County of Washington, Pennsylvania

Financial Statements and Required Supplementary and Supplementary Information

Year Ended December 31, 2015
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

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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, the business-type 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Behavioral Health and Developmental Services Fund, and Human Services 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. 68, *"Accounting and Financial Reporting for Pensions,"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date,"* which requires the County to record its net pension 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 xi and 57 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
July 7, 2016

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, 2015. 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 $20,974,104, a decrease of $878,922 from 2014.

The County had $49,646,402 of general obligation debt as of December 31, 2015. This represents a decrease of $1,869,390 from 2014.

The County had a $53.6 million unrestricted net position for its governmental activities as of December 31, 2015, an increase of $1.5 million from the previous year.

The County received $6,845,027 in Act 13 funds in 2015. This was the fourth year funds were received from this impact fee levied on unconventional gas wells.

A county-wide reassessment of commercial and residential properties began in the fall of 2013. The cost of the reassessment is expected to exceed $7,000,000, with the project to be completed in the fall of 2016. A total of $2,407,300 was spent in 2015.

The County has an Aa2 bond rating from Moody's Investors Services and an AA from Standard & Poor's.

The County's real estate millage remained at 24.9 mills.

In 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27",* the purpose of which is to provide transparency on long-term pension obligations in annual financial reports. In order to implement GASB Statement No. 68, it was necessary to restate the December 31, 2014 total net position from $73,710,131 to $71,553,810, a decrease of $2,156,321.

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 and liabilities, 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 2015. 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, 911 operations 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 three 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/Developmental Services Fund
Human Services Fund
Capital Expenditures Fund

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

Proprietary Funds: Proprietary funds are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. The type of proprietary fund that the County uses for its Health Center, 911 operations, and Health Choices, is an Enterprise Fund.

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 15 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, 2015 and compares it to 2014.

Summary of Net Position

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Assets:				
Current and other assets	$ 91,007,688	$ 76,345,008	$ 9,629,076	$ 10,843,860
Capital assets	71,799,673	69,764,057	9,144,323	10,299,663
Total Assets	162,807,361	146,109,065	18,773,399	21,143,523
Deferred Outflows of Resources:				
Related to pensions	17,679,155	-	-	-
Deferred charge on refunding	780,815	881,486	-	-
Total Deferred Outflows of Resources	18,459,970	881,486	-	-
Liabilities:				
Current liabilities	28,130,320	23,826,049	2,585,543	3,263,896
Other liabilities	72,452,310	51,610,692	3,759,529	3,924,150
Total Liabilities	100,582,630	75,436,741	6,345,072	7,188,046
Net Position:				
Net investment in capital assets	24,974,330	18,431,923	9,144,323	10,299,663
Restricted	869,095	3,202,202	3,100,750	3,111,867
Unrestricted	53,553,781	49,919,685	183,254	543,947
Total Net Position	$ 79,397,206	$ 71,553,810	$ 12,428,327	$ 13,955,477

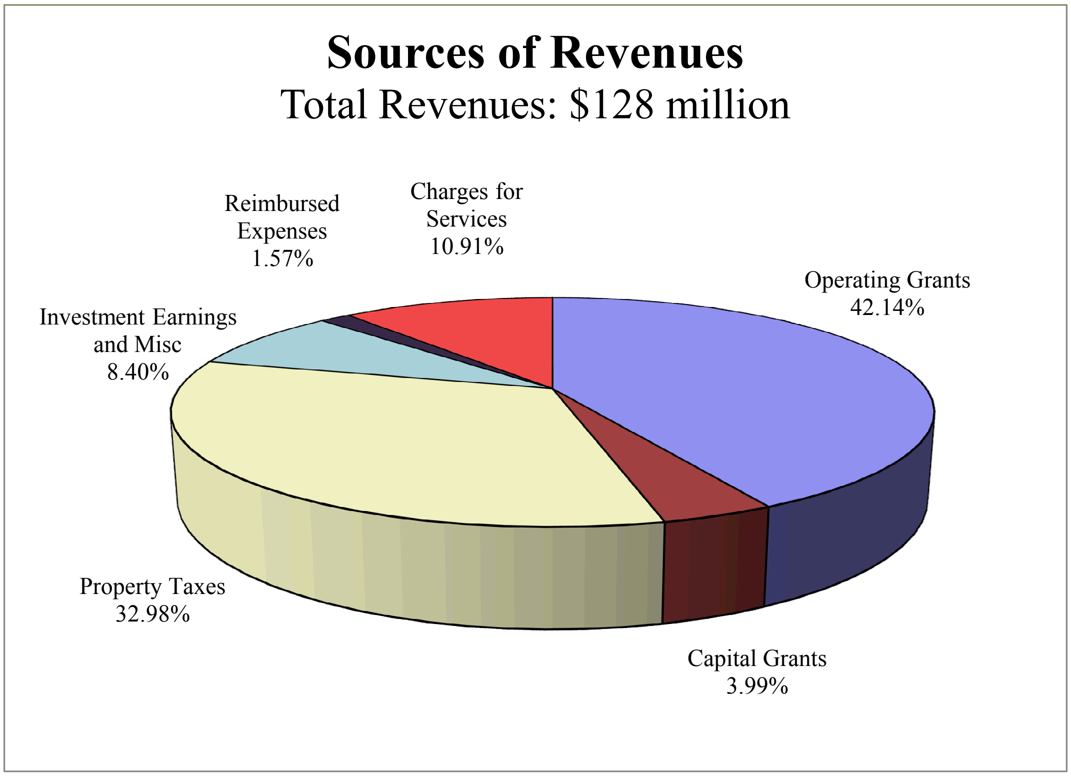
Net Position

For 2015, net position of governmental activities increased by $7,843,396 to $79,397,206. Governmental activities unrestricted net position, funds available for operations or payment of long-term debt, increased by $3,634,096.

Summary of Changes in Net Position
For the Years Ended December 31, 2015 and 2014

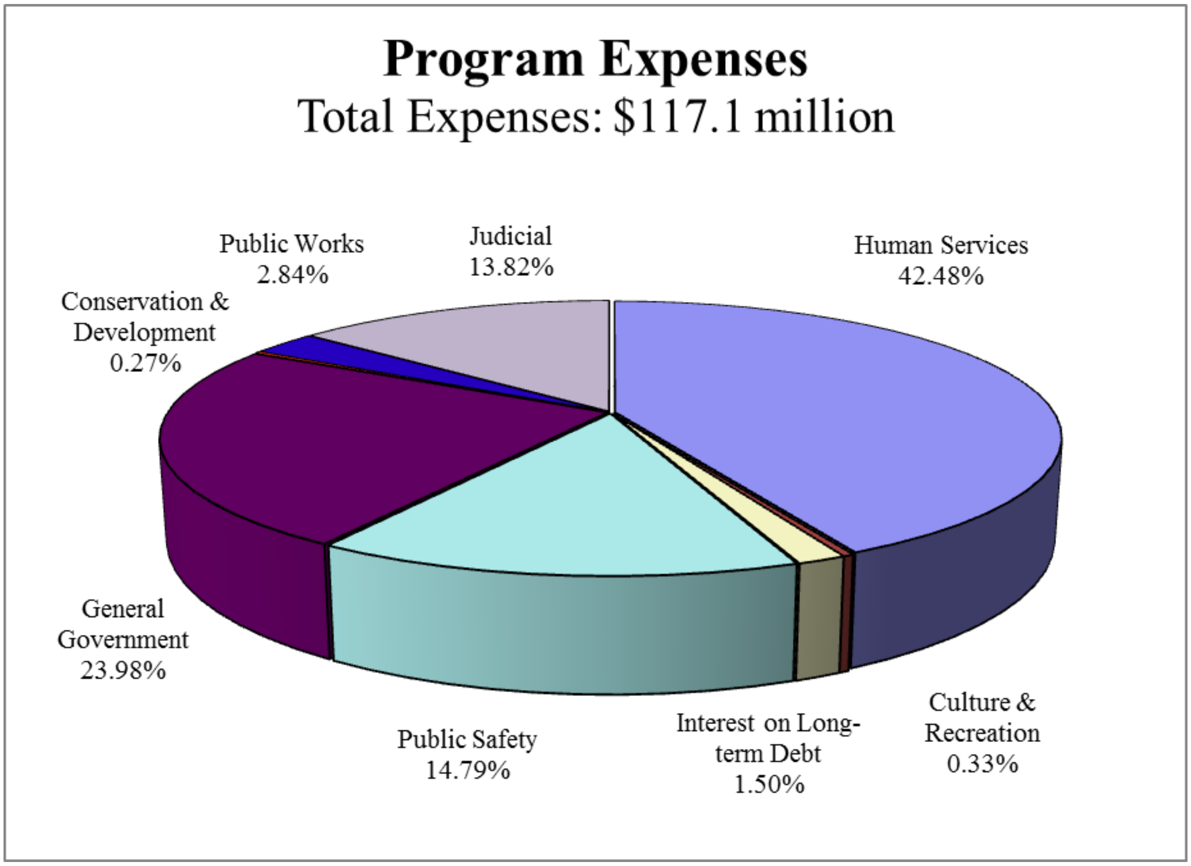
	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Revenues:				
Program revenues:				
Charges for services	$ 13,960,815	$ 11,041,905	$ 66,551,156	$ 66,458,679
Operating grants and contributions	53,917,709	50,441,792	2,345,446	1,864,964
Capital grants and contributions	5,107,713	3,795,410	-	-
General revenues:				
Property taxes	42,204,254	41,519,481	-	-
Investment earnings	117,126	101,668	9,826	10,253
Reimbursed expenses	2,011,731	2,055,405	-	-
Miscellaneous	10,633,628	26,881,073	-	-
Total Revenues	127,952,976	135,836,734	68,906,428	68,333,896
Expenses:				
General government	28,083,169	30,741,529	-	-
Judicial	16,181,301	15,536,644	-	-
Public safety	17,317,955	17,704,488	4,430,861	4,787,497
Public works	3,320,220	2,879,295	-	-
Human services	49,738,792	48,078,844	69,014,537	67,097,331
Culture and recreation	383,044	269,905	-	-
Conservation and development	316,972	316,371	-	-
Interest on long-term debt	1,756,307	2,235,700	-	-
Total Expenses	117,097,760	117,762,776	73,445,398	71,884,828
Excess (Deficiency) of Revenues over Expenses Before Transfers	10,855,216	18,073,958	(4,538,970)	(3,550,932)
Transfers	(3,011,820)	(1,327,626)	3,011,820	1,327,626
Change in Net Position	7,843,396	16,746,332	(1,527,150)	(2,223,306)
Net Position - Beginning, as restated	71,553,810	54,807,478	13,955,477	16,178,783
Net Position - Ending	$ 79,397,206	$ 71,553,810	$ 12,428,327	$ 13,955,477

