

COUNTY OF INDIANA, PENNSYLVANIA

INDIANA, PENNSYLVANIA

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

COUNTY OF INDIANA, PENNSYLVANIA
YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Indiana
Indiana, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF INDIANA, PENNSYLVANIA, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the COUNTY OF INDIANA, PENNSYLVANIA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the aggregate discretely presented component units financial statements of Highridge Water Authority or Indiana County Municipal Services Authority, whose statements reflect total assets, net position, and revenues comprising 100% of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for them, is based solely on the reports of the other auditors. 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. The financial statements of Highridge Water Authority and the financial statements of the Communities at Indian Haven, Inc. were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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



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the appropriateness of accounting policies used and the reasonableness of the 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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF INDIANA, PENNSYLVANIA, as of December 31, 2019, and the respective changes in the financial position the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18, subsequent events related to the COVID-19 may have a significant impact on the operations of the Authority. Management has determined that it is not possible to predict the eventual outcome of the subsequent event. The accompanying financial statements do not include any adjustments related to the subsequent event. Our opinion is not modified with respect to this matter.

Adoption of GASB Statements

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of employer contributions- last 10 years, schedule of investment returns, and budgetary comparison – general fund information on pages 4 through 16 and 63 through 66 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



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an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF INDIANA, PENNSYLVANIA's basic financial statements. The combining and individual nonmajor fund financial statements and combining discretely presented component units financial statements on pages 68 through 83 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and combining discretely presented component units financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 September 25, 2020 on our consideration of the COUNTY OF INDIANA, PENNSYLVANIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering COUNTY OF INDIANA, PENNSYLVANIA's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

September 25, 2020
Pittsburgh, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The COUNTY OF INDIANA, hereafter referred to as the "COUNTY", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments (hereafter "GASB 34"), and related standards. GASB 34 enhances information provided to the users of its financial statements. This section of the financial reporting package presents our discussion and analysis of the COUNTY's financial performance during the year that ended on December 31, 2019. Please read this Management Discussion and Analysis in conjunction with the COUNTY's financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following four parts:

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

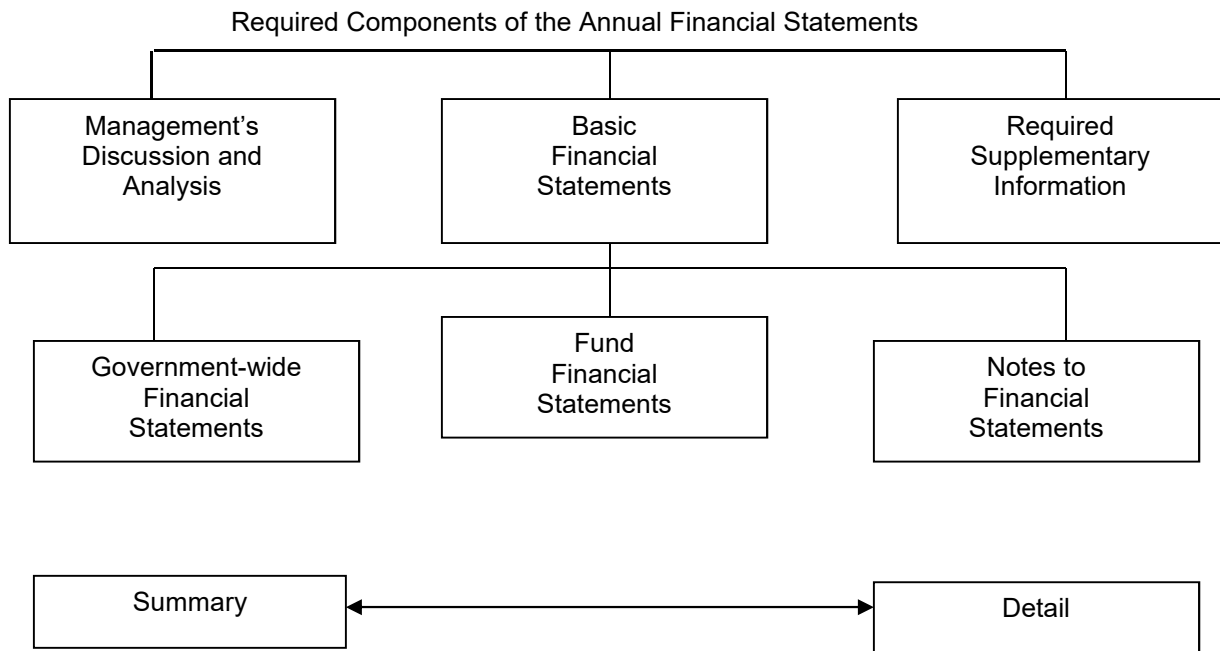
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the COUNTY's budget to actual figures for the general fund, schedule of changes in the net pension liability and related ratios, schedule of employer contributions- last 10 years and schedule of investment returns.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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

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

	Government-wide Statements	Fund Financial Statements		
		<u>Governmental</u>	<u>Proprietary</u>	<u>Fiduciary</u>
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the County, such as public safety and courts	The activities of the County, such as the Communities at Indian Haven	Instances in which the County administers resources on behalf of others
Required Financial Statements	-Statement of net position	-Balance sheet	-Statement of net position	-Statement of fiduciary net position
	-Statement of activities	-Statement of revenues, expenditures and changes in fund balances	-Statement of revenues, expenses and changes in net position -Statement of cash flows	
Accounting basis and measurement focus	Accrual	Modified Accrual	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, short-term and long-term	All assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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

Government-wide financial statements

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

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

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

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

The primary government and its component units are included in the government-wide financial statements. The component units reflect the activities of the legally separate government entities over which the COUNTY can exercise influence and/or be obligated to provide financial support. The COUNTY has two discretely presented component units that it reports in the financial statements – Indiana County Municipal Services Authority and Highridge Water Authority. The County also reports one blended component unit, the Communities at Indian Haven. Complete and detailed financial statements for these component units can be obtained from their administrative offices (see Note 1, Notes to the financial statements).

There are two categories of activities for the primary government:

- *Governmental activities* include the COUNTY's basic services such as general government, judicial, public safety, public works, human services, culture and recreation, and conservation and development.
- *Business-type activities* such as the Communities at Indian Haven charge a fee to customers to help cover the costs of services.

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

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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

- Capitalize current outlays for capital assets
- Report long-term debt as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Allocate net position balances as follows:
 - Net investment in capital assets
 - Restricted net position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
 - Unrestricted net position is net position that does not meet any of the above restrictions

Fund Financial Statements

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

The COUNTY has three kinds of funds:

- *Governmental funds* include most of the COUNTY's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting.

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

The COUNTY adopts an annual budget for the general fund, as required by state law. The County also adopts a budget for the capital projects and liquid fuels funds. A budgetary comparison of the COUNTY's general fund is presented as required supplementary information.

- *Proprietary Funds* report business-type programs and activities that charge fees designed to recover the cost of providing services. The proprietary fund reports using the accrual basis of accounting.
- *Fiduciary Funds* are for which the COUNTY is the trustee or fiduciary. These include certain agency funds, or clearing accounts for assets held by the COUNTY in its role as custodian until the funds are allocated to the private parties, organizations or government agencies to which they belong. The COUNTY is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position. These funds are excluded from the COUNTY's government-wide financial statements because the COUNTY cannot use these assets to finance its operations. The fiduciary funds are reported using the accrual basis of accounting.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The COUNTY's total assets were \$106,952,475 at December 31, 2019. Of this amount, \$66,116,099 were capital assets.

GASB No. 34 required that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allowed infrastructure to be added over several years. The COUNTY adopted the provisions of GASB 34 related to infrastructure on the retroactive basis.

Condensed Statement of Net Position – 2019/2018

	2019 Governmental Activities	2018 Governmental Activities	2019 Business- type Activities	2018 Business- type Activities	2019 Total	2018 Total
Capital Assets	\$ 65,122,186	\$ 66,646,140	\$ 993,913	\$ 945,589	\$ 66,116,099	\$ 67,591,729
Other Assets	<u>37,841,328</u>	<u>38,054,914</u>	<u>2,995,048</u>	<u>2,662,542</u>	<u>40,836,376</u>	<u>40,717,456</u>
Total Assets	<u>\$ 102,963,514</u>	<u>\$ 104,701,054</u>	<u>\$ 3,988,961</u>	<u>\$ 3,608,131</u>	<u>\$ 106,952,475</u>	<u>\$ 108,309,185</u>
Deferred Outflows	<u>\$ 605,446</u>	<u>\$ 3,827,636</u>	<u>\$ 166,806</u>	<u>\$ 1,054,553</u>	<u>\$ 772,252</u>	<u>\$ 4,882,189</u>
Current Liabilities	\$ 8,152,033	\$ 7,738,611	\$ 203,291	\$ 343,649	\$ 8,355,324	\$ 8,082,260
Long-term Liabilities	<u>40,643,250</u>	<u>44,259,490</u>	<u>-</u>	<u>372,773</u>	<u>40,643,250</u>	<u>44,632,263</u>
Total Liabilities	<u>\$ 48,795,283</u>	<u>\$ 51,998,101</u>	<u>\$ 203,291</u>	<u>\$ 716,422</u>	<u>\$ 48,998,574</u>	<u>\$ 52,714,523</u>
Deferred Inflows	<u>\$ 305,800</u>	<u>\$ 225,208</u>	<u>\$ 84,251</u>	<u>\$ 62,047</u>	<u>\$ 390,051</u>	<u>\$ 287,255</u>
Net Position:						
Net Investment In Capital Assets	\$ 21,426,467	\$ 20,737,695	\$ 991,040	\$ 938,940	\$ 22,417,507	\$ 21,676,635
Restricted Net Position	8,245,145	7,280,654	560	553	8,245,705	7,281,207
Unrestricted Net Position	<u>24,796,265</u>	<u>28,287,032</u>	<u>2,876,625</u>	<u>2,944,722</u>	<u>27,672,890</u>	<u>31,231,754</u>
Total Net Position	<u>\$ 54,467,877</u>	<u>\$ 56,305,381</u>	<u>\$ 3,868,225</u>	<u>\$ 3,884,215</u>	<u>\$ 58,336,102</u>	<u>\$ 60,189,596</u>

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Change in Net Position

The following statement of activities represents the change in net position for the years ended December 31, 2019 and 2018. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

	Condensed Statement of Activities					
	2019 Governmental Activities	2018 Governmental Activities	2019 Business-type Activities	2018 Business-type Activities	2019 Total	2018 Total
Program Revenues:						
Charges for Services	\$ 9,036,756	\$ 7,320,147	\$ 9,759,398	\$ 8,512,495	\$ 18,796,154	\$ 15,832,642
Grants and Contributions	18,902,358	17,397,065	-	-	18,902,358	17,397,065
General Revenues:						
Property Taxes	21,254,853	21,384,069	-	-	21,254,853	21,384,069
Hotel Taxes	600,465	584,787	-	-	600,465	584,787
Unrestricted			-	-		
Investment Earnings	252,452	405,764	-	-	252,452	405,764
Transfers	241,551	285,578	(241,551)	(285,578)	-	-
Miscellaneous Revenue	72,959	98,900	-	-	72,959	98,900
Gain/(Loss) on disposal of assets	(14,188)	8,014	-	-	(14,188)	8,014
Total Revenues	\$ 50,347,206	\$ 47,484,324	\$ 9,517,847	\$ 8,226,917	\$ 59,865,053	\$ 55,711,241
Expenses:						
General Government - Administrative	\$ 6,352,481	\$ 6,035,257	\$ -	\$ -	\$ 6,352,481	\$ 6,035,257
General Government - Judicial	8,169,691	6,765,308	-	-	8,169,691	6,765,308
Public Safety	18,381,229	18,247,965	-	-	18,381,229	18,247,965
Public Works	1,793,312	2,880,620	-	-	1,793,312	2,880,620
Human Services	11,283,498	10,860,436	9,533,837	8,178,347	20,817,335	19,038,783
Culture and Recreation	1,814,818	1,656,207	-	-	1,814,818	1,656,207
Conservation and Development	3,171,213	2,364,591	-	-	3,171,213	2,364,591
Interest on Long-Term Debt	903,922	1,181,919	-	-	903,922	1,181,919
Other expenses	314,546	289,720	-	-	314,546	289,720
Total Expenses	52,184,710	50,282,023	9,533,837	8,178,347	61,718,547	58,460,370
Change in Net Position	(1,837,504)	(2,797,699)	(15,990)	48,570	(1,853,494)	(2,749,129)
Net Position - January 1	56,305,381	59,103,080	3,884,215	3,835,645	60,189,596	62,938,725
Net Position - December 31	\$ 54,467,877	\$ 56,305,381	\$ 3,868,225	\$ 3,884,215	\$ 58,336,102	\$ 60,189,596

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2019, property taxes brought in \$21,254,853.

Net Cost of Governmental and Business-type Activities				
	2019	2018	2019	2018
	Total Cost	Total Cost	Net Cost	Net Cost
	of Services	of Services	of Services	of Services
Program:				
General Government-Administrative	\$ 6,352,481	\$ 6,035,257	\$ (2,659,341)	\$ (3,793,874)
General Government-Judicial	8,169,691	6,765,308	(2,647,497)	(4,255,517)
Public Safety	18,381,229	18,247,965	(7,642,134)	(11,868,958)
Public Works	1,793,312	2,880,620	(850,087)	(1,717,327)
Human Service	11,283,498	10,860,436	(7,649,938)	(3,421,181)
Culture and Recreation	1,814,818	1,656,207	(1,509,045)	(1,584,264)
Conservation and Development	3,171,213	2,364,591	(69,086)	2,547,949
Miscellaneous	314,546	289,720	(314,546)	(289,720)
Interest on Long-Term Debt	903,922	1,181,919	(903,922)	(1,181,919)
Communities at Indian Haven	<u>9,533,837</u>	<u>8,178,347</u>	<u>225,561</u>	<u>334,148</u>
Total	<u>\$ 61,718,547</u>	<u>\$ 58,460,370</u>	<u>\$ (24,020,035)</u>	<u>\$ (25,230,663)</u>

The COUNTY relied on property taxes and other general revenues to fund 38.91% of its governmental and business-type activities in 2019.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Capital Assets

The COUNTY's investment in capital assets at December 31, 2019, net of accumulated depreciation, was \$66,116,099. Capital assets consist primarily of land, buildings and equipment. The following is a summary of capital assets at December 31, 2019 and 2018:

Capital Assets						
	2019	2018	2019	2018	2019	2018
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities		
Land	\$ 2,085,470	\$ 2,085,470	\$ -	\$ -	\$ 2,085,470	\$ 2,085,470
Building and Improvements	65,705,187	64,077,789	4,677,872	4,527,671	70,383,059	68,605,460
Equipment and machinery	32,020,785	30,845,512	3,952,684	3,903,075	35,973,469	34,748,587
Construction in Progress	140,336	81,087	-	-	140,336	81,087
Infrastructure	18,266,353	18,266,353	-	-	18,266,353	18,266,353
Capitalized Interest	-	-	165,318	165,318	165,318	165,318
Accumulated Depreciation	<u>(53,095,945)</u>	<u>(48,710,071)</u>	<u>(7,801,961)</u>	<u>(7,650,475)</u>	<u>(60,897,906)</u>	<u>(56,360,546)</u>
Total Net Capital Assets	<u>\$ 65,122,186</u>	<u>\$ 66,646,140</u>	<u>\$ 993,913</u>	<u>\$ 945,589</u>	<u>\$ 66,116,099</u>	<u>\$ 67,591,729</u>

Detailed information about the COUNTY's capital assets can be found in Note 6, Notes to the Financial Statements.

