

COUNTY OF INDIANA, PENNSYLVANIA

INDIANA, PENNSYLVANIA

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

COUNTY OF INDIANA, PENNSYLVANIA
YEAR ENDED DECEMBER 31, 2016

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Zelenkofske Axelrod LLC

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, 2016, 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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County Commissioners
County of Indiana
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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, 2016, 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.

Adoption of GASB Statements

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 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 score 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

County Commissioners
County of Indiana
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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, schedule of funding progress and employer contributions, and budgetary comparison – general fund information on pages 4 through 16 and 65 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 70 through 85 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.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

September 29, 2017
Pittsburgh, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2016

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, 2016. Please read this Management Discussion and Analysis in conjunction with the COUNTY's financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following four parts:

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

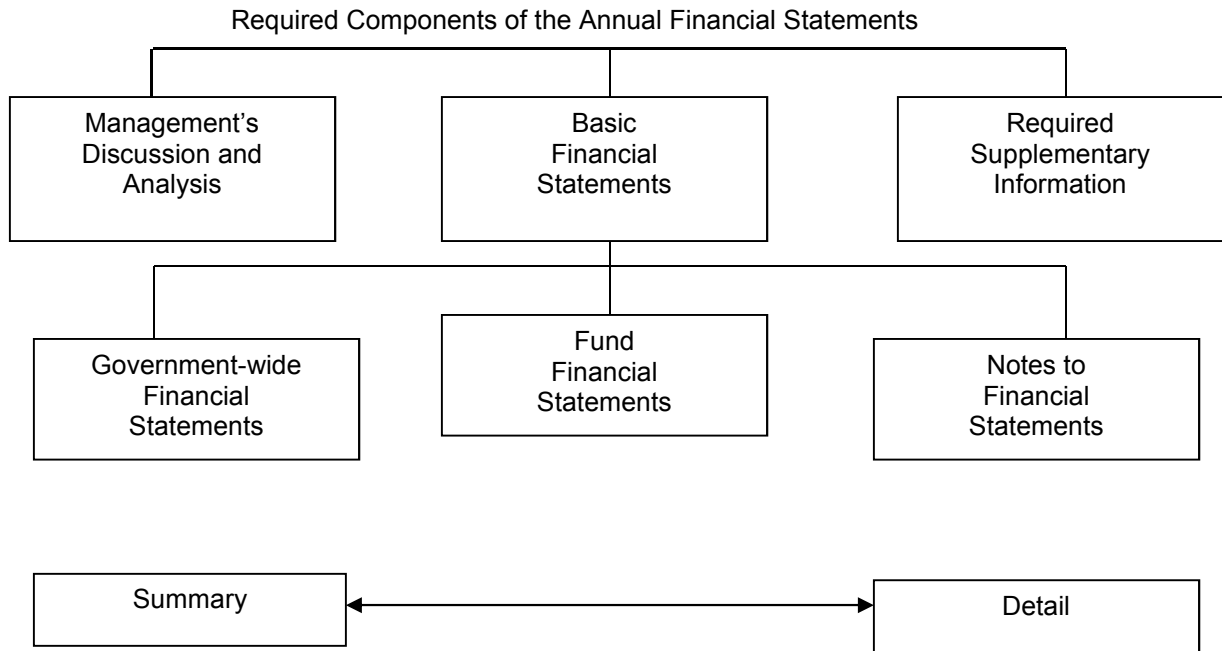
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the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

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, 2016**

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



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

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

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

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
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 -Statement of activities	-Balance sheet -Statement of revenues, expenditures and changes in fund balances	-Statement of net position -Statement of revenues, expenses and changes in net position -Statement of cash flows	-Statement of fiduciary net position
Accounting basis and measurement focus	Accrual	Modified Accrual	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, short-term and long-term	All assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during 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, 2016

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

Government-wide financial statements

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

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

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

Net position is one way to measure the COUNTY's financial position. Over time, increases or decreases in the COUNTY's net position 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, 2016**

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

- Capitalize current outlays for capital assets
- Report long-term debt as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Allocate net position balances as follows:
 - Net investment in capital assets
 - Restricted net position 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, 2016**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The COUNTY's total assets were \$118,246,985 at December 31, 2016. Of this amount, \$74,487,734 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 – 2016/2015

	2016	2015	2016	2015	2016	2015
	Governmental	Governmental	Business-	Business-	2016	2015
	Activities	Activities	type	type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
Capital Assets	\$ 73,137,362	\$ 75,228,267	\$ 1,350,372	\$ 1,517,883	\$ 74,487,734	\$ 76,746,150
Other Assets	41,323,228	36,092,736	2,436,023	2,185,860	43,759,251	38,278,596
Total Assets	\$ 114,460,590	\$ 111,321,003	\$ 3,786,395	\$ 3,703,743	\$ 118,246,985	\$ 115,024,746
Deferred Outflows	\$ 993,600	\$ 3,056,702	\$ 273,747	\$ 842,153	\$ 1,267,347	\$ 3,898,855
Current Liabilities	\$ 7,382,271	\$ 6,037,998	\$ 249,015	\$ 819,399	\$ 7,631,286	\$ 6,857,397
Long-term Liabilities	48,964,798	52,044,969	10,425	-	48,975,223	52,044,969
Total Liabilities	\$ 56,347,069	\$ 58,082,967	\$ 259,440	\$ 819,399	\$ 56,606,509	\$ 58,902,366
Net Position:						
Net Investment In Capital Assets	\$ 20,595,348	\$ 21,889,104	\$ 1,336,171	\$ 1,063,410	\$ 21,931,519	\$ 22,952,514
Restricted Net Position	9,029,258	7,919,762	36,868	46,356	9,066,126	7,966,118
Unrestricted Net Position	29,482,515	26,485,872	2,427,663	2,616,731	31,910,178	29,102,603
Total Net Position	\$ 59,107,121	\$ 56,294,738	\$ 3,800,702	\$ 3,726,497	\$ 62,907,823	\$ 60,021,235

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

Change in Net Position

The following statement of activities represents the change in net position for the years ended December 31, 2016 and 2015. 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					
	2016 Governmental Activities	2015 Governmental Activities	2016 Business-type Activities	2015 Business-type Activities	2016 Total	2015 Total
Program Revenues:						
Charges for Services	\$ 4,077,823	\$ 6,622,004	\$ 10,632,943	\$ 9,542,679	\$ 14,710,766	\$ 16,164,683
Grants and Contributions	18,898,348	13,145,161	-	-	18,898,348	13,145,161
General Revenues:						
Property Taxes	21,682,035	22,071,265	-	-	21,682,035	22,071,265
Hotel Taxes	398,991	318,688	-	-	398,991	318,688
Unrestricted Investment Earnings	128,215	90,100	12,126	-	140,341	90,100
Transfers	306,622	703,267	(306,622)	(703,267)	-	-
Miscellaneous Revenue	413,504	248,882	-	-	413,504	248,882
Gain/(Loss) on disposal of assets	72,481	24,052	-	-	72,481	24,052
Total Revenues	\$ 45,978,019	\$ 43,223,419	\$ 10,338,447	\$ 8,839,412	\$ 56,316,466	\$ 52,062,831
Expenses:						
General Government - Administrative	\$ 7,125,583	\$ 6,403,304	-	-	\$ 7,125,583	\$ 6,403,304
General Government - Judicial	6,639,849	6,403,230	-	-	6,639,849	6,403,230
Public Safety	13,204,453	13,858,826	-	-	13,204,453	13,858,826
Public Works	2,047,557	1,846,220	-	-	2,047,557	1,846,220
Human Services	8,739,038	8,508,007	10,589,698	8,988,617	19,328,736	17,496,624
Culture and Recreation	1,368,049	1,308,652	-	-	1,368,049	1,308,652
Conservation and Development	2,809,869	3,242,125	-	-	2,809,869	3,242,125
Interest on Long-Term Debt	2,458,463	2,038,191	-	-	2,458,463	2,038,191
Total Expenses	44,392,861	43,608,555	10,589,698	8,988,617	54,982,559	52,597,172
Change in Net Position	1,585,158	(385,136)	(251,251)	(149,205)	1,333,907	(534,341)
Restatement	1,227,225	(663,337)	325,456	(206,700)	1,552,681	(870,037)
Net Position - January 1	56,294,738	57,343,211	3,726,497	4,082,402	60,021,235	61,425,613
Net Position - December 31	\$ 59,107,121	\$ 56,294,738	\$ 3,800,702	\$ 3,726,497	\$ 62,907,823	\$ 60,891,272

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

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 2016, property taxes brought in \$21,682,035.

Net Cost of Governmental and Business-type Activities

	2016 Total Cost of Services	2015 Total Cost of Services	2016 Net Cost of Services	2015 Net Cost of Services
Program:				
General Government-Administrative	\$ 7,125,583	\$ 6,403,304	\$ (5,210,003)	\$ (4,078,126)
General Government-Judicial	6,639,849	6,403,230	(4,071,005)	(3,539,184)
Public Safety	13,204,453	13,858,826	(7,766,132)	(10,148,769)
Public Works	2,047,557	1,846,220	450,426	(1,011,777)
Human Service	8,739,038	8,508,007	(918,591)	(1,486,177)
Culture and Recreation	1,368,049	1,308,652	(1,294,363)	(849,288)
Conservation and Development	2,809,869	3,242,125	(148,559)	(689,878)
Interest on Long-Term Debt	2,458,463	2,038,191	(2,458,463)	(2,038,191)
Communities at Indian Haven	10,589,698	8,988,617	55,371	554,062
Total	<u>\$ 54,982,559</u>	<u>\$ 52,597,172</u>	<u>\$ (21,361,319)</u>	<u>\$ (23,287,328)</u>

The COUNTY relied on property taxes and other general revenues to fund 38.85% of its governmental and business-type activities in 2016.

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

Capital Assets

The COUNTY's investment in capital assets at December 31, 2016, net of accumulated depreciation, was \$74,487,734. Capital assets consist primarily of land, buildings and equipment. The following is a summary of capital assets at December 31, 2016 and 2015:

Capital Assets						
	2016	2015	2016	2015	2016	2015
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
Land	\$ 2,085,470	\$ 2,046,564	\$ -	\$ -	\$ 2,085,470	\$ 2,046,564
Building and Improvements	63,242,940	62,770,614	4,445,441	4,431,919	67,688,381	67,202,533
Equipment and machinery	28,983,953	27,519,325	3,811,337	3,700,166	32,795,290	31,219,491
Construction in Progress	464,714	203,173	-	-	464,714	203,173
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>(39,906,068)</u>	<u>(35,577,763)</u>	<u>(7,071,724)</u>	<u>(6,779,520)</u>	<u>(46,977,792)</u>	<u>(42,357,283)</u>
Total Net Capital Assets	<u>\$ 73,137,362</u>	<u>\$ 75,228,266</u>	<u>\$ 1,350,372</u>	<u>\$ 1,517,883</u>	<u>\$ 74,487,734</u>	<u>\$ 76,746,149</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, 2016