The following chart shows the composition of revenues for the year ended December 31, 2015:



Total government-wide revenues of $128 million were derived primarily from program-based operating grants, representing 42.14% of the total. Real estate taxes made up the second largest source of revenue at 32.98%.

The following chart graphically depicts the government-wide program expenses for the year ended December 31, 2015:



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 $117.1 million with a net cost of services of $44.1 million.

Net Cost of Washington County's Governmental Activities
For the Years Ended December 31, 2015 and 2014

	Expenses		Program revenues		Net cost of services	
	2015	2014	2015	2014	2015	2014
General Government	$ 28,083,169	$ 28,585,208	$ 8,198,382	$ 4,202,618	$ 19,884,787	$ 24,382,590
Judicial	16,181,301	15,536,644	8,199,368	7,051,530	7,981,933	8,485,114
Public Safety	17,317,955	17,704,488	2,007,026	2,248,308	15,310,929	15,456,180
Public Works	3,320,220	2,879,295	3,805,124	3,767,597	(484,904)	(888,302)
Human Services	49,738,792	48,078,844	49,437,301	47,947,461	301,491	131,383
Culture and Recreation	383,044	269,905	1,338,570	61,458	(955,526)	208,447
Conservation and Development	316,972	316,371	466	135	316,506	316,236
Debt service	1,756,307	2,235,700	-	-	1,756,307	2,235,700
Totals	$ 117,097,760	$ 115,606,455	$ 72,986,237	$ 65,279,107	$ 44,111,523	$ 50,327,348

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, 2015, the County had combined ending fund balances of $62,549,112, an increase of $2,248,318 from 2014.

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 2015, the total General Fund balance was $20,974,104, a decrease of $878,922 from 2014.

General Fund revenues increased by $735,651 during 2015, from $77,324,623 to $78,060,274, while expenditures in the fund increased from $70,816,765 to $74,194,273. Human Services expenditures increased by $1,948,102.

The Behavioral Health and Developmental Services Special Revenue Fund had a year-end balance of $0. All funds received were expended to provide services to MH/ID clients. Revenues in this fund decreased from $12,025,621 to $11,840,227 and expenditures decreased from $12,425,621 to $12,240,227. Beginning with fiscal year 2009-2010, the Pennsylvania Department of Human Services stopped allocating Intellectual Disabilities waiver funds to the counties and began making direct payments to providers.

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 year-end fund balance was $0.

The Capital Expenditures Fund provides for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The year-end fund balance increased by $2,928,100. Revenues from Act 13 impact fees and natural gas land leases were the primary reasons for the increase.

Proprietary Funds

The County maintains three proprietary funds, all Enterprise Funds, to finance the County Health Center, Emergency Communications 911 operations, and Health Choices. These Enterprise Funds provide the same type of information found in government-wide financial statements but in greater detail.

Total net position of the Washington County Health Center at December 31, 2015 was $6,485,483, a decrease of $1,025,319 from 2014. The facility had an operating loss of $3,219,011 for 2015. The 288-bed facility had an occupancy rate of 90% in 2015.

Total net position of Emergency Communication 911 operations was $2,842,094, a decrease of $490,714 from 2014. The Fund had an operating loss of $3,636,915 in 2015.

The Health Choices Fund was designed to introduce an integrated and coordinated health care delivery system to serve medical assistance recipients requiring medical, psychiatric, and substance abuse services through a capitated, mandatory managed-care program. The Health Choices Fund had a year-end net position of $3,100,750, a decrease of $11,117 from 2014.

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, $2,065,000 was allocated to departments anticipated to exceed their original budgets. Of this amount, the largest adjustment was for Interfund Transfers. The overall variance between the actual expenditures and the final budget was a positive variance of $4,269,771.

Revenue Variances

Variances between actual revenue and budgeted revenue for the year reflected a negative variance in the amount of $1,363,557. Charges for services had the most significant increase.

Capital Assets and Debt Administration

The County's net investment in capital assets amounted to $82,231,491, as of December 31, 2015.

Summary of Capital Assets

	Governmental Activities		Business-Type Activities		Balances at December 31	
	2015	2014	2015	2014	2015	2014
Land and improvements	$ 12,646,874	$ 11,196,560	$ -	$ -	$ 12,646,874	$ 11,196,560
Buildings and improvements	21,475,016	20,918,944	6,638,926	6,615,465	28,113,942	27,534,409
Furniture, fixtures and equipment	6,988,146	6,299,330	2,463,659	3,668,095	9,451,805	9,967,425
Infrastructure	26,032,909	25,469,101	-	-	26,032,909	25,469,101
Construction in progress	4,656,728	5,880,122	41,738	16,103	4,698,466	5,896,225
	$ 71,799,673	$ 69,764,057	$ 9,144,323	$ 10,299,663	$ 80,943,996	$ 80,063,720

Highlights of amounts expended in 2015 for major capital assets include:

- $1,432,000 for development at the County Airport.
- $1,456,000 for renovations to County Buildings.
- $1,034,000 for improvements to the County Parks.
- $1,897,000 for improvements to County Bridges.

Further details found in Note 4 to the County’s financial statements.

Long-Term Debt

As of December 31, 2015, the County had outstanding debt of $49,646,402. This was a decrease of $1,869,390 from the previous year.

Outstanding Debt as of December 31, 2015 and 2014

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 44,090,627	$ 45,120,337	$ -	$ -	$ 44,090,627	$ 45,120,337
Lease rental debt	5,555,775	6,395,455	-	-	5,555,775	6,395,455
Total	$ 49,646,402	$ 51,515,792	$ -	$ -	$ 49,646,402	$ 51,515,792

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

Economic Factors and the 2016 Budget

The real estate tax rate for 2016 remained at 24.9 mills.

The County's 2016 actuarially determined contribution to the Retirement Fund is $4,610,598.

The $174 million consolidated budget for 2016 represents a 15.5% decrease from 2015. The decrease is a result of the Health Choices Fund being removed from the County Budget.

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, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 53,093,138	$ 1,317,442	$ 54,410,580
Residents' and other restricted funds	-	196,659	196,659
Receivables:			
Taxes receivable, net of allowance	1,872,198	-	1,872,198
Internal balances	832,677	(832,677)	-
Due from other governments	26,465,122	4,021,071	30,486,193
Interest and other	7,130,848	4,868,094	11,998,942
Loans receivable	123,816	-	123,816
Prepaid assets and other	202,394	58,487	260,881
Capital assets not being depreciated	5,136,728	41,738	5,178,466
Capital assets, net of accumulated depreciation	66,662,945	9,102,585	75,765,530
Total Assets	161,519,866	18,773,399	180,293,265
Deferred Outflows of Resources			
Related to pensions	17,679,155	-	17,679,155
Deferred charge on refunding	780,815	-	780,815
Total Deferred Outflows of Resources	18,459,970	-	18,459,970
Liabilities			
Accounts payable	22,794,636	1,306,777	24,101,413
Accrued payroll and other expenses	1,685,705	954,336	2,640,041
Accrued interest payable	508,399	-	508,399
Unearned revenue	756,580	127,809	884,389
Net other post-employment benefits obligation	7,159,810	3,759,529	10,919,339
Net pension liability	18,116,864	-	18,116,864
Residents' and other restricted funds	-	196,621	196,621
Bonds payable:			
Amount due within one year	2,385,000	-	2,385,000
Amount due in more than one year	47,261,402	-	47,261,402
Net discount on bonds	(85,766)	-	(85,766)
Net bonds payable	49,560,636	-	49,560,636
Total Liabilities	100,582,630	6,345,072	106,927,702
Net Position			
Net investment in capital assets	24,974,330	9,144,323	34,118,653
Restricted for:			
Debt service	-	-	-
Health Choices	-	3,100,750	3,100,750
Human services	-	-	-
Liquid fuels	869,095	-	869,095
Unrestricted	53,553,781	183,254	53,737,035
Total Net Position	$ 79,397,206	$ 12,428,327	$ 91,825,533

