of January 1, 2018 was restated with a decrease of $45,467,751 to record the County's net OPEB liability as it relates to their post-employment benefits plan. The OPEB Plan is further described in Note 6.

The following GASB statements were also adopted for the year ended December 31, 2018: Statement Nos. 85 (Omnibus) and 86 (Certain Debt Extinguishment issues). These statements had no significant impact on the County's financial statements for the year ended December 31, 2018.

Pending Pronouncements

GASB has issued several statements that will become effective in future years, including Statement Nos. 83 (Certain Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Debt Disclosures Related to Debt, including Direct Borrowings and Direct Placements), 89 (Interest Costs before the End of a Construction Period), 90 (Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61), and 91 (Conduit Debt Obligations). Management has not yet determined the impact of these statements on the County's financial statements.

2. Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

The deposit and investment policy of the County adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits, savings accounts, and/or certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the County.

The following is a description of the County's deposit and investment risk:

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2018, $678,648 of the County's $5,132,102 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of $4,453,454 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of $4,052,347 as of December 31, 2018 and are classified as cash and cash equivalents in the statement of net position.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The County does not have a formal investment policy for custodial credit risk.

The County uses external investment pools to ensure safety and maximize efficiency, liquidity, and yield for County funds. These funds are invested in the Pennsylvania Local Government Investment Trust (PLGIT), INVEST, and BlackRock which issues separately audited financial statements that are available to the public. The fair value of the County's position in the external investment pools are equivalent to the value of the pool shares and is reported at amortized cost, which approximates market. All investments in an external investment pool that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. The County can withdraw funds from PLGIT. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/Prime accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month. The County can withdraw funds from INVEST and BlackRock without limitations or fees. As of December 31, 2018, the bank and book balances of the investments in PLGIT, INVEST, and BlackRock are $66,144,734, $207,448, and $7,365,371, respectively. These are considered to be cash equivalents for presentation on the statement of net position and governmental funds balance sheet.

In addition, included in cash and cash equivalents, the County has money market investments with a carrying amount of $16,428, which are invested in short-term U.S. treasury instruments and government agencies. The bank balance of the investments in money market funds is $16,428, which is not exposed to custodial credit risk.

The County's investments in money markets are reported at amortized cost, which approximates market.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2018, the County's investments in PLGIT, INVEST, and BlackRock have received an AAAm rating from Standard & Poor's.

Interest Rate Risk - The County has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments in PLGIT, INVEST, and BlackRock have an average maturity of less than one year.

Agency Funds

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net position. respectively, for the year December 31, 2018. The carrying amount of deposits for the row offices and other County offices was $5,989,463 and the bank balance was $7,495,129. Of the bank balance, $500,000 was covered by federal depository insurance. The remaining balance of $6,995,129 was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

The County uses external investment pools to ensure safety and maximize efficiency, liquidity, and yield for County funds. These funds are invested in PLGIT and INVEST, which issue separately audited financial statements that are available to the public. The fair value of the County's position in the external investment pool is equivalent to the value of the pool shares and is reported at amortized cost, which approximates market. All investments in an external investment pool that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. The County can withdraw funds from PLGIT. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/Prime accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month. The County can withdraw funds from INVEST without limitations or fees. As of December 31, 2018, the bank and book balances of the investments in PLGIT and INVEST are $2,307,863 and $1,296, respectively. These are considered to be cash equivalents for presentation on the statement of fiduciary net position.

Employees' Pension Plan

The Employees' Pension Plan (Plan) investments are held separately from those of other County Funds. Investments were consistent with those authorized.

As of December 31, 2018, the County had the following cash equivalents and investments in its Plan:

		Investment Maturities from December 31, 2018			
Cash or Investment Type	**Carrying Value**	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government and related obligations	$ 17,529,603	$ 1,732,220	$ 9,771,709	$ 5,178,381	$ 847,293
Corporate debt	17,172,203	584,181	9,771,009	6,765,207	51,806
Mortgage and other asset-backed securities	3,720,063	51,031	2,778,826	252,435	637,771
Total debt securities	38,421,869	$ 2,367,432	$ 22,321,544	$ 12,196,023	$ 1,536,870
Cash and cash equivalents	4,580,719				
Common stock	16,887,985				
Mutual funds - equity	41,023,063				
Exchange-traded funds	13,850,509				
Property trust fund	8,574,158				
Collective trust fund	12,650,313				
Private equity fund	19,595,631				
Total cash, cash equivalents, and investments reported on statement of plan net position	$ 155,584,247				

The Plan had the following recurring fair value measurements at December 31, 2018:

Investments by Fair Value Level and NAV	Total	Fair Value Measurements Level 1	Level 2	Level 3
Debt securities:				
U.S. government securities	$ 17,529,603	$ 1,732,220	$ 15,797,383	$ -
Corporate debt obligations	17,172,203	584,181	16,588,022	-
Mortgage and other asset-backed securities	3,720,063	51,031	3,669,032	-
Total debt securities	38,421,869	2,367,432	36,054,437	-
Mutual funds - equity	41,023,063	40,419,279	-	-
Exchange-traded funds	13,850,509	13,850,509	-	-
Common stock:				
Consumer discretionary	1,272,720	1,272,720	-	-
Consumer staples	2,099,859	2,099,859	-	-
Energy	823,006	823,006	-	-
Financial	2,252,945	2,252,945	-	-
Health care	2,561,612	2,561,612	-	-
Industrials	1,952,646	1,952,646	-	-
Information technology	3,031,324	3,031,324	-	-
Materials	355,365	355,365	-	-
Real estate	83,995	83,995	-	-
Utilities	1,155,515	1,155,515	-	-
Telecommunication services	1,298,998	1,298,998	-	-
Total common stock	16,887,985	16,887,985	-	-
Total Investments by Fair Value Level	110,183,426	$ 73,525,205	$ 36,054,437	$ -
Investments measured at NAV:				
Property trust fund	8,574,158			
Collective trust fund	12,650,313			
Private equity fund	19,595,631			
Total Investments measured at NAV	40,820,102			
Total investments	$ 151,003,528			

Debt securities, mutual funds, exchange traded funds, and common stock classified in Level 1 are valued using quoted prices in active markets for those securities. Debt securities classified in Level 2 are valued using various techniques, which may consider the reported sales of similar securities, market price quotations, and data (such as broker quotes, yields, bids, and reference data). The Plan's investment in money markets (cash and cash equivalents) of $4,580,719 is reported at amortized cost, which approximates market.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The County reports alternative investment funds using the net asset value per share as determined by investment managers under the so-called "practical expedient." Valuations are generally based on the compilation of prices from each fund's underlying company or fund administrator. Upon completion of the fund valuations, the County's individual investor valuations are based upon their ownership share of each pool.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

December 31, 2018	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Property trust fund	$ 8,574,158	n/a	Daily	30 days
Collective trust fund	12,650,313	n/a	Daily	30 days
Private equity fund	19,595,631	n/a	Daily	30 days

The following is a description of the Plan deposit and investment risks:

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Plan's formal investment policy states the average quality of fixed income securities purchased by any deposit administrator shall equal or exceed A2, the third broad investment grade as determined by Moody's. Fixed income securities below Baa are permissible, but may not exceed 15% of the fixed income portfolio.