Debt Administration

At December 31, 2016, the COUNTY had \$52,450,832 of debt outstanding. Debt decreased 8.47% from the previous year. The following is a summary of debt obligations for the 2016 year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Notes	\$ 55,447,848	\$ 802,904	\$ (3,890,408)	\$ 52,360,344	\$ 4,200,424
Total Bonds and Notes Payable	<u>55,447,848</u>	<u>802,904</u>	<u>(3,890,408)</u>	<u>52,360,344</u>	<u>4,200,424</u>
Other Liabilities:					
Capital Lease Obligations	118,991	-	(42,704)	76,287	40,710
Compensated Absences	751,246	18,055	-	769,301	-
Total Other Liabilities	<u>870,237</u>	<u>18,055</u>	<u>(42,704)</u>	<u>845,588</u>	<u>40,710</u>
Governmental Activities					
Long-Term Liabilities	<u>56,318,085</u>	<u>820,959</u>	<u>(3,933,112)</u>	<u>53,205,932</u>	<u>4,241,134</u>
Business-Type Activities					
General Obligation Notes	\$ 454,473	\$ -	\$ (454,473)	\$ -	\$ -
Total Notes Payable	<u>454,473</u>	<u>-</u>	<u>(454,473)</u>	<u>-</u>	<u>-</u>
Other Liabilities					
Capital Lease Obligations	-	17,977	(3,776)	14,201	3,776
Business-Type Activities					
Long-Term Liabilities	<u>\$ 454,473</u>	<u>\$ 17,977</u>	<u>\$ (458,249)</u>	<u>\$ 14,201</u>	<u>\$ 3,776</u>

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

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

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, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Revenues:		
Taxes	\$ 22,589,063	\$ 22,052,787
Intergovernmental Revenues	18,898,348	13,145,159
Departmental Charges	1,011,502	3,483,455
Charges for Services	3,066,321	3,138,551
Interest	95,751	57,636
Other	413,504	248,882
Debt Proceeds	802,904	1,297,627
Amounts Received from Loans	859,784	632,334
Disposal of Fixed Assets	88,849	42,199
Proceeds from TAN	4,518,681	
Capital Lease Proceeds	-	92,011
Operation Transfers In	1,059,975	821,937
	<u>1,059,975</u>	<u>821,937</u>
Total Revenues	<u>\$ 53,404,682</u>	<u>\$ 45,012,578</u>

There are several factors relating to increases/decreases in revenues from 2016 to 2015. Tax revenue increased due to more delinquent collections. Intergovernmental revenue increased primarily due to Act 13 funding and Juvenile Probation state funding. Charges for Services decreased primarily due to the less 911 subscriber fee revenues.

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

GOVERNMENTAL FUND EXPENDITURES

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

	<u>2016</u>	<u>2015</u>
Expenditures:		
General Government- Administrative	\$ 5,997,518	\$ 6,186,582
General Government-Judicial	6,581,732	6,272,451
Public Safety	11,681,309	11,221,711
Public Works	1,014,374	1,035,362
Human Services	8,794,056	8,516,144
Culture and Recreation	1,176,867	1,278,524
Conservation and Development	2,851,248	3,240,830
Debt Service	5,907,779	6,807,640
Repayment of TAN	4,518,681	-
Amounts Loaned to Others	622,312	346,765
Operating Transfers Out	<u>753,353</u>	<u>118,670</u>
Total Expenditures	<u>\$ 49,899,229</u>	<u>\$ 45,024,679</u>

Additional CDBG Projects and additional debt service requirements represent the increases in expenditures from the previous year. In addition, the Children and Youth program has increased expenses due to higher salaries and benefits.

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending balances for governmental funds and net position for proprietary funds at December 31, 2016 and 2015 were as follows:

<u>Fund</u>	<u>2016 Governmental Funds</u>	<u>2015 Governmental Funds</u>	<u>2016 Proprietary Funds</u>	<u>2015 Proprietary Funds</u>
General Fund	\$ 14,407,778	\$ 11,939,337	\$ -	\$ -
Community Program for Restoration	272,872	245,581	-	-
Revolving Loan	1,024,220	1,208,163	-	-
Nonmajor Governmental Funds	6,542,186	5,298,522	-	-
Communities at Indian Haven	<u>-</u>	<u>-</u>	<u>3,800,702</u>	<u>4,051,953</u>
Total	<u>\$ 22,247,056</u>	<u>\$ 18,691,603</u>	<u>\$ 3,800,702</u>	<u>\$ 4,051,953</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, 2016**

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 2016 general fund budget can be found in Required Supplemental Information.

Overall the County general fund actual revenue had an excess of the budget of \$1,206,734. The general fund expenditures had a decrease from the actual budget of \$1,622,094. This showed an excess of revenue over expenditures of \$2,828,828. Numerous factors went into these results but mainly the management of the commissioners on the oversight on the budget was able to have these final results. The 2016 budget was completed for the general fund, the liquid fuels fund, and the capital improvement fund. The general fund budget in 2016 had an opening balance of \$1,727,545. There was no increase with taxes. The real estate tax rate was 4.445 mills, 1.0 mills applied to debt and the remaining 3.445 mills applied to general obligations.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The 2017 budget was completed for the general fund, the liquid fuels fund, and the capital improvement fund. The general fund budget in 2017 had an opening balance of \$3,201,331. There was no increase in taxes. The real estate tax rate was 4.445 mills, 1.0 mills applied to debt and the remaining 3.445 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, 2016

Assets	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash and Cash Equivalents	\$ 15,268,665	\$ 618,440	\$ 15,887,105	\$ 1,244,885
Investments	679,086		679,086	-
Restricted Assets				
Cash and Cash Equivalents	-	36,868	36,868	875,147
Resident's Cash		12,612	12,612	-
Receivables (Net, where applicable, of Allowance for Uncollectibles)				
Accounts	2,885,913	1,416,625	4,302,538	1,224,060
Taxes	1,666,794	-	1,666,794	-
Loans	12,752,053	-	12,752,053	-
Notes (current)	-	-	-	95,696
Due From Other Governments	5,787,815	-	5,787,815	-
Prepaid Assets	-	73,988	73,988	-
Inventory	-	-	-	108,187
Net Pension Asset	1,872,012	500,927	2,372,939	-
Other Assets	187,453	-	187,453	384,006
Internal Balances	223,437	(223,437)	-	-
Trustee Held Funds	-	-	-	214,418
Intangible Assets	-	-	-	1,275,932
				1,810,187
Capital Assets: (Net)				
Depreciable	70,587,178	1,350,372	71,937,550	117,676,193
Non-depreciable	2,550,184	-	2,550,184	-
Total Assets	\$ 114,460,590	\$ 3,786,395	\$ 118,246,985	\$ 124,908,711
Deferred Outflow of Resources				
Deferred amounts from pension liability	\$ 993,600	\$ 273,747	\$ 1,267,347	\$ -
Liabilities				
Accounts Payable	\$ 2,087,633	\$ 192,426	\$ 2,280,059	\$ 192,506
Accrued Expenses	910,569	37,049	947,618	266,921
Unearned Revenues	-	-	-	143,452
Due to Other Governments	37,552	-	37,552	-
Funds Held in Fiduciary Capacity	-	12,612	12,612	-
Accrued Interest Payable on Debt	105,383	3,152	108,535	174,489
Line of Credit	-	-	-	246,384
Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	4,200,424	-	4,200,424	3,922,441
Capital Lease Payable	40,710	3,776	44,486	46,403
Non-Current Portions of Long-Term Liabilities:				
Loans and Notes Payable	48,159,920	-	48,159,920	59,242,252
Capital Lease Payable	35,577	10,425	46,002	85,487
Compensated Absences	769,301	-	769,301	-
Total Liabilities	56,347,069	259,440	56,606,509	64,320,335
Net Position				
Net Investment in Capital Assets	20,595,348	1,336,171	21,931,519	47,280,327
Restricted Net Position				
Program Purposes	9,029,258	-	9,029,258	-
Bond Indenture	-	-	-	850,777
Capital projects	-	36,868	36,868	24,370
Unrestricted	29,482,515	2,427,663	31,910,178	12,432,902
Total Net Position	\$ 59,107,121	\$ 3,800,702	\$ 62,907,823	\$ 60,588,376

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government - Administrative	\$ 7,125,583	\$ 1,519,832	\$ 395,748	\$ -	\$ (5,210,003)	\$ -	\$ (5,210,003)	
General Government - Judicial	6,639,849	1,284,054	1,284,790	-	(4,071,005)	-	(4,071,005)	
Public Safety	13,204,453	1,011,732	4,426,589	-	(7,766,132)	-	(7,766,132)	
Public Works	2,047,557	14,788	46,090	2,437,105	450,426	-	450,426	
Human Services	8,739,038	123,206	7,697,241	-	(918,591)	-	(918,591)	
Culture and Recreation	1,368,049	59,848	13,838	-	(1,294,363)	-	(1,294,363)	
Conservation and Development	2,809,869	64,363	2,596,947	-	(148,559)	-	(148,559)	
Interest on Long-Term Debt	2,458,463	-	-	-	(2,458,463)	-	(2,458,463)	
Total Governmental Activities	44,392,861	4,077,823	16,461,243	2,437,105	(21,416,690)	-	(21,416,690)	
Business-Type Activities:								
Communities at Indian Haven	10,589,698	10,645,069	-	-	-	55,371	55,371	
Total Business-Type Activities	10,589,698	10,645,069	-	-	-	55,371	55,371	
Total Primary Government	\$ 54,982,559	\$ 14,722,892	\$ 16,461,243	\$ 2,437,105	\$ (21,416,690)	\$ 55,371	\$ (21,361,319)	
Component Units:								
Indiana County Municipal Services Authority	\$ 8,132,277	\$ 6,900,057	\$ -	\$ 3,452,548				\$ 2,220,328
Highridge Water Authority	3,512,941	3,067,500	235,993	-				(209,448)
Total Component Units	\$ 11,645,218	\$ 9,967,557	\$ 235,993	\$ 3,452,548				\$ 2,010,880
General Revenues:								
Taxes:								
Property					21,682,035	-	21,682,035	-
Hotel Taxes					398,991	-	398,991	-
Unrestricted investment earnings					128,215	-	128,215	20,739
Gain From Sale of Assets					72,481	-	72,481	35,911
Miscellaneous					413,504	-	413,504	1,080,432
Transfers					306,622	(306,622)	-	-
Total General Revenues					23,001,848	(306,622)	22,695,226	1,137,082
Change in Net Position					1,585,158	(251,251)	1,333,907	3,147,962
Net Position - Beginning, restated (Note 16)					57,521,963	4,051,953	61,573,916	57,440,414
Net Position - Ending					\$ 59,107,121	\$ 3,800,702	\$ 62,907,823	\$ 60,588,376

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

COUNTY OF INDIANA, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Community Program for Restoration	Revolving Loan Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 9,162,374	\$ 275,347	\$ 1,025,250	\$ 4,805,694	\$ 15,268,665
Investments	-	2,559	-	676,527	679,086
Receivables:					
Taxes	2,885,913	-	-	-	2,885,913
Other governmental grants	2,468,056	-	-	3,319,759	5,787,815
Other	1,269,449	-	-	397,345	1,666,794
Loans	9,727,983	1,354,920	961,484	707,666	12,752,053
Due from other funds	1,737,439	-	-	3,835	1,741,274
Other assets	178,468	-	-	8,985	187,453
Total assets	\$ 27,429,682	\$ 1,632,826	\$ 1,986,734	\$ 9,919,811	\$ 40,969,053
Liabilities					
Accounts Payable	1,000,304	-	80	1,087,249	2,087,633
Accrued liabilities	877,261	5,034	950	27,324	910,569
Due to other funds	-	-	-	1,517,837	1,517,837
Due to other governments	3	-	-	37,549	37,552
Unearned loans receivable	9,727,983	1,354,920	961,484	707,666	12,752,053
Total liabilities	11,605,551	1,359,954	962,514	3,377,625	17,305,644
Deferred Inflow s of Resources					
Unavailable Revenue - Property Taxes	1,416,353	-	-	-	1,416,353
Total Deferred Inflow s of Resources	1,416,353	-	-	-	1,416,353
Fund Balances					
Nonspendable	146,186	-	-	18,652	164,838
Restricted	1,208,632	272,872	1,024,220	6,523,534	9,029,258
Assigned	2,943,311	-	-	-	2,943,311
Unassigned	10,109,649	-	-	-	10,109,649
Total fund balances	14,407,778	272,872	1,024,220	6,542,186	22,247,056
Total liabilities and fund balances	\$ 27,429,682	\$ 1,632,826	\$ 1,986,734	\$ 9,919,811	\$ 40,969,053