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government - administration	$ 28,083,169	$ 5,736,443	$ 2,442,813	$ 19,126	$ (19,884,787)	$ -	$ (19,884,787)
General government - judicial	16,181,301	5,546,100	2,640,768	12,500	(7,981,933)	-	(7,981,933)
Public safety	17,317,955	1,026,464	980,562	-	(15,310,929)	-	(15,310,929)
Public works and enterprises	3,320,220	303	3,027	3,801,794	484,904	-	484,904
Human services	49,738,792	1,586,762	47,850,539	-	(301,491)	-	(301,491)
Culture and recreation	383,044	64,743	-	1,273,827	955,526	-	955,526
Conservation and development	316,972	-	-	466	(316,506)	-	(316,506)
Interest and amortization	1,756,307	-	-	-	(1,756,307)	-	(1,756,307)
Total governmental activities	117,097,760	13,960,815	53,917,709	5,107,713	(44,111,523)	-	(44,111,523)
Business-type activities:							
Washington County Health Center	29,661,533	26,422,607	-	-	-	(3,238,926)	(3,238,926)
Emergency Communication 911	4,430,861	793,946	2,345,446	-	-	(1,291,469)	(1,291,469)
Health Choices	39,353,004	39,334,603	-	-	-	(18,401)	(18,401)
Total business-type activities	73,445,398	66,551,156	2,345,446	-	-	(4,548,796)	(4,548,796)
Total Primary Government	$ 190,543,158	$ 80,511,971	$ 56,263,155	$ 5,107,713	(44,111,523)	(4,548,796)	(48,660,319)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net of uncollectibles					40,579,800	-	40,579,800
Hotel tax					1,624,454	-	1,624,454
Interest					117,126	9,826	126,952
Rents and royalties					3,116,747	-	3,116,747
ACT 13 Impact Fee					6,845,027	-	6,845,027
Payments in lieu of taxes					162,831	-	162,831
Reimbursed expenses					2,011,731	-	2,011,731
Miscellaneous					509,023	-	509,023
Transfers					(3,011,820)	3,011,820	-
Total general revenues and transfers					51,954,919	3,021,646	54,976,565
Change in Net Position					7,843,396	(1,527,150)	6,316,246
Net Position:							
Beginning of year, as restated					71,553,810	13,955,477	85,509,287
End of year					$ 79,397,206	$ 12,428,327	$ 91,825,533

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

COUNTY OF WASHINGTON, PENNSYLVANIA

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General	Behavioral Health and Developmental Services	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 11,738,199	$ 381,460	$ 1,583,508	$ 35,307,214	$ 4,082,757	$ 53,093,138
Receivables:						
Taxes receivable, net of allowance	1,719,723	-	-	-	152,475	1,872,198
Due from other governments	13,653,784	5,231,856	6,063,374	172,957	1,343,151	26,465,122
Interest and other	4,555,862	-	3,062	2,565,281	6,643	7,130,848
Loans receivable	-	-	-	-	123,816	123,816
Total receivables	19,929,369	5,231,856	6,066,436	2,738,238	1,626,085	35,591,984
Due from other funds	1,742,148	-	-	2,501,320	6,265	4,249,733
Prepaids and other	200,325	-	-	1,745	324	202,394
Total Assets	$ 33,610,041	$ 5,613,316	$ 7,649,944	$ 40,548,517	$ 5,715,431	$ 93,137,249
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	$ 9,543,976	$ 1,994,514	$ 7,375,530	$ 3,140,787	$ 739,829	$ 22,794,636
Accrued payroll and other expenses	1,349,964	20,345	200,417	-	114,979	1,685,705
Unearned revenue	70,220	598,457	73,067	360	32,713	774,817
Due to other funds	6,265	3,000,000	930	2,733	407,128	3,417,056
Total Liabilities	10,970,425	5,613,316	7,649,944	3,143,880	1,294,649	28,672,214
Deferred Inflows of Resources:						
Unavailable revenue - loan repayment	-	-	-	-	123,816	123,816
Unavailable revenue - real estate taxes	1,665,512	-	-	-	126,595	1,792,107
Total Deferred Inflows of Resources	1,665,512	-	-	-	250,411	1,915,923
Fund Balance:						
Nonspendable:						
Inventories and prepaids	200,325	-	-	1,745	324	202,394
Restricted for:						
Debt service	-	-	-	-	2,611,477	2,611,477
Liquid fuels	-	-	-	-	869,095	869,095
Committed for:						
Capital projects	-	-	-	37,034,386	-	37,034,386
Hazardous materials	-	-	-	-	462,094	462,094
Airport operations	-	-	-	-	28,766	28,766
Domestic relations	-	-	-	-	187,982	187,982
Assigned for:						
Encumbrances	215,849	-	-	368,506	10,633	594,988
Unassigned	20,557,930	-	-	-	-	20,557,930
Total Fund Balance	20,974,104	-	-	37,404,637	4,170,371	62,549,112
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 33,610,041	$ 5,613,316	$ 7,649,944	$ 40,548,517	$ 5,715,431	$ 93,137,249

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, 2015

Total Fund Balance - Governmental Funds		$ 62,549,112
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 $124,676,230 and the accumulated depreciation is $52,876,557.		71,799,673
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.		1,810,344
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.		123,816
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are capitalized and amortized in the statement of net position.		866,581
The actuarially accrued net pension liability and deferred outflows of resources for pensions are not recorded on the fund financial statements.		(437,709)
Long-term liabilities, including bonds payable, accrued interest, and net post-employment benefits obligation, 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	$ (49,646,402)	
Accrued interest on bonds	(508,399)	
Net post-employment benefits obligation	(7,159,810)	(57,314,611)
Total Net Position - Governmental Activities		$ 79,397,206

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, 2015

	General	Behavioral Health and Developmental Services	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 37,431,751	$ -	$ -	$ -	$ 3,221,477	$ 40,653,228
Intergovernmental	24,714,666	10,585,292	16,492,088	8,295,411	6,224,279	66,311,736
Charges for services	13,580,675	1,241,409	-	1,488,807	197,438	16,508,329
Fines and forfeits	175,058	-	-	-	-	175,058
Interest	65,277	586	4,452	44,226	2,737	117,278
Other	2,092,847	12,940	7,639	648	410,031	2,524,105
Total revenues	78,060,274	11,840,227	16,504,179	9,829,092	10,055,962	126,289,734
Expenditures:						
Current:						
General government - administration	11,879,786	-	-	-	-	11,879,786
General government - judicial	12,485,959	-	-	-	3,223,578	15,709,537
Public safety	16,536,952	-	-	-	136,152	16,673,104
Public works and enterprises	-	-	-	-	2,549,991	2,549,991
Human services	20,933,147	12,240,227	16,504,179	-	-	49,677,553
Culture and recreation	295,344	-	-	-	-	295,344
Conservation and development	323,038	-	-	-	-	323,038
Other	11,740,047	-	-	-	-	11,740,047
Debt service:						
Principal	-	-	-	-	2,015,000	2,015,000
Interest and fiscal charges	-	-	-	-	1,557,102	1,557,102
Capital projects	-	-	-	7,051,946	1,431,713	8,483,659
Total expenditures	74,194,273	12,240,227	16,504,179	7,051,946	10,913,536	120,904,161
Excess (Deficiency) of Revenues Over Expenditures	3,866,001	(400,000)	-	2,777,146	(857,574)	5,385,573
Other Financing Sources (Uses):						
Sale of capital assets	16,371	-	-	-	-	16,371
Real estate refunds	(165,816)	-	-	-	-	(165,816)
Loan repayment	-	-	-	-	19,487	19,487
Transfers in	2,011,938	400,000	-	2,407,415	1,037,227	5,856,580
Transfers out	(6,607,416)	-	-	(2,256,461)	-	(8,863,877)
Total other financing sources (uses)	(4,744,923)	400,000	-	150,954	1,056,714	(3,137,255)
Net Change in Fund Balance	(878,922)	-	-	2,928,100	199,140	2,248,318
Fund Balance:						
Beginning of year	21,853,026	-	-	34,476,537	3,971,231	60,300,794
End of year	$ 20,974,104	$ -	$ -	$ 37,404,637	$ 4,170,371	$ 62,549,112

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, 2015

Net Change in Fund Balance - Governmental Funds		$ 2,248,318
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)	$ 5,958,039	
Less: Depreciation expense	(3,922,423)	2,035,616
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 decreased by this amount during the year.		(73,428)
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.		(13,421)
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.		1,808,063
Liabilities incurred for post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		111,904
Changes in the net pension liability and related deferred outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.		1,718,612
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.		7,732
Change in Net Position of Governmental Activities		$ 7,843,396