As of December 31, 2018, the Plan investments in fixed income bonds have received the following ratings from Moody's:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Pension Trust Fund Debt Securities

Moody's Rating	Fair Value	Percentage of Total Pension Trust Fund Debt Securities
Aaa	$ 17,215,670	44.8%
Aa1	121,731	0.3%
Aa2	1,083,219	2.8%
Aa3	668,858	1.7%
A1	1,191,637	3.1%
A2	2,621,935	6.8%
A3	2,584,872	6.7%
Baa1	2,974,983	7.7%
Baa2	2,023,165	5.3%
Baa3	1,491,745	3.9%
Other	589,325	1.5%
Unrated	5,854,729	15.2%
	$ 38,421,869	100%

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Plan will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The Plan does not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2018, the Plan investment balance, excluding mutual funds of $41,023,063 (bank and book balance), was exposed to custodial credit risk. Plan investments in mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk - The County places no limit on the amount the Plan may invest in any one issuer. At December 31, 2018, the Plan had investments in Dodge and Cox International, American New Perspective, MFS Global Total Return Fund, Vanguard Index Fund (VOO) ETF, GW&K Collective Investment Trust, Parametric Defense Equity Fund LLC, Acadian Global Managed Volatility Equity Fund, LLC, and JPMCB Strategic Property Fund that were approximately 6%, 8%, 7%, 6%, 5%, 5%, 6%, and 6%, respectively.

Interest Rate Risk - The Plan does not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Other Post-Employment Benefits (OPEB)

The OPEB investments are held separately from those of other County Funds. Investments were consistent with those authorized.

As of December 31, 2018, the County had the following cash, cash equivalents, and investments in its OPEB Funds:

Cash or Investment Type	Fair Value
Cash and cash equivalents	$ 462,754
Mutual funds - fixed income	3,638,063
Mutual funds - equity	11,605,184
Private Equity Fund	840,167
Total cash and investments reported on statement of net position - fiduciary funds	$ 16,546,168

The OPEB Funds categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The OPEB Funds had the following recurring fair value measurements at December 31, 2018:

		Fair Value Measurements		
Investments by Fair Value Level and NAV	**Total**	Level 1	Level 2	Level 3
Mutual funds - fixed income	$ 3,638,063	$ 3,638,063	$ -	$ -
Mutual funds - equity	11,605,184	11,605,184	-	-
Total Investments by Fair Value Level	15,243,247	$ 15,243,247	$ -	$ -
Investments measured at NAV:				
Private Equity Fund	840,167			
Total Investments	$ 16,083,414			

The following is a description of the OPEB Funds' deposit and investment risks:

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The OPEB Funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations (NRSRO). The OPEB Funds' investments in mutual funds do not have credit ratings from NRSROs.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the OPEB funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The OPEB Funds do not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2018, the OPEB Fund investment balance, excluding mutual funds of $15,243,247 (bank and book balance), was exposed to custodial credit risk. OPEB fund investments in mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk - The County places no limit on the amount the County may invest in any one issuer. At December 31, 2018, the Plan had investments in Parametric Defense Equity Fund LLC of 5.00%.

Interest Rate Risk - The OPEB Funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

<u>Investments Measured Using the Net Asset Value per Share Practical Expedient</u>

The County reports alternative investment funds using the net asset value per share as determined by investment managers under the so-called "practical expedient." Valuations are generally based on the compilation of prices from each fund's underlying company or fund administrator. Upon completion of the fund valuations, the County's individual investor valuations are based upon their ownership share of each pool.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

December 31, 2018	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity fund	$ 840,167	n/a	Daily	30 days

3. Interfund Receivables, Payables, and Transfers

The General Fund is reimbursed by other funds for expenses paid on behalf of the other funds by the General Fund. The due from/to balances at year-end represent payments not yet made. All balances are expected to be paid within one year.

Transfers out of the General Fund represent local share of costs paid to other funds. Individual funds receivable and payable balances at year-end and transfers at December 31, 2018 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 86,393	$ 2,013
BHDS	-	844
Capital Expenditures	2,475	82,132
Other governmental funds	9,965	13,844
	$ 98,833	$ 98,833

Fund	Transfer In	Transfer Out
Major Funds:		
General	$ 48,795	$ 2,056,918
BHDS	456,918	-
Capital Expenditures	300,000	40,013
Other governmental funds	1,340,013	-
Fiduciary Funds	-	48,795
	$ 2,145,726	$ 2,145,726

4. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at January 1, 2018	Increases	Decreases	Balance at December 31, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 480,000	$ -	$ -	$ 480,000
Construction in progress	7,770,939	8,722,719	(5,388,287)	11,105,371
Total capital assets, not being depreciated	8,250,939	8,722,719	(5,388,287)	11,585,371
Capital assets, being depreciated:				
Land improvements	25,004,114	1,141,308	-	26,145,422
Buildings and improvements	51,139,356	3,422,545	-	54,561,901
Infrastructure	37,478,621	1,362,131	-	38,840,752
Furniture and equipment	32,788,657	3,086,784	(228,035)	35,647,406
Total capital assets, being depreciated	146,410,748	9,012,768	(228,035)	155,195,481
Less accumulated depreciation for:				
Land improvements	(9,720,942)	(977,840)	-	(10,698,782)
Buildings and improvements	(28,589,642)	(1,899,521)	-	(30,489,163)
Infrastructure	(9,339,615)	(826,218)	-	(10,165,833)
Furniture and equipment	(24,413,062)	(1,698,618)	207,851	(25,903,829)
Total accumulated depreciation	(72,063,261)	(5,402,197)	207,851	(77,257,607)
Capital assets being depreciated, net	74,347,487	3,610,571	(20,184)	77,937,874
Governmental activities capital assets, net	$ 82,598,426	$ 12,333,290	$ (5,408,471)	$ 89,523,245

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

Governmental Activities:	
General government - administration	$ 2,203,427
General government - judicial	459,182
Public safety	1,278,891
Public works and enterprises	1,085,103
Human services	186,760
Culture and recreation	188,834
Total depreciation expense - governmental activities	$ 5,402,197

5. Washington County Employees' Retirement Plan

Plan Description

The Washington County Retirement Plan (Plan) is a single employer defined benefit pension plan governed by the County Pension Law Act 96 of 1971 (Act), as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. The Plan is administered by the Washington County Employees' Retirement Board (Retirement Board). In accordance with the Act, the Retirement Board consists of five members, including the three elected County Commissioners, the County Controller, and the County Treasurer. All County employees become eligible to become Plan participants immediately upon becoming an employee. Membership in the Plan is optional for elected officials. The Plan requires each member to contribute a percentage of their salary to the Plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Washington County Employees' Retirement Board. Separate stand-alone financial statements are issued for the Plan and may be obtained from the County Controller's Office.