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, 2016

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

Total fund balances of governmental funds		\$ 22,247,056
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$113,043,430 and the accumulated depreciation is \$39,906,068.		73,137,362
Revenues not available to pay for current period expenditures and therefore reported as unearned revenue in the funds:		
Loans Receivable	11,531,083	
Installment Sales of County Property	1,220,970	
Real estate taxes	1,416,353	14,168,406
Net pension assets are not reported in the the funds:		1,872,012
Deferred outflow of resources is not reported in the funds		993,600
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	(52,360,344)	
Accrued interest on long-term debt	(105,383)	
Capital Lease Payable	(76,287)	
Compensated absences	(769,301)	(53,311,315)
		\$ 59,107,121

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

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

	General Fund	Community Program for Restoration	Revolving Loan Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes, Real estate	\$ 22,190,072	\$ -	\$ -	\$ -	\$ 22,190,072
Taxes, Hotel	-	-	-	398,991	398,991
Intergovernmental revenue	7,606,314	-	-	11,292,034	18,898,348
Charges for services	514,742	650	29,445	466,665	1,011,502
Departmental charges	3,066,321	-	-	-	3,066,321
Interest income	73,578	26	14	22,133	95,751
Other revenue	382,414	20,000	-	11,090	413,504
Total Revenues	<u>33,833,441</u>	<u>20,676</u>	<u>29,459</u>	<u>12,190,913</u>	<u>46,074,489</u>
Expenditures					
Current operating:					
General government	5,819,936	-	-	177,582	5,997,518
Judicial	5,085,603	-	-	1,496,129	6,581,732
Public safety	8,793,444	-	-	2,887,865	11,681,309
Public works	290,600	-	-	723,774	1,014,374
Human services	6,941,616	-	-	1,852,440	8,794,056
Culture and recreation	605,337	-	-	571,530	1,176,867
Conservation and development	255,122	7,718	8,057	2,580,351	2,851,248
Debt service					
Principal	2,424,227	-	-	1,015,279	3,439,506
Interest	2,468,273	-	-	-	2,468,273
Total Expenditures	<u>32,684,158</u>	<u>7,718</u>	<u>8,057</u>	<u>11,304,950</u>	<u>44,004,883</u>
Excess (deficiency) of revenues over expenditures	<u>1,149,283</u>	<u>12,958</u>	<u>21,402</u>	<u>885,963</u>	<u>2,069,606</u>
Other financing sources (uses)					
Proceeds from long term debt	802,904	-	-	-	802,904
Amounts received from loans	781,015	14,333	57,690	6,746	859,784
Disposal of fixed assets	88,849	-	-	-	88,849
Proceeds from TAN	4,518,681	-	-	-	4,518,681
Repayment of TAN	(4,518,681)	-	-	-	(4,518,681)
Transfers in	309,723	-	-	750,252	1,059,975
Amounts loaned to others	-	-	(263,035)	(359,277)	(622,312)
Transfers out	(713,333)	-	-	(40,020)	(753,353)
Total other financing sources (uses)	<u>1,269,158</u>	<u>14,333</u>	<u>(205,345)</u>	<u>357,701</u>	<u>1,435,847</u>
Net change in fund balance	2,418,441	27,291	(183,943)	1,243,664	3,505,453
Fund balances, beginning of year	11,989,337	245,581	1,208,163	5,298,522	18,741,603
Fund balances, end of year	<u>\$ 14,407,778</u>	<u>\$ 272,872</u>	<u>\$ 1,024,220</u>	<u>\$ 6,542,186</u>	<u>\$ 22,247,056</u>

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, 2016

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

Net Change in fund balances - total governmental funds \$ 3,505,453

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	2,429,580	
Loss on assets disposed	(16,366)	
Depreciation expense	<u>(4,504,116)</u>	(2,090,902)

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	(802,904)	
Change in interest payable on long-term debt	9,810	
Principal repayments and payments to escrow agent for debt refunding	<u>3,439,506</u>	2,646,412

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	42,704	
New capital assets acquired through capital leases	<u>-</u>	42,704

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.

Loan discount amortized in current year	32,461	
Amounts loaned to others	622,312	
Amounts received from loans	<u>(859,784)</u>	(205,011)

Governmental funds do not report the changes in compensated absences: (18,055)

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	1,416,353	
Prior year	<u>(1,924,390)</u>	(508,037)

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. (1,787,406)

Changes in net position of governmental activities \$ 1,585,158

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

COUNTY OF INDIANA, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2016

	Business-Type Activities - Enterprise Fund <u>The Communities at Indian Haven</u>
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 618,440
Resident's cash	12,612
Accounts receivable	1,416,625
Prepaid expenses and other current assets	<u>73,988</u>
	<u>2,121,665</u>
Noncurrent assets:	
Cash, funded depreciation	36,868
Net pension asset	500,927
Capital assets (net of accumulated depreciation)	<u>1,350,372</u>
Total noncurrent assets	<u>1,888,167</u>
Total assets	<u>\$ 4,009,832</u>
<u>Deferred Outflow of Resources</u>	
Deferred amounts from pension liability	<u>\$ 273,747</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 192,426
Accrued liabilities	37,049
Due to primary government	223,437
Funds held in fiduciary capacity	12,612
Accrued interest payable	3,152
Current portion of capital lease payable	<u>3,776</u>
Total current liabilities	<u>\$ 472,452</u>
Noncurrent liabilities:	
Capital lease payable	<u>\$ 10,425</u>
Total noncurrent liabilities	<u>10,425</u>
Total liabilities	<u>\$ 482,877</u>
<u>Net Position</u>	
Net investment in capital assets	\$ 1,336,171
Restricted	36,868
Unrestricted	<u>2,427,663</u>
Total net position	<u>3,800,702</u>
Total liabilities and net position	<u>\$ 4,283,579</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, 2016

	Business-Type Activities - <u>Enterprise Fund</u> <u>The Communities</u> <u>at Indian Haven</u>
Operating Revenues	
Receipts from Providing Services	\$ 10,643,386
Total Operating Revenues	<u>10,643,386</u>
Operating Expenses	
Human Services	10,285,368
Depreciation and amortization	<u>292,204</u>
Total Operating Expenses	<u>10,577,572</u>
Operating Income	65,814
Nonoperating Revenues (Expenses)	
Interest Expense	(12,126)
Interest Income	<u>1,683</u>
Total Nonoperating Expenses	<u>(10,443)</u>
Excess of revenues under expenditures	55,371
Transfers to other funds	<u>(306,622)</u>
Total other financing uses	<u>(306,622)</u>
Change in Net Position	(251,251)
Net Position - Beginning of Year , as Restated (Note 16)	<u>4,051,953</u>
Net Position - End of Year	<u>\$ 3,800,702</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, 2016

	Business-Type Activities - Enterprise Fund <u>The Communities at Indian Haven</u>
Cash flows from operating activities	
Cash received from residents	\$ 10,552,484
Cash paid for goods and services	<u>(10,562,646)</u>
Net cash used in operating activities	<u>(10,162)</u>
Cash flows from investing activities	
Net decrease in cash, funded depreciation	<u>9,488</u>
Net cash provided by investing activities	<u>9,488</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	(124,693)
Assets purchased on account	17,977
Principal payments on note payable	(454,473)
Payments on capital lease obligation	(3,776)
Interest paid	<u>(10,567)</u>
Net cash used in capital and related financing activities	<u>(575,532)</u>
Cash flows from financing activities	
Interest income	1,683
Transfers to other funds	<u>(306,622)</u>
Net cash used in financing activities	<u>(304,939)</u>
Net decrease in cash and cash equivalents	(881,145)
Beginning cash and cash equivalents	<u>1,499,585</u>
Ending cash and cash equivalents	<u>\$ 618,440</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income	\$ 65,814
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	292,204
Increase in pension asset	(73,772)
Increase in deferred outflows related to pension liability	568,406
Decrease in assets	
Accounts receivable, net of allowances	(90,902)
Prepaid expenses	(66,929)
Increase in liabilities	
Accounts payable	(25,707)
Accrued expenses	(81,143)
Due to other funds	<u>(598,133)</u>
Net cash used in operating activities	<u>\$ (10,162)</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, 2016

	Employee Retirement Trust Fund	Other Agency Funds	Total
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 575,762	\$ 1,369,488	\$ 1,945,250
Accounts Receivable	64,100	-	64,100
Investments	<u>43,939,811</u>	<u>105,653</u>	<u>44,045,464</u>
Total Assets	<u>\$ 44,579,673</u>	<u>\$ 1,475,141</u>	<u>\$ 46,054,814</u>
<u>Liabilities</u>			
Liabilities			
Due to other governments	\$ -	\$ 1,159,963	\$ 1,159,963
Funds Held in Fiduciary Capacity	<u>-</u>	<u>315,178</u>	<u>315,178</u>
Total Liabilities	<u>-</u>	<u>1,475,141</u>	<u>1,475,141</u>
<u>Net Position</u>			
Employees' Pension Benefits	<u>44,579,673</u>	<u>-</u>	<u>44,579,673</u>
Total Net Position	<u>\$ 44,579,673</u>	<u>\$ -</u>	<u>\$ 44,579,673</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
DECEMBER 31, 2016

	Employee Retirement Trust Fund
Additions:	
Contributions:	
Employee	\$ 886,553
County Contribution	<u>500,000</u>
	<u>1,386,553</u>
Investment Income:	
Net increase in fair value of assets	2,592,221
Interest and Dividends	<u>901,646</u>
Total Investment Income	3,493,867
Investment Expense	<u>(157,396)</u>
Net Investment Income	<u>3,336,471</u>
Total Additions	<u>4,723,024</u>
Employee Benefits Paid	1,991,410
Administrative Expenses	<u>48,112</u>
Total Deductions	<u>2,039,522</u>
Net Increase	2,683,502
Net Position Held In Trust For Employees' Pension Benefits:	
Beginning of Year	<u>41,896,171</u>
End of Year	<u>\$ 44,579,673</u>

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

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

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, 2016

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, 2016, is as follows:

Assets	\$ 2,037,102
Liabilities	<u>\$ 1,786,681</u>
Net Position	<u>\$ 250,421</u>
Revenues	\$ 7,583,670
Expenditures	<u>\$ 7,381,173</u>
Net Income	<u>\$ 202,497</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, 2016

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, 2016

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.

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

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, 2016

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2016, 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 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

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

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

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

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 \$864,238.

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.

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.

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

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 (Continued)

- *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.

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.

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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

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

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).

12. Adoption of Governmental Accounting Standards Board Statements

The County adopted the requirements of GASB Statement No. 72, "*Fair Value Measurement and Application*". The adoption of this statement resulted in the modification of Note 3.

The County adopted the requirements of GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The adoption of this statement had no effect on previously reported amounts.

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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

12. Adoption of Governmental Accounting Standards Board Statements
(Continued)

The County adopted the requirements of GASB Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The adoption of this statement had no effect on previously reported amounts.