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 36,440,588	$ 36,440,588	$ 37,431,751	$ 991,163
Intergovernmental	24,488,243	24,488,243	24,714,666	226,423
Charges for services	15,977,500	15,977,500	13,580,675	(2,396,825)
Fines and forfeits	150,000	150,000	175,058	25,058
Interest	60,000	60,000	65,277	5,277
Other	2,307,500	2,307,500	2,092,847	(214,653)
Total revenues	79,423,831	79,423,831	78,060,274	(1,363,557)
Expenditures:				
Current:				
General government - administration	12,619,057	12,589,057	11,879,786	(709,271)
General government - judicial	13,072,900	12,967,900	12,485,959	(481,941)
Public safety	17,933,118	17,858,118	16,536,952	(1,321,166)
Human services	22,960,214	24,970,214	20,933,147	(4,037,067)
Culture and recreation	235,044	219,744	295,344	75,600
Conservation and development	333,038	333,038	323,038	(10,000)
Other	9,610,673	9,525,973	11,740,047	2,214,074
Total expenditures	76,764,044	78,464,044	74,194,273	(4,269,771)
Excess (Deficiency) of Revenues Over Expenditures	2,659,787	959,787	3,866,001	2,906,214
Other Financing Sources (Uses):				
Sale of capital assets	6,000	6,000	16,371	10,371
Real estate refunds	(200,000)	(200,000)	(165,816)	34,184
Transfers in	-	-	2,011,938	2,011,938
Transfers out	(5,100,000)	(3,400,000)	(6,607,416)	(3,207,416)
Total other financing sources (uses)	(5,294,000)	(3,594,000)	(4,744,923)	(1,150,923)
Net Change in Fund Balance	$ (2,634,213)	$ (2,634,213)	$ (878,922)	$ 1,755,291

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 BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 10,543,263	$ 10,585,292	$ 42,029
Charges for services	983,600	1,241,409	257,809
Interest	11,200	586	(10,614)
Other	-	12,940	12,940
Total revenues	11,538,063	11,840,227	302,164
Expenditures:			
Human services	12,146,432	12,240,227	93,795
Excess (Deficiency) of Revenues Over Expenditures	(608,369)	(400,000)	208,369
Other Financing Sources (Uses):			
Transfer in	400,000	400,000	-
Net Change in Fund Balance	$ (208,369)	$ -	$ 208,369

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

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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:	$ 17,996,598	$ 16,492,088	$ (1,504,510)
Interest	4,090	4,452	362
Other	12,000	7,639	(4,361)
Total revenues	18,012,688	16,504,179	(1,508,509)
Expenditures:			
Human services	18,028,217	16,504,179	(1,524,038)
Excess (Deficiency) of Revenues Over Expenditures	$ (15,529)	$ -	$ 15,529

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Washington County Health Center	Emergency Communication 911	Health Choices	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 653,046	$ 321,953	$ 342,443	$ 1,317,442
Residents' and other restricted funds	196,621	-	38	196,659
Receivables due from other funds	-	5,276	-	5,276
Receivables due from other governments	3,007,044	1,014,027	-	4,021,071
Receivables - other	1,442,686	67	3,425,341	4,868,094
Prepaid assets and other	54,180	4,307	-	58,487
Total current assets	5,353,577	1,345,630	3,767,822	10,467,029
Non-current assets:				
Capital assets not being depreciated	41,738	-	-	41,738
Capital assets, net of accumulated depreciation	6,869,533	2,233,052	-	9,102,585
Total Assets	12,264,848	3,578,682	3,767,822	19,611,352
Liabilities				
Current liabilities:				
Accounts payable	617,401	22,304	667,072	1,306,777
Accrued payroll and related liabilities	850,791	103,545	-	954,336
Due to other funds	661,804	176,149	-	837,953
Unearned revenue	127,809	-	-	127,809
Residents' and other restricted funds	196,621	-	-	196,621
Total current liabilities	2,454,426	301,998	667,072	3,423,496
Long-term liabilities:				
Net other post-employment benefits obligation	3,324,939	434,590	-	3,759,529
Total Liabilities	5,779,365	736,588	667,072	7,183,025
Net Position				
Net investment in capital assets	6,911,271	2,233,052	-	9,144,323
Restricted for:				
Health Choices	-	-	3,100,750	3,100,750
Unrestricted	(425,788)	609,042	-	183,254
Total Net Position	$ 6,485,483	$ 2,842,094	$ 3,100,750	$ 12,428,327

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Washington County Health Center	Emergency Communication 911	Health Choices	Total
Operating Revenues:				
Charges for services and fees	$ -	$ 793,946	$ -	$ 793,946
Charges for patient/client services	26,422,607	-	39,334,603	65,757,210
Total operating revenues	26,422,607	793,946	39,334,603	66,551,156
Operating Expenses:				
Patient/client services	28,867,206	-	39,353,004	68,220,210
Public safety	-	3,778,885	-	3,778,885
Depreciation	774,412	651,976	-	1,426,388
Total operating expenses	29,641,618	4,430,861	39,353,004	73,425,483
Operating Income (Loss)	(3,219,011)	(3,636,915)	(18,401)	(6,874,327)
Non-Operating Revenues (Expenses):				
Wireless 911 grant revenue	-	2,345,446	-	2,345,446
Loss on disposal of capital assets	(19,915)	-	-	(19,915)
Interest income	1,787	755	7,284	9,826
Total non-operating revenues (expenses)	(18,128)	2,346,201	7,284	2,335,357
Income (Loss) Before Fund Transfers	(3,237,139)	(1,290,714)	(11,117)	(4,538,970)
Fund transfers in	2,211,820	800,000	-	3,011,820
Change in Net Position	(1,025,319)	(490,714)	(11,117)	(1,527,150)
Net Position:				
Beginning of year	7,510,802	3,332,808	3,111,867	13,955,477
End of year	$ 6,485,483	$ 2,842,094	$ 3,100,750	$ 12,428,327

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Washington County Health Center	Emergency Communication 911	Health Choices	Total
Cash Flows From Operating Activities:				
Cash received from customers	$ 26,985,023	$ 774,884	$ 38,933,210	$ 66,693,117
Cash payments for patient and client services	(29,210,422)	(4,044,504)	(39,232,437)	(72,487,363)
Net cash provided by (used in) operating activities	(2,225,399)	(3,269,620)	(299,227)	(5,794,246)
Cash Flows From Capital and Related Financing Activities:				
Purchases of capital assets	(279,068)	(11,895)	-	(290,963)
Grant revenue	(54,802)	-	-	(54,802)
Net cash provided by (used in) capital and related financing activities	(333,870)	(11,895)	-	(345,765)
Cash Flows From Non-Capital Financing Activities:				
Receipt of wireless grant revenue	-	2,345,446	-	2,345,446
Transfers in	2,211,820	800,000	-	3,011,820
Net cash provided by (used in) non-capital financing activities	2,211,820	3,145,446	-	5,357,266
Cash Flows From Investing Activities:				
Interest received on investments	1,787	755	7,284	9,826
Net Increase (Decrease) in Cash and Cash Equivalents	(345,662)	(135,314)	(291,943)	(772,919)
Cash and Cash Equivalents:				
Beginning of year	998,708	457,267	634,386	2,090,361
End of year	$ 653,046	$ 321,953	$ 342,443	$ 1,317,442
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ (3,219,011)	$ (3,636,915)	$ (18,401)	$ (6,874,327)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	774,412	651,976	-	1,426,388
Change in:				
Accounts receivable	320,999	112,138	(401,393)	31,744
Due from other governments	241,417	(431,368)	-	(189,951)
Other current assets	26,701	(305)	-	26,396
Accounts payable	(789,962)	(98,818)	120,567	(768,213)
Due from other funds	-	300,168	-	300,168
Due to other funds	466,193	(128,303)	-	337,890
Net other post-employment benefits obligation	(115,550)	(49,071)	-	(164,621)
Accrued salaries/benefits	69,402	10,878	-	80,280
Net cash provided by (used in) operating activities	$ (2,225,399)	$ (3,269,620)	$ (299,227)	$ (5,794,246)

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Employees' Retirement Plan	OPEB Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	$ 9,097,238	$ 10,868	$ 6,160,573
Investments (at fair value):			
U.S. government and related obligations	13,494,494	-	-
Common stock	43,743,055	-	-
Mutual funds - equity	49,203,208	3,120,677	-
Corporate debt	14,828,916	-	-
Fixed income	-	6,865,930	-
Exchange-traded funds	5,663,979	-	-
Mortgage and other asset-backed securities	5,698,488	-	-
Receivables:			
Interest	322,758	-	-
Total Assets	142,052,136	9,997,475	6,160,573
Liabilities			
Accounts payable	105,692	-	-
Due to other governments	-	-	1,815,388
Escrow liability	-	-	4,345,185
Total Liabilities	105,692	-	$ 6,160,573
Net Position			
Net Position Held in Trust for:			
Pension benefits	141,946,444	-	
OPEB	-	9,997,475	
Total Net Position	$ 141,946,444	$ 9,997,475	

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, 2015

	Employees' Retirement Plan	OPEB Trust Fund
Additions:		
Contributions:		
Employer	$ 4,330,962	$ 2,000,000
Employee	3,637,788	-
Total contributions	7,968,750	2,000,000
Investment earnings (loss):		
Net decrease in fair value of investments	(5,115,231)	(384,079)
Interest and dividends	4,486,299	223,387
Total investment loss	(628,932)	(160,692)
Investment expense	(456,269)	-
Net investment (loss)	(1,085,201)	(160,692)
Total additions	6,883,549	1,839,308
Deductions:		
Benefits	6,829,105	-
Refunds of contributions	1,046,061	-
Administrative expense	94,536	-
Total deductions	7,969,702	-
Change in Net Position	(1,086,153)	1,839,308
Net Position:		
Beginning of year	143,032,597	8,158,167
End of year	$ 141,946,444	$ 9,997,475

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 the majority of their governing board appointed by the County Commissioners, without the County being financially accountable for the organization:

Washington County Authority

The 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.