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Debt Administration

At December 31, 2019, the COUNTY had \$44,402,999 of debt outstanding. Debt decreased 4.68% from the previous year. The following is a summary of debt obligations for the 2019 year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds and Notes Payable:					
General Obligation Notes	\$ 45,030,546	\$ 1,175,000	\$ (3,495,238)	\$ 42,710,308	\$ 3,544,018
Total Bonds and Notes Payable	<u>45,030,546</u>	<u>1,175,000</u>	<u>(3,495,238)</u>	<u>42,710,308</u>	<u>3,544,018</u>
Other Liabilities:					
Capital Lease Obligations	771,152	321,764	(208,790)	884,126	212,858
Compensated Absences	<u>773,048</u>	<u>32,644</u>	<u>-</u>	<u>805,692</u>	<u>-</u>
Total Other Liabilities	<u>1,544,200</u>	<u>354,408</u>	<u>(208,790)</u>	<u>1,689,818</u>	<u>212,858</u>
Governmental Activities Long-Term Liabilities	<u>46,574,746</u>	<u>1,529,408</u>	<u>(3,704,028)</u>	<u>44,400,126</u>	<u>3,756,876</u>
<u>Business-Type Activities</u>					
Capital Lease Obligations	\$ 6,649	\$ -	\$ (3,776)	\$ 2,873	\$ 2,873
Business-Type Activities Long-Term Liabilities	<u>\$ 6,649</u>	<u>\$ -</u>	<u>\$ (3,776)</u>	<u>\$ 2,873</u>	<u>\$ 2,873</u>
Total	<u>\$ 46,581,395</u>	<u>\$ 1,529,408</u>	<u>\$ (3,707,804)</u>	<u>\$ 44,402,999</u>	<u>\$ 3,759,749</u>

See Note 10 for more information regarding long-term debt.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

GOVERNMENTAL FUNDS

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

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

The COUNTY's governmental funds include the general fund and various special revenue funds. The general fund is the chief operating fund for the COUNTY. Special revenue funds are restricted to specific legislated use. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements.

GOVERNMENTAL FUND REVENUES

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

	<u>2019</u>	<u>2018</u>
Revenues:		
Taxes	\$ 22,064,515	\$ 22,172,070
Intergovernmental Revenues	18,902,357	17,397,065
Departmental Charges	7,421,348	6,237,535
Charges for Services	1,615,408	1,082,612
Interest	252,452	405,764
Other	69,540	98,900
Debt Proceeds	1,175,000	-
Amounts Received from Loans	697,124	1,217,910
Disposal of Fixed Assets	8,037	8,014
Capital Lease Proceeds	321,764	773,312
Operation Transfers In	<u>409,375</u>	<u>1,395,564</u>
Total Revenues	<u>\$ 52,936,920</u>	<u>\$ 50,788,746</u>

There are several factors relating to increases/decreases in revenues from 2019 to 2018. The county had a decrease in amounts received from loans due to three outstanding loans being paid off in the prior year. The intergovernmental revenues decreased due a decrease in grant revenue received in the current year.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

GOVERNMENTAL FUND EXPENDITURES

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

	<u>2019</u>	<u>2018</u>
Expenditures:		
General Government- Administrative	\$ 7,445,179	\$ 5,672,242
General Government-Judicial	7,951,971	6,672,458
Public Safety	16,452,299	16,357,021
Public Works	692,640	1,513,221
Human Services	11,020,893	10,602,905
Culture and Recreation	1,705,691	1,400,612
Conservation and Development	3,162,731	2,332,062
Other	314,546	289,720
Debt Service	4,404,622	4,190,251
Capital Outlay	321,764	-
Amounts Loaned to Others	72,000	918,390
Operating Transfers Out	<u>167,824</u>	<u>1,109,986</u>
Total Expenditures	<u>\$ 53,712,160</u>	<u>\$ 51,058,868</u>

The decrease in the public safety function represents the decreases in Jail expenditures from the previous year. In addition, the Children and Youth program has increased expenses due to higher salaries and benefits. Debt service expenses decreased due to a decrease in outstanding debt in the current year.

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending balances for governmental funds and net position for proprietary funds at December 31, 2019 and 2018 were as follows:

<u>Fund</u>	<u>2019 Governmental Funds</u>	<u>2018 Governmental Funds</u>	<u>2019 Proprietary Funds</u>	<u>2018 Proprietary Funds</u>
General Fund	\$ 14,536,526	\$ 15,627,106	\$ -	\$ -
Community Program for Restoration	403,439	389,620		
Revolving Loan	1,245,502	1,125,262	-	-
Nonmajor Governmental Funds	4,731,913	4,550,632	-	-
Communities at Indian Haven	<u>-</u>	<u>-</u>	<u>3,868,225</u>	<u>3,844,215</u>
Total	<u>\$ 20,917,380</u>	<u>\$ 21,692,620</u>	<u>\$ 3,868,225</u>	<u>\$ 3,844,215</u>

The reasons for the changes in governmental fund balances are explained above in the governmental funds revenues and expenditures sections.

**MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

BUDGETARY HIGHLIGHTS

The COUNTY adopts an annual appropriated budget for its general fund, capital improvements fund, and liquid fuels fund. Detailed information about the COUNTY's 2019 general fund budget can be found in Required Supplemental Information.

Overall the County general fund actual revenue had a surplus of the budget of \$1,693,542. The general fund expenditures had a decrease from the actual budget of \$2,640,562. This showed an excess of revenue over expenditures of \$4,334,104. Numerous factors went into these results, but main cause was due to the management of the commissioners on the oversight of the budget. The 2019 budget was completed for the general fund, the liquid fuels fund, and the capital improvement fund. The general fund budget in 2019 had an opening balance of \$5,426,552. There was no increase with taxes. The real estate tax rate was 4.445 mills, .94 mills applied to debt and the remaining 3.505 mills applied to general obligations.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The 2019 budget was completed for the general fund, the liquid fuels, and the capital improvement fund. The general fund budget in 2019 had an opening balance of \$5,426,552. The real estate tax rate was 4.445 mills, .94 mills applied to debt and the remaining 3.505 mills applied to general obligations.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

County of Indiana
County Commissioners
825 Philadelphia Street
Indiana, PA 15701

Phone: 724-465-3805

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<hr/>				
Assets				
<hr/>				
Cash and Cash Equivalents	\$ 16,653,866	\$ 2,601,447	\$ 19,255,313	\$ 1,315,233
Investments	109,903	-	109,903	-
Restricted Assets				
Cash and Cash Equivalents	-	560	560	1,518,366
Resident's Cash	-	70,927	70,927	-
Receivables (Net, where applicable, of Allowance for Uncollectibles)				
Accounts	2,147,016	408,780	2,555,796	1,333,364
Taxes	1,791,229	-	1,791,229	-
Loans	9,977,276	-	9,977,276	-
Notes (current)	-	-	-	98,486
Due From Other Governments	4,373,741	-	4,373,741	-
Prepaid Assets	-	187,010	187,010	28,019
Inventory	-	-	-	127,689
Net Pension Asset	1,072,689	295,537	1,368,226	-
Other Assets	1,146,395	-	1,146,395	288,197
Internal Balances	569,213	(569,213)	-	-
Trustee Held Funds	-	-	-	272,105
Intangible Assets	-	-	-	976,070
Note Receivable Less Current Portion	-	-	-	1,517,776
Capital Assets: (Net)				
Depreciable	62,896,380	993,913	63,890,293	119,469,069
Non-depreciable	2,225,806	-	2,225,806	-
Total Assets	102,963,514	3,988,961	106,952,475	126,944,374
<hr/>				
Deferred Outflow of Resources				
<hr/>				
Deferred amounts from pension asset	\$ 605,446	\$ 166,806	\$ 772,252	\$ -
<hr/>				
Liabilities				
<hr/>				
Accounts Payable	\$ 3,215,209	\$ 99,913	\$ 3,315,122	\$ 163,089
Accrued Expenses	1,076,294	100,505	1,176,799	471,273
Unearned Revenues	-	-	-	148,113
Due to Other Governments	2,369	-	2,369	-
Accrued Interest Payable on Debt	101,285	-	101,285	157,708
Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	3,544,018	-	3,544,018	5,184,859
Capital Lease Payable	212,858	2,873	215,731	35,901
Non-Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	39,166,290	-	39,166,290	55,339,702
Capital Lease Payable	671,268	-	671,268	35,519
Compensated Absences	805,692	-	805,692	178,794
Total Liabilities	48,795,283	203,291	48,998,574	61,714,958
<hr/>				
Deferred Inflow of Resources				
<hr/>				
Deferred amounts from pension asset	305,800	84,251	390,051	-
<hr/>				
Net Position				
<hr/>				
Net Investment in Capital Assets	21,426,467	991,040	22,417,507	51,659,991
Restricted Net Position				
Program Purposes	8,245,145	-	8,245,145	-
Bond Indenture	-	-	-	1,454,479
Capital projects	-	560	560	63,887
Unrestricted	24,796,265	2,876,625	27,672,890	12,051,059
Total Net Position	\$ 54,467,877	\$ 3,868,225	\$ 58,336,102	\$ 65,229,416

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government - Administrative	\$ 6,352,481	\$ 1,075,480	\$ 2,617,660	\$ -	\$ (2,659,341)	\$ -	\$ (2,659,341)	
General Government - Judicial	8,169,691	1,716,618	3,805,576	-	(2,647,497)	-	(2,647,497)	
Public Safety	18,381,229	3,073,468	7,665,627	-	(7,642,134)	-	(7,642,134)	
Public Works	1,793,312	288,162	-	655,063	(850,087)	-	(850,087)	
Human Services	11,283,498	2,005,042	1,628,518	-	(7,649,938)	-	(7,649,938)	
Culture and Recreation	1,814,818	305,773	-	-	(1,509,045)	-	(1,509,045)	
Conservation and Development	3,171,213	572,213	2,529,914	-	(69,086)	-	(69,086)	
Miscellaneous	314,546	-	-	-	(314,546)	-	(314,546)	
Interest on Long-Term Debt	903,922	-	-	-	(903,922)	-	(903,922)	
Total Governmental Activities	52,184,710	9,036,756	18,247,295	655,063	(24,245,596)	-	(24,245,596)	
Business-Type Activities:								
Communities at Indian Haven	9,533,837	9,759,398	-	-	-	225,561	225,561	
Total Business-Type Activities	9,533,837	9,759,398	-	-	-	225,561	225,561	
Total Primary Government	\$ 61,718,547	\$ 18,796,154	\$ 18,247,295	\$ 655,063	\$ (24,245,596)	\$ 225,561	\$ (24,020,035)	
Component Units:								
Indiana County Municipal Services Authority	\$ 7,658,810	\$ 7,293,565	\$ -	\$ 852,428				\$ 487,183
Highridge Water Authority	3,507,748	3,004,053	-	(25,559)				(529,254)
Total Component Units	\$ 11,166,558	\$ 10,297,618	\$ -	\$ 826,869				\$ (42,071)
General Revenues:								
Taxes:								
Property					21,254,853	-	21,254,853	-
Hotel Taxes					600,465	-	600,465	-
Unrestricted investment earnings					252,452	-	252,452	30,696
Gain (loss) from sale of assets					(14,188)	-	(14,188)	14,355
Miscellaneous					72,959	-	72,959	(286,675)
Amorization of bond discount and issuance costs					-	-	-	(34,238)
Loss on disposal of assets					-	-	-	(3,528)
Transfers					241,551	(241,551)	-	-
Total General Revenues					22,408,092	(241,551)	22,166,541	(279,390)
Change in Net Position					(1,837,504)	(15,990)	(1,853,494)	(321,461)
Net Position - Beginning					56,305,381	3,884,215	60,189,596	65,550,877
Net Position - Ending					\$ 54,467,877	\$ 3,868,225	\$ 58,336,102	\$ 65,229,416

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

COUNTY OF INDIANA, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Community Program for Restoration	Revolving Loan Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 10,125,721	\$ 395,846	\$ 1,248,739	\$ 4,883,560	\$ 16,653,866
Investments	-	-	-	109,903	109,903
Receivables:					
Taxes	2,147,016	-	-	-	2,147,016
Other governmental grants	3,028,351	-	-	1,345,390	4,373,741
Other	1,717,176	7,593	-	66,460	1,791,229
Loans	6,626,313	1,236,106	788,402	1,326,455	9,977,276
Due from other funds	888,627	-	-	51,365	939,992
Other assets	1,131,022	-	-	15,373	1,146,395
Total assets	<u>\$ 25,664,226</u>	<u>\$ 1,639,545</u>	<u>\$ 2,037,141</u>	<u>\$ 7,798,506</u>	<u>\$ 37,139,418</u>
<u>Liabilities</u>					
Accounts Payable	1,923,430	\$ -	\$ 950	\$ 1,290,829	\$ 3,215,209
Accrued liabilities	997,815	-	2,287	76,192	1,076,294
Due to other funds	-	-	-	370,779	370,779
Due to other governments	31	-	-	2,338	2,369
Unearned loans receivable	6,626,313	1,236,106	788,402	1,326,455	9,977,276
Total liabilities	<u>9,547,589</u>	<u>1,236,106</u>	<u>791,639</u>	<u>3,066,593</u>	<u>14,641,927</u>
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue - Property Taxes	1,580,111	-	-	-	1,580,111
Total Deferred Inflows of Resources	<u>1,580,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,580,111</u>
<u>Fund Balances</u>					
Nonspendable	1,131,022	-	-	18,652	1,149,674
Restricted	1,881,089	403,439	1,245,502	4,715,115	8,245,145
Assigned	8,381,857	-	-	-	8,381,857
Unassigned	3,142,558	-	-	(1,854)	3,140,704
Total fund balances	<u>14,536,526</u>	<u>403,439</u>	<u>1,245,502</u>	<u>4,731,913</u>	<u>20,917,380</u>
Total liabilities and fund balances	<u>\$ 25,664,226</u>	<u>\$ 1,639,545</u>	<u>\$ 2,037,141</u>	<u>\$ 7,798,506</u>	<u>\$ 37,139,418</u>