The County adopted the requirements of GASB Statement No. 77, "*Tax Abatement Disclosures*". The adoption of this statement had no effect on previously reported amounts.

The County adopted the requirements of GASB Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". The adoption of this statement had no effect on previously reported amounts.

The County adopted the requirements of GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*". The adoption of this statement had no effect on previously reported amounts.

13. Pending Changes in Accounting Principles

In June 2015, the GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The County is required to adopt statement No. 74 for its calendar year 2017 financial statements.

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

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

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

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

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

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

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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

13. Pending Changes in Accounting Principles (Continued)

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

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

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

The County has not yet 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 2016 amounted to \$73,985.

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, 2016

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

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.

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 \$350,000.

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*.

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

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)

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.

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 2016 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.

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

NOTE 2: BUDGETARY DATA (CONTINUED)

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.

NOTE 3: DEPOSIT AND INVESTMENT RISK

As of December 31, 2016, the County had the following investments:

	<u>Cost</u>	<u>Market</u>
Governmental Funds		
Community Program for Restoration		
Certificates of Deposit	\$ 2,559	\$ 2,559
Nonmajor Governmental Funds		
Certificates of Deposit	<u>676,527</u>	<u>676,527</u>
Total Governmental Funds	<u>679,086</u>	<u>679,086</u>
Fiduciary Funds		
Agency Funds		
Certificates of Deposit	105,653	105,653
Retirement Fund		
U.S. Government Securities	5,376,252	4,224,572
Corporate Bonds	2,074,852	3,791,283
Common Stock	7,490,504	7,384,225
International Stock	4,397,388	4,361,891
Mutual Funds	<u>25,240,843</u>	<u>24,177,840</u>
Total Fiduciary Funds	44,685,492	44,045,464
Total Investments	<u>\$ 45,364,578</u>	<u>\$ 44,724,550</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, 2016, 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, 2016, the County's cash balances for its governmental activities, business-type activities and agency fund were \$17,306,073 and its bank balances were

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

\$17,580,781. Of these bank balances, \$17,005,019 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 \$575,762 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, 2016 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, 2016, the County is not subject to concentration of credit risk.

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

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

	12/31/2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments measured by fair value level				
Government Securities	\$ 4,224,572	\$ 4,224,572	\$ -	\$ -
Corporate Bonds	3,791,283	3,791,283	-	-
Common Stock	7,384,225	7,384,225	-	-
International Stock	4,361,891	4,361,891	-	-
Mutual Finds	24,177,840	24,177,840	-	-
Total investments by fair value level	<u>\$ 43,939,811</u>	<u>\$ 43,939,811</u>	<u>\$ -</u>	<u>\$ -</u>

Component Unit

Indiana County Municipal Services Authority

At December 31, 2016, the carrying amount of the Authority's cash deposits was \$552,308 and the bank balance was \$950,013. Of the bank balance, \$450,013 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

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 4: PROPERTY TAXES (CONTINUED)

Real Estate Property Taxes (Continued)

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 2016 the County had total millage of 4.445, of which 1.0 mill was reserved for principal and interest on debt, and 3.445 mills for general county purposes.

The County's 2016 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 2016 with assessed valuation of \$582,669,810 in 2015 to \$4,860,733,387 in 2016. 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 2016 real estate taxes levied was \$21,605,960 based on a total County assessed valuation of \$4,860,733,387. Based on the 2016 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 \$3,024,070 as of December 31, 2016. 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.

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 5: LOANS RECEIVABLE (CONTINUED)

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

	<u>Balance at 12/31/2015</u>	<u>Payments Received from Others</u>	<u>Amounts Loaned to Others</u>	<u>Discounts</u>	<u>Balance at 12/31/2016</u>
Commerce Center I installment sale	\$ 1,188,506	\$ 36,546	\$ -	\$ 32,464	\$ 1,119,496
Airport Authority Promissary Note (LOC)	600,000	-	-	-	600,000
ICCAP	170,000	170,000	-	-	-
KCAC Project	473,919	-	-	-	473,919
Indian Springs Road Project Loan	89,200	66,206	-	-	22,994
Corporate Campus Multi- Tenant Building Loan	1,446,859	201,466	-	-	1,245,393
Indian Springs Multi- Tenant Building Loan	<u>6,508,050</u>	<u>241,869</u>	<u>-</u>	<u>-</u>	<u>6,266,181</u>
Total	<u>\$ 10,476,534</u>	<u>\$ 716,087</u>	<u>\$ -</u>	<u>\$ 32,464</u>	<u>\$ 9,727,983</u>

Commerce Center I installment sale

In August 2005, the County entered into an installment sales agreement of \$1,250,000 with ICDC for the sale of 4.64 acres of land and building in the Indiana County Commerce Park, owned and operated by the County. Terms of the agreement provide for payments from ICDC in the amount of excess revenues collected over expenses incurred on the property as defined in the agreement, with the full amount collected by December 31, 2016. As of December 31, 2016, ICDC had paid \$130,504 to the County. The agreement provided no interest and has been discounted at 6.00% to \$892,896 and a discount of \$357,104.

The total unamortized discount is \$0 at December 31, 2016. The discount will be amortized over the term of the agreement. Current year amortization of \$32,464 has been recognized as interest income in the statement of activities with a net balance due from ICDC at December 31, 2016 in the amount of \$1,119,496.

Airport Authority Promissory Note

In 2012 the County entered into an agreement with the airport authority for a \$600,000. The purpose of the loan is for the airport authority to provide a local share to secure a

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 5: LOANS RECEIVABLE (CONTINUED)

match from the Bureau of Aviation that would allow the airport authority to complete the parallel taxiway to serve the new runway. The agreement provided interest at a rate of 1% annually. At December 31, 2016 the airport authority has not made any payments on the \$600,000 loan.

A description of the ICDC loans receivable can be found in the long-term debt summary in Note 10.

NOTE 6: CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 2,046,564	\$ 38,906	\$ -	\$ 2,085,470
Construction in Progress	203,173	261,542	-	464,714
Total Capital Assets, Not Being Depreciated	<u>2,249,737</u>	<u>300,448</u>	<u>-</u>	<u>2,550,184</u>
Capital Assets, Being Depreciated:				
Building and Improvements	62,770,614	472,327	-	63,242,940
Equipment and Vehicles	27,519,324	1,656,805	(192,176)	28,983,953
Infrastructure	18,266,353	-	-	18,266,353
Total Capital Assets, Being Depreciated	<u>108,556,291</u>	<u>2,129,132</u>	<u>(192,176)</u>	<u>110,493,246</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(18,943,499)	(1,956,565)	-	(20,900,064)
Equipment and Vehicles	(10,410,945)	(2,443,032)	175,810	(12,678,167)
Infrastructure	(6,223,318)	(104,519)	-	(6,327,837)
Total Accumulated Depreciation	<u>(35,577,762)</u>	<u>(4,504,116)</u>	<u>175,810</u>	<u>(39,906,068)</u>
Total Capital Assets, Being Depreciated, Net	<u>72,978,529</u>	<u>(2,374,984)</u>	<u>(16,366)</u>	<u>70,587,178</u>
Governmental Activities Capital Assets, Net	<u>\$ 75,228,266</u>	<u>\$ (2,074,536)</u>	<u>\$ (16,366)</u>	<u>\$ 73,137,362</u>
BUSINESS-TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Building and Improvements	\$ 4,431,919	\$ 13,522	\$ -	\$ 4,445,441
Equipment and Vehicles	3,700,166	111,171	-	3,811,337
Capital Interest	165,318	-	-	165,318
Total Capital Assets, Being Depreciated	<u>8,297,403</u>	<u>124,693</u>	<u>-</u>	<u>8,422,096</u>
Less Accumulated Depreciation	(6,779,520)	(292,204)	-	(7,071,724)
Total Capital Assets, Being Depreciated, Net	<u>1,517,883</u>	<u>(167,511)</u>	<u>-</u>	<u>1,350,372</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,517,883</u>	<u>\$ (167,511)</u>	<u>\$ -</u>	<u>\$ 1,350,372</u>

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government-Administrative	\$ 195,962
General Government-Judicial	125,955
Public Safety	2,804,608
Public Works	1,149,377
Human Services	37,572
Culture and Recreation	189,791
Conservation and Development	<u>851</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 4,504,116</u>
Business-Type Activities:	
Human Services	<u>\$ 292,204</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 292,204</u>

Component Unit – Capital AssetsHighridge Water Authority

Capital assets and accumulated depreciation as of December 31, 2016 is as follows:

Buildings	\$ 39,982,761
Land and improvements	<u>11,362,432</u>
Total	51,345,193
Less accumulated depreciation	<u>20,285,561</u>
Capital Assets, net	<u>\$ 31,059,632</u>

Indiana County Municipal Services Authority

Capital assets and accumulated depreciation as of December 31, 2016 is as follows:

Indiana County Municipal Services Authority	
Fixed equipment	\$ 120,196,234
Moveable equipment	940,558
Vehicles	618,952
Construction in progress	<u>5,254,241</u>
Total	127,009,985
Less accumulated depreciation	<u>40,393,424</u>
Capital Assets, net	<u>\$ 86,616,561</u>

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

NOTE 7: RESTRICTED ASSETS

Business Type Activities

The County has restricted cash of \$36,868 in the business type activities which is restricted for capital purchases and repairs to existing capital assets.

The County also has restricted cash of \$12,612 that is owed to residents of the nursing home.

Component Unit – Designated AssetsIndiana County Municipal Services Authority

Restricted Assets at December 31, 2016 are as follows:

Debt Service Fund	\$ 566,329
Debt Service Reserve and Repair Fund	284,448
Construction Fund	<u>24,370</u>
Total	<u><u>\$ 875,147</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.

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.

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Description of Plan (Continued)

Plan membership. For the 2016 measurement period, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	196
Inactive plan members entitled to but not yet receiving benefits	41
Active plan members	460
	697

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, 2016, the minimum required active member contribution rate was 5 percent of annual pay and the County's average contribution rate was 1.47 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 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, 2016, the County has a balance of \$10,572,801 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2016. Since these accumulations represent the present value as of December 31, 2016 of future benefits, the reserve balance and liability are identical.

The County has a balance of \$13,782,117 in the County Annuity Reserve Account as of December 31, 2016. This balance and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the County's share of the retirement allowances and this reserve is fully funded.

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Legally Required Reserves (Continued)

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 \$13,211,318 as of December 31, 2016. The corresponding liability for those annuitants on the roll is identical.