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 of Directors now includes two additional members from Washington City Transit System Board. 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, proprietary 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 proprietary fund and 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Washington County

Health Center Enterprise Fund are patient charges, the principal operating revenues of Health Choices is patient and client services and the Emergency Communications 911 Enterprise Fund is funded from charges to customers for services. Operating expenses for the Enterprise Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 Washington County Health Center patient revenue is reported at the estimated net realizable amounts from the residents and third-party payers. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and ultimate final settlements are reported as adjustments become known.

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 Special Revenue Fund* accounts for expenditures and reimbursement of revenue related to providing treatment services to individuals who suffer from mental disabilities.

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

The County reports the following major proprietary funds:

The *Washington County Health Center* operations, which are conducted on a fee-for-service basis in a manner similar to commercial enterprises, are accounted for as an Enterprise Fund. The County's intent is that the costs (expenses, including depreciation) of services to the general public be recovered primarily through user charges or cost reimbursement plans.

The *Emergency Communication 911 Fund*, an Enterprise Fund, accounts for the operations of the County's emergency communication system, which is funded by phone user charges, County contributions, and State reimbursement for wireless expenses.

The *Health Choices Fund* accounts for expenditures and reimbursement of Commonwealth of Pennsylvania Medical Assistance revenue related to the provision of a mandatory Behavioral Managed Care Program.

The County also reports the following other governmental funds:

Special Revenue Funds

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 entered into a cooperation agreement with the RDA in 2011 to manage the day to day financial and operational affairs of the Washington County Airport.

- 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.

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 not being financed by proprietary funds.

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 (Recorder of Deeds, Register of Wills, Prothonotary, Clerk of Courts, 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.

E. Interfund Transactions

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

F. 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.

G. 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 or business-type activities columns 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, 2015 is not significant.

H. 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 accounting requirements, the effect of the change in assumptions and the difference between projected and actual earnings on pension plan investments are recorded as deferred outflows of resources related to pensions on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Note 5 presents additional information about the pension plan.
>
> 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 one item that qualifies for reporting in this category:

> 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.

I. Long-Term Liabilities

In the government-wide statements and proprietary fund types in the fund 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.

J. 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.

K. 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, and liquid fuels expenditures.

- 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.

L. Net Position

The government-wide and proprietary fund financial statements 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.

M. 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, and Hazardous Materials Emergency Responds Fund incurred actual expenditures that exceeded budgeted appropriations. The excess appropriations were funded by surplus revenue or transfers in from other funds.

N. 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.

O. Health Choices Reinvestment Reserves

In accordance with Department of Human Services (DHS) regulations, capitation revenues in excess of distributions and expenses may be used for reinvestment planning or risk and contingency. These funds must be segregated from other capitation funds and each kept in a separate account. The balance in the reinvestment account at December 31, 2015 is $38.

The County, along with Armstrong, Butler, Indiana, Lawrence, and Westmoreland Counties (SW-6 Counties), are the contractors with the Pennsylvania Department of Human Services (DHS) for providing services under the Health Choices Program. Health Choices is Pennsylvania's managed care program for adults and children on Medical Assistance. Value Behavioral Health of Pennsylvania (VBH-PA) was selected as the Behavioral Health Managed Care Organization (BHMCO) for the SW-6 Counties. In addition, the SW-6 Counties formed a private non-profit, Southwest Behavioral Health Management, Inc. (Corporation) for the purpose of monitoring the behavioral health services of the Health Choices Program.

During 2012, the SW-6 Counties entered into an intergovernmental agreement for the purpose of authorizing the transfer of funds designated for risk and contingency and for medical funding to the Corporation. The County currently has a receivable recorded in the amount of $3,052,896 in the Health Choices Fund. The receivable represents the amount of cash held by the Corporation on behalf of the County at December 31, 2015. In the agreement effective January 1, 2013, the SW-6 Counties met the equity and insolvency requirements imposed by DHS using risk and contingency dollars held by the Corporation and allowable financial instruments. VBH-PA now has an administrative services relationship with the SW-6 Counties as opposed to the 2012 and earlier risk sharing relationship.

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

The requirements of the following GASB Statements were adopted for the County's 2015 financial statements:

GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* and Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date*." These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 5). As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with a decrease of $2,156,321 to record the County's net pension liability.

R. Pending Pronouncements

GASB has issued the following Statements, which will become effective in future years as shown below. Management has not yet determined the impact of these statements on the County's financial statements.

GASB Statement No. 72, *"Fair Value Measurement and Application,"* effective for financial statements for periods beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,"* effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB Statement No. 74, *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,"* effective for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces Statement No. 43.

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* effective for fiscal years beginning after June 15, 2017 (the County's financial statements for the year ending December 31, 2018). This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, *"Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,"* effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

GASB Statement No. 77, *"Tax Abatement Disclosures,"* effective for fiscal years beginning after December 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances.

GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants,"* effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, *"Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,"* effective for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, *"Irrevocable Split-Interest Agreement,"* effective for fiscal years beginning after December 31, 2016 (the County's financial statements for the year ending December 31, 2017). The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *"Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73,"* effective for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *"Financial Reporting for Pension Plans,"* No. 68, *"Accounting and Financial Reporting for Pensions,"* and No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68."*

S. Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

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.

GASB Statement No. 40, *"Deposit and Investment Risk Disclosures,"* requires disclosures related to the following deposits and investment risks: credit risks (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. 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, 2015, $1,500,000 of the County's $63,247,745 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of $61,747,745 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 $50,176,366 as of December 31, 2015 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 an external investment pool to ensure safety and maximize efficiency, liquidity, and yield for County funds. These funds are invested in the Pennsylvania Local Government Investment Trust (PLGIT), and INVEST, which separately issues 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. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. As of December 31, 2015, the bank balances of the investments in PLGIT and INVEST are $3,699,674 and $202,526, respectively. The carrying value of the investments in PLGIT and INVEST of $2,708,674 and $202,527, respectively, is considered to be a cash equivalent for presentation on the statement of net position and governmental fund balance sheet.

In addition, included in cash and cash equivalents, the County also has money market investments with a carrying amount of $1,519,672, which are invested in short-term U.S. treasury instruments and government agencies. The bank balance of the investments in money market funds is $1,519,669, which is not exposed to custodial credit risk.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County 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, 2015, the County's investments in PLGIT and INVEST 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 money market accounts 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. Receipts and disbursements for these programs were $57,047,325 and $57,521,768, respectively, for the year December 31, 2015. The carrying amount of deposits for the row offices and other County offices was $7,460,956 and the bank balance was $7,766,426. Of the bank balance, $251,258 was covered by federal depository insurance. The remaining balance of $7,515,168 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.

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, 2015, the County had the following cash equivalents and investments in its Plan:

		Investment Maturities from December 31, 2015				
Cash or Investment Type	**Fair Market Value**	Less than 1 year	1-5 Years	6-10 Years	11-15 Years	16 or more Years
U.S. government and related obligations	$ 13,494,494	$ 1,651,738	$ 6,176,387	$ 3,563,263	$ 108,442	$ 1,994,664
Corporate debt	14,828,916	562,193	6,634,086	7,403,173	229,464	-
Mortgage and other asset-backed securities	5,698,488	-	4,598,929	199,976	-	899,583
Total debt securities	34,021,898	$ 2,213,931	$ 17,409,402	$ 11,166,412	$ 337,906	$ 2,894,247
Cash and cash equivalents	9,097,238					
Common stock	43,743,055					
Exchange-traded funds	5,663,979					
Mutual funds - equity	49,203,208					
Total cash and investments reported on statement of plan net position	$ 141,729,378					

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. As of December 31, 2015, the Plan investments in fixed income bonds have received the following ratings from Moody's:

Credit Quality Distribution for Securities with Credit Exposure

Investment Type	Moody's Rating	Market Value	Percentage of Total Plan Bonds
Fixed Income Bonds	Aaa	$ 11,457,046	33.7%
Fixed Income Bonds	Aa1	568,959	1.7%
Fixed Income Bonds	Aa2	1,016,304	3.0%
Fixed Income Bonds	Aa3	624,199	1.8%
Fixed Income Bonds	Unrated	20,355,390	59.8%
		$ 34,021,898	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, 2015, the Plan investment balance, excluding mutual funds, of $49,203,208 (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, 2015, the Plan had investments in Dodge and Cox International, MFS Global Total Return Fund, and American New Perspective that were approximately 8%, 10%, and 15%, 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, 2015, the County had the following investments in its OPEB Funds:

Cash or Investment Type	**Fair Market Value**
Fixed income	$ 6,865,930
Cash and cash equivalents	10,868
Mutual funds - equity	3,120,677
Total cash and investments reported on statement of net position - fiduciary funds	$ 9,997,475

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. As of December 31, 2015, the OPEB Funds' investments in fixed income bonds have received the following ratings from Moody's:

Credit Quality Distribution for Securities with Credit Exposure

Investment Type	Moody's Rating	Market Value	Percentage of Total Pension Trust Fund Bonds
Fixed Income Bonds	Aaa	$ 6,865,930	100.0%

Concentration of Credit Risk - The County places no limit on the amount the County may invest in any one issuer. At December 31, 2015, the County had 25.68% of OPEB Funds invested in the Vanguard Index Funds Vanguard Total Stock Market Index Fund with a market value of $2,567,020, 11.70% of OPEB Funds invested in the Vanguard BD Index FDS Total 8D Mkt Index FD Admiral with a market value of $1,169,586 and 10.17% of OPEB Funds invested in the Vanguard Star Fund Total Intl Stock with a market value of $1,017,080.