At December 31, 2018, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	836
Inactive plan members entitled to but not yet receiving benefits	146
Active plan members	712
Total plan members	1,694

Summary of Significant Accounting Policies

Financial information of the Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by the Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The net pension liability is recorded as a governmental activity expected to be paid from the General Fund and special revenue funds.

Benefits Provided

Participants in the Plan are 100% vested after five years of service. The Plan provides the following benefits:

Retirement Benefit - A participant is entitled to begin receiving retirement benefits at age 60 or after completing 20 years of service and attaining age 55. A participant is eligible for voluntary early retirement upon completion of 20 years of service and involuntary retirement upon completion of eight years of service. The scheduled monthly retirement benefit is 1/12 of the participant's final average salary multiplied by years of credited service on the 1/80 Class plus a monthly annuity based on the actuarial equivalent of the member's accumulated contribution with credited interest. A member may elect to receive the actuarial equivalent of his retirement benefit as a full cash refund annuity (Option One) or a reduced joint and survivor pension payable for the remainder of his life with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive, in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the County.

Disability Benefit - If a participant becomes totally and permanently disabled prior to normal retirement age and after completion of five years of credited service, the participant is entitled to receive a monthly disability benefit. The scheduled benefit is a total monthly pension commencing on the last day of the month following disability retirement equal to 25% of the 1/12th of Final Average Salary at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.

Death Benefit - If a participant's death occurs after having attained age 60 or having completed ten years of credited service, the beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated above based on the member's Final Average Salary and credited service at time of death plus the member's accumulated contributions with interest at time of death. If a participant's death occurs after retirement the beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must at least equal the member's accumulated contributions with interest.

Cost-of-Living Adjustments – Cost-of-living adjustments shall be reviewed at least once every three years by the Retirement Board. The last cost-of-living adjustment was on January 1, 1998.

Contributions and Funding Policy

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates is determined using the entry age actuarial funding method and the same actuarial assumptions used to calculate the pension benefit calculation.

As a condition of participation, employees are to contribute between 7% and 17% (currently 7%) of their salary as stipulated in the Act.

The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the participants and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania.

Administrative expenses generally are to be paid from the County's General Fund and not from Plan assets. However, administrative expenses may be paid from the Plan from year to year, unless it is determined from the actuary that such payment will impair the actuarial soundness of the Plan.

During the year, the County made the actuarially determined contribution to the Plan of $3,480,100.

Changes in the Net Pension Liability

The changes in the net pension liability of the County for the year ended December 31, 2018 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	$ 172,594,392	$ 167,681,441	$ 4,912,951
Changes for the year:			
Service cost	4,139,603	-	4,139,603
Interest	11,629,427	-	11,629,427
Changes of benefit terms	-	-	-
Differences between expected and actual	(2,873,355)	-	(2,873,355)
Changes of assumptions	3,611,843	-	3,611,843
Contributions - employer	-	3,480,100	(3,480,100)
Contributions - employee	-	2,934,702	(2,934,702)
Net investment income (loss)	-	(7,882,790)	7,882,790
Benefit payments, including refunds	(10,541,425)	(10,541,425)	-
Administrative expense	-	(79,808)	79,808
Other changes	-	187,027	(187,027)
Net changes	5,966,093	(11,902,194)	17,868,287
Balances at December 31, 2018	$ 178,560,485	$ 155,779,247	$ 22,781,238
Plan fiduciary net position as a percentage of the total pension liability			87.24%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2018, and rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:	
Investment rate of return	6.75%
Salary increases	3.50%
Inflation	3.00%

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

The actuarial assumptions used in the valuation for the 2018 measurement period were based on past experience under the plan and reasonable future expectations which represent the best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

No ad hoc postemployment benefit changes were included in the future liability.

Changes in Actuarial Assumptions – The County has lowered the valuation interest rate from 7.0% to 6.75% based on prior year market performance. The cost effect of the change in the valuation interest rate is an increase in the actuarial accrued liability of $3,611,843. The change in the actuarially determined contribution is an increase of $390,322.

Investment Policy – The Plan's policies in regard to the allocation of invested assets are established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Long-Term Expected Rate of Return – The long-term expected rate of return on 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan target asset allocation as of December 31, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33-43%	5.4-6.4%
International equity	15-25%	5.5-6.5%
Real estate / Alternative	0-26%	4.5-5.5%
Fixed income	21-31%	1.3-3.3%
Cash	0-5%	0-1.0%

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested. For the year ended December 31, 2018, the annual money-weighted rate of return on the Plan investments, net of investment expense, was (4.36)%.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the County's contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan calculated using the discount rate described above, as well as what the Plan's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	$ 41,639,598	$ 22,781,238	$ 6,877,924

Pension Expense and Deferred Outflow of Resources Related to Pensions

For the year ended December 31, 2018, the County recognized pension expense of approximately $6,837,280. At December 31, 2018, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	$ 5,007,672	$ -
Net difference between projected and actual earnings on pension plan investments	10,651,147	-
Differences between expected and actual experience	832,557	2,117,209
Total deferred outflows of resources	$ 16,491,376	$ 2,117,209

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

Year ending December 31,	
2019	$ 5,289,019
2020	3,010,356
2021	2,262,464
2022	3,812,328
Total	$ 14,374,167

6. Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described in Note 5, the County provides post-retirement health care benefits to certain retired employees, in accordance with the various union contracts and other employment agreements. The benefit limits, funding policy, and employee and employer contributions are established and amended through union contracts or the County's Board of Commissioners. The post-employment benefit plan (plan) is accounted for as a trust fund and an irrevocable trust has been established; however, the plan does not issue a separate report.

Plan Description

The County's plan is a single-employer defined benefit healthcare plan that covers all employees of the County whose employment commenced before April 1, 2004. The plan provides healthcare coverage to plan members and their dependents. Employees hired on or after April 1, 2004 are not eligible to participate in the Plan.

At December 31, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	574
Active employees	228
Total membership	802

Contributions

OPEB plan contribution rates are established through the budget process, may be changed by budget amendments, and are approved by the County's Board of Commissioners. Retirees are required to contribute a percentage of premiums that vary by employee groups prior to Medicare eligibility. The County contributed $8,248,737 during 2018.