Plan Reporting

Net Pension Liability of the County

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

Total Pension Liability	\$ 42,206,734
Plan Fiduciary Net Position	44,579,673
Net Position Liability	<u>\$ (2,372,939)</u>

Plan Fiduciary net position as a percentage of the total pension liability	105.62%
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The net pension liability breakdown for governmental activities and business type activities was as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net Pension Liability	\$ (1,872,012)	\$ (500,927)

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

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

	Increase/(Decrease)		Net Pension Liability (a) - (b)
	Total Pension Liability (a)	Pan Fiduciary Net Position (b)	
Balances at 12/31/2015	\$ 39,872,701	\$ 41,896,171	\$ (2,023,470)
Service Cost	1,505,842	-	1,505,842
Interest Cost	2,983,894	-	2,983,894
Changes in Benefit Terms	-	-	-
Changes for Experience	(164,293)	-	(164,293)
Changes of Assumptions	-	-	-
Contributions - Employer	-	500,000	(500,000)
Contributions - Member	-	886,553	(886,553)
Net Investment Income	-	3,336,471	(3,336,471)
Benefit Payments, including Refunds of Member Administrative Expenses	(1,991,410)	(1,991,410)	-
	-	(48,112)	48,112
Net Changes	<u>\$ 2,334,033</u>	<u>\$ 2,683,502</u>	<u>\$ (349,469)</u>
Balances at 12/31/2016	<u>\$ 42,206,734</u>	<u>\$ 44,579,673</u>	<u>\$ (2,372,939)</u>

Deferred Outflows of Resources

The total pension expense recognized in 2016 for the plan was \$383,360. At December 31, 2016, the County reported deferred outflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ (164,293)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,431,640
Total	<u>\$ 1,267,347</u>

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

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

Year ended December 31:	Governmental Activities	Business Type Activities
2017	\$ 559,840	\$ 154,241
2018	559,840	154,241
2019	(80,166)	(22,087)
2020	(36,736)	(10,121)
2021-2025	(9,177)	(2,528)
	<u>\$ 993,600</u>	<u>\$ 273,747</u>

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

Plan Actuarial Methods and Assumptions

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

Inflation	3.0 percent
Salary increases	3.5 percent, average, including inflation
Investment rate of return	7.5 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 2016 measurement period were based on past experience under the Plan and reasonable future expectations which represent our best estimate of anticipated experience under the Plan. No experience studies have been performed in the last 10 years.

Plan Actuarial Methods and Assumptions (Continued)

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, 2016

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

The following was the Board's asset allocation policy for the 2016 measurement period:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	40%
International equity	10%
Fixed income	42.5%
Real Estate/Alternative	7.5%
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 2016 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 7.5 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 7.5 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 (6.5 percent) or 1-percentage-point higher than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
County's net pension liability	\$2,064,260	\$(2,372,939)	\$(6,401,809)

Rate of return. For the 2016 measurement period, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 8.26 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 8: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

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 2015 amounted to \$25,060.

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 \$70,000.

NOTE 9: LINE OF CREDIT

Component Unit – Line of Credit

Indiana County Municipal Services Authority

The Municipal Services Authority has available a \$500,000 unsecured line of credit with First Commonwealth Bank, which is due on demand, with interest at 75% of the prime rate (2.81% at December 31, 2016). Borrowings were \$246,384 at December 31, 2016.

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 10: LONG-TERM OBLIGATIONS

A summary of changes in long-term debt obligations for 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
<u>Bonds and Notes Payable:</u>					
General Obligation Notes	\$ 54,996,946	\$ 802,904	\$ (3,439,506)	\$ 52,360,344	\$ 4,200,424
Total Bonds and Notes Payable	<u>54,996,946</u>	<u>802,904</u>	<u>(3,439,506)</u>	<u>52,360,344</u>	<u>4,200,424</u>
<u>Other Liabilities:</u>					
Capital Lease Obligations	118,991	-	(42,704)	76,287	40,710
Compensated Absences	751,246	18,055	-	769,301	-
Total Other Liabilities	<u>870,237</u>	<u>18,055</u>	<u>(42,704)</u>	<u>845,588</u>	<u>40,710</u>
<u>Governmental Activities</u>					
Long-Term Liabilities	<u>55,867,183</u>	<u>820,959</u>	<u>(3,482,210)</u>	<u>53,205,932</u>	<u>4,241,134</u>
<u>Business-Type Activities</u>					
General Obligation Notes	\$ 454,473	\$ -	\$ (454,473)	\$ -	\$ -
Capital Lease Obligations	-	17,977	(3,776)	14,201	3,776
<u>Business-Type Activities</u>					
Long-Term Liabilities	<u>\$ 454,473</u>	<u>\$ 17,977</u>	<u>\$ (458,249)</u>	<u>\$ 14,201</u>	<u>\$ 3,776</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):

<u>Governmental Activities</u>			
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Year Ended December 31			
2017	\$ 4,200,424	\$ 1,218,545	\$ 5,418,969
2018	3,898,788	1,455,641	5,354,429
2019	3,928,216	1,424,504	5,352,719
2020	4,055,737	1,282,212	5,337,949
2021	4,167,295	1,131,391	5,298,686
2022-2026	21,014,994	4,175,576	25,190,570
2027-2031	8,026,830	857,814	8,884,644
2032-2034	<u>3,068,061</u>	<u>33,462</u>	<u>3,101,523</u>
Total	<u>\$ 52,360,344</u>	<u>\$ 11,579,145</u>	<u>\$ 63,939,489</u>

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

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, 2016
2002	\$ 1,250,000	Finance the Indian Springs Road Rehabilitation Project. The note has an interest rate of 4.875% per annum with a final maturity in May 2018. This note was loaned to ICDC under the same terms.	\$ 28,357
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.	\$ 1,317,898
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.	\$ 6,286,364
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.	\$ 3,314,246
Series A of 2015	\$ 9,900,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 1.90% with a final maturity in August of 2027.	\$ 9,650,000
Series B of 2015	\$ 3,500,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 2.50% with a final maturity in March of 2017.	\$ 384,703
Series C of 2015	\$ 9,900,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 1.90% with a final maturity in July of 2027.	\$ 9,650,000

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities (Continued)

Series D of 2015	\$ 7,890,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 1.90% with a final maturity in December of 2028.	\$	7,652,500
Series E of 2015	\$ 2,100,000	To fund capital projects within the County. The note has an interest rate of 1.90% with a final maturity in March of 2028.	\$	2,100,000
Series F of 2015	\$ 4,400,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 1.90% with a final maturity in December of 2026.	\$	4,225,725
Series G of 2015	\$ 5,595,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 1.90% with a final maturity in December of 2030.	\$	5,420,574
Series H of 2015	\$ 3,800,000	To refinance and consolidate existing outstanding debt. The note has an interest rate of 2.50% with a final maturity in December of 2021.	\$	2,329,977
			\$	<u>52,360,344</u>

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, 2016 and present value of capital lease obligations were:

Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
\$ 118,991	\$ -	\$ (42,704)	\$ 76,287	\$ 40,710

Year ended December 31	Governmental Activities
2017	\$ 43,091
2018	24,351
2019	<u>12,242</u>
Total Minimum Lease Payments	79,684
Less Amount Representing Interest	3,397
Present Value of Net Minimum Lease Payments	76,287
Less: Amount Due Within One Year	<u>40,710</u>
Non-Current Portion	<u>\$ 35,577</u>

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

The County issued a Tax Anticipation Note during 2016 for \$4,518,681. The note was repaid in full by year end

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 2016.

Highridge Water Authority

	Balance as of December 31, 2015	Additions	Reductions	Balance as of December 31, 2016
Debt Guaranteed by Indiana County:				
Water Revenue Bonds, Series of 2008	\$ 4,605,000	\$ -	\$ (325,000)	\$ 4,280,000
PennVest Loan	2,290,001	-	(251,692)	2,038,309
Other Long-Term Debt:				
PennVest Loan	3,906,062	-	(217,641)	3,688,421
PennVest Loan	312,458	-	(34,688)	277,770
PennVest Loan	282,842	-	(85,846)	196,996
PennVest Loan	462,775	-	(24,013)	438,762
PennVest Loan	1,791,823	-	(91,778)	1,700,045
Line of Credit	-	419,026	-	419,026
Total Long-Term Debt	<u>\$ 13,650,961</u>	<u>\$ 419,026</u>	<u>\$ (1,030,658)</u>	<u>\$ 13,039,329</u>

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

<u>Year Ended December 31</u>	<u>Principal Payments</u>
2017	\$ 1,173,118
2018	1,193,023
2019	1,216,313
2020	1,122,633
2021	1,020,293
Thereafter	<u>7,313,949</u>
Total	<u>\$ 13,039,329</u>

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Indiana County Municipal Services Authority

	Balance as of December 31, 2016
Debt Guaranteed by Indiana County:	
Iselin Sewage Project	\$ 61,591
Sewage Renovation I	4,572,900
Sewage Renovation III	1,578,130
Sewage Renovation IV - Cherry Tree	527,022
Sewage Renovation VI	-
Crooked Creek Water Project	9,287,588
Other Long-Term Debt:	
WR XV Interim Financing	-
WR XVI Interim Financing	-
WR XVIII Interim Financing	532,162
Water Bond Refinance I & II	1,085,843
Water Bond VII	-
Water Bond VIII	-
Heilwood Water Bond	140,264
PennVest Water Bond XV	967,167
PennVest Water Bond XVI	2,058,899
West Lebanon Reservoir Bond	44,937
Water Bond XIV Interim Financing	-
Water Bond XI	2,658,179
Water Bond XII	6,058,689
Water Bond XIII	3,687,913
Water Bond XVIII	242,785
Parkwood Interim Financing	-
Water Bond XIII Interim Financing	-
Pine Grove Sewer Bonds	8,650,000
Sewage Renovation III Refinance	519,107
Sewage Renovation V	-
Sewage Renovation X	2,182,190
Sewage Renovation IX - Alverda	1,074,938
Total	<u>\$ 46,624,976</u>

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Indiana County Municipal Services Authority (Continued)

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

<u>Year Ended December 31</u>	<u>Principal Payments</u>
2017	\$ 1,862,012
2018-2022	12,349,714
2023-2027	12,188,347
2028-2032	11,363,584
2033-2037	7,684,720
Thereafter	1,176,599
Total	<u>\$ 46,624,976</u>

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, 2016. 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, 2016 the outstanding principal amount of the guarantee is \$694,672.

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, 2016 the outstanding principal amount of the guarantee is \$9,287,588.

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, 2016 the outstanding principal amount of the guarantee is \$4,572,900.

In 1999, the County guaranteed the Municipal Services Authority \$425,000 PennVest Iselin Installment Note. This note matures in April 2019. As of December 31, 2016 the outstanding principal amount of the guarantee is \$61,591.

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, 2016 the outstanding principal amount of the guarantee is \$1,578,130.

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, 2016 the outstanding principal amount of the guarantee is \$527,022.

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

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 11: GUARANTEES OF COMPONENT UNITS (CONTINUED)

Highridge Water Authority as of December 31, 2016. 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, 2016 the outstanding principal amount of the guarantee is \$4,280,000.

In 1994, the County guaranteed Highridge Water Authority \$6,715,890 PennVest Installment Note. This note matures in September 2024. As of December 31, 2016 the outstanding principal amount of the guarantee is \$2,038,309.

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, 2016, are as follows:

	Due From Other Funds	Due to Other Funds
<u>Governmental Fund Types</u>		
General Fund	\$ 1,737,439	\$ -
Revolving Loan Fund	-	-
Other Governmental Fund Type	3,835	1,517,837
Total Governmental Fund Types	1,741,274	1,517,837
<u>Proprietary Fund</u>		
Communities at Indian Haven	-	223,437
Total Proprietary Fund Type	-	223,437
Total Interfund Balances	\$ 1,741,274	\$ 1,741,274

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:

	Transfers In	Transfers Out
<u>Governmental Fund Types</u>		
General Fund	\$ 309,723	\$ 713,333
Community Program for Restoration	-	-
Other Governmental Funds	750,252	40,020
Total Governmental Fund Type	1,059,975	753,353
<u>Proprietary Fund</u>		
Communities at Indian Haven	-	306,622
Total Proprietary Fund Type	-	306,622
Total Interfund Transfers	\$ 1,059,975	\$ 1,059,975

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 13: INTERFUND OPERATING TRANSFERS (CONTINUED)

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.

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.