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. The fixed income investments have an average maturity of 5 years and all other investments have an average maturity of less than one year.

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, 2015 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 1,742,148	$ 6,265
BHDS	-	3,000,000
Human Services	-	930
Capital Expenditures	2,501,320	2,733
Washington County Health Center	-	661,804
Emergency Communication 911	5,276	176,149
Other governmental funds	6,265	407,128
	$ 4,255,009	$ 4,255,009

Fund	Transfer In	Transfer Out
Major Funds:		
General	$ 2,011,938	$ 6,607,416
BHDS	400,000	-
Capital Expenditures	2,407,415	2,256,461
Washington County Health Center	2,211,820	-
Emergency Communication 911	800,000	-
Other governmental funds	1,037,227	-
Fiduciary Funds	-	4,523
	$ 8,868,400	$ 8,868,400

4. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance at January 1, 2015	Increases	Decreases/ Transfers	Balance at December 31, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 480,000	$ -	$ -	$ 480,000
Construction in progress	5,880,122	3,121,126	(4,344,520)	4,656,728
Total capital assets, not being depreciated	6,360,122	3,121,126	(4,344,520)	5,136,728
Capital assets, being depreciated:				
Land improvements	17,596,042	2,272,882	-	19,868,924
Buildings and improvements	45,400,400	1,737,432	-	47,137,832
Infrastructure	32,868,931	1,186,203	-	34,055,134
Furniture and equipment	16,662,336	1,987,752	(172,476)	18,477,612
Total capital assets, being depreciated	112,527,709	7,184,269	(172,476)	119,539,502
Less accumulated depreciation for:				
Land improvements	(6,879,482)	(822,568)	-	(7,702,050)
Buildings and improvements	(24,481,456)	(1,181,360)	-	(25,662,816)
Infrastructure	(7,399,830)	(622,395)	-	(8,022,225)
Furniture and equipment	(10,363,006)	(1,296,100)	169,640	(11,489,466)
Total accumulated depreciation	(49,123,774)	(3,922,423)	169,640	(52,876,557)
Capital assets being depreciated, net	63,403,935	3,261,846	(2,836)	66,662,945
Governmental activities capital assets, net	$ 69,764,057	$ 6,382,972	$ (4,347,356)	$ 71,799,673

	Balance at January 1, 2015	Increases	Decreases/ Transfers	Balance at December 31, 2015
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 16,103	$ 41,738	$ (16,103)	$ 41,738
Total capital assets, not being depreciated	16,103	41,738	(16,103)	41,738
Capital assets, being depreciated:				
Buildings and improvements	16,146,345	23,461	-	16,169,806
Furniture and equipment	16,651,744	241,867	(145,084)	16,748,527
Total capital assets, being depreciated	32,798,089	265,328	(145,084)	32,918,333
Less accumulated depreciation for:				
Buildings and improvements	(9,530,880)	-	-	(9,530,880)
Furniture and equipment	(12,983,649)	(1,426,388)	125,169	(14,284,868)
Total accumulated depreciation	(22,514,529)	(1,426,388)	125,169	(23,815,748)
Capital assets being depreciated, net	10,283,560	(1,161,060)	(19,915)	9,102,585
Business-type activities capital assets, net	$ 10,299,663	$ (1,119,322)	$ (36,018)	$ 9,144,323

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

Governmental Activities:	
General government - administration	$ 1,741,207
General government - judicial	514,814
Public safety	694,048
Public works and enterprises	772,444
Human services	87,700
Culture and recreation	112,210
Total depreciation expense - governmental activities	$ 3,922,423

Business-type Activities:		
Washington County Health Center	$	774,412
Emergency Communication 911		651,976
Total depreciation expense - governmental activities	$	1,426,388

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, 2015, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	688
Inactive plan members entitled to but not yet receiving benefits	65
Active plan members	1,050
Total plan members	1,803

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 Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the individual plan. The net pension liability is recorded as a governmental activity expected to be paid from the General Fund

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

<u>Benefits Provided</u>

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.

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 required contribution to the Plan of $4,330,962.

Changes in the Net Pension Liability

The changes in the net pension liability of the County for the year ended December 31, 2015 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	$ 145,188,918	$ 143,032,597	$ 2,156,321
Changes for the year:			
Service cost	1,887,140	-	1,887,140
Interest	10,740,724	-	10,740,724
Changes of benefit terms	-	-	-
Differences between expected and actual	4,021,278	-	4,021,278
Changes of assumptions	6,100,414	-	6,100,414
Contributions - employer	-	4,330,962	(4,330,962)
Contributions - employee	-	3,637,788	(3,637,788)
Net investment income	-	(1,380,494)	1,380,494
Benefit payments, including refunds	(7,875,166)	(7,875,166)	-
Administrative expense	-	(79,148)	79,148
Other changes	-	279,905	(279,905)
Net changes	14,874,390	(1,086,153)	15,960,543
Balances at December 31, 2015	$ 160,063,308	$ 141,946,444	$ 18,116,864
Plan fiduciary net position as a percentage of the total pension liability			88.68%

Actuarial assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	7.00%
Salary increases	3.50%
Inflation	3.00%

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

The actuarial assumptions used in the valuation for the 2015 measurement period were based on past experience under the plan and reasonable future expectations which represent the best estimate of anticiapted experience under the plan.

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

Changes in Actuarial Assumptions - Based upon an 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 for the Plan. 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.

Investment Policy – The Plan's policies in regard to the allocation of invested assets is 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. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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, 2015:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	41-51%	5.4%
International equity	13-23%	5.5%
Fixed income	26-36%	1.3%
Real estate	0-7%	4.5%
Cash	0-5%	0.0%

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2015, the annual money-weighted rate of return on the Plan investments, net of investment expense, was (0.30) %.

Concentrations – The Plan had investments in Dodge and Cox International, MFS Global Total Return Fund, and American New Perspective that were approximately 8%, 10%, and 15%, respectively, of the Plan's fiduciary net position at December 31, 2015.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.00%. 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability (Asset)	$ 31,936,572	$ 18,116,864	$ 6,642,645

Pension Expense and Deferred Outflow of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of approximately $2.6 million. At December 31, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflow of Resources:	
Changes in assumption	$ 5,161,889
Net difference between projected and actual earnings on pension plan investments	9,114,646
Differences between expected and actual experience	3,402,620
Total deferred outflows of resources	$ 17,679,155

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

Year ending December 31,	
2016	$ 3,835,844
2017	3,835,844
2018	3,835,844
2019	3,835,844
2020	1,557,183
Thereafter	778,596
Total	$ 17,679,155

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 spouses.

At January 1, 2015, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	489
Active plan members	382
Total plan members	871

Funding Policy. The County's contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015, total cash disbursements for other post-retirement benefit for current retirees or their dependents totaled $4,970,644. Active employees' contributions for medical, dental or vision insurances vary per contract and position.

Annual OPEB Cost. The County's annual OPEB cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include economic assumptions about the discount rate and the health care cost trend rates, medical assumptions, and demographic assumptions. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligations as well as the assumptions used to calculate the net OPEB obligation:

Annual required contribution	$	4,812,575
Interest on net OPEB obligation		783,710
Adjustment to annual required contribution		(902,165)
Annual OPEB cost		4,694,120
Benefits paid		(4,970,644)
Increase (decrease) in net OPEB obligation		(276,524)
Net OPEB obligation (asset), beginning of year		11,195,863
Net OPEB obligation (asset), end of year	$	10,919,339

Actuarial valuation date	1/1/2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open
Asset valuation method	Market Value
Remaining amortization period	30 years
Actuarial assumptions:	
Projected salary increases	N/A
Investment rate of return	7.0%
Health care inflation rates	5.9% initial, 3.8% ultimate

N/A = not applicable

Change in Actuarial Assumptions

In 2015, amounts reported as changes of assumptions resulted primarily from lowering the investment rate from 7.5% to 7.0% to add a degree of conservatism to the assumptions.

The County is required to have an actuarial valuation report performed biennially.