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

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

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

Total fund balances of governmental funds		\$ 20,917,380
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$118,218,131 and the accumulated depreciation is \$53,095,945.		65,122,186
Revenues not available to pay for current period expenditures and therefore reported as unearned revenue in the funds:		
Loans Receivable	9,977,276	
Real estate taxes	1,580,111	11,557,387
Net pension assets are not reported in the the funds:		1,072,689
Deferred outflow of resources related to pensions is not reported in the funds		605,446
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position. Long-term liabilities at year-end consist of:		
Long-term debt	(42,710,308)	
Accrued interest on long-term debt	(101,285)	
Capital Lease Payable	(884,126)	
Compensated absences	<u>(805,692)</u>	(44,501,411)
Deferred inflow of resources related to pensions is not reported in the funds		<u>(305,800)</u>
		<u><u>\$ 54,467,877</u></u>

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Community Program for Restoration	Revolving Loan Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes, Real estate	\$ 21,464,050	\$ -	\$ -	\$ -	\$ 21,464,050
Taxes, Hotel	-	-	-	600,465	600,465
Intergovernmental revenue	10,572,999	-	-	8,329,358	18,902,357
Charges for services	645,869	1,157	27,618	940,764	1,615,408
Departmental charges	7,421,348	-	-	-	7,421,348
Interest income	182,251	5,420	13,103	51,678	252,452
Other revenue	43,907	19,172	-	6,461	69,540
Total Revenues	40,330,424	25,749	40,721	9,928,726	50,325,620
Expenditures					
Current operating:					
General government	7,234,336	-	-	210,843	7,445,179
Judicial	6,458,215	-	-	1,493,756	7,951,971
Public safety	13,705,172	-	-	2,747,127	16,452,299
Public works	262,696	-	-	429,944	692,640
Human services	9,584,297	-	-	1,436,596	11,020,893
Culture and recreation	1,009,913	-	-	695,778	1,705,691
Conservation and development	339,313	43,021	19,458	2,760,939	3,162,731
Other	314,546	-	-	-	314,546
Debt service					
Principal	3,495,238	-	-	-	3,495,238
Interest	909,384	-	-	-	909,384
Total Expenditures	43,313,110	43,021	19,458	9,774,983	53,150,572
Excess (deficiency) of revenues over expenditures	(2,982,686)	(17,272)	21,263	153,743	(2,824,952)
Other financing sources (uses)					
Capital Outlay	(321,764)	-	-	-	(321,764)
Proceeds from capital lease	321,764	-	-	-	321,764
Proceeds from long-term debt	1,175,000	-	-	-	1,175,000
Amounts received from loans	521,857	31,091	98,977	45,199	697,124
Disposal of fixed assets	8,037	-	-	-	8,037
Transfers in	332,359	-	-	77,016	409,375
Amounts loaned to others	(72,000)	-	-	-	(72,000)
Transfers out	(73,147)	-	-	(94,677)	(167,824)
Total other financing sources (uses)	1,892,106	31,091	98,977	27,538	2,049,712
Net change in fund balance	(1,090,580)	13,819	120,240	181,281	(775,240)
Fund balances, beginning of year	15,627,106	389,620	1,125,262	4,550,632	21,692,620
Fund balances, end of year	\$ 14,536,526	\$ 403,439	\$ 1,245,502	\$ 4,731,913	\$ 20,917,380

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

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

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

Net Change in fund balances - total governmental funds \$ (775,240)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital Outlays	3,078,508	
Difference between carrying value and accumulated depreciation of capital assets deletions	(22,225)	
Depreciation expense	<u>(4,580,237)</u>	(1,523,954)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Proceeds from long term debt	(1,175,000)	
Change in interest payable on long-term debt	5,465	
Principal repayments	<u>3,495,238</u>	2,325,703

The acquisition of capital assets through capital lease arrangements are only expensed when the monthly payments made on the leases at the fund level. Such transactions only effect net position when new capital leases are entered into. This amount is the difference between capital lease payments and new capital lease obligations.

Payments made on capital lease obligations	208,790	
New capital assets acquired through capital leases	<u>(321,764)</u>	(112,974)

Changes in loans receivable are reflected as an increase to revenue and expense in the fund statements, but shown as an increase or decrease to loans receivable on the statement of net position. The amortization of the discount on the loans receivable is reported as interest earnings in the statement of activities.

Amounts loaned to others	72,000	
Amounts received from loans	<u>(697,124)</u>	(625,124)

Governmental funds do not report the changes in compensated absences: (32,644)

Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences.

Current year	1,580,111	
Prior year	<u>(1,789,308)</u>	(209,197)

The change in the net pension asset and other pension related items does not require financial resources and is therefore not reported in the funds but is shown as an expense in the statement of activities.

(884,074)

Changes in net position of governmental activities \$ (1,837,504)

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2019

	Business-Type Activities - Enterprise Fund The Communities at Indian Haven
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 2,601,447
Resident's cash	70,927
Accounts receivable	408,780
Prepaid expenses and other current assets	<u>187,010</u>
	<u>3,268,164</u>
Noncurrent assets:	
Cash, funded depreciation	560
Net pension asset	295,537
Capital assets (net of accumulated depreciation)	<u>993,913</u>
Total noncurrent assets	<u>1,290,010</u>
Total assets	<u>\$ 4,558,174</u>
<u>Deferred Outflow of Resources</u>	
Deferred amounts from pension liability	<u>\$ 166,806</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 99,913
Accrued liabilities	100,505
Due to primary government	569,213
Current portion of capital lease payable	<u>2,873</u>
Total current liabilities	<u>772,504</u>
Total liabilities	<u>772,504</u>
<u>Deferred Inflow of Resources</u>	
Deferred amounts from pension liability	<u>84,251</u>
<u>Net Position</u>	
Net investment in capital assets	991,040
Restricted	560
Unrestricted	<u>2,876,625</u>
Total net position	<u>3,868,225</u>
Total liabilities and net position	<u>\$ 4,724,980</u>

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

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

	Business-Type Activities - Enterprise Fund The Communities at Indian Haven
Operating Revenues	
Receipts from Providing Services	\$ 9,726,774
Total Operating Revenues	<u>9,726,774</u>
Operating Expenses	
Human Services	9,382,351
Depreciation and amortization	<u>151,486</u>
Total Operating Expenses	<u>9,533,837</u>
Operating Income	192,937
Nonoperating Revenues (Expenses)	
Interest Income	<u>32,624</u>
Total Nonoperating Expenses	<u>32,624</u>
Excess of revenues under expenditures	225,561
Transfers to other funds	<u>(241,551)</u>
Total other financing uses	<u>(241,551)</u>
Change in Net Position	(15,990)
Net Position - Beginning of Year	<u>3,884,215</u>
Net Position - End of Year	<u><u>\$ 3,868,225</u></u>

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities - Enterprise Fund The Communities at Indian Haven
Cash flows from operating activities	
Cash received from residents	\$ 9,726,774
Cash paid for goods and services	<u>(8,603,898)</u>
Net cash provided by operating activities	<u>1,122,876</u>
Cash flows from investing activities	
Net decrease in cash, funded depreciation	<u>(7)</u>
Net cash used in investing activities	<u>(7)</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	(199,810)
Payments on capital lease obligation	<u>(3,776)</u>
Net cash used in capital and related financing activities	<u>(203,586)</u>
Cash flows from financing activities	
Interest income	32,624
Transfers to other funds	<u>(241,551)</u>
Net cash used in financing activities	<u>(208,927)</u>
Net increase in cash and cash equivalents	710,356
Beginning cash and cash equivalents	<u>1,891,091</u>
Ending cash and cash equivalents	<u><u>\$ 2,601,447</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 192,937
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	151,486
Increase in pension asset	(665,437)
Change in deferred (inflows) outflows related to pension liability	909,951
Decrease in accounts receivable, net of allowances	624,590
Decrease (increase) in assets	
Prepaid expenses	(99,937)
Restricted cash	(53,716)
Increase in liabilities	
Accounts payable	(168,282)
Accrued expenses	28,827
Decrease in liabilities	
Due to primary government	<u>202,457</u>
Net cash provided by operating activities	<u><u>\$ 1,122,876</u></u>

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Employee Retirement Trust Fund</u>	<u>Other Agency Funds</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 138,224	\$ 1,123,567	\$ 1,261,791
Accounts Receivable	62,421	-	62,421
Investments	<u>52,428,489</u>	<u>61,408</u>	<u>52,489,897</u>
Total Assets	<u>\$ 52,629,134</u>	<u>\$ 1,184,975</u>	<u>\$ 53,814,109</u>
<u>Liabilities</u>			
Liabilities			
Due to other governments	\$ -	\$ 976,672	\$ 976,672
Funds Held in Fiduciary Capacity	<u>-</u>	<u>208,303</u>	<u>208,303</u>
Total Liabilities	<u>-</u>	<u>1,184,975</u>	<u>1,184,975</u>
<u>Net Position</u>			
Employees' Pension Benefits	<u>52,629,134</u>	<u>-</u>	<u>52,629,134</u>
Total Net Position	<u>\$ 52,629,134</u>	<u>\$ -</u>	<u>\$ 52,629,134</u>

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEE RETIREMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Employee Retirement Trust Fund
Additions:	
Contributions:	
Employee	\$ 957,060
County Contribution	500,000
Other	<u>644</u>
	<u>1,457,704</u>
Investment Income:	
Net increase in fair value of assets	5,854,003
Interest and Dividends	<u>1,118,473</u>
Total Investment Income	6,972,476
Investment Expense	<u>(140,778)</u>
Net Investment Income	<u>6,831,698</u>
Total Additions	<u>8,289,402</u>
Employee Benefits Paid	2,338,347
Administrative Expenses	<u>76,430</u>
Total Deductions	<u>2,414,777</u>
Net Increase	5,874,625
Net Position Held In Trust For Employees' Pension Benefits:	
Beginning of Year	<u>46,754,509</u>
End of Year	<u>\$ 52,629,134</u>

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

The County of Indiana (the "County") was formed in 1803. The County operates under the direction of an elected three member Board of Commissioners and provides the following services: general administrative services, tax assessment and collections, judicial, public improvements, public safety, public works, human services, culture and recreation, and conservation and development. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB").

A) Reporting Entity

The County follows the criteria promulgated by the Governmental Auditing Standards Board ("GASB") No. 61 for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements include those of the County of Indiana, Pennsylvania (the "Primary Government") and its Component Units. The Component Units discussed below are included in the County's financial reporting entity because of their operational or financial relationship with the County.

1. Component Units

In conformity with GAAP, the financial statements of Component Units have been included in the financial reporting entity either as a Blended Component Unit or as a Discretely Presented Component Unit.

a. Blended Component Unit

Some component units, despite being legally separate from the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The only component unit reported in this way is The Communities at Indian Haven, Inc.

The Communities at Indian Haven, Inc. (Indian Haven) is a 108 bed skilled nursing facility located in Indiana, Pennsylvania.

Indian Haven reports on a calendar year basis.

b. Discretely Presented Component Units

In conformity with GAAP, the financial statements of the Component Units described below have been included in the financial reporting entity as discretely presented Component Units.

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

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

A) Reporting Entity (Continued)

1. Component Units (Continued)

b. Discretely Presented Component Units (Continued)

The Highridge Water Authority (the "Water Authority") was created pursuant to the Municipal Authorities Act of 1945. The organizational meeting was held on April 25, 1991, at which time the By-laws were adopted. The purpose of the Water Authority is to acquire and provide water service to customers in the southern Indiana County and northeastern Westmoreland County areas. The County guarantees the debt of the Water Authority. A copy of the separate Financial Statements can be obtained at the Highridge Water Authority, 17 Maple Avenue, Blairsville, PA 15717.

The Water Authority operates on a calendar year basis.

The Indiana County Municipal Services Authority (the "Municipal Services Authority") is a body politic and corporate organized on April 23, 1972 under provisions of the Act of the General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382, as amended and supplemented, known as the Municipality Authorities Act of 1945. The purpose of the Municipal Services Authority is to provide water and sewage service to areas of Indiana, Armstrong and Cambria Counties, Pennsylvania. The County guarantees the debt of the Municipal Services Authority. A copy of the separate Financial Statements can be obtained at the Indiana County Municipal Services Authority, 602 Kolter Drive, Indiana, PA 15701.

The Municipal Services Authority operates on a calendar year basis.

2. Related Organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for the organizations does not extend beyond making the appointments. These organizations include:

- Farmland Preservation
- Indiana County Airport Authority
- Indiana County Conservation District
- Indiana County Hospital Authority
- Indiana County Housing Authority
- Indiana County Redevelopment Authority
- Indiana County Solid Waste Authority
- Indiana County Transportation Authority
- Indiana County Development Corporation

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

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

3. Joint Venture

The County participates in a joint venture with another governmental entity. Based upon the foregoing criteria, the County has determined that the joint venture should not be included in its financial reporting entity. The Armstrong-Indiana Mental Health and Mental Retardation Program was created for the delivery of various human services activities to the counties of Indiana and Armstrong. The counties exercise joint control and both counties have an ongoing financial responsibility to the joint venture. However, neither county has an ongoing financial interest or equity interest in the joint venture.

Condensed financial information for the joint venture as of and for the year ended June 30, 2019, is as follows:

Assets	\$ 1,848,241
Liabilities	<u>1,794,592</u>
Net Position	<u>\$ 53,649</u>
Revenues	\$ 9,032,775
Expenditures	<u>9,038,408</u>
Net Income	<u>\$ (5,633)</u>

B) Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., statement of net position, and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. The effect of interfund 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 support. Likewise, the primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a given function, or segment, are affected by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

B) Government-Wide and Fund Financial Statements (Continued)

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 and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

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

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

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

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

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

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

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

The County reports the following major governmental funds:

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund including operation of general County government, boards, commissions, the court system, and health and welfare services.
- Community Program for Restoration is used to account for a revolving loan program within the County which uses program income from several federal grant programs to make low interest loans to residents of the County for eligible projects such as house repairs or repairs of property damage.
- The Revolving Loan Fund is used to account for the revolving loan program the County administers to stimulate economic development within the County by granting loans with low interest rates to businesses in the County. The loan program was originally established in 1993 with grant funding from the United States Economic Development Administration.

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

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

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

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

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

The County reports the following major proprietary fund:

- The Communities at Indian Haven, an enterprise fund, is used to account for the operations of the County's nursing home.

The Communities at Indian Haven functions as a business-type activity, as defined by the Governmental Accounting Standards Board (GASB). Indian Haven's financial statements have been prepared using the economic resource focus and the accrual basis of accounting.

Additionally, the County reports the following fiduciary fund types:

- The Indiana County Employee's Retirement System Fund is a Pension Trust Fund used to account for the pension plan contributions of the County and its employees and the related benefit payments and other plan costs.
- The Agency Fund is used to account for assets held by certain County offices that are subsequently disbursed to the County, other governments, and other activities for which is was collected.