COUNTY OF INDIANA, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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:

Fund:	Fund Balance:	Balances
Major Funds		
General Fund	<u>Non-Spendable:</u>	
	These amounts were charged to inventories	\$ 4,963
	These amounts are prepaid expenses	141,223
		146,186
	<u>Restricted Funds:</u>	
	These funds are restricted for Coroner Act 122	2,712
	These funds are restricted for Sheriff PFA Act 66	1,735
	These funds are restricted for Victim Services	31,718
	These funds are restricted for Act 13 Shale Impact	495,280
	These funds are restricted for Act 13 Highway Bridge	555,594
	These funds are restricted for Act 13 Greenways Rehab	121,133
	These funds are restricted for Points of Light	460
		1,208,632
	<u>Assigned Funds:</u>	
	These funds are assigned for Assess Appeals	53,460
	These funds are assigned for CYS Playground	62
	These funds are assigned for Penn St. Ext. Truck Repairs	8,972
	These funds are assigned for Suicide Task Force	13,357
	These funds are assigned for Indian Haven Excess Transfer	135,401
	These funds are assigned for XTO Gas Lease	106,600
	These funds are assigned for Blue Spruce Park	148,431
	These funds are assigned for CYS Special Account	11,128
	These funds are assigned for Employee Vending	1,500
	These funds are assigned for Jail Sewage Upgrade	-
	These funds are assigned from dividends earnings	-
	These funds are assigned for Future Capital Projects	2,183,364
	These funds are assigned for Future Debt Services	250,000
	These funds are assigned for 911 Upgrade	6,236
	These funds are assigned for Reassessment Project	-
	These funds are assigned for Airport Construction	24,800
		2,943,311
Community Program for Restoration	<u>Restricted Funds:</u>	
	These funds are restricted for the Community Program Restoration.	272,872
Revolving Loan	<u>Restricted Funds:</u>	
	These funds are restricted for the Revolving Loan Program.	1,024,220
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.	1,191,628
	These funds are restricted within the Judicial System.	190,779
	These funds are restricted within the Public Safety programs.	390,250
	These funds are restricted within the Human Service programs.	1,606,838
	These funds are restricted within the Public Works programs.	1,000,174
	These funds are restricted within the Culture and Recreation programs.	288,489
	These funds are restricted within the Conservation and Development programs.	1,855,376
		\$6,523,534

COUNTY OF INDIANA, PENNSYLVANIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2016

NOTE 16: RESTATEMENT OF NET POSITION

The following restatement was necessary to adjust overstatements of the net pension liability and deferred outflows of resources related to pensions.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning net position, as previously reported	\$ 56,294,738	\$ 3,726,497
Overstatement of deferred outflows of resources related to pensions and net pension liability	<u>1,227,225</u>	<u>325,456</u>
Beginning net position, as restated	<u>\$ 57,521,963</u>	<u>\$ 4,051,953</u>

NOTE 17: 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 18: 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, 2016, the County paid insurance premiums of \$240,218 to the Trust.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

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

	Budgeted Amounts		Actual Amounts	Variance w ith Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes, Real estate	\$ 21,666,774	\$ 21,666,774	\$ 22,190,072	\$ 523,298
Intergovernmental grants	7,424,063	7,424,063	7,606,314	182,251
Charges for services	398,163	398,163	514,742	116,579
Departmental charges	3,112,444	3,112,444	3,066,321	(46,123)
Interest income	25,263	25,263	73,578	48,315
Other revenue	-	-	382,414	382,414
Total Revenues	32,626,707	32,626,707	33,833,441	1,206,734
Expenditures				
Current operating:				
General government	5,103,057.0	5,103,057	5,819,936	(716,879)
Judicial	5,660,470	5,660,470	5,085,603	574,867
Public safety	10,347,416	10,347,416	8,793,444	1,553,972
Public works	258,183	258,183	290,600	(32,417)
Human services	7,240,293	7,240,293	6,941,616	298,677
Culture and recreation	429,476	429,476	605,337	(175,861)
Conservation and development	200,521	200,521	255,122	(54,601)
Miscellaneous	755,079	755,079	-	755,079
Debt service	4,311,757	4,311,757	4,892,500	(580,743)
Total Expenditures	34,306,252	34,306,252	32,684,158	1,622,094
Excess (deficiency) of revenues over expenditures	<u>(1,679,545)</u>	<u>(1,679,545)</u>	<u>1,149,283</u>	<u>2,828,828</u>
Other financing sources (uses)				
Proceeds from long term debt	-	-	802,904	802,904
Proceeds from disposal of fixed asse	-	-	88,849	88,849
Proceeds from TAN	-	-	4,518,681	4,518,681
Repayment of TAN	-	-	(4,518,681)	(4,518,681)
Amounts loaned to others	-	-	-	-
Amounts received from loans	-	-	781,015	781,015
Transfers in	132,000	132,000	309,723	177,723
Amounts loan to others	-	-	-	-
Transfers out	<u>(48,000)</u>	<u>(48,000)</u>	<u>(713,333)</u>	<u>(665,333)</u>
Total other financing sources (uses)	84,000	84,000	1,269,158	1,185,158
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (1,595,545)</u>	<u>\$ (1,595,545)</u>	<u>\$ 2,418,441</u>	<u>\$ 4,013,986</u>

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

	<u>2015</u>	<u>2016</u>
Total pension liability		
Service Cost	\$ 629,989	\$ 1,505,842
Interest	2,897,535	2,983,894
Differences between expected and actual experience	732,510	(164,293)
Benefits payments, including refunds of member contributions	<u>(1,647,228)</u>	<u>(1,991,410)</u>
Net change in total pension liability	2,612,806	2,334,033
Total pension liability - beginning	<u>38,812,538</u>	<u>39,872,701</u>
Total pension liability - ending (a)	<u><u>\$41,425,344</u></u>	<u><u>\$ 42,206,734</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 243,566	\$ 500,000
Contributions - employee	857,245	886,553
Net investment income	(853,587)	3,336,471
Benefit payments, including refunds of employee contributions	(1,647,228)	(1,991,410)
Administrative expense	<u>(25,839)</u>	<u>(48,112)</u>
Net change in plan fiduciary position	(1,425,843)	2,683,502
Plan fiduciary net position - beginning	<u>43,322,014</u>	<u>41,896,171</u>
Plan fiduciary net position - ending (b)	<u><u>\$41,896,171</u></u>	<u><u>\$ 44,579,673</u></u>
County's net pension liability - ending (a) - (b)	<u><u>\$ 470,827</u></u>	<u><u>\$ 2,372,939</u></u>
Plan fiduciary net position as a percentage of the total pension liability	101.14%	105.62%
Covered - employee payroll	\$ 16,530,669	\$ 16,789,363
County net pension liability as a percentage of covered - employee payroll	2.85%	14.13%

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>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 243,566	\$ 682,497
Contributions in relation to the actuarially determined contribution	<u>243,566</u>	<u>500,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 182,497</u>
Covered - employee payroll	16,530,669	16,789,363
Contributions as a percentage of covered - employee payroll	1.47%	2.98%

Notes to Schedule

Valuation date: January 1, 2015 January 1, 2016

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	7.50% 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

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

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

	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	1.65%	8.26%

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.

**OTHER
SUPPLEMENTAL
INFORMATION**

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2016

Assets	Capital Improvements Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 11,774	\$ 4,793,920	\$ 4,805,694
Investments	102,599	573,928	676,527
Receivables:			
Other governmental grants	-	3,319,759	3,319,759
Other	-	397,345	397,345
Loans	-	707,666	707,666
Due from other funds	-	3,835	3,835
Prepaid expenses	-	8,985	8,985
Total assets	<u>\$ 114,373</u>	<u>\$ 9,805,438</u>	<u>\$ 9,919,811</u>
Liabilities			
Accounts payable	4,570	1,082,679	1,087,249
Accrued Liabilities	-	27,324	27,324
Due to other governments	-	37,549	37,549
Due to other funds	-	1,517,837	1,517,837
Unearned loans receivable	-	707,666	707,666
Total liabilities	<u>4,570</u>	<u>3,373,055</u>	<u>3,377,625</u>
Unearned loans receivable			
Fund Balance			
Fund balance:			
Nonspendable	-	18,652	18,652
Restricted	109,803	6,413,731	6,523,534
Total fund balance	<u>109,803</u>	<u>6,432,383</u>	<u>6,542,186</u>
Total liabilities and fund balance	<u>\$ 114,373</u>	<u>\$ 9,805,438</u>	<u>\$ 9,919,811</u>

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

	Capital Improvements Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes, Hotel	\$ -	\$ 398,991	\$ 398,991
Intergovernmental revenue	-	11,292,034	11,292,034
Charges for services	-	466,665	466,665
Interest income	580	21,553	22,133
Other revenue	-	11,090	11,090
Total Revenues	<u>580</u>	<u>12,190,333</u>	<u>12,190,913</u>
Expenditures			
Current operating:			
General government	26,506	151,076	177,582
Judicial	-	1,496,129	1,496,129
Public safety	-	2,887,865	2,887,865
Public works	-	723,774	723,774
Human services	-	1,852,440	1,852,440
Culture and recreation	-	571,530	571,530
Conservation and development	-	2,580,351	2,580,351
Debt service			
Principal	-	1,015,279	1,015,279
Total Expenditures	<u>26,506</u>	<u>11,278,444</u>	<u>11,304,950</u>
Excess (deficiency) of revenues over expenditures	<u>(25,926)</u>	<u>911,889</u>	<u>885,963</u>
Other financing sources (uses)			
Amounts loaned to others	-	(359,277)	(359,277)
Amounts received from loans	-	6,746	6,746
Transfers in	16,661	733,591	750,252
Transfers out	-	(40,020)	(40,020)
Total other financing sources (uses)	<u>16,661</u>	<u>341,040</u>	<u>357,701</u>
Net change in fund balance	(9,265)	1,252,929	1,243,664
Fund balance, beginning of year	<u>119,068</u>	<u>5,179,454</u>	<u>5,298,522</u>
Fund balance, end of year	<u>\$ 109,803</u>	<u>\$ 6,432,383</u>	<u>\$ 6,542,186</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2016

	Human Services Development	MATP	Airport Construction	Children's Advisory Commission	Working Wardrobe	Enhanced 911	Hazardous Materials	911 Wireless
Assets								
Cash and cash equivalents	\$ 17,594	\$ 270,577	\$ 237,629	\$ 3,409	\$ 2,294	\$ 527,080	\$ 10,219	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	1,538,859	-	-	1,587,358	39,508	-
Other	-	-	-	-	-	-	4,120	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	835	-	-	-	-	8,150	-
Total assets	\$ 17,594	\$ 271,412	\$ 1,776,488	\$ 3,409	\$ 2,294	\$ 2,114,438	\$ 61,997	\$ -
Liabilities								
Accounts payable	\$ 2,784	\$ 112,344	\$ 88,379	\$ 947	\$ -	\$ 600,797	\$ 1,623	\$ -
Due to other governments	-	37,515	-	-	-	-	-	-
Due to other funds	-	77,965	833,112	-	-	-	40	-
Unearned loans receivable	-	-	-	-	-	-	-	-
Total liabilities	2,784	227,824	921,491	947	-	600,797	1,663	-
Fund Balance (Deficit)								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	14,942	-
Restricted	14,810	43,588	854,997	2,462	2,294	1,513,641	45,392	-
Total fund balance (deficit)	14,810	43,588	854,997	2,462	2,294	1,513,641	60,334	-
Total liabilities and fund balance	\$ 17,594	\$ 271,412	\$ 1,776,488	\$ 3,409	\$ 2,294	\$ 2,114,438	\$ 61,997	\$ -