The schedule of funding progress as of the latest actuarial valuation date, January 1, 2015, for the post-employment healthcare benefits is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
$ 8,158,166	$ 55,349,107	$ 47,190,941	14.7%	$ 46,821,026	100.8%

Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2015	$ 4,694,120	106%	$ 10,919,339
December 31, 2014	5,666,442	91%	11,195,864
December 31, 2013	5,327,101	54%	10,680,263

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 at December 2012, upon which the 2015 levy was based, was $1,665,982,861

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, 2015, was

23.65 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, 2015 was 1.25 mills per $1,000.

Taxes for 2015 were billed in January 2015 and were due on the following schedule: at two percent discount if paid by March 31, 2015; at face value if paid between April 1, 2015 and June 30, 2015; and at 10 percent penalty if paid between July 1, 2015 and January 15, 2016. The County placed liens on all property for which the 2015 tax was not paid by January 15, 2016. Current tax collections for the year ended December 31, 2015 were approximately 96 percent of the tax levy.

Taxes receivable are reflected on the statement of net position of $1,872,198, which is net of an allowance for doubtful accounts of $618,564.

8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2015:

	Balance at December 31, 2014	Additions and Accretion	Refundings	Payments	Balance at December 31, 2015	Due within one year
Governmental Activities:						
Guaranteed Lease Revenue Bonds, Series of 1992	$ 6,395,455	$ 320	$ -	$ 840,000	$ 5,555,775	$ 1,390,000
General Obligation Bonds, Series of 2007A	14,800,337	145,290	-	95,000	14,850,627	100,000
General Obligation Bonds, Series of 2007B	2,925,000	-	-	65,000	2,860,000	50,000
General Obligation Bonds, Series of 2012A	715,000	-	-	715,000	-	-
General Obligation Bonds, Series of 2012B	18,990,000	-	-	45,000	18,945,000	260,000
General Obligation Bonds, Series of 2013	7,690,000	-	-	255,000	7,435,000	585,000
Total Long-Term Debt	$ 51,515,792	$ 145,610	$ -	$ 2,015,000	$ 49,646,402	$ 2,385,000

General obligation debt payable at December 31, 2015 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 consist currently of Capital Appreciation Bonds with an aggregate original issuance amount of $7,790,000 with maturity values of $840,000 to $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. Total maturity value of the Capital Appreciation Bonds is $6,950,000.

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, 2015 totaled $1,519,672 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 consist 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.

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.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 1.11% to 1.51% until maturity. The 2012 A Bonds balance was paid during 2015.

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.

Annual debt service requirements are as follows:

	Governmental Activities	
Years	Principal	Interest
2016	$ 2,385,000	$ 1,524,697
2017	2,410,000	1,495,947
2018	2,435,000	1,468,925
2019	2,470,000	1,439,098
2020	2,500,000	1,406,953
2021-2025	13,555,000	5,933,935
2026-2030	17,790,000	3,236,942
2031-2033	6,480,220	145,000
	50,025,220	16,651,497
Accreted interest	(378,818)	378,818
	$ 49,646,402	$ 17,030,315

At December 31, 2015, the County has $5,035,000 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, 2015. The County has an outstanding claim with a balance of $717,627 included in accounts payable on the statement of net position at December 31, 2015.

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.

The County was ordered by the court to conduct a reassessment of properties as a result of a filing by local school districts. In the fall of 2013, the County entered into a contract with Tyler Technologies, Inc. to conduct the reassessment and is using fund balance to cover the total costs. The cost of the reassessment is expected to exceed $7,000,000 with the project to be completed in the fall of 2016. A total of $2,407,300 was spent in 2015. The reassessment is projected to be completed during the summer of 2016.

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. Guarantee of Debt

The County guarantees the debt service payments of the Fair Board bank loan. The original amount borrowed by the Fair Board was $600,000. For the year ended December 31, 2015, principal and interest payments totaled $49,590. The principal balance outstanding was approximately $33,588 at December 31, 2015, with an interest rate of 3.31%. During 2015, the County made no contributions to the Fair Board. County management does not anticipate any contributions being required in the future. The loan has a maturity date of September 1, 2016.

12. Health Center Financial Status

As of June 30, 2015, the Health Center has a deficit unrestricted net position of $425,788. Management plans to address this deficit through ongoing review and examination of costs. The General Fund will continue to subsidize the Health Center.

13. Subsequent Events

As of January 1, 2016, the SW-6 Counties authorized SBHM to enter into a single contract with DHS to manage the Health Choices program. This change transfers the risk from the SW-6 Counties to SBHM. The SW-6 Counties will be reimbursed for some administrative functions that they will perform but will not receive any other Health Choices funds, including reinvestment funds. As such, the Health Choices Funds receivable in the amount of $3,052,896 will be transferred to SBHM effective January 1, 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 on September 1, 2030. The refunding resulted in an economic gain of $876,225 and cash flow savings of approximately $925,012.

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)

	2015	2014
Total Pension Liability:		
Service cost	$ 1,887,140	$ 1,647,078
Interest	10,740,724	10,073,103
Changes of benefit terms	-	-
Differences between expected and actual experience	4,021,278	3,086,442
Changes of assumptions	6,100,414	1,508,303
Benefit payments, including refunds of member contributions	(7,875,166)	(7,439,450)
Net Changes in Total Pension Liability	14,874,390	8,875,476
Total Pension Liability - Beginning	145,188,918	136,313,442
Total Pension Liability - Ending (a)	$ 160,063,308	$ 145,188,918
Plan Fiduciary Net Position:		
Contributions - employer	$ 4,330,962	$ 3,799,410
Contributions - member	3,637,788	3,440,897
Net investment income	(1,380,494)	8,760,353
Benefit payments, including refunds of member contributions	(7,875,166)	(7,439,450)
Administrative expense	(79,148)	(97,514)
Other	279,905	-
Net Change in Plan Fiduciary Net Position	(1,086,153)	8,463,696
Plan Fiduciary Net Position - Beginning	143,032,597	134,568,901
Plan Fiduciary Net Position - Ending (b)	$ 141,946,444	$ 143,032,597
Net Pension Liability - Ending (a-b)	$ 18,116,864	$ 2,156,321
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.68%	98.51%
Covered Employee Payroll	$ 46,821,026	$ 45,478,161
Net Pension Liability as a Percentage of Covered Employee Payroll	38.69%	4.74%

See accompanying notes to required supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -
EMPLOYEES' RETIREMENT PLAN

SCHEDULES OF PLAN CONTRIBUTIONS
AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31

Schedule of Contributions	2015	2014
Actuarially determined contribution	$ 4,330,962	$ 3,799,410
Contributions in relation to the actuarially determined contribution	4,330,962	3,799,410
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 46,821,026	$ 45,478,161
Contributions as a percentage of covered employee payroll	9.25%	8.35%

Investment Returns	2015	2014
Annual money-weighted rate of return, net of investment expense	-0.30%	7.16%

See accompanying notes to required supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS
FOR OTHER POST-EMPLOYMENT BENEFIT PLANS

Actuarial Valuation Date	(a) Actuarial Value of Asset	(b) Actuarial Accrued Liability	(Overfunded) Unfunded Actuarial Accrued Liability	(a/b) Funded Ratio	(c) Covered Payroll	(Overfunded)/Unfunded Actuarial Accrued Liability (b-a) as a Percentage of Covered Payroll ((b-a)/c)
1/1/2015	$ 8,158,166	$ 55,349,107	$ 47,190,941	14.7%	$ 46,821,026	100.8%
1/1/2014	5,748,884	61,493,919	55,745,035	9.3%	45,478,161	122.6%
1/1/2013	4,907,124	57,092,993	52,185,869	8.6%	43,872,991	118.9%

See accompanying notes to required supplementary schedules.

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 contribution rates are as follows:

	General Employees
Actuarial valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Asset valuation method	Fair-Market Value
Remaining amortization period	20 year
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.50%
Inflation rate	3.00%
Mortality table	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

Change in Actuarial Assumptions

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.

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:

Actuarial Data:

Valuation date:	1/1/2015
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar, open
Amortization period:	30 years
Asset valuation method	Market Value

Economic Assumptions:

Projected salary inflation	N/A
Investment rate of return	7.00%
Health care inflation rates	5.9% initial, 3.8% ultimate

N/A = not applicable

Change in Actuarial Assumptions

In 2015, amounts reported as changes of assumptions resulted primarily from lowering the investment rate from 7.50% to 7.00% to add a degree of conservatism to the assumptions.