Net OPEB Liability

The changes in the net OPEB liability at December 31, 2018 was as follows:

	Increases / Decreases		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2017	$ 67,946,497	$ 12,431,535	$ 55,514,962
Changes for the year:			
Service cost	382,458	-	382,458
Interest	4,671,245	-	4,671,245
Changes of benefit terms	(290,908)	-	(290,908)
Differences between expected and actual	(15,743,662)	-	(15,743,662)
Changes of assumptions	1,134,680	-	1,134,680
Contributions - employer	-	8,248,737	(8,248,737)
Contributions - employee	-	-	-
Net investment income (loss)	-	(884,948)	884,948
Benefit payments, including refunds	(3,248,737)	(3,248,737)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(13,094,924)	4,115,052	(17,209,976)
Balances at December 31, 2018	$ 54,851,573	$ 16,546,587	$ 38,304,986
Plan fiduciary net position as a percentage of the total OPEB liability			30.17%

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial assumptions:	
Investment rate of return	7.00%
Salary increases	3.50%
Inflation	3.00%
Health care cost trends	5.5% decreasing to an ultimate rate of 3.84% by 2075
Mortality Table	RP-2000 Mortality Table with projected improvement through 2020 for retirees and through 2028 for active participants with no future projected improvements

Changes in assumptions - The health care trend rates were adjusted from an initial rate of 5.60% at January 1, 2018 decreasing to an ultimate rate of 3.94% in 2075 to an initial rate of 5.50% at January 1, 2018 decreasing to an ultimate rate of 3.84% in 2075. This change caused a decrease in the County's liability.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The expected inflation is 3.00%. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation for the 2018 measurement period are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	39-49%	5.4-6.4%
International equity	16-26%	5.5-6.5%
Fixed income	21-31%	1.3-3.3%
Real estate	0-18%	4.5-5.5%
Cash	0-5%	0.0-1.0%

Discount Rate - The discount rate used to measure the net OPEB liability was 7.0% percent. The discount rate, at which future benefit cashflows are discounted, is set as (a) the long-term expected rate of return on OPEB Plan investments to the extent that the OPEB plan assets are projected to be sufficient to make projected benefit payments and expected to be invested using a strategy to achieve that return or (b) the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) if the conditions in (a) are not met. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (i.e., no depletion date is projected to occur).

Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was -5.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate - The following presents the net OPEB liability of the County, as well as what County's net OPEB liability would be if it were calculated using a discount rate and healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 43,991,622	$ 38,304,986	$ 33,484,960

	Healthcare cost trend rates		
	1% Decrease	Current	1% Increase
Net OPEB Liability	$ 32,810,593	$ 38,304,986	$ 44,830,840

OPEB Expenses and Deferred Outflows and Inflows of Resources Related to OPEB

The OPEB expense recognized in 2018 was $453,739. At December 31, 2018, the County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	$ 851,010	$ -
Net difference between projected and actual earnings on pension plan investments	1,541,758	-
Differences between expected and actual experience	-	11,807,746
Total deferred outflows of resources	$ 2,392,768	$ 11,807,746

Differences between expected and actual experience was a result of the average remaining service life of active and inactive employees being adjusted to 4.2.

The deferred outflows/inflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31,		
2019	$	(3,266,807)
2020		(3,266,807)
2021		(3,266,805)
2022		385,441
Total	$	(9,414,978)

7. Real Estate Taxes

The County's property tax is levied each January 1 on the assessed values as of the prior November 15 for all real property located in the County. The assessed value for 2018 was $1,717,920,649.

The County is limited by the laws of the Commonwealth of Pennsylvania to levy taxes up to $25.00 per $1,000 of assessed valuation for General Government Services, and limited to

$10.00 per $1,000 of valuation for payment of rentals to any municipality and is unlimited for the payment of principal and interest on long-term debt. The tax rate to finance General Government Services other than the payment of principal and interest on long-term debt for the year ended December 31, 2018, was 22.6 mills per $1,000. The tax rate to finance the payment of principal and interest on long-term debt for the year ended December 31, 2018 was 1.7 mills per $1,000.

Taxes for 2018 were billed in January 2018 and were due on the following schedule: at two percent discount if paid by March 31, 2018; at face value if paid between April 1, 2018 and June 30, 2018; and at 10 percent penalty if paid between July 1, 2018 and January 15, 2019. The County placed liens on all property for which the 2018 tax was not paid by January 15, 2019.

Taxes receivable are reflected on the statement of net position of $1,915,368, which is net of an allowance for doubtful accounts of $636,490.

8. Long-Term Debt

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2018:

	Balance at December 31, 2017	Additions and Accretion	Payments	Balance at December 31, 2018	Due within one year
Governmental Activities:					
Guaranteed Lease Revenue Bonds, Series of 1992	$ 3,651,646	$ 213,064	$ 1,390,000	$ 2,474,710	$ 1,390,000
General Obligation Bonds, Series of 2007A	3,542,047	166,794	-	3,708,841	-
General Obligation Bonds, Series of 2012B	18,420,000	-	270,000	18,150,000	270,000
General Obligation Bonds, Series of 2013	6,245,000	-	615,000	5,630,000	640,000
General Obligation Bonds, Series of 2016	8,285,000	-	5,000	8,280,000	80,000
General Obligation Bonds, Series of 2017	5,600,000	-	80,000	5,520,000	245,000
Total Long-Term Debt	$ 45,743,693	$ 379,858	$ 2,360,000	$ 43,763,551	$ 2,625,000

General obligation debt payable at December 31, 2018 is composed of the following individual issues:

Guaranteed Lease Revenue Bonds, Series of 1992

The County has guaranteed the Series of 1992 Revenue Bonds (1992 Authority Bonds) of the Washington County Authority (Authority), with an original principal amount of \$17,162,970. These 1992 Authority Bonds were issued primarily to finance capital projects. Portions of the 1992 Authority Bonds were refunded by the Guaranteed Lease Revenue Refunding Bonds, Series A of 1993, which were later retired, and by the General Obligation Bonds, Series 2002A, which were retired in 2012. Another portion of the bonds, \$4,777,357, was advance refunded with the General Obligation Bonds, Series 2007A. In 2012, another portion of the bonds, \$2,843,681, was advance refunded with the General Obligation Bonds, Series 2012B. After consideration of the refundings, the 1992 Authority Bonds had remaining bond principal of \$7,790,000 with maturity values of \$1,390,000 annually through 2020 issued to yield rates from 6.35% to 6.85%. The Capital Appreciation Bonds accrue and compound interest on a semi-annual basis and are carried at cost plus accrued interest. As of December 31, 2018, the total maturity value of the Capital Appreciation Bonds is \$2,780,000.

Washington County Note Payable

The County borrowed \$6 million from the Authority out of the proceeds of the Authority's Series 1999 Capital Funding Revenue Bonds (Authority Bonds) for the purpose of creating a pool of funds for various local municipalities' infrastructure projects within the County. A portion of the note was repaid with proceeds from the General Obligation Bonds, Series 2007B, and the remaining balance was paid in full during 2008.

During 2007, a sinking fund was established by the County related to loans previously reported in the County loan pool. Monthly principal and interest payments made by the local municipalities are deposited into the County's sinking fund, the balance of which, together with any investment earnings, is used to pay amounts due on the General Obligation Bonds, Series 2007B. The sinking fund balance at December 31, 2018 totaled \$16,429 and is reported as cash and cash equivalents on the balance sheet.