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2016

	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
<hr/> Assets <hr/>								
Cash and cash equivalents	\$ 1	\$ 82,162	\$ -	\$ 94,346	\$ 6,922	\$ 44,267	\$ 28,213	\$ 1,268,157
Investments	-	-	8,867	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	-	-	-	-
Other	-	3,953	-	1,392	-	651	651	337,750
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 1	\$ 86,115	\$ 8,867	\$ 95,738	\$ 6,922	\$ 44,918	\$ 28,864	\$ 1,605,907
<hr/> Liabilities <hr/>								
Accounts payable	\$ -	\$ 1,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,702
Accrued liabilities	-	-	-	-	-	-	-	27,324
Due to other funds	-	-	-	-	-	-	-	601,646
Unearned loans receivable	-	-	-	-	-	-	-	-
Total liabilities	-	1,080	-	-	-	-	-	632,672
<hr/> Fund Balance (Deficit) <hr/>								
Fund balance (deficit):								
Nonspendable	-	-	-	3,710	-	-	-	-
Restricted	1	85,035	8,867	92,028	6,922	44,918	28,864	973,235
Total fund balance (deficit)	1	85,035	8,867	95,738	6,922	44,918	28,864	973,235
Total liabilities and fund balance	\$ 1	\$ 86,115	\$ 8,867	\$ 95,738	\$ 6,922	\$ 44,918	\$ 28,864	\$ 1,605,907

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2016

	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
<hr/> Assets <hr/>								
Cash and cash equivalents	\$ 10,399	\$ 102,667	\$ 10,534	\$ 14,574	\$ 6,686	\$ 12,921	\$ 35,898	\$ 3,576
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	-	-	-	-	-	-	-	-
Other	4,038	-	-	-	2,148	75	28,664	323
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	<u>\$ 14,437</u>	<u>\$ 102,667</u>	<u>\$ 10,534</u>	<u>\$ 14,574</u>	<u>\$ 8,834</u>	<u>\$ 12,996</u>	<u>\$ 64,562</u>	<u>\$ 3,899</u>
<hr/> Liabilities <hr/>								
Accounts payable	\$ 12,820	\$ -	\$ 315	\$ -	\$ -	\$ -	\$ 64,455	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Unearned loans receivable	-	-	-	-	-	-	-	-
Total liabilities	<u>12,820</u>	<u>-</u>	<u>315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,455</u>	<u>-</u>
<hr/> Fund Balance (Deficit) <hr/>								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,617	102,667	10,219	14,574	8,834	12,996	107	3,899
Total fund balance (deficit)	<u>1,617</u>	<u>102,667</u>	<u>10,219</u>	<u>14,574</u>	<u>8,834</u>	<u>12,996</u>	<u>107</u>	<u>3,899</u>
Total liabilities and fund balance	<u>\$ 14,437</u>	<u>\$ 102,667</u>	<u>\$ 10,534</u>	<u>\$ 14,574</u>	<u>\$ 8,834</u>	<u>\$ 12,996</u>	<u>\$ 64,562</u>	<u>\$ 3,899</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2016

	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant	HOME Investment	Escrow Fund	Affordable Housing and Act 137	Emergency Repair
<u>Assets</u>								
Cash and cash equivalents	\$ -	\$ 144,943	\$ 20,906	\$ 1,248	\$ 4,509	\$ -	\$ 152,697	\$ 14,166
Investments	-	-	-	-	-	-	100,824	-
Receivables:								
Other governmental grants	-	-	-	16,500	19,205	-	-	-
Other	-	8,970	-	-	-	1,050	3,560	-
Loans	-	-	-	-	-	-	90,407	70,691
Due from other funds	-	-	-	3,835	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 153,913	\$ 20,906	\$ 21,583	\$ 23,714	\$ 1,050	\$ 347,488	\$ 84,857
<u>Liabilities</u>								
Accounts payable	\$ -	\$ 3,544	\$ 3,750	\$ 16,771	\$ 15,035	\$ -	\$ (938)	\$ -
Due to other funds	-	-	-	1,227	-	-	-	-
Unearned loans receivable	-	-	-	-	-	-	90,407	70,691
Total liabilities	-	3,544	3,750	17,998	15,035	-	89,469	70,691
<u>Fund Balance (Deficit)</u>								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	150,369	17,156	3,585	8,679	1,050	258,019	14,166
Total fund balance (deficit)	-	150,369	17,156	3,585	8,679	1,050	258,019	14,166
Total liabilities and fund balance	\$ -	\$ 153,913	\$ 20,906	\$ 21,583	\$ 23,714	\$ 1,050	\$ 347,488	\$ 84,857

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2016

	<u>Emergency Shelter Grant</u>	<u>Community Development Fund</u>	<u>Community Revitalization Program</u>	<u>General Economic Development</u>	<u>SPC Team PA</u>	<u>Homeless Assistance Program</u>	<u>Enterprise Zone</u>	<u>Planning Fund</u>
<hr/> Assets <hr/>								
Cash and cash equivalents	\$ 15	\$ 67,397	\$ 100	\$ 1,188	\$ 580	\$ 32,939	\$ 844,780	\$ 4,241
Investments	-	-	-	-	-	-	-	-
Receivables:								
Other governmental grants	11,556	50,000	-	-	-	-	-	12,436
Other	-	-	-	-	-	-	-	-
Loans	-	-	150,000	-	-	-	396,568	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	<u>\$ 11,571</u>	<u>\$ 117,397</u>	<u>\$ 150,100</u>	<u>\$ 1,188</u>	<u>\$ 580</u>	<u>\$ 32,939</u>	<u>\$ 1,241,348</u>	<u>\$ 16,677</u>
<hr/> Liabilities <hr/>								
Accounts payable	\$ 4	\$ -	\$ -	\$ 100	\$ -	\$ 23,183	\$ -	\$ -
Due to other funds	12	-	-	-	-	-	-	3,835
Unearned loans receivable	-	-	150,000	-	-	-	396,568	-
Total liabilities	<u>16</u>	<u>-</u>	<u>150,000</u>	<u>100</u>	<u>-</u>	<u>23,183</u>	<u>396,568</u>	<u>3,835</u>
<hr/> Fund Balance (Deficit) <hr/>								
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	11,555	117,397	100	1,088	580	9,756	844,780	12,842
Total fund balance (deficit)	<u>11,555</u>	<u>117,397</u>	<u>100</u>	<u>1,088</u>	<u>580</u>	<u>9,756</u>	<u>844,780</u>	<u>12,842</u>
Total liabilities and fund balance	<u>\$ 11,571</u>	<u>\$ 117,397</u>	<u>\$ 150,100</u>	<u>\$ 1,188</u>	<u>\$ 580</u>	<u>\$ 32,939</u>	<u>\$ 1,241,348</u>	<u>\$ 16,677</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2016

	<u>Indiana County</u> <u>Code Division</u>	<u>Liquid Fuels</u>	<u>Total</u>
<hr/> <u>Assets</u> <hr/>			
Cash and cash equivalents	\$ 166,085	\$ 548,001	\$ 4,793,920
Investments	-	464,237	573,928
Receivables:			
Other governmental grants	-	44,337	3,319,759
Other	-	-	397,345
Loans	-	-	707,666
Due from other funds	-	-	3,835
Prepaid expenses	-	-	8,985
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 166,085</u>	<u>\$ 1,056,575</u>	<u>\$ 9,805,438</u>
 <hr/> <u>Liabilities</u> <hr/>			
Accounts payable	\$ 75,583	\$ 56,401	\$ 1,082,679
Accrued Liabilities			\$ 27,324
Due to other governments	34	-	37,549
Due to other funds	-	-	1,517,837
Unearned loans receivable	-	-	707,666
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>75,617</u>	<u>56,401</u>	<u>3,373,055</u>
 <hr/> <u>Fund Balance (Deficit)</u> <hr/>			
Fund balance (deficit):			
Nonspendable	-	-	18,652
Restricted	90,468	1,000,174	6,413,731
	<hr/>	<hr/>	<hr/>
Total fund balance (deficit)	<u>90,468</u>	<u>1,000,174</u>	<u>6,432,383</u>
 Total liabilities and fund balance	 <u>\$ 166,085</u>	 <u>\$ 1,056,575</u>	 <u>\$ 9,805,438</u>

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, 2016

	Human Services Development	MATP	Airport Construction	Children's Advisory Commission	Working Wardrobe	Enhanced 911	Hazardous Materials	911 Wireless
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	88,585	1,344,712	1,940,697	-	4,812	3,454,764	95,456	-
Charges for services	400	111	-	9,850	-	21	20,682	-
Interest income	3	15	9	1	1	72	4	20
Other revenue	-	-	5,720	-	-	-	5,370	-
Total Revenues	88,988	1,344,838	1,946,426	9,851	4,813	3,454,857	121,512	20
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	2,671,946	137,026	-
Public works	-	-	156,626	-	-	-	-	-
Human services	104,760	1,315,370	-	11,539	6,645	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	1,007,019	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	104,760	1,315,370	1,163,645	11,539	6,645	2,671,946	137,026	-
Excess (deficiency) of revenues over expenditures	(15,772)	29,468	782,781	(1,688)	(1,832)	782,911	(15,514)	20
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	-	-
Transfers in	-	-	24,800	-	-	-	45,000	-
Transfers out	-	-	-	-	-	-	-	-
sources (uses)	-	-	24,800	-	-	-	45,000	-
Net change in fund balance	(15,772)	29,468	807,581	(1,688)	(1,832)	782,911	29,486	20
Fund balance (deficit), beginning of year	30,582	14,120	47,416	4,150	4,126	730,730	30,848	(20)
Fund balance (deficit), end of year	\$ 14,810	\$ 43,588	\$ 854,997	\$ 2,462	\$ 2,294	\$ 1,513,641	\$ 60,334	\$ -