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Interfund Transactions

The County affects a variety of transactions between funds to finance operations. Certain interfund transactions have not been paid or received as of December 31, 2019, and appropriate interfund receivables or payables have been established accordingly.

Any residual balances outstanding between the governmental activities and business-type activities are reported as internal balances in the government-wide financial statements.

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activity column in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. The County adopted the provisions of GASB 34 related to infrastructure on the retroactive basis. Capital assets are recorded at historical costs or

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

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

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

4. Capital Assets (Continued)

estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair 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 its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital assets of the County are depreciated using the straight line method over the following intended useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	20-40
Equipment and Vehicles	5-15
Infrastructure	50

5. Allowance for Doubtful Accounts

Taxes receivable have been reported net of allowance for doubtful accounts of \$506,403.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position and bond discounts and premiums are deferred and amortized over the life of the bonds using the straight line method.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

7. Compensated Absences

County policy permits employees to accumulate a limited amount of earned but unused vacation and sick leave time. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is recorded. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

8. Unearned Revenues

Unearned revenues are reported in the government-wide and enterprise fund financial statements. Unearned revenues represent unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues. The County deems revenues received within 365 days of year end to be available.

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

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

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

9. Net Position/Fund Balances

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

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

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

- *Non-spendable* – This classification consists of accounts that cannot be spent because they are not in spendable form or are legally required to be maintained intact.
- *Restricted* – This classification consists of amounts that are restricted to specific purposes. The County's restricted fund balances consist of external enabling legislation for the state, federal, or local government.
- *Committed* – This classification consists of amounts used for specific purposes imposed by formal action of the County's Board of Commissioners. The removal or modification of the use of committed funds can only be accomplished by a formal action of the Commissioners prior to fiscal year end.
- *Assigned* – This classification consists of amounts constrained by the County's intent to be used for specific purposes that are neither restricted or committed. The County Commissioners have delegated the authority to assign fund balance for specific purposes to the Financial Supervisor.
- *Unassigned* – This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund permitted to report a positive unassigned fund balance.

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

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

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

The County's GASB 54 policy is to first apply expenditures against any restricted fund balances, committed fund balances, assigned fund balances, and then unassigned fund balances, in that order.

10. Accounting Estimates

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

11. Deferred Inflows of Resources

In addition to liabilities, 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

12. Deferred Outflows of Resources

In addition to assets, the statement of financial position 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Deferred outflows of resources related to pensions are described further in Note 8. The components of deferred outflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a 7.2 year closed period, which reflects the weighted average remaining service life of all members of the plan beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year).

13. Adoption of Governmental Accounting Standards Board Statements

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

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

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

14. Pending Changes in Accounting Principles

In November 2016, the GASB issued Statement No. 83, "*Certain Asset Retirement Obligations*". The County is required to adopt Statement No. 83 for its fiscal year 2020 financial statements.

In January 2017, the GASB issued Statement No. 84, "*Fiduciary Activities*". The County is required to adopt Statement No. 84 for its fiscal year 2021 financial statements.

In June 2017, the GASB issued Statement No. 87, "*Leases*". The County is required to adopt Statement No. 87 for its calendar year 2022 financial statements.

In April 2018, the GASB issued Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*". The County is required to adopt Statement No. 88 for its calendar year 2020 financial statements.

In June 2018, the GASB issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*". The County is required to adopt Statement No. 89 for its calendar year 2022 financial statements.

In August of 2018, the GASB issued Statement No. 90 "*Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)*". The County is required to adopt statement No. 90 for its fiscal year 2021 financial statements.

In May 2019 the GASB issued Statement No. 91, "*Conduit Debt Obligations*". The County is required to adopt Statement No. 91 for is fiscal year 2023 financial statements.

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

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

In March 2020, the GASB issued Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*". The County is required to adopt Statement No. 94 for its fiscal year 2023 financial statements.

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

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

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

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

14. Pending Changes in Accounting Principles (Continued)

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

E) Component Unit – Summary of Significant Accounting Policies

Highridge Water Authority

Basis of Accounting

The financial statements of the Water Authority have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the balance sheet, the Water Authority considers non-restricted, highly liquid short-term investments that have an original maturity of three months or less to be cash equivalents.

Property

Property is stated at cost. Depreciation is provided on a straight-line basis over the estimated useful life of the respective asset which lives range from 5 to 125 years. Maintenance and repairs are charged to income as incurred and renewals and betterments are capitalized.

Goodwill

The excess acquisition cost over the fair market value of net position acquired is being amortized using the straight-line method over a period of 40 years. Amortization expense for 2019 amounted to \$73,986.

Use of Estimates

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

Indiana County Municipal Services Authority

Basis of Accounting

The financial statements of the Municipal Services Authority have been prepared on the accrual basis of accounting.

Cash and Cash Equivalent

The Municipal Services Authority considers all liquid investments that are readily convertible to cash with an original maturity of three months or less to be cash equivalents.

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

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

E) Component Unit – Summary of Significant Accounting Policies (Continued)

Indiana County Municipal Services Authority (Continued)

Accounts Receivable – Trade

Accounts receivable – trade are reported at net realizable value. Accounts are charged to bad debt expense when deemed uncollectible based on a periodic review by management. The allowance for doubtful accounts is estimated based upon periodic review of individual accounts. The allowance for doubtful accounts was approximately \$525,000.

Designated Assets

Designated assets consist of cash and money market accounts that are designed for the following purposes:

Debt Service Fund – Established to account for funds held for payment of principal and interest on water and sewer revenue bonds designated by bond indentures as debt service reserves.

Debt Service Reserve and Repair Fund – Established in compliance with requirements of the United States Department of Agriculture, Rural Utilities Service (“RUS”) notes to accumulate funds for the purpose of paying the cost of repairing or replacing any damage of the water system which may be caused by any unforeseen catastrophe.

Construction Fund – Established to control funds from various sources to be used for the purchase and renovation of water and sewage facilities.

Utility Plant

Utility plant is recorded at historical cost and consists of utility plant, equipment, furniture and fixtures. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Capital Grants and Contributions

The Municipal Services Authority receives capital grants from certain federal and state agencies to be used for various purposes connected with the planning and construction of water and sewage systems and equipment. Capital grants of the Municipal Services Authority are reported as revenue rather than contributed capital as required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Use of Estimates

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

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

NOTE 2: BUDGETARY DATA

Commonwealth of Pennsylvania statutes require that all County Governments establish budgetary systems and approve annual operating budgets. The County's annual budget relates to only the General Fund and the Liquid Fuels Fund, and is based on estimates of revenues and expenditures approved by the Board of County Commissioners. The County of Indiana adopted the 2019 budget on the same basis of accounting as reported in the fund financial statements. The County of Indiana follows these procedures in establishing the budgetary data reflected in the financial statements:

County Budget Process

1. During the fall, preliminary individual budgets are prepared by each department or agency and are reviewed by the Commissioners.
2. During November, the County Commissioners, or their designee, meet with the head of each department and agency to review proposed changes to the preliminary budget.
3. The Commissioners' Office then reassembles the preliminary budget data and prepares a final budget draft including all proposed expenditures and the financing plan, incorporating any revisions or adjustments evolving from the departmental meetings.
4. In early December, the final budget is presented at a public Commissioners' meeting. In accordance with statutes contained in the County Code, public notice is given that the proposed budget is available for inspection for a twenty-day period.
5. Prior to December 31, after the twenty-day inspection period, the County Commissioners, at a public meeting properly announced, the final budget is adopted by resolution.
6. Formal budgeting integration is employed as a planning device. The budget adopted is on the modified accrual basis. Budget amounts are as originally adopted, or as amended by the County Commissioners.

- Level of Control

The County maintains budgeting control at the individual fund level.

- Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue sources may arise. As a result, funds are occasionally transferred between line items of the department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners. Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with other departments.

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

NOTE 3: DEPOSIT AND INVESTMENT RISK

As of December 31, 2019, the County had the following investments:

	<u>Cost</u>	<u>Market</u>
Governmental Funds		
Nonmajor Governmental Funds		
Certificates of Deposit	\$ 109,903	\$ 109,903
Total Governmental Funds	<u>109,903</u>	<u>109,903</u>
Fiduciary Funds		
Agency Funds		
Certificates of Deposit	61,408	61,408
Retirement Fund		
U.S. Government Securities	4,080,787	4,138,685
Corporate Bonds	3,304,081	3,350,960
Common Stock	6,267,484	8,350,775
International Stock	4,244,427	5,939,412
Mutual Funds	<u>23,196,846</u>	<u>30,648,657</u>
Total Fiduciary Funds	41,155,033	52,489,897
Total Investments	<u>\$ 41,264,936</u>	<u>\$ 52,599,800</u>

Interest Rate Risk – The County does not have a formal investment policy for the County's operating funds that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County's Retirement Fund investment policy states that the trustees exercise good judgment in the selection of securities or in the selection of a plan administrator.

Credit Risk – The County has no formal investment policy for its operating funds that addresses credit risk. As of December 31, 2019, the County's operating investments were all maintained in Certificates of Deposit.

Custodial Credit Risk – For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2019, the County's cash balances for its governmental activities, business-type activities and agency fund were \$20,449,807 and its bank balances were \$20,220,042. Of these bank balances, \$19,970,042 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name. The entire cash and cash equivalent balance in the Retirement Fund of \$138,224 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2019 because the custodians hold the securities in an account that designates the County as the owner of the securities.

Concentration of Credit Risk – The County has no formal investment policy for operating investments pertaining to the concentration of credit risk. At December 31, 2019, the County is not subject to concentration of credit risk.

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

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

At December 31, 2019, the County had the following recurring fair value measurements:

<u>Investments measured by fair value level</u>	<u>12/31/2019</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$ 171,311	\$ 171,311	\$ -	\$ -
Corporate Bonds	3,350,960	3,350,960	-	-
Government Securities	4,138,685	4,138,685	-	-
Common Stock	8,350,775	8,350,775	-	-
International Stock	5,939,412	5,939,412	-	-
Mutal Funds	30,648,657	30,648,657	-	-
Total investments by fair value level	<u>\$ 52,599,800</u>	<u>\$ 52,599,800</u>	<u>\$ -</u>	<u>\$ -</u>

Component Unit

Indiana County Municipal Services Authority

At December 31, 2019, the carrying amount of the Authority's cash deposits was \$1,856,354 and the bank balance was \$1,276,585. Of the bank balance, \$629,440 was not covered by federal depository insurance. The Authority grants credit without collateral to its customers. The Authority's service area is located in portions of Indiana, Armstrong, and Cambria Counties, Pennsylvania. The Authority charges residents within its service area based upon usage and connection charges. The ability of each of the Authority's customers to honor their obligations to the Authority is dependent upon economic and other factors affecting the customers.

NOTE 4: PROPERTY TAXES

Real Estate Property Taxes

Real estate property taxes for the calendar year are levied on March 1 of each year. Any unpaid real estate taxes attach as an enforceable lien on property as of January 1 of the following year. Taxes are levied on March 1 and payable with a 2% discount to April 30, with no discount or penalty to June 30, and with a 5% penalty from July 1 to December 31. In some instances certain tax collectors have been allowed to extend the discount and face value periods due to unusual office hours of these tax collectors by a few days. The County bills these taxes which are collected by local tax collectors.

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 30 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on bonded or funded debt. In 2019 the County had total millage of 4.445, of which .94 mill was reserved for principal and interest on debt, and 3.505 mills for general county purposes.

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

NOTE 4: PROPERTY TAXES (CONTINUED)

Real Estate Property Taxes (Continued)

The County's 2019 real estate taxes are based on assessed values established by the County's Bureau of Assessments. The County had a complete reassessment from 2015 to 2018 with assessed valuation of \$4,860,733,387 in 2016 to \$4,805,192,838 in 2018. The County was able to lower the millage rate from 37.40 to 4.445 mills. Assessed values of real property are generally 100% of the market value as determined by the Indiana County Tax Assessment Office. The total 2019 real estate taxes levied was \$21,219,612 based on a total County assessed valuation of \$4,773,816,035. Based on the 2019 levy of 4.445 mills, a property owner would pay \$4.445 per \$1,000 of assessed valuation.

NOTE 5: LOANS RECEIVABLE

The County has various loans outstanding that are used for multiple purposes within the County. The County has 6 revolving loan programs in which the County loans money to local small businesses or home owners for various reasons - home repairs, working capital for the businesses, new equipment for the businesses, etc. These loans are reported in the Enterprise Zone, Community Program for Restoration, Revolving Loan, Emergency Repair, Community Revitalization Program, and Affordable Housing Funds and had a total balance of \$3,350,963 as of December 31, 2019. All loans are fully deferred at the fund level.

The County also contracts with the Indiana County Development Corporation (ICDC) in which the County obtains loans and immediately loans that money to ICDC with the same terms. The activity on these loans is reported in the General Fund. All loans are fully deferred in the General Fund at the fund level.

The County has loans with three other entities within the County, the Indiana County Airport Authority, the Indiana County Community Action Program (ICCAP), and the Kovalchick Convention and Athletic Complex.

In addition to the loans the County has an installment sale agreement with ICDC in which ICDC is buying land and buildings from the County. These agreements are treated the same as the loans receivable for financial statement purposes.