General Obligation Bonds, Series of 2007A and B

On May 17, 2007, the County issued \$18,630,219 in General Obligation Bonds and \$1,080,000 in General Obligation Taxable Bonds to advance refund portions of the 1992, 2002A, and 2003 bond issuances, to current refund a portion of the 1998 bond issuance, to fund a capitalized interest deposit, to pay off a portion of the loan pool discussed above, and to fund various capital projects. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 4.00% to 5.29% until maturity.

A portion of the Series 2007A Bonds consists of Capital Appreciation Bonds with an aggregate original issuance amount of $2,215,220 with maturity values of $3,475,000 and $3,425,000, which mature in 2031 and 2032, respectively, issued to yield rates of 4.65% and 4.66%, respectively. The Capital Appreciation Bonds accrue and compound interest on a semi-annual basis and are carried at cost plus accrued interest.

During 2016, $4,850,000 of General Obligation Bonds, Series A of 2007 and the outstanding balance of Series B of 2007 was advanced refunded with the General Obligation Bonds, Series of 2016.

During 2017, $6,710,000 of General Obligation Bonds, Series A of 2007 was advanced refunded with the General Obligation Bonds, Series of 2017.

General Obligation Bonds, Series of 2012 A and 2012 B

On June 20, 2012, the County issued $3,595,000 in General Obligation Bonds to fund the termination of a swap related to the 2002A bond issuance.

On June 20, 2012, the County issued $18,990,000 in General Obligation Bonds to advance refund a portion of the 1992 bond issuance, to currently refund the 2002A bond issuance, and to fund various capital projects.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 1.50% to 4.00% until maturity. The 2012B Bonds that mature on and after September 1, 2023 are subject to redemption prior to maturity, at the option of the County, on September 1, 2022 or on any date thereafter, as specified in the 2012 Bonds issuance offering statement. The 2012 B Bonds have a final maturity date on September 1, 2033.

General Obligation Bonds, Series of 2013

During September 2013, the County issued $7,980,000 in General Obligation Bonds to currently refund the outstanding balances of the Series 2003 and 2003A General Obligation Bonds.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from .300% to 4.00% until maturity. The 2013 Bonds are not subject to optional redemption or mandatory redemption prior to their stated dates of maturity. The 2013 Bonds have a final maturity date on September 1, 2022.

General Obligation Bonds, Series of 2016

On April 19, 2016, the County issued $8,290,000 in General Obligation Bonds to (1) advance refund a portion of the County's General Obligation Bonds, Series A of 2007; and (2) advance refund all of the County's General Obligation Bonds, Series B of 2007. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 2.000 % to 2.750% until maturity. The Bonds slated to mature on or after September 1, 2022 shall be subject to redemption, prior to maturity, at the option of the County, in whole or in part, in any order of maturities as the County shall select, at any date of dates on or after September 1, 2021. The Bonds slated to mature on September 1, 2030 are subject to mandatory redemption prior to maturity in part, by lot, on September 1 of 2028, 2029, and 2030 at the redemption price of 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts of $1,930,000, $2,530,000, and $1,415,000, respectively. The 2016 Bonds have a final maturity date of September 1, 2030.

General Obligation Bonds, Series of 2017

On May 16, 2017, the County issued $5,600,000 in General Obligation Bonds to (1) currently refund a portion of the County's outstanding General Obligation Bonds, Series A of 2007; and (2) pay the costs and expenses of issuing the Bonds. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 1.200 % to 2.800% until maturity. The Bonds stated to mature on or after September 1, 2023, shall be subject to redemption, prior to maturity, at the option of the County, in whole or in part, in any order of maturities as the County shall select, at any date of dates on or after September 1, 2022 at a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for redemption. The Bonds slated to mature on September 1, 2030 are subject to mandatory redemption prior to maturity in part, by lot, on September 1 of 2028, 2029, and 2030 at the redemption price of 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts of $1,330,000, $800,000, and $1,960,000, respectively. The 2017 Bonds have a final maturity date on September 1, 2030.

Annual debt service requirements are as follows:

	Governmental Activities	
Years	Principal	Interest
2019	$ 2,625,000	$ 1,166,285
2020	2,655,000	1,137,144
2021	2,685,000	1,106,545
2022	2,785,000	1,008,725
2023	2,885,000	907,201
2024-2028	15,675,000	3,196,686
2029-2033	13,265,220	5,759,380
	42,575,220	14,281,966
Accreted interest	1,188,331	(1,188,331)
	$ 43,763,551	$ 13,093,635

At December 31, 2018, the County has $2,120,000 of defeased debt outstanding relating to the various debt issuances.

9. Contingencies

At year-end, various claims have been paid and closed where others are outstanding relating to workers' compensation injuries under existing insurance policies. Provisions are recorded in the General and Enterprise funds for benefit claims incurred but unpaid at December 31, 2018. The County has an outstanding claim with a balance of $684,810 included in accounts payable on the statement of net position at December 31, 2018.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

There are various other matters of pending litigation in which the County is involved. The County believes it has meritorious defenses and intends to contest these matters. The amount of liability, if any, related to these matters is not subject to determination. Accordingly, the financial statements do not include any adjustment for possible effects.

10. Risk Management

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

11. Child Care Information Services (CCIS)

In 2017, the Pennsylvania Department of Human Services (DHS) restructured the Commonwealth of Pennsylvania's service area as it pertained to the Pennsylvania DHS' funded services. In June 2017, the Pennsylvania DHS' Division of Procurement and Contract Management issued Request for Proposal (RFP) 30-16. This required the County to submit a proposal to retain the County's Child Care Information Services (CCIS) department and associated funding as well as provide for the absorption of mirror services in Westmoreland, Fayette, and Greene Counties. The County submitted its proposal on August 23, 2017. The County was notified in October 2017 that Westmoreland Child Care Information, Inc. was awarded the proposal for the County's service area. In December 2017, a debriefing conference call took place between the County officials and representatives from the Pennsylvania DHS. During the call, the County was informed that while the County ranked first in the technical submission, the County ranked third in overall cost. Subsequently, the County filed two bid protests with the Commonwealth of Pennsylvania; however, the County was not successful. As a result, CCIS ceased providing services effective June 30, 2018. The Commonwealth of Pennsylvania provided for three existing CCIS staff to remain on-site through August 31, 2018 to complete the transition.

12. Agreement with Conservation District

The Conservation District entered into a lease agreement with the County for office space in Washington, Pennsylvania. The term of the lease is 20 years, with an option to renew the lease for two additional terms of 20 years under the same terms of the original agreement.

The County provided an interest-free loan of $1,002,855 for 50% of the total cost of construction to be paid back to the County in four equal yearly installments. The first loan payment of $254,052 was paid in October 2018. The balance outstanding as of December 31, 2018 is $748,803.