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, 2016

	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	27,415	-	-	-	-	-	-	810,330
Charges for services	-	47,845	4,300	19,574	32,799	9,240	9,240	103,889
Interest income	-	10	-	(17)	5	9	5	764
Other revenue	-	-	-	-	-	-	-	-
Total Revenues	<u>27,415</u>	<u>47,855</u>	<u>4,300</u>	<u>19,557</u>	<u>32,804</u>	<u>9,249</u>	<u>9,245</u>	<u>914,983</u>
Expenditures								
Current operating:								
General government	-	-	1,200	3,710	71,881	1,962	-	-
Judicial	-	-	-	-	-	-	-	1,405,932
Public safety	-	78,893	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	27,415	-	-	-	-	-	-	-
Total Expenditures	<u>27,415</u>	<u>78,893</u>	<u>1,200</u>	<u>3,710</u>	<u>71,881</u>	<u>1,962</u>	<u>-</u>	<u>1,405,932</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(31,038)</u>	<u>3,100</u>	<u>15,847</u>	<u>(39,077)</u>	<u>7,287</u>	<u>9,245</u>	<u>(490,949)</u>
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	611,871
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,871</u>
Net change in fund balance	-	(31,038)	3,100	15,847	(39,077)	7,287	9,245	120,922
Fund balance (deficit), beginning of year	<u>1</u>	<u>116,073</u>	<u>5,767</u>	<u>79,891</u>	<u>45,999</u>	<u>37,631</u>	<u>19,619</u>	<u>852,313</u>
Fund balance (deficit), end of year	<u>\$ 1</u>	<u>\$ 85,035</u>	<u>\$ 8,867</u>	<u>\$ 95,738</u>	<u>\$ 6,922</u>	<u>\$ 44,918</u>	<u>\$ 28,864</u>	<u>\$ 973,235</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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,991	\$ -
Intergovernmental revenue	75,664	-	-	-	-	-	-	-
Charges for services	-	-	3,945	8,325	15,623	825	-	2,224
Interest income	-	18,706	4	1	21	3	4	1
Other revenue	-	-	-	-	-	-	-	-
Total Revenues	<u>75,664</u>	<u>18,706</u>	<u>3,949</u>	<u>8,326</u>	<u>15,644</u>	<u>828</u>	<u>398,995</u>	<u>2,225</u>
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	83,975	-	-	1,230	4,992	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	26,230	2,412	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	399,624	-
Conservation and development	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	8,260	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>83,975</u>	<u>26,230</u>	<u>2,412</u>	<u>1,230</u>	<u>13,252</u>	<u>-</u>	<u>399,624</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(8,311)</u>	<u>(7,524)</u>	<u>1,537</u>	<u>7,096</u>	<u>2,392</u>	<u>828</u>	<u>(629)</u>	<u>2,225</u>
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	-	-
Transfers in	6,193	5,000	-	-	-	-	-	-
Transfers out	(8,100)	(6,193)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,907)</u>	<u>(1,193)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(10,218)</u>	<u>(8,717)</u>	<u>1,537</u>	<u>7,096</u>	<u>2,392</u>	<u>828</u>	<u>(629)</u>	<u>2,225</u>
Fund balance (deficit), beginning of year	<u>11,835</u>	<u>111,384</u>	<u>8,682</u>	<u>7,478</u>	<u>6,442</u>	<u>12,168</u>	<u>736</u>	<u>1,674</u>
Fund balance (deficit), end of year	<u>\$ 1,617</u>	<u>\$ 102,667</u>	<u>\$ 10,219</u>	<u>\$ 14,574</u>	<u>\$ 8,834</u>	<u>\$ 12,996</u>	<u>\$ 107</u>	<u>\$ 3,899</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, 2016

	Festival of Lights	Parks Enterprise	Farmlands Preservation	Community Development Block Grant	HOME Investment	Escrow Fund	Affordable Housing and Act 137	Emergency Repair
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	11,125	234,798	172,435	-	-	-
Charges for services	-	49,828	-	-	-	-	46,476	-
Interest income	4	71	3	-	-	-	271	4
Other revenue	-	-	-	-	-	-	-	-
Total Revenues	<u>4</u>	<u>49,899</u>	<u>11,128</u>	<u>234,798</u>	<u>172,435</u>	<u>-</u>	<u>46,747</u>	<u>4</u>
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Culture and recreation	-	171,906	-	-	-	-	-	-
Conservation and development	-	-	6,941	234,798	167,936	-	5,942	7,865
Total Expenditures	<u>-</u>	<u>171,906</u>	<u>6,941</u>	<u>234,798</u>	<u>167,936</u>	<u>-</u>	<u>5,942</u>	<u>7,865</u>
Excess (deficiency) of revenues over expenditures	<u>4</u>	<u>(122,007)</u>	<u>4,187</u>	<u>-</u>	<u>4,499</u>	<u>-</u>	<u>40,805</u>	<u>(7,861)</u>
Other financing sources (uses)								
Amounts received from loans	-	-	-	-	-	-	5,231	1,515
Transfers in	-	25,727	-	-	-	-	-	-
Transfers out	<u>(25,727)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,727)</u>	<u>25,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,231</u>	<u>1,515</u>
Net change in fund balance	(25,723)	(96,280)	4,187	-	4,499	-	46,036	(6,346)
Fund balance (deficit), beginning of year	<u>25,723</u>	<u>246,649</u>	<u>12,969</u>	<u>3,585</u>	<u>4,180</u>	<u>1,050</u>	<u>211,983</u>	<u>20,512</u>
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ 150,369</u>	<u>\$ 17,156</u>	<u>\$ 3,585</u>	<u>\$ 8,679</u>	<u>\$ 1,050</u>	<u>\$ 258,019</u>	<u>\$ 14,166</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, 2016

	Emergency Shelter Grant	Community Development Fund	Community Revitalization Program	General Economic Development	SPC Team PA	Homeless Assistance Program	Enterprise Zone	Planning Fund
Revenues								
Taxes, Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	191,007	135,000	-	1,946,909	-	222,652	-	39,265
Charges for services	-	-	-	-	-	-	5,158	5,472
Interest income	-	18	-	4	-	5	228	2
Other revenue	-	-	-	-	-	-	-	-
Total Revenues	<u>191,007</u>	<u>135,018</u>	<u>-</u>	<u>1,946,913</u>	<u>-</u>	<u>222,657</u>	<u>5,386</u>	<u>44,739</u>
Expenditures								
Current operating:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Human services	179,452	-	-	-	-	206,032	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	145,671	-	1,948,110	1,684	-	1,137	32,852
Total Expenditures	<u>179,452</u>	<u>145,671</u>	<u>-</u>	<u>1,948,110</u>	<u>1,684</u>	<u>206,032</u>	<u>1,137</u>	<u>32,852</u>
Excess (deficiency) of revenues over expenditures	<u>11,555</u>	<u>(10,653)</u>	<u>-</u>	<u>(1,197)</u>	<u>(1,684)</u>	<u>16,625</u>	<u>4,249</u>	<u>11,887</u>
Other financing sources (uses)								
Amounts loaned to others	-	-	-	-	-	-	(359,277)	-
Amounts received from loans	-	-	-	-	-	-	-	-
Transfers in	-	15,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(359,277)</u>	<u>-</u>
Net change in fund balance	11,555	4,347	-	(1,197)	(1,684)	16,625	(355,028)	11,887
Fund balance (deficit), beginning of year	<u>-</u>	<u>113,050</u>	<u>100</u>	<u>2,285</u>	<u>2,264</u>	<u>(6,869)</u>	<u>1,199,808</u>	<u>955</u>
Fund balance (deficit), end of year	<u>\$ 11,555</u>	<u>\$ 117,397</u>	<u>\$ 100</u>	<u>\$ 1,088</u>	<u>\$ 580</u>	<u>\$ 9,756</u>	<u>\$ 844,780</u>	<u>\$ 12,842</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, 2016

	Indiana County Code Division	Liquid Fuels	Total
Revenues			
Taxes, Hotel	\$ -	\$ -	\$ 398,991
Intergovernmental revenue	-	496,408	11,292,034
Charges for services	70,838	-	466,665
Interest income	38	1,264	21,553
Other revenue	-	-	11,090
Total Revenues	<u>70,876</u>	<u>497,672</u>	<u>12,190,333</u>
Expenditures			
Current operating:			
General government	72,323	-	151,076
Judicial	-	-	1,496,129
Public safety	-	-	2,887,865
Public works	-	567,148	723,774
Human services	-	-	1,852,440
Culture and recreation	-	-	571,530
Conservation and development	-	-	2,580,351
Debt service			
Principal	-	-	1,015,279
Total Expenditures	<u>72,323</u>	<u>567,148</u>	<u>11,278,444</u>
Excess (deficiency) of revenues over expenditures	<u>(1,447)</u>	<u>(69,476)</u>	<u>911,889</u>
Other financing sources (uses)			
Amounts loaned to others	-	-	(359,277)
Amounts received from loans	-	-	6,746
Transfers in	-	-	733,591
Transfers out	-	-	(40,020)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>341,040</u>
Net change in fund balance	(1,447)	(69,476)	1,252,929
Fund balance (deficit), beginning of year	<u>91,915</u>	<u>1,069,650</u>	<u>5,179,454</u>
Fund balance (deficit), end of year	<u>\$ 90,468</u>	<u>\$ 1,000,174</u>	<u>\$ 6,432,383</u>

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2016

Assets	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
Current Assets:			
Cash and cash equivalents	\$ 243,490	\$ 1,001,395	\$ 1,244,885
Restricted cash and cash equivalents	875,147	-	875,147
Accounts Receivable	910,158	313,902	1,224,060
Note Receivable - current	95,696	-	95,696
Prepaid expenses and other current assets	-	57,807	57,807
Inventories	-	108,187	108,187
	<u>2,124,491</u>	<u>1,481,291</u>	<u>3,605,782</u>
Noncurrent assets:			
Capital Assets (net of accumulated depreciation)	86,616,561	31,059,632	117,676,193
Note Receivable less current portion	1,810,187	-	1,810,187
Intangible assets	-	1,275,932	1,275,932
Other assets	326,199	-	326,199
Trustee held funds	-	214,418	214,418
	<u>88,752,947</u>	<u>32,549,982</u>	<u>121,302,929</u>
Total assets	\$ 90,877,438	\$ 34,031,273	\$ 124,908,711
Liabilities			
Current liabilities:			
Accounts payable	\$ 97,165	\$ 95,341	\$ 192,506
Accrued Expenses	244,988	21,933	266,921
Accrued Interest Payable	135,845	38,644	174,489
Current portion of long-term debt	2,749,323	1,173,118	3,922,441
Current portion of capital lease	46,403	-	46,403
Customer Deposits	84,310	59,142	143,452
Line of credit	246,384	-	246,384
	<u>3,604,418</u>	<u>1,388,178</u>	<u>4,992,596</u>
Total current liabilities	3,604,418	1,388,178	4,992,596
Capital lease	85,487	-	85,487
Long-term debt	47,232,632	12,009,620	59,242,252
	<u>47,318,119</u>	<u>12,009,620</u>	<u>59,327,739</u>
Total noncurrent liabilities	47,318,119	12,009,620	59,327,739
Total Liabilities	50,922,537	13,397,798	64,320,335
Net Position			
Net investment in capital assets	36,693,070	10,587,257	47,280,327
Restricted per bond indenture	850,777	-	850,777
Restricted for construction	24,370	-	24,370
Unrestricted	2,386,684	10,046,218	12,432,902
	<u>39,954,901</u>	<u>20,633,475</u>	<u>60,588,376</u>
Total net position	39,954,901	20,633,475	60,588,376
Total liabilities and net position	\$ 90,877,438	\$ 34,031,273	\$ 124,908,711

COUNTY OF INDIANA, PENNSYLVANIA
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Indiana County Municipal Services Authority	Highridge Water Authority	Total Component Units
Operating Revenues			
Charges for services	\$ 6,900,057	\$ 3,067,500	\$ 9,967,557
Other revenue	537,164	543,268	1,080,432
Total Operating Revenues	<u>7,437,221</u>	<u>3,610,768</u>	<u>11,047,989</u>
Operating Expenses			
General and administration	3,465,296	834,502	4,299,798
Operating costs	1,261,283	1,407,684	2,668,967
Depreciation and amortization	3,405,698	1,270,755	4,676,453
Total Operating Expenses	<u>8,132,277</u>	<u>3,512,941</u>	<u>11,645,218</u>
Operating Income	<u>(695,056)</u>	<u>97,827</u>	<u>(597,229)</u>
Nonoperating Revenues (Expenses)			
Interest Income	17,945	2,794	20,739
Contributed Capital	-	235,993	235,993
Gain on Sale of Asset	10,911	25,000	35,911
Grants for construction	3,452,548	-	3,452,548
Total Nonoperating Revenues (Expenses)	<u>3,481,404</u>	<u>263,787</u>	<u>3,745,191</u>
Changes in Net Position	<u>2,786,348</u>	<u>361,614</u>	<u>3,147,962</u>
Net Position - Beginning of Year	37,168,553	20,271,861	57,440,414
Net Position - End of Year	<u>\$ 39,954,901</u>	<u>\$ 20,633,475</u>	<u>\$ 60,588,376</u>