A summary of the long-term General Fund receivables is shown below:

	Balance at 12/31/2018	Payments Received from Others	Amounts Loaned to Others	Discounts	Balance at 12/31/2019
KCAC Project	\$ 473,919	\$ -	\$ -	\$ -	\$ 473,919
Housing Authority	-	16,000	72,000	-	56,000
Corporate Campus Multi-Tenant Building Loan	835,581	226,630	-	-	608,951
Indian Springs Multi-Tenant Building Loan	<u>5,766,670</u>	<u>279,227</u>	<u>-</u>	<u>-</u>	<u>5,487,443</u>
Total	<u>\$ 7,076,170</u>	<u>\$ 521,857</u>	<u>\$ 72,000</u>	<u>\$ -</u>	<u>\$ 6,626,313</u>

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

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,085,470	\$ -	\$ -	\$ 2,085,470
Construction in Progress	<u>81,087</u>	<u>140,336</u>	<u>(81,087)</u>	<u>140,336</u>
Total Capital Assets, Not Being Depreciated	<u>2,166,557</u>	<u>140,336</u>	<u>(81,087)</u>	<u>2,225,806</u>
Capital Assets, Being Depreciated:				
Building and Improvements	64,077,789	1,627,398	-	65,705,187
Equipment and Vehicles	30,845,512	1,391,861	(216,588)	32,020,785
Infrastructure	<u>18,266,353</u>	<u>-</u>	<u>-</u>	<u>18,266,353</u>
Total Capital Assets, Being Depreciated	<u>113,189,654</u>	<u>3,019,259</u>	<u>(216,588)</u>	<u>115,992,325</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(24,813,253)	(1,987,269)	-	(26,800,522)
Equipment and Vehicles	(17,359,945)	(2,488,450)	194,363	(19,654,032)
Infrastructure	<u>(6,536,873)</u>	<u>(104,518)</u>	<u>-</u>	<u>(6,641,391)</u>
Total Accumulated Depreciation	<u>(48,710,071)</u>	<u>(4,580,237)</u>	<u>194,363</u>	<u>(53,095,945)</u>
Total Capital Assets, Being Depreciated, Net	<u>64,479,583</u>	<u>(1,560,978)</u>	<u>(22,225)</u>	<u>62,896,380</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,646,140</u>	<u>\$ (1,420,642)</u>	<u>\$ (103,312)</u>	<u>\$ 65,122,186</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Being Depreciated:				
Building and Improvements	\$ 4,527,671	\$ 150,201	\$ -	\$ 4,677,872
Equipment and Vehicles	3,903,075	49,609	-	3,952,684
Capital Interest	<u>165,318</u>	<u>-</u>	<u>-</u>	<u>165,318</u>
Total Capital Assets, Being Depreciated	<u>8,596,064</u>	<u>199,810</u>	<u>-</u>	<u>8,795,874</u>
Less Accumulated Depreciation	(7,650,475)	(151,486)	-	(7,801,961)
Total Capital Assets, Being Depreciated, Net	<u>945,589</u>	<u>48,324</u>	<u>-</u>	<u>993,913</u>
Business-Type Activities Capital Assets, Net	<u>\$ 945,589</u>	<u>\$ 48,324</u>	<u>\$ -</u>	<u>\$ 993,913</u>

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

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government-Administrative	\$ 219,420
General Government-Judicial	87,670
Public Safety	2,904,129
Public Works	1,144,153
Human Services	49,440
Culture and Recreation	174,379
Conservation and Development	<u>1,046</u>

Total Depreciation Expense-Governmental Activities	<u>\$4,580,237</u>
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Business-Type Activities:

Human Services	<u>\$ 151,486</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 151,486</u>
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Component Unit – Capital Assets

Highridge Water Authority

Capital assets and accumulated depreciation as of December 31, 2019 is as follows:

Highridge Water Authority

Buildings	\$ 39,645,753
Land and improvements	<u>13,599,805</u>
Total	53,245,558
Less accumulated depreciation	<u>24,075,730</u>
Capital Assets, net	<u>\$ 29,169,828</u>

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

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Unit – Capital Assets (Continued)

Indiana County Municipal Services Authority

Capital assets and accumulated depreciation as of December 31, 2019 is as follows:

Indiana County Municipal Services Authority

Fixed equipment	\$ 128,657,562
Moveable equipment	956,128
Vehicles	633,684
Construction in progress	<u>10,878,267</u>
Total	141,125,641
Less accumulated depreciation	<u>50,826,400</u>
Capital Assets, net	<u><u>\$ 90,299,241</u></u>

NOTE 7: RESTRICTED ASSETS

Business Type Activities

The County has restricted cash of \$560 in the business type activities which is restricted for capital purchases and repairs to existing capital assets.

The County also has restricted cash of \$70,927 that is owed to residents of the nursing home.

Component Unit – Designated Assets

Indiana County Municipal Services Authority

Restricted Assets at December 31, 2019 are as follows:

Debt Service Fund	\$ 582,308
Debt Service Reserve and Repair Fund	872,171
Construction Fund	<u>63,887</u>
Total	<u><u>\$ 1,518,366</u></u>

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND

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

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

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Summary of Significant Accounting Policies

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

Description of Plan

Plan Administration. The Retirement Board administers the Plan. The Plan is governed by the 1971 County Pension Law, Act 96, of the General Assembly of the Commonwealth of Pennsylvania, as amended (the "Act"). Benefit and contribution provisions of the Plan are established and can be amended as provided by the Act. Cost of living adjustments are provided at the discretion of the County Retirement Board.

Management of the Plan is vested in the Board, which consists of five members - three elected County Commissioners, the treasurer, and the chief clerk.

Plan membership. For the 2019 measurement period, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	230
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>416</u>
	<u>697</u>

Benefits provided. The Plan provides retirement, disability, and death benefits. Retirement benefits for Plan members are calculated as a percent of the member's highest 3-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All Plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of highest average salary at time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A Plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest.

Contributions. The Retirement Board establishes contribution rates based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended December 31, 2019, the minimum required active member contribution rate was 5 percent of annual pay and the County's average contribution rate was 3.0 percent of annual payroll.

Per Act 96 of 1971, as amended, contribution requirements of the Plan members and the County may be amended by the General Assembly of the Commonwealth of

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

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account.

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

Legally Required Reserves

At December 31, 2019, the County has a balance of \$11,557,101 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2019. Since these accumulations represent the present value as of December 31, 2019 of future benefits, the reserve balance and liability are identical.

The County has a balance of \$9,192,351 in the County Annuity Reserve Account as of December 31, 2019. This balance and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the County's share of the retirement allowances and this reserve is fully funded.

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

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

The Retired Members' Reserve Account is the account out of which monthly retirement allowances, including cost-of-living adjustments and death benefits are paid. The balance in this account was \$20,524,819 as of December 31, 2019. The corresponding liability for those annuitants on the roll is identical.

Plan Reporting

Net Pension Liability of the County

The total pension liability was based on an actuarial valuation dated January 1, 2019 and update procedures were used to rollforward the total pension liability to the December 31, 2019 measurement date. The components of the net pension liability of the County for the 2019 measurement period were as follows:

Total Pension Liability	\$ 51,260,908
Plan Fiduciary Net Position	<u>52,629,134</u>
Net Pension Asset	<u><u>\$ (1,368,226)</u></u>

Plan Fiduciary net position as a percentage of the total pension liability	102.67%
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COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

The net pension liability breakdown for governmental activities and business type activities was as follows:

	Governmental <u>Activities</u>	Business Type <u>Activities</u>
Net Pension Liability	\$ 1,072,689	\$ 295,537

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

	Increase/(Decrease)		
	Total Pension Liability (a)	Pan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 12/31/2018	\$ 48,467,011	\$ 46,754,509	\$ 1,712,502
Service Cost	1,384,446	-	1,384,446
Interest Cost	3,545,607	-	3,545,607
Changes in Benefit Terms	-	-	-
Changes for Experience	202,191	-	202,191
Changes of Assumptions	-	-	-
Contributions - Employer	-	500,000	(500,000)
Contributions - Member	-	957,060	(957,060)
Net Investment Income	-	6,831,698	(6,831,698)
Benefit Payments, including Refunds of Member Contributions	(2,338,347)	(2,338,347)	-
Administrative Expenses	-	(67,614)	67,614
Other Changes	-	(8,172)	8,172
Net Changes	<u>\$ 2,793,897</u>	<u>\$ 5,874,625</u>	<u>\$ (3,080,728)</u>
Balances at 12/31/2019	<u>\$ 51,260,908</u>	<u>\$ 52,629,134</u>	<u>\$ (1,368,226)</u>

Deferred (Inflows) Outflows of Resources

The total pension expense recognized in 2019 for the plan was \$382,201. At December 31, 2019, the County reported deferred outflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 160,928	\$ (198,317)
Changes in Assumptions	611,324	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(191,734)
Total	<u>\$ 772,252</u>	<u>\$ (390,051)</u>

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

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

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

Year ended December 31:	Governmental Activities	Business Type Activities
2020	\$ 96,273	\$ 26,524
2021	139,704	38,490
2022	550,788	151,748
2023	(487,120)	(134,206)
	<u>\$ 299,645</u>	<u>\$ 82,556</u>

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

Plan Actuarial Methods and Assumptions

Actuarial assumptions. The total pension liability was determined by an actuarial valuation for the 2019 measurement period, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

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

Under the Act, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once every three years subsequent to the member's retirement date. The adjustment, should the Plan elect to give one, is a percentage of the change in the Consumer

Price Index. The Plan did not include an assumption for projected ad hoc postemployment benefit changes as they are not considered to be substantively automatic.

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

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

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Plan Actuarial Methods and Assumptions (Continued)

The following was the Board's asset allocation policy for the 2019 measurement period:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	40%
International equity	10%
Fixed income	30%
Real Estate/Alternative	20%
Cash	<u>0%</u>
Total	<u>100%</u>

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 Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation for the 2019 measurement period (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.4-6.4%
International equity	5.5-6.5
Fixed income	1.3-3.3
Real Estate/Alternative	4.5-5.5
Cash	0.0-1.0

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates in accordance with the County's recently adopted funding policy. 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 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 County, calculated using the discount rate of 7.25 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
County's net pension liability	\$4,028,232	\$(1,368,226)	\$(5,893,953)

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

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Plan Actuarial Methods and Assumptions (Continued)

Rate of return. For the 2019 measurement period, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 16.8 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Component Unit – Retirement Plan

Highridge Water Authority

The Water Authority adopted a retirement plan covering all eligible employees effective January 1, 1995. Terms of the plan require Authority contributions at 50 cents per hour worked on a monthly basis. Participants are 100% vested after 5 years. Contributions for 2019 amounted to \$27,265.

Indiana County Municipal Services Authority

The Municipal Services Authority has a defined contribution retirement plan which provides retirement benefits for all full-time employees. The Authority contributed an amount equal to 5% of the full-time employees' gross salaries. Employees become 10% vested after two years of employment. An additional 20% is vested for each additional year of employment until they are fully vested after 7 years. Pension expense was approximately \$61,300.

NOTE 9: LINE OF CREDIT

Component Unit – Line of Credit

Indiana County Municipal Services Authority

The Municipal Services Authority has available a \$250,000 unsecured line of credit with First Commonwealth Bank, which is due on demand, with interest at 75% of the prime rate (3.02% at December 31, 2019). There was no balance at December 31, 2019.

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

NOTE 10: LONG-TERM OBLIGATIONS

A summary of changes in long-term debt obligations for 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds and Notes Payable:					
General Obligation Notes	\$ 45,030,546	\$ 1,175,000	\$ (3,495,238)	\$ 42,710,308	\$ 3,544,018
Total Bonds and Notes Payable	<u>45,030,546</u>	<u>1,175,000</u>	<u>(3,495,238)</u>	<u>42,710,308</u>	<u>3,544,018</u>
Other Liabilities:					
Capital Lease Obligations	771,152	321,764	(208,790)	884,126	212,858
Compensated Absences	<u>773,048</u>	<u>32,644</u>	<u>-</u>	<u>805,692</u>	<u>-</u>
Total Other Liabilities	<u>1,544,200</u>	<u>354,408</u>	<u>(208,790)</u>	<u>1,689,818</u>	<u>212,858</u>
Governmental Activities Long-Term Liabilities	<u>46,574,746</u>	<u>1,529,408</u>	<u>(3,704,028)</u>	<u>44,400,126</u>	<u>3,756,876</u>
<u>Business-Type Activities</u>					
Capital Lease Obligations	\$ 6,649	\$ -	\$ (3,776)	\$ 2,873	\$ 2,873
Business-Type Activities Long-Term Liabilities	<u>6,649</u>	<u>-</u>	<u>(3,776)</u>	<u>2,873</u>	<u>2,873</u>
Total	<u>\$ 46,581,395</u>	<u>\$ 1,529,408</u>	<u>\$ (3,707,804)</u>	<u>\$ 44,402,999</u>	<u>\$ 3,759,749</u>

An analysis of debt service requirements to maturity for the governmental and business-type activities on these obligations follows (with the exception of capital leases and compensated absences liability):

Governmental Activities

	Principal Requirements	Interest Requirements	Total Debt Service Requirements
Year Ended December 31			
2020	\$ 3,544,018	\$ 1,143,986	\$ 4,688,004
2021	3,641,772	1,047,830	4,689,602
2022	3,635,344	945,034	4,580,378
2023	3,603,505	848,142	4,451,647
2024	3,699,535	752,115	4,451,650
2025-2029	16,252,509	2,420,662	18,673,171
2030-2032	<u>8,333,625</u>	<u>487,362</u>	<u>8,820,987</u>
Total	<u>\$ 42,710,308</u>	<u>\$ 7,645,131</u>	<u>\$ 50,355,439</u>

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

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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

Governmental Activities

Issuance	Amount of Original Issue	Purpose	Balance Outstanding December 31, 2019
Series C of 2005	\$ 4,250,000	To finance the construction of a multi-tenant building at the Indiana County Corporate Campus. The note has an interest rate of 3.97%. This note was loaned to ICDC under the same terms.	\$ 608,951
2006	\$ 8,000,000	To finance the construction of a multi-tenant building on Indian Springs Road. The note has an interest rate of 4.76% per annum and a final maturity of July 2033. This note was loaned to ICDC under the same terms.	\$ 5,487,443
Series A of 2013	\$ 3,500,000	To refinance GON, Series B of 2010. The note has an interest rate of 3.31% with a final maturity in December 2025.	\$ 2,291,078
Series H of 2015	\$ 3,800,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 4.55% with a final maturity in December of 2021.	\$ 548,891
Series A of 2017	\$ 9,116,639	To refinance and consolidate existing outstanding debt. The note has an interest rate of 2.40% with a final maturity in December of 2032.	\$ 8,979,060
Series A of 2018	\$ 8,935,810	To refinance and consolidate existing outstanding debt. The note has an interest rate of 2.415% with a final maturity in November of 2032.	\$ 8,601,455
Series B of 2018	\$ 7,200,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 2.243% with a final maturity in October of 2028.	\$ 6,134,381
Series C of 2018	\$1,795,376	To refinance and consolidate existing outstanding debt. The note has an interest rate of 2.324% with a final maturity in December of 2028.	\$ 1,690,978
Series D of 2018	\$3,601,984	To refinance and consolidate existing outstanding debt. The note has an interest rate of 2.168% with a final maturity in October of 2026.	\$ 3,373,771
Series E of 2018	\$5,095,310	To refinance and consolidate existing outstanding debt. The note has an interest rate of 2.37% with a final maturity in April of 2027.	\$ 4,994,300
			<u>\$ 42,710,308</u>

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

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities (Continued)

Capital Leases

The County has entered into capital leases for equipment to be used in operations. Amortization expense has been included with depreciation. Future minimum lease payments at December 31, 2019 and present value of capital lease obligations were:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
\$ 771,152	\$ 321,764	\$ (208,790)	\$ 884,126	\$ 212,858

<u>Year ended December 31</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
2020	\$ 245,341	\$ 2,873
2021	223,634	-
2022	193,384	-
2023-2028	331,927	-
Total Minimum Lease Payments	994,286	2,873
Less Amount Representing Interest	110,160	-
Present Value of Net Minimum Lease Payments	884,126	2,873
Less: Amount Due Within One Year	212,858	2,873
Non-Current Portion	<u>\$ 671,268</u>	<u>\$ -</u>

Component Units

In addition to the long-term debt above, the County also guarantees debt for the Indiana County Municipal Services Authority and the Highridge Water Authority. This schedule summarizes the activity on this debt for 2019.