Scheduled repayments on the loan payable as of December 31, 2018 are as follows:

	Principal
2019	$ 249,601
2020	249,601
2021	249,601
	$ 748,803

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -
EMPLOYEES' RETIREMENT PLAN

SCHEDULES OF CHANGES IN THE PLAN'S NET
PENSION LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31
(Dollar Amounts in Thousands)

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	$ 4,139,603	$ 5,633,217	$ 5,731,291	$ 1,887,140	$ 1,647,078
Interest	11,629,427	11,598,318	11,189,569	10,740,724	10,073,103
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,873,355)	42,389	1,278,427	4,021,278	3,086,442
Changes of assumptions	3,611,843	-	-	6,100,414	1,508,303
Benefit payments, including refunds of member contributions	(10,541,425)	(12,875,616)	(9,296,214)	(7,875,166)	(7,439,450)
Other	-	-	(770,297)	-	-
Net Changes in Total Pension Liability	5,966,093	4,398,308	8,132,776	14,874,390	8,875,476
Total Pension Liability - Beginning	172,594,392	168,196,084	160,063,308	145,188,918	136,313,442
Total Pension Liability - Ending (a)	$ 178,560,485	$ 172,594,392	$ 168,196,084	$ 160,063,308	$ 145,188,918
Plan Fiduciary Net Position:					
Contributions - employer	$ 3,480,100	$ 4,414,689	$ 4,610,598	$ 4,330,962	$ 3,799,410
Contributions - member	2,934,702	3,643,400	3,701,893	3,637,788	3,440,897
Net investment income	(7,882,790)	21,719,875	10,109,312	(1,380,494)	8,760,353
Benefit payments, including refunds of member contributions	(10,541,425)	(12,875,616)	(9,296,214)	(7,875,166)	(7,439,450)
Administrative expense	(79,808)	(80,949)	(87,797)	(79,148)	(97,514)
Other	187,027	(97,063)	(27,131)	279,905	-
Net Change in Plan Fiduciary Net Position	(11,902,194)	16,724,336	9,010,661	(1,086,153)	8,463,696
Plan Fiduciary Net Position - Beginning	167,681,441	150,957,105	141,946,444	143,032,597	134,568,901
Plan Fiduciary Net Position - Ending (b)	$ 155,779,247	$ 167,681,441	$ 150,957,105	$ 141,946,444	$ 143,032,597
Net Pension Liability - Ending (a-b)	$ 22,781,238	$ 4,912,951	$ 17,238,979	$ 18,116,864	$ 2,156,321
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.24%	97.15%	89.75%	88.68%	98.51%
Covered Payroll	$ 36,453,702	$ 49,393,202	$ 49,478,948	$ 46,821,026	$ 45,478,161
Net Pension Liability as a Percentage of Covered Payroll	62.49%	9.95%	34.84%	38.69%	4.74%

Note - Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -
EMPLOYEES' RETIREMENT PLAN

SCHEDULES OF PENSION PLAN CONTRIBUTIONS
AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31

	2018	2017	2016	2015	2014
Schedule of Contributions					
Actuarially determined contribution	$ 3,480,100	$ 4,414,689	$ 4,610,598	$ 4,330,962	$ 3,799,410
Contributions in relation to the actuarially determined contribution	3,480,100	4,414,689	4,610,598	4,330,962	3,799,410
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 36,453,702	$ 49,393,202	$ 49,478,948	$ 46,821,026	$ 45,478,161
Contributions as a percentage of covered payroll	9.55%	8.94%	9.32%	9.25%	8.35%
Investment Returns					
Annual money-weighted rate of return, net of investment expense	-4.36%	14.59%	7.70%	-0.30%	7.16%

Note - Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE PLAN'S NET OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years*

	2018	2017
Total OPEB Liability		
Service cost	$ 382,458	$ 367,971
Interest	4,671,245	4,539,742
Change of benefit terms	(290,908)	-
Differences between expected and actual	(15,743,662)	-
Changes of assumptions	1,134,680	-
Benefit payments	(3,248,737)	(3,629,343)
Net change in total OPEB liability	(13,094,924)	1,278,370
Total OPEB liability - beginning	67,946,497	66,668,127
Total OPEB liability - ending	$ 54,851,573	$ 67,946,497
Plan Fiduciary Net Position		
Contributions - employer	$ 8,248,737	$ 3,629,343
Net investment income	(884,948)	1,691,802
Benefit payments	(3,248,737)	(3,629,343)
Administrative expense	-	(3,930)
Net change in plan fiduciary net position	4,115,052	1,687,872
Plan fiduciary net position - beginning	12,431,535	10,743,663
Plan fiduciary net position - ending	$ 16,546,587	$ 12,431,535
Net OPEB liability (asset)	$ 38,304,986	$ 55,514,962
Plan fiduciary net position as a percentage of the total OPEB liability	30.17%	18.30%
Covered payroll	$ 12,214,298	$ 49,393,202
Net OPEB liability as a percentage of covered payroll	313.61%	112.39%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, The County is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF OPEB PLAN CONTRIBUTIONS AND INVESTMENT RETURNS

Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Schedule of Contributions										
Actuarially determined contribution	$ 3,707,528	$ 5,160,327	$ 4,827,806	$ 4,812,575	$ 5,769,742	$ 5,406,704	$ 5,406,704	$ 4,544,738	$ 4,544,738	$ 4,596,579
Contributions in relation to the actuarially determined contribution	9,367,098	3,629,343	3,117,321	4,970,644	5,150,421	2,875,381	2,707,950	7,108,129	2,215,822	1,678,360
Contribution deficiency (excess)	$ (5,659,570)	$ 1,530,984	$ 1,710,485	$ (158,069)	$ 619,321	$ 2,531,323	$ 2,698,754	$ (2,563,391)	$ 2,328,916	$ 2,918,219
Covered payroll	$ 12,214,298	$ 49,393,202	$ 49,478,948	$ 46,821,026	$ 45,478,161	$ 43,872,991	$ 42,103,161	$ 40,421,525	$ 40,609,970	$ 40,348,624
Contributions as a percentage of covered payroll	76.69%	7.35%	6.30%	10.62%	11.33%	6.55%	6.43%	17.59%	5.46%	4.16%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	-5.12%	16.08%	*	*	*	*	*	*	*	*

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the County is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information

1. Pension Information

Actuarial Methods and Assumptions

The information presented in the "Required Supplementary Information – Employees' Retirement Plan" was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine the actuarially determined contribution rate are as follows:

	Employees Plan
Actuarial valuation date	1/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	17 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior year
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases	3.50%
Underlying inflation rate	3.00%
Retirement age	Age 60 or 55 with 20 years
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement.

Change in Actuarial Assumptions

In 2018, the County has lowered the valuation interest rate from 7.0% to 6.75%. The cost effect of the change in the valuation interest rate is an increase in the actuarial accrued liability of $3,611,843. The change in the actuarially determined contribution is an increase of $390,322.