Supplementary Information

COUNTY OF WASHINGTON, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2015

	Special Revenue Funds					Capital Projects Funds		
	Airport Operating	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Total	Airport Capital Projects	Debt Service	Total Other Governmental Funds
Assets								
Cash and cash equivalents	$ 28,480	$ 810,845	$ 462,832	$ 162,290	$ 1,464,447	$ -	$ 2,618,310	$ 4,082,757
Taxes receivable, net of allowance	-	-	-	-	-	-	152,475	152,475
Due from other governments	-	735,601	16,089	524,692	1,276,382	66,769	-	1,343,151
Interest and other	1,252	2	-	4,698	5,952	691	-	6,643
Loan receivable	-	-	-	-	-	-	123,816	123,816
Due from other funds	-	5,816	-	449	6,265	-	-	6,265
Prepaids and other	-	-	-	324	324	-	-	324
Total Assets	$ 29,732	$ 1,552,264	$ 478,921	$ 692,453	$ 2,753,370	$ 67,460	$ 2,894,601	$ 5,715,431
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities:								
Accounts payable	$ 966	$ 657,410	$ 2,234	$ 11,759	$ 672,369	$ 67,460	$ -	$ 739,829
Accrued payroll and other expenses	-	22,913	695	91,371	114,979	-	-	114,979
Unearned revenue	-	-	-	-	-	-	32,713	32,713
Due to other funds	-	2,210	4,724	400,194	407,128	-	-	407,128
Total Liabilities	966	682,533	7,653	503,324	1,194,476	67,460	32,713	1,294,649
Deferred Inflows of Resources:								
Unavailable revenue - loan repayment	-	-	-	-	-	-	123,816	123,816
Unavailable revenue - real estate taxes	-	-	-	-	-	-	126,595	126,595
Total Deferred Inflows of Resources	-	-	-	-	-	-	250,411	250,411
Fund Balance:								
Nonspendable:								
Inventories and prepaids	-	-	-	324	324	-	-	324
Restricted for:								
Debt service	-	-	-	-	-	-	2,611,477	2,611,477
Liquid fuels	-	869,095	-	-	869,095	-	-	869,095
Committed for:								
Hazardous materials	-	-	462,094	-	462,094	-	-	462,094
Airport operations	28,766	-	-	-	28,766	-	-	28,766
Domestic relations	-	-	-	187,982	187,982	-	-	187,982
Assigned for:								
Encumbrances	-	636	9,174	823	10,633	-	-	10,633
Total Fund Balance	28,766	869,731	471,268	189,129	1,558,894	-	2,611,477	4,170,371
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 29,732	$ 1,552,264	$ 478,921	$ 692,453	$ 2,753,370	$ 67,460	$ 2,894,601	$ 5,715,431

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds					Capital Projects Fund	Debt Service Fund	
	Airport Operating	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Total	Airport Capital Projects	Debt Service	Total Other Governmental Funds
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,221,477	$ 3,221,477
Intergovernmental	-	2,697,008	93,521	2,039,263	4,829,792	1,394,487	-	6,224,279
Charges for services	-	-	103,112	94,326	197,438	-	-	197,438
Interest	-	1,213	632	-	1,845	-	892	2,737
Other	-	-	40,700	13,971	54,671	-	355,360	410,031
Total revenues	-	2,698,221	237,965	2,147,560	5,083,746	1,394,487	3,577,729	10,055,962
Expenditures:								
Current:								
General government - judicial	-	-	-	3,223,578	3,223,578	-	-	3,223,578
Public safety	-	-	136,152	-	136,152	-	-	136,152
Public works and enterprises	100,000	2,449,991	-	-	2,549,991	-	-	2,549,991
Debt service:								
Principal	-	-	-	-	-	-	2,015,000	2,015,000
Interest and fiscal charges	-	-	-	-	-	-	1,557,102	1,557,102
Capital projects	-	-	-	-	-	1,431,713	-	1,431,713
Total expenditures	100,000	2,449,991	136,152	3,223,578	5,909,721	1,431,713	3,572,102	10,913,536
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	248,230	101,813	(1,076,018)	(825,975)	(37,226)	5,627	(857,574)
Other Financing Sources (Uses):								
Loan repayments	-	-	-	-	-	-	19,487	19,487
Transfers in	100,000	-	-	900,001	1,000,001	37,226	-	1,037,227
Total financing sources (uses)	100,000	-	-	900,001	1,000,001	37,226	19,487	1,056,714
Net Change in Fund Balance	-	248,230	101,813	(176,017)	174,026	-	25,114	199,140
Fund Balance:								
Beginning of year	28,766	621,501	369,455	365,146	1,384,868	-	2,586,363	3,971,231
End of year	$ 28,766	$ 869,731	$ 471,268	$ 189,129	$ 1,558,894	$ -	$ 2,611,477	$ 4,170,371

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, 2015

	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

SPECIAL REVENUE FUNDS

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

YEAR ENDED DECEMBER 31, 2015

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Intergovernmental	$ 2,565,000	$ 2,697,008	$ 132,008
Interest	850	1,213	363
Total revenues	2,565,850	2,698,221	132,371
Expenditures:			
Public works and enterprises:			
Highways and bridges	2,745,187	2,449,991	295,196
Excess (Deficiency) of Revenues Over Expenditures	$ (179,337)	$ 248,230	$ 427,567

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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 67,324	$ 93,521	$ 26,197
Charges for services	77,176	103,112	25,936
Interest	300	632	332
Other	-	40,700	40,700
Total revenues	144,800	237,965	93,165
Expenditures:			
Public safety	135,257	136,152	(895)
Excess (Deficiency) of Revenues Over Expenditures	$ 9,543	$ 101,813	$ 92,270

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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 2,200,000	$ 2,039,263	$ (160,737)
Charges for services	150,500	94,326	(56,174)
Other	25,200	13,971	(11,229)
Total revenues	2,375,700	2,147,560	(228,140)
Expenditures:			
General government - judicial	3,387,829	3,223,578	164,251
Excess (Deficiency) of Revenues Over Expenditures	(1,012,129)	(1,076,018)	(63,889)
Other Financing Sources (Uses):			
Transfer in	900,000	900,001	1
Net Change in Fund Balance	$ (112,129)	$ (176,017)	$ (63,888)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2015

	Treasurer	Recorder of Deeds	Register of Wills	Prothonotary	Clerk of Courts
Assets					
Cash and cash equivalents	$ 69,199	$ 1,320,065	$ 260,228	$ 740,671	$ 784,811
Liabilities					
Due to other governments	$ 69,199	$ 1,320,065	$ 260,228	$ -	$ -
Escrow liability	-	-	-	740,671	784,811
Total Liabilities	$ 69,199	$ 1,320,065	$ 260,228	$ 740,671	$ 784,811

	CYS Services	Tax Claim	Domestic Relations	Prison Commissary	Sheriff's Office	Total
Assets						
Cash and cash equivalents	$ 18,808	$ 1,843,264	$ 76,970	$ 421,559	$ 624,998	$ 6,160,573
Liabilities						
Due to other governments	$ -	$ 165,896	$ -	$ -	$ -	$ 1,815,388
Escrow liability	18,808	1,677,368	76,970	421,559	624,998	4,345,185
Total Liabilities	$ 18,808	$ 1,843,264	$ 76,970	$ 421,559	$ 624,998	$ 6,160,573

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2015

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Treasurer:				
Assets				
Cash and cash equivalents	$ 60,486	$ 383,391	$ 374,678	$ 69,199
Liabilities				
Due to other governments	$ 60,486	$ 383,391	$ 374,678	$ 69,199
Recorder of Deeds:				
Assets				
Cash and cash equivalents	$ 1,534,953	$ 25,382,804	$ 25,597,692	$ 1,320,065
Liabilities				
Due to other governments	$ 1,534,953	$ 25,382,804	$ 25,597,692	$ 1,320,065
Register of Wills:				
Assets				
Cash and cash equivalents	$ 261,235	$ 11,209,508	$ 11,210,515	$ 260,228
Liabilities				
Due to other governments	$ 261,235	$ 11,209,508	$ 11,210,515	$ 260,228

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2015
(Continued)

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Prothonotary:				
Assets				
Cash and cash equivalents	$ 989,183	$ 1,127,710	$ 1,376,222	$ 740,671
Liabilities				
Escrow liability	$ 989,183	$ 1,127,710	$ 1,376,222	$ 740,671
Clerk of Courts:				
Assets				
Cash and cash equivalents	$ 797,398	$ 3,667,628	$ 3,680,215	$ 784,811
Liabilities				
Escrow liability	$ 797,398	$ 3,667,628	$ 3,680,215	$ 784,811

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2015
(Continued)

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
CYS Services:				
Assets				
Cash and cash equivalents	$ 19,451	$ 9,993	$ 10,636	$ 18,808
Liabilities				
Escrow liability	$ 19,451	$ 9,993	$ 10,636	$ 18,808
Tax Claim:				
Assets				
Cash and cash equivalents	$ 2,165,186	$ 10,088,219	$ 10,410,141	$ 1,843,264
Liabilities				
Due to other governments	354,483	6,927,021	7,115,608	165,896
Escrow liability	1,810,703	3,197,987	3,331,322	1,677,368
	$ 2,165,186	$ 10,125,008	$ 10,446,930	$ 1,843,264
Domestic Relations:				
Assets				
Cash and cash equivalents	$ 128,457	$ 1,728,328	$ 1,779,815	$ 76,970
Liabilities				
Escrow liability	$ 128,457	$ 1,728,328	$ 1,779,815	$ 76,970

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2015
(Continued)

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Prison Commissary:				
Assets				
Cash and cash equivalents	$ 389,723	$ 459,559	$ 427,723	$ 421,559
Liabilities				
Escrow liability	$ 389,723	$ 459,559	$ 427,723	$ 421,559
Sheriff's Office:				
Assets				
Cash and cash equivalents	$ 327,650	$ 2,560,382	$ 2,263,034	$ 624,998
Liabilities				
Escrow liability	$ 327,650	$ 2,560,382	$ 2,263,034	$ 624,998

(Concluded)