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

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Component Units (Continued)Highridge Water Authority

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

	Balance as of December 31, 2018	Additions	Reductions	Balance as of December 31, 2019
Debt Guaranteed by Indiana County:				
Water Revenue Bonds, Series of 2012	\$ 3,605,000	\$ -	\$ (415,000)	\$ 3,190,000
PennVest Loan	1,527,315	-	(259,354)	1,267,961
Other Long-Term Debt:				
PennVest Loan	3,247,819	-	(228,852)	3,018,967
PennVest Loan	205,540	-	(37,593)	167,947
PennVest Loan	22,155	-	(22,155)	-
PennVest Loan	391,309	-	(22,915)	368,394
PennVest Loan	1,514,808	-	(90,513)	1,424,295
Indian First Bank Loan	500,000	-	(55,261)	444,739
Line of Credit	189,739	-	(103,218)	86,521
Total Long-Term Debt	<u>\$ 11,203,685</u>	<u>\$ -</u>	<u>\$ (1,234,861)</u>	<u>\$ 9,968,824</u>

<u>Year Ended December 31</u>	<u>Principal Payments</u>
2020	\$ 1,226,754
2021	1,158,577
2022	1,187,179
2023	1,216,090
2024	1,210,970
Thereafter	<u>3,969,254</u>
Total	<u>\$ 9,968,824</u>

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

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Component Units (Continued)

Indiana County Municipal Services Authority

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

	Balance as of 2019
Debt Guaranteed by Indiana County:	
Sewage Renovation I	\$ 4,149,122
Sewage Renovation III	1,301,130
Sewage Renovation IV - Cherry Tree	346,106
Sewage Renovation VI	848,391
Crooked Creek Water Project	8,010,009
Cherry Tree Water System Project	599,985
Other Long-Term Debt:	
WR XVIII Interim Financing	4,938,668
WR XIX Interim Financing	426,792
Water Bond Refinance I & II	659,065
Heilwood Water Bond	68,089
PennVest Water Bond XV	823,636
PennVest Water Bond XVI	1,747,232
West Lebanon Reservoir Bond	43,737
Water Bond XI	2,364,316
Water Bond XII	5,062,924
Water Bond XIII	3,286,419
Water Bond XVIII	3,695,248
Vehicle Loan	62,372
Water Bond XX Interim Financing	960,494
Pine Grove Sewer Bonds	7,860,000
Sewage Renovation III Refinance	320,742
Sewage Renovation V	254,767
Sewage Renovation X	1,841,302
Sewage Renovation IX - Alverda	885,191
Total	<u>\$ 50,555,737</u>

Year Ended December 31	Principal Payments
2020	\$ 3,958,105
2021-2025	13,305,912
2026-2030	12,752,603
2031-2035	11,660,544
2036-2040	6,572,147
Thereafter	2,306,426
Total	<u>\$ 50,555,737</u>

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

NOTE 11: GUARANTEES OF COMPONENT UNITS

The County has agreed to guarantee the Municipal Services Authority's indebtedness. The Municipal Services Authority is required to repay the County for any payments the County makes pursuant to the guarantee. The County has not made any payments on behalf of the Municipal Services Authority as of December 31, 2019. A summary of all guaranteed debt is listed below.

In 2005, the County guaranteed the Municipal Services Authority \$989,074 PennVest Cherry Tree Installment Note. This note matures in February 2037. As of December 31, 2019 the outstanding principal amount of the guarantee is \$599,985.

In 2005, the County guaranteed the Municipal Services Authority \$13,299,915 Crooked Creek Installment Note. This note matures in December 2036. As of December 31, 2019 the outstanding principal amount of the guarantee is \$8,010,009.

In 1999, the County guaranteed the Municipal Services Authority \$6,258,000 Sewer Revenue Notes, Series 1999. These notes mature in April 2041. As of December 31, 2019 the outstanding principal amount of the guarantee is \$4,149,122.

In 2001, the County guaranteed the Municipal Services Authority \$2,770,000 Sewage Renovation III Installment Note. This note matures in December 2032. As of December 31, 2019 the outstanding principal amount of the guarantee is \$1,301,130.

In 2002, the County guaranteed the Municipal Services Authority \$1,351,200 Sewage Renovation VI Installment Note. This note matures in June 2037. As of December 31, 2019 the outstanding principal amount of the guarantee is \$848,391.

In 2003, the County guaranteed the Municipal Services Authority \$1,173,199 Sewage Renovation IV Installment Note. This note matures in June 2025. As of December 31, 2019 the outstanding principal amount of the guarantee is \$346,106.

The County has agreed to guarantee Highridge Water Authority's indebtedness. Highridge Water Authority is required to repay the County for any payments the County makes pursuant to the guarantee. The County has not made any payments on behalf of Highridge Water Authority as of December 31, 2019. A summary of all guaranteed debt is listed below:

In 2012, the County guaranteed Highridge Water Authority \$5,235,000 Water Revenue Bonds Series 2012. This note matures in February 2025. As of December 31, 2019 the outstanding principal amount of the guarantee is \$3,190,000.

In 1994, the County guaranteed Highridge Water Authority \$6,715,890 PennVest Installment Note. This note matures in September 2024. As of December 31, 2019 the outstanding principal amount of the guarantee is \$1,267,961.

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

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

Certain funds have paid the expenditures of the other funds and the amounts have not been repaid at year end, resulting in interfund balances. Interfund receivable and payable balances of each major fund as of December 31, 2019, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 888,627	\$ -
Other Governmental Fund Type	<u>51,365</u>	<u>370,779</u>
Total Governmental Fund Types	<u>939,992</u>	<u>370,779</u>
<u>Proprietary Fund</u>		
Communities at Indian Haven	<u>-</u>	<u>569,213</u>
Total Proprietary Fund Type	<u>-</u>	<u>569,213</u>
Total Interfund Balances	<u><u>\$ 939,992</u></u>	<u><u>\$ 939,992</u></u>

The outstanding balances between the funds result mainly from the time lag between the dates that (1) interfund goods and services are provided, (2) reimbursable expenditures occur, and (3) payments between funds are made.

NOTE 13: INTERFUND OPERATING TRANSFERS

Interfund operating transfers are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 332,359	\$ 73,147
Other Governmental Funds	<u>77,016</u>	<u>94,677</u>
Total Governmental Fund Type	<u>409,375</u>	<u>167,824</u>
<u>Proprietary Fund</u>		
Communities at Indian Haven	<u>-</u>	<u>241,551</u>
Total Proprietary Fund Type	<u>-</u>	<u>241,551</u>
Total Interfund Transfers	<u><u>\$ 409,375</u></u>	<u><u>\$ 409,375</u></u>

Certain funds are required to fund a portion or all of the expenses of other funds or cover deficits in those funds. The County records operating transfers to account for these transactions.

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

NOTE 14: NET PATIENT SERVICE REVENUE

The Communities at Indian Haven, Inc.

Indian Haven has agreements with third-party payors that provide for payments to Indian Haven at amounts different from its established rates. A significant portion of Indian Haven's revenues are derived from third-party payor programs. A summary of the principal payment arrangements with third-party payors follows:

- Medical Assistance – Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments.
- Medicare – Nursing and ancillary services rendered to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic, and other factors, and the reimbursement methodology is subject to various limitations and adjustments.

Indian Haven is reimbursed for therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic, and other factors. Indian Haven is required to clinically assess its residents at predetermined periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare Programs. Indian Haven also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Indian Haven under these agreements includes prospectively determined rates per day or discounts from established charges.

NOTE 15: FUND BALANCES

Under GASB 54, fund balances are recorded as non-spendable, restricted, committed, assigned, and unassigned. The following fund balances are recorded on the fund level of the financial statements:

Major Funds		
General Fund	<u>Non-Spendable:</u>	
	These amounts are other assets	\$ 1,131,022
		1,131,022
	<u>Restricted Funds:</u>	
	These funds are restricted for Coroner Act 122	19,496
	These funds are restricted for Coroner Data	31,485
	These funds are restricted for Coroner Training	27,567
	These funds are restricted for Sheriff PFA Act 66	1,885
	These funds are restricted for Victim Services	57,726
	These funds are restricted for Act 13 Shale Impact	514,318
	These funds are restricted for Act 13 Highway Bridge	1,026,075
	These funds are restricted for Act 13 Greenways Rehab	177,737
	These funds are restricted for Airport Construction	24,800
		1,881,089

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

NOTE 15: FUND BALANCES (CONTINUED)

	<u>Assigned Funds:</u>	
	These funds are assigned for Workforce Development	1,200,000
	These funds are assigned for Suicide Task Force	16,252
	These funds are assigned for CYS Special Fund	9,765
	These funds are assigned for Employee Vending Fund	1,624
	These funds are assigned for Elections Machine	75,000
	These funds are assigned for Assess Appeals	53,460
	These funds are assigned for Future Debt Services	500,000
	These funds are assigned for Bar Association Dontations	4,963
	These funds are assigned for Capital Projects	<u>6,520,793</u>
		8,381,857
Community Program for Restoration	<u>Restricted Funds:</u>	
	These funds are restricted for the Community Program Restoration.	403,439
Revolving Loan	<u>Restricted Funds:</u>	
	These funds are restricted for the Revolving Loan Program.	1,245,502
Non-Major Governmental Funds		
Special Revenue Funds	<u>Non-Spendable:</u>	
	These amounts are prepaid expenses.	18,652
	<u>Restricted Funds:</u>	
	These funds are restricted within the departments of the General Government.	1,744,191
	These funds are restricted within the Judicial System.	217,542
	These funds are restricted within the Public Safety programs.	246,298
	These funds are restricted within the Human Service programs.	575,683
	These funds are restricted within the Public Works programs.	1,260,908
	These funds are restricted within the Culture and Recreation programs.	161,931
	These funds are restricted within the Conservation and Development programs.	<u>508,562</u>
		\$ 4,715,115

NOTE 16: LITIGATION

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

NOTE 17: RISK MANAGEMENT

The County participates in the Pennsylvania Counties' Workers' Compensation Trust (the "Trust") insurance pool for workers' compensation insurance. Insurance premiums are developed based on employee job descriptions, rate factors, and payroll costs for the year. The Trust has an audit performed each year and the County may be required to pay an additional premium as a result of the audit, or, the County may be entitled to a refund as a result of the audit. For the year ended December 31, 2019, the County paid insurance premiums of \$284,400 to the Trust.

NOTE 18: SUBSEQUENT EVENTS

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

**REQUIRED
SUPPLEMENTAL
INFORMATION**

COUNTY OF INDIANA, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Page 63

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Revenues				
Taxes, Real estate	\$ 21,378,358	\$ 21,378,358	\$ 21,464,050	\$ 85,692
Intergovernmental grants	9,434,761	9,665,390	10,572,999	907,609
Charges for services	607,974	607,974	645,869	37,895
Departmental charges	6,908,334	6,908,334	7,421,348	513,014
Interest income	48,726	48,726	182,251	133,525
Other revenue	28,100	28,100	43,907	15,807
Total Revenues	<u>38,406,253</u>	<u>38,636,882</u>	<u>40,330,424</u>	<u>1,693,542</u>
Expenditures				
Current operating:				
General government	8,684,413	8,294,706	7,234,336	1,060,370
Judicial	6,649,168	6,867,327	6,458,215	409,112
Public safety	14,316,209	14,447,884	13,705,172	742,712
Public works	314,485	321,266	262,696	58,570
Human services	10,321,383	10,324,924	9,584,297	740,627
Culture and recreation	699,004	1,057,967	1,009,913	48,054
Conservation and development	240,992	346,214	339,313	6,901
Miscellaneous	(105,000)	(121,983)	314,546	(436,529)
Debt service	<u>4,183,530</u>	<u>4,415,367</u>	<u>4,404,622</u>	<u>10,745</u>
Total Expenditures	<u>45,304,184</u>	<u>45,953,672</u>	<u>43,313,110</u>	<u>2,640,562</u>
Excess (deficiency) of revenues over expenditures	<u>(6,897,931)</u>	<u>(7,316,790)</u>	<u>(2,982,686)</u>	<u>4,334,104</u>
Other financing sources (uses)				
Proceeds from long term debt	1,418,447	1,418,447	1,175,000	(243,447)
Proceeds from disposal of fixed assets	-	-	8,037	8,037
Amounts loaned to others	-	(72,000)	(72,000)	-
Amounts received from loans	-	505,857	521,857	16,000
Transfers in	132,000	132,000	332,359	200,359
Transfer to employee retirement	-	-	-	-
Transfers out	<u>(79,068)</u>	<u>(94,068)</u>	<u>(73,147)</u>	<u>20,921</u>
Total other financing sources (uses)	<u>1,471,379</u>	<u>1,890,236</u>	<u>1,892,106</u>	<u>1,870</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (5,426,552)</u>	<u>\$ (5,426,554)</u>	<u>\$ (1,090,580)</u>	<u>\$ 4,335,974</u>

COUNTY OF INDIANA, PENNSYLVANIA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service Cost	\$ 1,482,615	\$ 1,487,234	\$ 1,505,842	\$ 1,519,127	\$ 1,382,786	\$ 1,384,446
Interest	2,632,137	2,809,872	2,983,894	3,163,224	3,345,611	3,545,607
Differences between expected and actual experience	(460,609)	(216,483)	(164,293)	(125,284)	(39,350)	202,191
Changes of assumptions	-	-	-	-	993,400	-
Benefits payments, including refunds of member contributions	(1,450,606)	(1,647,228)	(1,991,410)	(1,964,563)	(2,014,674)	(2,338,347)
Net change in total pension liability	<u>2,203,537</u>	<u>2,433,395</u>	<u>2,334,033</u>	<u>2,592,504</u>	<u>3,667,773</u>	<u>2,793,897</u>
Total pension liability - beginning	<u>35,235,769</u>	<u>37,439,306</u>	<u>39,872,701</u>	<u>42,206,734</u>	<u>44,799,238</u>	<u>48,467,011</u>
Total pension liability - ending (a)	<u>\$37,439,306</u>	<u>\$39,872,701</u>	<u>\$ 42,206,734</u>	<u>\$44,799,238</u>	<u>\$ 48,467,011</u>	<u>\$ 51,260,908</u>
Plan fiduciary net position						
Contributions - employer	\$ -	\$ 243,566	\$ 500,000	\$ 652,173	\$ 525,933	\$ 500,000
Contributions - employee	884,856	857,245	886,553	903,146	918,025	957,060
Net investment income	2,371,131	(853,587)	3,336,471	5,714,759	(2,391,937)	6,831,698
Benefit payments, including refunds of employee contributions	(1,450,606)	(1,647,228)	(1,991,410)	(1,964,563)	(2,014,674)	(2,338,347)
Administrative expense	(27,415)	(25,839)	(48,112)	(71,893)	(78,734)	(67,614)
Other	-	-	-	-	(17,399)	(8,172)
Net change in plan fiduciary position	<u>1,777,966</u>	<u>(1,425,843)</u>	<u>2,683,502</u>	<u>5,233,622</u>	<u>(3,058,786)</u>	<u>5,874,625</u>
Plan fiduciary net position - beginning	<u>41,544,045</u>	<u>43,322,014</u>	<u>41,896,171</u>	<u>44,579,673</u>	<u>49,813,295</u>	<u>46,754,509</u>
Plan fiduciary net position - ending (b)	<u>\$43,322,011</u>	<u>\$41,896,171</u>	<u>\$ 44,579,673</u>	<u>\$49,813,295</u>	<u>\$ 46,754,509</u>	<u>\$ 52,629,134</u>
County's net pension liability - ending (a) - (b)	<u>\$ 5,882,705</u>	<u>\$ 2,023,470</u>	<u>\$ 2,372,939</u>	<u>\$ 5,014,057</u>	<u>\$ (1,712,502)</u>	<u>\$ 1,368,226</u>
Plan fiduciary net position as a percentage of the total pension liability	115.71%	105.07%	105.62%	111.19%	96.47%	102.67%
Covered - employee payroll	\$15,621,894	\$16,530,669	\$ 16,789,363	\$17,153,570	\$ 17,504,938	\$ 16,751,771
County net pension liability as a percentage of covered - employee payroll	37.66%	12.24%	14.13%	29.23%	-9.78%	8.17%