No changes noted for the January 1, 2017 valuation.

No changes noted for the January 1, 2016 valuation.

Based upon the actuarial valuation performed as of January 1, 2015, the investment rate of return was lowered from 7.50% to 7.00% to add a degree of conservatism to the assumptions. The effect of this change is an increase in the actuarial accrued liability of $6,100,414 and a corresponding increase in the actuarially determined contribution of $669,793.

In 2014, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2013 Annuitant and Non-Annuitant Mortality Tables for purposes of developing mortality rates. In prior years, those assumptions were based on the 1983 Group Annuity Mortality Table.

2. OPEB Information

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

Valuation date:	1/1/2018
Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar, open
Amortization period:	30 years
Asset valuation method	Market Value
Projected salary inflation	3.00%
Healthcare cost trend rates	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2075
Salary increases	3.50%
Investment rate of return	7.00%
Mortality	RP-2000 Mortality Table with projected improvement through 2020 for retirees and through 2028 for active participants with no future projected improvements.

Changes in Assumptions

For 2018, the health care trend rates were adjusted from an initial rate of 5.60% decreasing to an ultimate rate of 3.94% in 2075, to an initial rate of 5.50% decreasing to an ultimate rate of 3.84% in 2075. This change caused a decrease in the County's liability.

SUPPLEMENTARY INFORMATION

COUNTY OF WASHINGTON, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

	Special Revenue Funds							Capital Projects Funds	Debt Service Fund	
	Airport Operating	Human Services	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Emergency Communication 911	Total	Airport Capital Projects	Debt Service	Total Other Governmental Funds
Assets										
Cash and cash equivalents	$ 22,181	$ 808,273	$ 1,790,562	$ 525,395	$ 28,575	$ 738,383	$ 3,913,369	$ 237,638	$ 581,569	$ 4,732,576
Taxes receivable, net of allowance	-	-	-	-	-	-	-	-	156,570	156,570
Due from other governments	-	304,543	286,557	55,881	440,202	1,000,466	2,087,649	356,072	1,749	2,445,470
Interest and other	9,275	6,236	23	8,037	75,042	-	98,613	17,995	-	116,608
Loan receivable	-	-	-	-	-	-	-	-	89,749	89,749
Due from other funds	2,696	-	-	600	1,026	5,643	9,965	-	-	9,965
Prepaids and other	-	-	-	1,554	535	2,958	5,047	-	-	5,047
Total Assets	$ 34,152	$ 1,119,052	$ 2,077,142	$ 591,467	$ 545,380	$ 1,747,450	$ 6,114,643	$ 611,705	$ 829,637	$ 7,555,985
Liabilities, Deferred Inflows of Resources, and Fund Balance										
Liabilities:										
Accounts payable	$ 5,386	899,287	$ 398,948	$ 18,451	$ 79,589	$ 27,716	$ 1,429,377	$ 602,405	$ -	$ 2,031,782
Accrued payroll and other expenses	-	91,392	24,499	1,131	119,096	135,172	371,290	-	-	371,290
Unearned revenue	-	128,373	-	-	-	-	128,373	-	93,964	222,337
Due to other funds	-	-	54	429	483	3,578	4,544	9,300	-	13,844
Total Liabilities	5,386	1,119,052	423,501	20,011	199,168	166,466	1,933,584	611,705	93,964	2,639,253
Deferred Inflows of Resources:										
Unavailable revenue - loan repayment	-	-	-	-	-	-	-	-	89,749	89,749
Unavailable revenue - real estate taxes	-	-	-	-	-	-	-	-	78,689	78,689
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	168,438	168,438
Fund Balance:										
Nonspendable:										
Inventories and prepaids	-	-	-	1,554	535	2,958	5,047	-	-	5,047
Restricted for:										
Debt service	-	-	-	-	-	-	-	-	567,235	567,235
Domestic relations	-	-	-	-	345,677	-	345,677	-	-	345,677
Liquid fuels	-	-	1,648,441	-	-	-	1,648,441	-	-	1,648,441
Emergency communication	-	-	-	-	-	1,568,185	1,568,185	-	-	1,568,185
Committed for:										
Hazardous materials	-	-	-	569,902	-	-	569,902	-	-	569,902
Airport operations	28,766	-	-	-	-	-	28,766	-	-	28,766
Assigned for:										
Encumbrances	-	-	5,200	-	-	9,841	15,041	-	-	15,041
Total Fund Balance	28,766	-	1,653,641	571,456	346,212	1,580,984	4,181,059	-	567,235	4,748,294
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 34,152	$ 1,119,052	$ 2,077,142	$ 591,467	$ 545,380	$ 1,747,450	$ 6,114,643	$ 611,705	$ 829,637	$ 7,555,985

COUNTY OF WASHINGTON, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds							Capital Projects Fund	Debt Service Fund	
	Airport Operating	Human Services	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Emergency Communication 911	Total	Airport Capital Projects	Debt Service	Total Other Governmental Funds
Revenues:										
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,768,720	$ 2,768,720
Intergovernmental	-	10,385,044	1,427,694	56,610	2,108,248	4,038,219	18,015,815	1,213,896	-	19,229,711
Charges for services	-	-	-	119,294	94,125	19,161	232,580	-	-	232,580
Interest	-	21,081	24,260	9,304	-	10,721	65,366	-	27,085	92,451
Other	-	10,309	-	13,600	6,271	-	30,180	-	373,399	403,579
Total revenues	-	10,416,434	1,451,954	198,808	2,208,644	4,068,101	18,343,941	1,213,896	3,169,204	22,727,041
Expenditures:										
Current:										
General government - judicial	-	-	-	-	3,386,686	-	3,386,686	-	-	3,386,686
Public safety	-	-	-	151,955	-	4,121,427	4,273,382	-	-	4,273,382
Public works and enterprises	100,000	-	1,205,114	-	-	-	1,305,114	-	-	1,305,114
Human services	-	10,416,434	-	-	-	-	10,416,434	-	-	10,416,434
Debt service:										
Principal	-	-	-	-	-	-	-	-	2,360,000	2,360,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	1,194,304	1,194,304
Capital projects	-	-	-	-	-	-	-	1,253,909	-	1,253,909
Total expenditures	100,000	10,416,434	1,205,114	151,955	3,386,686	4,121,427	19,381,616	1,253,909	3,554,304	24,189,829
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	-	246,840	46,853	(1,178,042)	(53,326)	(1,037,675)	(40,013)	(385,100)	(1,462,788)
Other Financing Sources (Uses):										
Loan repayments	-	-	-	-	-	-	-	-	8,306	8,306
Transfers in	100,000	-	-	-	1,200,000	-	1,300,000	40,013	-	1,340,013
Total financing sources (uses)	100,000	-	-	-	1,200,000	-	1,300,000	40,013	8,306	1,348,319
Net Change in Fund Balance	-	-	246,840	46,853	21,958	(53,326)	262,325	-	(376,794)	(114,469)
Fund Balance:										
Beginning of year	28,766	-	1,406,801	524,603	324,254	1,634,310	3,918,734	-	944,029	4,862,763
End of year	$ 28,766	$ -	$ 1,653,641	$ 571,456	$ 346,212	$ 1,580,984	$ 4,181,059	$ -	$ 567,235	$ 4,748,294