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

COUNTY OF INDIANA, PENNSYLVANIA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 117,162	\$ 243,566	\$ 682,497	\$ 652,173	\$ 525,933	\$ 734,293
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>243,566</u>	<u>500,000</u>	<u>652,173</u>	<u>525,933</u>	<u>500,000</u>
Contribution deficiency (excess)	<u>\$ 117,162</u>	<u>\$ -</u>	<u>\$ 182,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,293</u>
Covered - employee payroll	15,621,894	16,530,669	16,789,363	17,153,570	17,504,938	16,751,771
Contributions as a percentage of covered - employee payroll	0.00%	1.47%	2.98%	3.80%	3.00%	2.98%

Notes to Schedule

Valuation date:	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Fair-Market Value
Inflation	3.00%
Salary increases	3.50 average, including inflation
Investment rate of return	7.25% net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

COUNTY OF INDIANA, PENNSYLVANIA
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF INVESTMENT RETURNS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	5.99%	1.65%	8.26%	13.01%	-4.69%	16.80%

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

**OTHER
SUPPLEMENTAL
INFORMATION**

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

	Capital Improvements Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<hr/>			
Assets			
Cash and cash equivalents	\$ 45,741	\$ 4,837,819	\$ 4,883,560
Investments	-	109,903	109,903
Receivables:			
Other governmental grants	-	1,345,390	1,345,390
Other	3,248	63,212	66,460
Loans	-	1,326,455	1,326,455
Due from other funds	-	51,365	51,365
Prepaid expenses	-	15,373	15,373
	<hr/>	<hr/>	<hr/>
Total assets	\$ 48,989	\$ 7,749,517	\$ 7,798,506
	<hr/>	<hr/>	<hr/>
Liabilities			
Accounts payable	9,500	1,281,329	1,290,829
Accrued Liabilities	-	76,192	76,192
Due to other governments	-	2,338	2,338
Due to other funds	-	370,779	370,779
Unearned loans receivable	-	1,326,455	1,326,455
	<hr/>	<hr/>	<hr/>
Total liabilities	9,500	3,057,093	3,066,593
Unearned loans receivable			
Fund Balance			
<hr/>			
Fund balance:			
Nonspendable	-	18,652	18,652
Restricted	39,489	4,675,626	4,715,115
Unassigned	-	(1,854)	(1,854)
	<hr/>	<hr/>	<hr/>
Total fund balance	39,489	4,692,424	4,731,913
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 48,989	\$ 7,749,517	\$ 7,798,506
	<hr/>	<hr/>	<hr/>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Capital Improvements Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes, Hotel	\$ -	\$ 600,465	\$ 600,465
Intergovernmental revenue	-	8,329,358	8,329,358
Charges for services	-	940,764	940,764
Interest income	309	51,369	51,678
Other revenue	-	6,461	6,461
Total Revenues	<u>309</u>	<u>9,928,417</u>	<u>9,928,726</u>
Expenditures			
Current operating:			
General government	67,749	143,094	210,843
Judicial	-	1,493,756	1,493,756
Public safety	-	2,747,127	2,747,127
Public works	-	429,944	429,944
Human services	-	1,436,596	1,436,596
Culture and recreation	-	695,778	695,778
Conservation and development	0	2,760,939	2,760,939
Miscellaneous	-	-	-
Debt service			
Principal	-	-	-
Total Expenditures	<u>67,749</u>	<u>9,707,234</u>	<u>9,774,983</u>
Excess (deficiency) of revenues over expenditures	<u>(67,440)</u>	<u>221,183</u>	<u>153,743</u>
Other financing sources (uses)			
Amounts received from loans	-	45,199	45,199
Transfers in	19,488	57,528	77,016
Transfers out	-	(94,677)	(94,677)
Total other financing sources (uses)	<u>19,488</u>	<u>8,050</u>	<u>27,538</u>
Net change in fund balance	(47,952)	229,233	181,281
Fund balance, beginning of year	<u>87,441</u>	<u>4,463,191</u>	<u>4,550,632</u>
Fund balance, end of year	<u>\$ 39,489</u>	<u>\$ 4,692,424</u>	<u>\$ 4,731,913</u>

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	Human Services Development	MATP	Airport Construction	Children's Advisory Commission	Enhanced 911	Hazardous Materials
<hr/> Assets <hr/>						
Cash and cash equivalents	\$ 35,623	\$ 395,118	\$ 186	\$ 3,406	\$ 106,797	\$ 13,305
Investments	-	-	-	-	-	-
Receivables:						
Other governmental grants	-	-	6,040	-	791,014	40,200
Other	-	-	-	-	-	1,592
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	14,652
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 35,623</u>	<u>\$ 395,118</u>	<u>\$ 6,226</u>	<u>\$ 3,406</u>	<u>\$ 897,811</u>	<u>\$ 69,749</u>
<hr/> Liabilities <hr/>						
Accounts payable	\$ 1,462	\$ 86,252	\$ 6,040	\$ 767	\$ 705,864	\$ 2,954
Accrued liabilities	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	19,367
Unearned loans receivable	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,462</u>	<u>86,252</u>	<u>6,040</u>	<u>767</u>	<u>705,864</u>	<u>22,321</u>
<hr/> Fund Balance <hr/>						
Fund balance:						
Nonspendable	-	-	-	-	-	14,942
Restricted	34,161	308,866	186	2,639	191,947	32,486
Unassigned	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>34,161</u>	<u>308,866</u>	<u>186</u>	<u>2,639</u>	<u>191,947</u>	<u>47,428</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 35,623</u>	<u>\$ 395,118</u>	<u>\$ 6,226</u>	<u>\$ 3,406</u>	<u>\$ 897,811</u>	<u>\$ 69,749</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2019

	Keystone Communities	Jail Commissary	Register of Wills Ck of Orphan Ct	County Record's Improvement	Register and Recorder Records Improvement	Assessment Uniform Parcel ID	Recorder's Uniform Parcel ID	Domestic Relations
Assets								
Cash and cash equivalents	\$ 1	\$ 26,151	\$ 12,578	\$ 122,140	\$ 35,086	\$ 45,687	\$ 40,401	\$ 1,866,586
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	-	-	-	131,501
Other	-	4,886	-	1,426	111	674	674	1,122
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	721	-	-	-	-	-	-
Total assets	\$ 1	\$ 31,758	\$ 12,578	\$ 123,566	\$ 35,197	\$ 46,361	\$ 41,075	\$ 1,999,209
Liabilities								
Accounts payable	\$ -	\$ 6,235	\$ -	\$ -	180	\$ -	\$ -	\$ 104,357
Accrued liabilities	-	-	-	-	-	-	-	24,651
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	300,048
Unearned loans receivable	-	-	-	-	-	-	-	-
Total liabilities	-	6,235	-	-	180	-	-	429,056
Fund Balance								
Fund balance:								
Nonspendable	-	-	-	3,710	-	-	-	-
Restricted	1	25,523	12,578	119,856	35,017	46,361	41,075	1,570,153
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	1	25,523	12,578	123,566	35,017	46,361	41,075	1,570,153
Total liabilities and fund balance	\$ 1	\$ 31,758	\$ 12,578	\$ 123,566	\$ 35,197	\$ 46,361	\$ 41,075	\$ 1,999,209

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	Drug Task Force	DA Special Investigations	Health and Human Services Sub-Committee	Sheriff Public Safety Training	Prothonotary Automation	Adoption Counseling	Hotel Tax	Parks Gas Lease
Assets								
Cash and cash equivalents	\$ 2,876	\$ 38,913	\$ 11,656	\$ 14,260	\$ 18,507	\$ 16,469	\$ 45,043	\$ 17,155
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	-	-	-	-
Other	3,000	-	-	-	1,165	225	43,649	212
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	<u>\$ 5,876</u>	<u>\$ 38,913</u>	<u>\$ 11,656</u>	<u>\$ 14,260</u>	<u>\$ 19,672</u>	<u>\$ 16,694</u>	<u>\$ 88,692</u>	<u>\$ 17,367</u>
Liabilities								
Accounts payable	\$ 5,823	\$ -	\$ 239	\$ 263	\$ 1,390	\$ -	\$ 80,939	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned loans receivable	-	-	-	-	-	-	-	-
Total liabilities	<u>5,823</u>	<u>-</u>	<u>239</u>	<u>263</u>	<u>1,390</u>	<u>-</u>	<u>80,939</u>	<u>-</u>
Fund Balance								
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	53	38,913	11,417	13,997	18,282	16,694	7,753	17,367
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	<u>53</u>	<u>38,913</u>	<u>11,417</u>	<u>13,997</u>	<u>18,282</u>	<u>16,694</u>	<u>7,753</u>	<u>17,367</u>
Total liabilities and fund balance	<u>\$ 5,876</u>	<u>\$ 38,913</u>	<u>\$ 11,656</u>	<u>\$ 14,260</u>	<u>\$ 19,672</u>	<u>\$ 16,694</u>	<u>\$ 88,692</u>	<u>\$ 17,367</u>

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant	HOME Investment	Escrow Fund	Affordable Housing and Act 137	Emergency Repair
Assets								
Cash and cash equivalents	\$ -	\$ 37,006	\$ 22,244	\$ 1,319	\$ 4,657	\$ -	\$ 73,450	\$ 12,400
Investments	-	-	-	-	-	-	101,682	-
Receivables:								
Other governmental grants	-	-	-	238,293	11,530	-	-	-
Other	-	86	-	-	-	1,050	3,340	-
Loans	-	-	-	-	-	-	82,403	61,243
Due from other funds	-	-	-	3,835	-	-	47,530	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 37,092	\$ 22,244	\$ 243,447	\$ 16,187	\$ 1,050	\$ 308,405	\$ 73,643
Liabilities								
Accounts payable	\$ -	\$ 1,063	\$ 8,233	\$ 100,415	\$ 11,530	\$ -	\$ 31,194	\$ -
Accrued liabilities	-	-	-	342	477	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned loans receivable	-	-	-	-	-	-	82,403	61,243
Total liabilities	-	1,063	8,233	100,757	12,007	-	113,597	61,243
Fund Balance								
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	36,029	14,011	142,690	4,180	1,050	194,808	12,400
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	-	36,029	14,011	142,690	4,180	1,050	194,808	12,400
Total liabilities and fund balance	\$ -	\$ 37,092	\$ 22,244	\$ 243,447	\$ 16,187	\$ 1,050	\$ 308,405	\$ 73,643

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	Emergency Shelter Grant	Community Development Fund	Community Revitalization Program	General Economic Development	SPC Team PA	Homeless Assistance Program	Enterprise Zone	Planning Fund
<u>Assets</u>								
Cash and cash equivalents	\$ 79	\$ 108,867	\$ 102	\$ 29,457	\$ -	\$ 12,705	\$ 225,865	\$ 21,712
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	47,590	-	-	-	-	6,702	-	-
Loans	-	-	150,000	-	-	-	1,032,809	-
Total assets	<u>\$ 47,669</u>	<u>\$ 108,867</u>	<u>\$ 150,102</u>	<u>\$ 29,457</u>	<u>\$ -</u>	<u>\$ 19,407</u>	<u>\$ 1,258,674</u>	<u>\$ 21,712</u>
<u>Liabilities</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ 595	\$ -	\$ 21,261	\$ -	\$ -
Accrued liabilities	68	-	-	-	-	-	-	-
Due to other funds	47,529	-	-	-	-	-	-	3,835
Unearned loans receivable	-	-	150,000	-	-	-	1,032,809	-
Total liabilities	<u>47,597</u>	<u>-</u>	<u>150,000</u>	<u>595</u>	<u>-</u>	<u>21,261</u>	<u>1,032,809</u>	<u>3,835</u>
<u>Fund Balance</u>								
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	72	108,867	102	28,862	-	-	225,865	17,877
Unassigned	-	-	-	-	-	(1,854)	-	-
Total fund balance	<u>72</u>	<u>108,867</u>	<u>102</u>	<u>28,862</u>	<u>-</u>	<u>(1,854)</u>	<u>225,865</u>	<u>17,877</u>
Total liabilities and fund balance	<u>\$ 47,669</u>	<u>\$ 108,867</u>	<u>\$ 150,102</u>	<u>\$ 29,457</u>	<u>\$ -</u>	<u>\$ 19,407</u>	<u>\$ 1,258,674</u>	<u>\$ 21,712</u>

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	Indiana County Code Division	Liquid Fuels	Total
<hr/> Assets <hr/>			
Cash and cash equivalents	\$ 148,551	\$ 1,271,461	\$ 4,837,819
Investments	-	8,221	109,903
Receivables:			-
Other governmental grants	-	72,520	1,345,390
Other	-	-	63,212
Loans	-	-	1,326,455
Due from other funds	-	-	51,365
Prepaid expenses	-	-	15,373
	<hr/>	<hr/>	<hr/>
Total assets	\$ 148,551	\$ 1,352,202	\$ 7,749,517
<hr/> Liabilities <hr/>			
Accounts payable	\$ 63,701	\$ 40,572	\$ 1,281,329
Accrued Liabilities	-	50,722	76,192
Due to other governments	2,270	-	2,338
Due to other funds	-	-	370,779
Unearned loans receivable	-	-	1,326,455
	<hr/>	<hr/>	<hr/>
Total liabilities	65,971	91,294	3,057,093
<hr/> Fund Balance <hr/>			
Fund balance:			
Nonspendable	-	-	18,652
Restricted	82,580	1,260,908	4,675,626
Unassigned	-	-	(1,854)
	<hr/>	<hr/>	<hr/>
Total fund balance	82,580	1,260,908	4,692,424
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 148,551	\$ 1,352,202	\$ 7,749,517

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

	Human Services Development	MATP	Airport Construction	Children's Advisory Commission	Enhanced 911	Hazardous Materials
Revenues						
Intergovernmental revenue	\$ 88,585	\$ 1,140,618	\$ 194,413	\$ -	\$ 2,741,559	49,704
Charges for services	440	7	-	15,535	-	49,173
Interest income	157	1,196	213	52	3,929	137
Other revenue	-	-	-	-	-	1,000
Total Revenues	<u>89,182</u>	<u>1,141,821</u>	<u>194,626</u>	<u>15,587</u>	<u>2,745,488</u>	<u>100,014</u>
Expenditures						
Current operating:						
Public safety	-	-	-	-	2,545,338	152,381
Public works	-	-	194,412	-	-	-
Human services	<u>87,127</u>	<u>918,297</u>	<u>-</u>	<u>15,782</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>87,127</u>	<u>918,297</u>	<u>194,412</u>	<u>15,782</u>	<u>2,545,338</u>	<u>152,381</u>
Excess (deficiency) of revenues over expenditures	<u>2,055</u>	<u>223,524</u>	<u>214</u>	<u>(195)</u>	<u>200,150</u>	<u>(52,367)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	45,000
Transfers out	<u>-</u>	<u>-</u>	<u>(85,086)</u>	<u>-</u>	<u>-</u>	<u>(63)</u>
sources (uses)	<u>-</u>	<u>-</u>	<u>(85,086)</u>	<u>-</u>	<u>-</u>	<u>44,937</u>
Net change in fund balance	2,055	223,524	(84,872)	(195)	200,150	(7,430)
Fund balance, beginning of year	<u>32,106</u>	<u>85,342</u>	<u>85,058</u>	<u>2,834</u>	<u>(8,203)</u>	<u>54,858</u>
Fund balance, end of year	<u>\$ 34,161</u>	<u>\$ 308,866</u>	<u>\$ 186</u>	<u>\$ 2,639</u>	<u>\$ 191,947</u>	<u>\$ 47,428</u>

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

	Keystone Communities Program	Jail Commissary	Register of Wills Ck of Orphan Ct	County Record's Improvement	Register and Recorder Records Improvement	Assessment Uniform Parcel ID	Recorder's Uniform Parcel ID	Domestic Relations
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-	652,100
Charges for services	-	62,292	3,750	17,624	26,289	8,275	8,275	535,259
Interest income	-	66	-	1,596	724	380	502	15,558
Other revenue	-	-	-	-	112	-	-	-
Total Revenues	-	62,358	3,750	19,220	27,125	8,655	8,777	1,202,917
Expenditures								
Current operating:								
General government	-	-	2,909	2,123	42,586	9,567	-	-
Judicial	-	-	-	-	-	-	-	1,366,373
Public safety	-	49,408	-	-	-	-	-	-
Total Expenditures	-	49,408	2,909	2,123	42,586	9,567	-	1,366,373
Excess (deficiency) of revenues over expenditures	-	12,950	841	17,097	(15,461)	(912)	8,777	(163,456)
Net change in fund balance	-	12,950	841	17,097	(15,461)	(912)	8,777	(163,456)
Fund balance, beginning of year	1	12,573	11,737	106,469	50,478	47,273	32,298	1,733,609
Fund balance, end of year	\$ 1	\$ 25,523	\$ 12,578	\$ 123,566	\$ 35,017	\$ 46,361	\$ 41,075	\$ 1,570,153

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

	Drug Task Force	DA Special Investigations	Health and Human Services Sub-Committee	Sheriff Public Safety Training	Prothonotary Automation	Adoption Counseling	Hotel Tax	Parks Gas Lease
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,465	\$ -
Intergovernmental revenue	72,500	-	-	-	-	-	-	-
Charges for services	-	11,318	3,618	7,499	15,528	1,500	-	15,158
Interest income	-	7	173	121	50	216	552	37
Total Revenues	<u>72,500</u>	<u>11,325</u>	<u>3,791</u>	<u>7,620</u>	<u>15,578</u>	<u>1,716</u>	<u>601,017</u>	<u>15,195</u>
Expenditures								
Current operating:								
Judicial	84,812	30,367	-	1,219	10,985	-	-	-
Human services	-	-	2,276	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	641,589	-
Total Expenditures	<u>84,812</u>	<u>30,367</u>	<u>2,276</u>	<u>1,219</u>	<u>10,985</u>	<u>-</u>	<u>641,589</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(12,312)</u>	<u>(19,042)</u>	<u>1,515</u>	<u>6,401</u>	<u>4,593</u>	<u>1,716</u>	<u>(40,572)</u>	<u>15,195</u>
Other financing sources (uses)								
Transfers in	9,500	3,028	-	-	-	-	-	-
Transfers out	<u>(3,000)</u>	<u>(6,528)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>6,500</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,812)	(22,542)	1,515	6,401	4,593	1,716	(40,572)	15,195
Fund balance, beginning of year	<u>5,865</u>	<u>61,455</u>	<u>9,902</u>	<u>7,596</u>	<u>13,689</u>	<u>14,978</u>	<u>48,325</u>	<u>2,172</u>
Fund balance, end of year	<u>\$ 53</u>	<u>\$ 38,913</u>	<u>\$ 11,417</u>	<u>\$ 13,997</u>	<u>\$ 18,282</u>	<u>\$ 16,694</u>	<u>\$ 7,753</u>	<u>\$ 17,367</u>

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

	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant	HOME Investment	Escrow Fund	Affordable Housing and Act 137	Emergency Repair
Revenues								
Intergovernmental revenue	\$ -	-	\$ 17,331	\$ 1,741,716	\$ 304,359	\$ -	\$ -	\$ -
Charges for services	-	55,754	-	-	-	-	42,184	2
Interest income	-	701	3,336	-	-	-	1,243	167
Other revenue	-	5,349	-	-	-	-	-	-
Total Revenues	-	61,804	20,667	1,741,716	304,359	-	43,427	169
Expenditures								
Current operating:								
Culture and recreation	-	54,189	-	-	-	-	-	-
Conservation and development	-	-	11,751	1,603,838	304,359	-	76,713	6,050
Miscellaneous	-	-	-	-	-	-	-	-
Total Expenditures	-	54,189	11,751	1,603,838	304,359	-	76,713	6,050
Excess (deficiency) of revenues over expenditures	-	7,615	8,916	137,878	-	-	(33,286)	(5,881)
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	6,601	3,032
Total other financing sources (uses)	-	-	-	-	-	-	6,601	3,032
Net change in fund balance	-	7,615	8,916	137,878	-	-	(26,685)	(2,849)
Fund balance, beginning of year	-	28,414	5,095	4,812	4,180	1,050	221,493	15,249
Fund balance, end of year	\$ -	\$ 36,029	\$ 14,011	\$ 142,690	\$ 4,180	\$ 1,050	\$ 194,808	\$ 12,400

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

	Emergency Shelter Grant	Community Development Fund	Community Revitalization Program	General Economic Development	SPC Team PA	Homeless Assistance Program	Enterprise Zone	Planning Fund
Revenues								
Intergovernmental revenue	\$ 169,507	100,000	-	-	-	229,808	-	366,508
Charges for services	-	-	-	-	-	-	20,297	-
Interest income	-	635	-	421	-	468	2,932	841
Other revenue	-	-	-	-	-	-	-	-
Total Revenues	<u>169,507</u>	<u>100,635</u>	<u>-</u>	<u>421</u>	<u>-</u>	<u>230,276</u>	<u>23,229</u>	<u>367,349</u>
Expenditures								
Current operating:								
Human services	169,507	-	-	-	-	243,607	-	-
Conservation and development	-	27,603	-	2,461	-	-	22,774	705,390
Total Expenditures	<u>169,507</u>	<u>27,603</u>	<u>-</u>	<u>2,461</u>	<u>-</u>	<u>243,607</u>	<u>22,774</u>	<u>705,390</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>73,032</u>	<u>-</u>	<u>(2,040)</u>	<u>-</u>	<u>(13,331)</u>	<u>455</u>	<u>(338,041)</u>
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	35,566	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,566</u>	<u>-</u>
Net change in fund balance	-	73,032	-	(2,040)	-	(13,331)	36,021	(338,041)
Fund balance, beginning of year	<u>72</u>	<u>35,835</u>	<u>102</u>	<u>30,902</u>	<u>-</u>	<u>11,477</u>	<u>189,844</u>	<u>355,918</u>
Fund balance, end of year	<u>\$ 72</u>	<u>\$ 108,867</u>	<u>\$ 102</u>	<u>\$ 28,862</u>	<u>\$ -</u>	<u>\$ (1,854)</u>	<u>\$ 225,865</u>	<u>\$ 17,877</u>

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

	Indiana County Code Division	Liquid Fuels	Total
Revenues			
Taxes, Hotel	\$ -	\$ -	\$ 600,465
Intergovernmental revenue	-	460,650	8,329,358
Charges for services	40,987	-	940,764
Interest income	2,969	11,990	51,369
Other revenue	-	-	6,461
Total Revenues	<u>43,956</u>	<u>472,640</u>	<u>9,928,417</u>
Expenditures			
Current operating:			
General government	85,909	-	143,094
Judicial	-	-	1,493,756
Public safety	-	-	2,747,127
Public works	-	235,532	429,944
Human services	-	-	1,436,596
Culture and recreation	-	-	695,778
Conservation and development	-	-	2,760,939
Miscellaneous	-	-	-
Debt service			
Principal	-	-	-
Total Expenditures	<u>85,909</u>	<u>235,532</u>	<u>9,707,234</u>
Excess (deficiency) of revenues over expenditures	<u>(41,953)</u>	<u>237,108</u>	<u>221,183</u>
Other financing sources (uses)			
Amounts loaned to others	-	-	-
Amounts received from loans	-	-	45,199
Transfers in	-	-	57,528
Transfers out	-	-	(94,677)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,050</u>
Net change in fund balance	(41,953)	237,108	229,233
Fund balance, beginning of year	<u>124,533</u>	<u>1,023,800</u>	<u>4,463,191</u>
Fund balance, end of year	<u>\$ 82,580</u>	<u>\$ 1,260,908</u>	<u>\$ 4,692,424</u>

COUNTY OF INDIANA, PENNSYLVANIA
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019

	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
<hr/>			
Assets			
<hr/>			
Current Assets:			
Cash and cash equivalents	\$ 337,988	\$ 977,245	\$ 1,315,233
Restricted cash and cash equivalents	1,518,366	-	1,518,366
Accounts Receivable	1,004,759	328,605	1,333,364
Note Receivable - current	98,486	-	98,486
Prepaid expenses and other current assets	-	28,019	28,019
Inventories	-	127,689	127,689
	<hr/>	<hr/>	<hr/>
	2,959,599	1,461,558	4,421,157
	<hr/>	<hr/>	<hr/>
Noncurrent assets:			
Capital Assets (net of accumulated depreciation)	90,299,241	29,169,828	119,469,069
Note Receivable less current portion	1,517,776	-	1,517,776
Intangible assets	-	976,070	976,070
Other assets	288,197	-	288,197
Trustee held funds	-	272,105	272,105
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	92,105,214	30,418,003	122,523,217
	<hr/>	<hr/>	<hr/>
Total assets	\$ 95,064,813	\$ 31,879,561	\$ 126,944,374
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Liabilities			
<hr/>			
Current liabilities:			
Accounts payable	\$ 130,171	\$ 32,918	\$ 163,089
Accrued Expenses	439,912	31,361	471,273
Accrued Interest Payable	126,199	31,509	157,708
Current portion of long-term debt	3,958,105	1,226,754	5,184,859
Current portion of capital lease	35,901	-	35,901
Customer Deposits	89,070	59,043	148,113
Line of credit	-	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities	4,779,358	1,381,585	6,160,943
	<hr/>	<hr/>	<hr/>
Capital lease	35,519	-	35,519
Compensated absences	-	178,794	178,794
Long-term debt	46,597,632	8,742,070	55,339,702
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	46,633,151	8,920,864	55,554,015
	<hr/>	<hr/>	<hr/>
Total Liabilities	51,412,509	10,302,449	61,714,958
<hr/>			
Net Position			
<hr/>			
Net investment in capital assets	39,834,082	11,825,909	51,659,991
Restricted per bond indenture	1,454,479	-	1,454,479
Restricted for construction	63,887	-	63,887
Unrestricted	2,299,856	9,751,203	12,051,059
	<hr/>	<hr/>	<hr/>
Total net position	43,652,304	21,577,112	65,229,416
	<hr/>	<hr/>	<hr/>
Total liabilities and net position	\$ 95,064,813	\$ 31,879,561	\$ 126,944,374
	<hr/>	<hr/>	<hr/>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
Operating Revenues			
Charges for services	\$ 7,293,565	\$ 3,004,053	\$ 10,297,618
Other revenue	<u>56,955</u>	<u>644,053</u>	<u>701,008</u>
Total Operating Revenues	<u>7,350,520</u>	<u>3,648,106</u>	<u>10,998,626</u>
Operating Expenses			
General and administration	348,602	585,198	933,800
Operating costs	3,680,059	1,512,183	5,192,242
Depreciation and amortization	<u>3,630,149</u>	<u>1,410,367</u>	<u>5,040,516</u>
Total Operating Expenses	<u>7,658,810</u>	<u>3,507,748</u>	<u>11,166,558</u>
Operating Income	<u>(308,290)</u>	<u>140,358</u>	<u>(167,932)</u>
Nonoperating Revenues (Expenses)			
Interest Income	17,130	13,566	30,696
Tap fees	-	22,428	22,428
Contributed capital	-	(25,559)	(25,559)
Amorization of bond discount and issuance costs	(12,668)	(21,570)	(34,238)
Loss on diposal of assets	-	(3,528)	(3,528)
Interest expense	(772,819)	(237,292.00)	(1,010,111)
Gain on sale of asset	11,155	3,200	14,355
Grants for construction	<u>852,428</u>	<u>-</u>	<u>852,428</u>
Total Nonoperating Revenues (Expenses)	<u>95,226</u>	<u>(248,755)</u>	<u>(153,529)</u>
Changes in Net Position	<u>(213,064)</u>	<u>(108,397)</u>	<u>(321,461)</u>
Net Position - Beginning of Year	43,865,368	21,685,509	65,550,877
Net Position - End of Year	<u>\$ 43,652,304</u>	<u>\$ 21,577,112</u>	<u>\$ 65,229,416</u>