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

AIRPORT OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Charges for services	$ -	$ -	$ -
Other	-	-	-
Total revenues	-	-	-
Expenditures:			
Public works and enterprises	100,000	100,000	-
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(100,000)	-
Other Financing Sources (Uses):			
Transfer in	100,000	100,000	-
Net Change in Fund Balance	$ -	$ -	$ -

COUNTY OF WASHINGTON, PENNSYLVANIA

HUMAN SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 18,975,202	$ 10,385,044	$ (8,590,158)
Interest	9,245	21,081	11,836
Other	-	10,309	10,309
Total revenues	18,984,447	10,416,434	(8,568,013)
Expenditures:			
Human services	18,984,447	10,416,434	(8,568,013)
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

LIQUID FUELS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Intergovernmental	$ 2,778,986	$ 1,427,694	$ (1,351,292)
Interest	1,000	24,260	23,260
Total revenues	2,779,986	1,451,954	(1,328,032)
Expenditures:			
Public works and enterprises:			
Highways and bridges	2,842,058	1,205,114	(1,636,944)
Excess (Deficiency) of Revenues Over Expenditures	$ (62,072)	$ 246,840	$ 308,912

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

HAZARDOUS MATERIALS EMERGENCY RESPONSE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Revenues:				
Intergovernmental	$ 55,000	$ 55,000	$ 56,610	$ 1,610
Charges for services	102,500	102,500	119,294	16,794
Interest	2,500	2,500	9,304	6,804
Other	3,000	3,000	13,600	10,600
Total revenues	163,000	163,000	198,808	35,808
Expenditures:				
Public safety	159,924	202,581	151,955	(50,626)
Excess (Deficiency) of Revenues Over Expenditures	$ 3,076	$ (39,581)	$ 46,853	$ 86,434

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

DOMESTIC RELATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 2,578,000	$ 2,108,248	$ (469,752)
Charges for services	122,000	94,125	(27,875)
Other	54,800	6,271	(48,529)
Total revenues	2,754,800	2,208,644	(546,156)
Expenditures:			
General government - judicial	3,747,248	3,386,686	(360,562)
Excess (Deficiency) of Revenues Over Expenditures	(992,448)	(1,178,042)	(185,594)
Other Financing Sources (Uses):			
Transfer in	1,200,000	1,200,000	-
Net Change in Fund Balance	$ 207,552	$ 21,958	$ (185,594)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2018

	Treasurer	Recorder of Deeds	Register of Wills	Prothonotary	Clerk of Courts
Assets					
Cash and cash equivalents	$ 65,466	$ 1,742,938	$ 289,898	$ 1,528,735	$ 1,139,326
Liabilities					
Due to other governments	$ 65,466	$ 1,742,938	$ 289,898	$ -	$ -
Escrow liability	-	-	-	1,528,735	1,139,326
Total Liabilities	$ 65,466	$ 1,742,938	$ 289,898	$ 1,528,735	$ 1,139,326

	CYS Services	Tax Claim	Domestic Relations	Prison Commissary	Sheriff's Office	Total
Assets						
Cash and cash equivalents	$ 29,452	$ 1,996,279	$ 26,627	$ 1,081,712	$ 398,189	$ 8,298,622
Liabilities						
Due to other governments	$ -	$ 201,807	$ -	$ -	$ -	$ 2,300,109
Escrow liability	29,452	1,794,472	26,627	1,081,712	398,189	5,998,513
Total Liabilities	$ 29,452	$ 1,996,279	$ 26,627	$ 1,081,712	$ 398,189	$ 8,298,622

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2018

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Treasurer:				
Assets				
Cash and cash equivalents	$ 61,155	$ 362,582	$ 358,271	$ 65,466
Liabilities				
Due to other governments	$ 61,155	$ 362,582	$ 358,271	$ 65,466
Recorder of Deeds:				
Assets				
Cash and cash equivalents	$ 1,733,258	$ 26,316,986	$ 26,307,306	$ 1,742,938
Liabilities				
Due to other governments	$ 1,733,258	$ 26,316,986	$ 26,307,306	$ 1,742,938
Register of Wills:				
Assets				
Cash and cash equivalents	$ 296,742	$ 13,249,387	$ 13,256,231	$ 289,898
Liabilities				
Due to other governments	$ 296,742	$ 13,249,387	$ 13,256,231	$ 289,898

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2018
(Continued)

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Prothonotary:				
Assets				
Cash and cash equivalents	$ 1,912,000	$ 1,888,379	$ 2,271,644	$ 1,528,735
Liabilities				
Escrow liability	$ 1,912,000	$ 1,888,379	$ 2,271,644	$ 1,528,735
Clerk of Courts:				
Assets				
Cash and cash equivalents	$ 1,052,998	$ 4,329,754	$ 4,243,426	$ 1,139,326
Liabilities				
Escrow liability	$ 1,052,998	$ 4,329,754	$ 4,243,426	$ 1,139,326

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2018
(Continued)

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
CYS Services:				
Assets				
Cash and cash equivalents	$ 25,607	$ 5,265	$ 1,420	$ 29,452
Liabilities				
Escrow liability	$ 25,607	$ 5,265	$ 1,420	$ 29,452
Tax Claim:				
Assets				
Cash and cash equivalents	$ 2,241,275	$ 10,245,993	$ 10,490,989	$ 1,996,279
Liabilities				
Due to other governments	$ 185,142	$ 6,878,290	$ 6,861,625	$ 201,807
Escrow liability	2,056,133	3,367,703	3,629,364	1,794,472
	$ 2,241,275	$ 10,245,993	$ 10,490,989	$ 1,996,279
Domestic Relations:				
Assets				
Cash and cash equivalents	$ 38,241	$ 1,429,979	$ 1,441,593	$ 26,627
Liabilities				
Escrow liability	$ 38,241	$ 1,429,979	$ 1,441,593	$ 26,627

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2018
(Continued)

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Prison Commissary:				
Assets				
Cash and cash equivalents	$ 521,689	$ 1,495,430	$ 935,407	$ 1,081,712
Liabilities				
Escrow liability	$ 521,689	$ 1,495,430	$ 935,407	$ 1,081,712
Sheriff's Office:				
Assets				
Cash and cash equivalents	$ 679,327	$ 2,520,525	$ 2,801,663	$ 398,189
Liabilities				
Escrow liability	$ 679,327	$ 2,520,525	$ 2,801,663	$ 398,189

(Concluded)