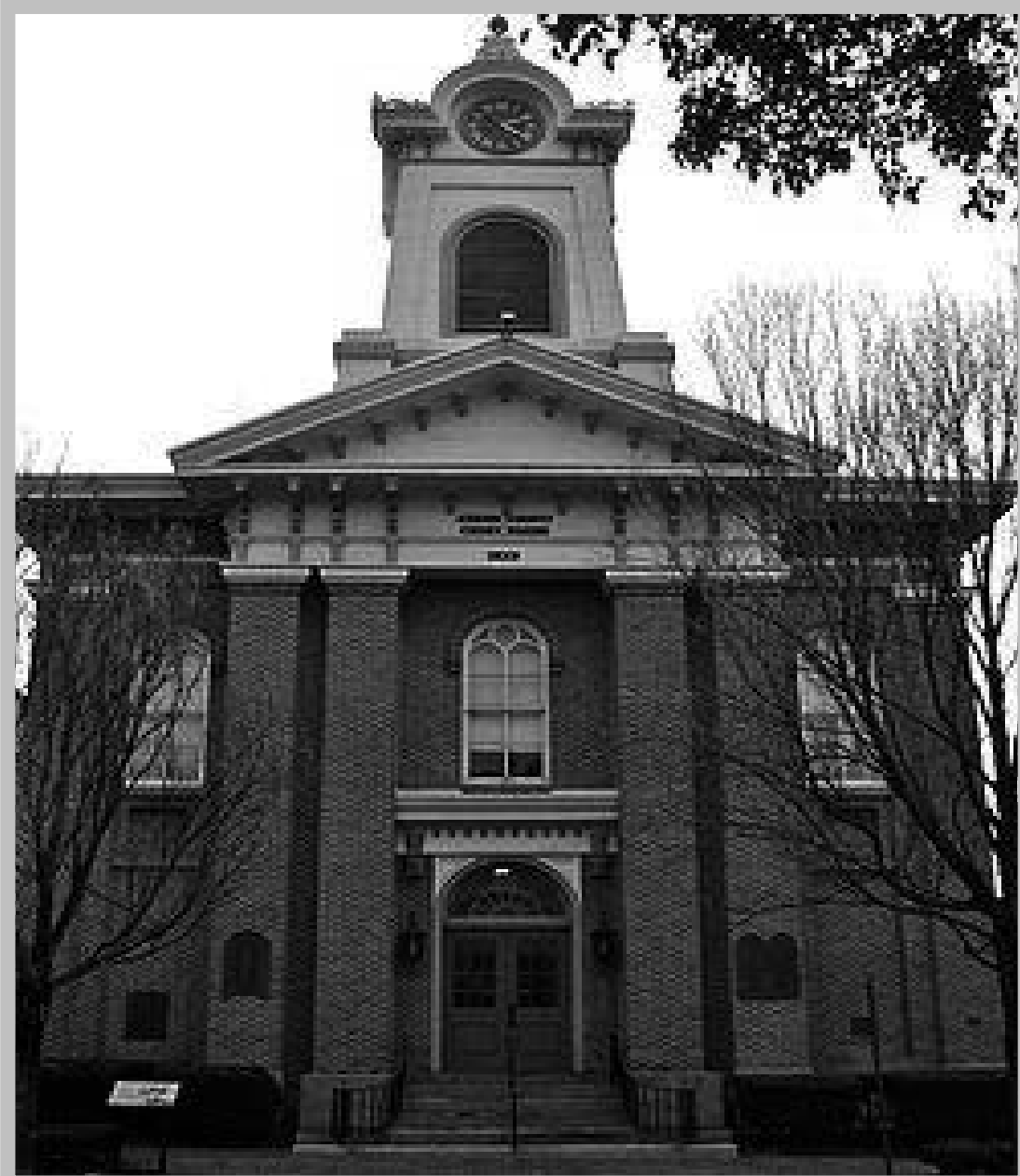


**COUNTY OF ADAMS, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the year ended December 31, 2018



**PREPARED BY THE OFFICE OF THE CONTROLLER
STEVEN W. RENNER, CONTROLLER**

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2018

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ADAMS COUNTY CONTROLLER

Steven W. Renner, Controller

COURTHOUSE, ROOM 207B

117 BALTIMORE STREET, GETTYSBURG, PA 17325

TELEPHONE: 717-337-9805

June 27, 2019

To the Citizens of the County of Adams, Pennsylvania:

I am pleased to present the comprehensive annual financial report of the County of Adams, Pennsylvania for the fiscal year ended December 31, 2018. This CAFR was prepared by the office of the County Controller with assistance from County officials. The County's management assumes full responsibility for the completeness and reliability of the information contained in this report. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County in accordance with generally accepted accounting principles. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Management of the County is responsible for establishing and maintaining internal controls designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles general accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the County's organizational chart, a list of the County's principal officials, and a map of Adams County. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information and the combining and individual fund financial statements and schedules for the year ended December 31, 2018. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The County's financial statements have been audited by the certified public accounting firm of Zelenkofske Axelrod LLC. The independent certified public accounting firm has issued an unmodified opinion on the County's financial statements as of and for the year ended December 31, 2018. The auditor's report is located at the beginning of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of Adams' MD&A can be found immediately following the report of the independent auditors.

This report is designed to furnish information to various users including creditors, investors, government officials and the general public. Its express purpose is to represent the County's financial condition and the financial consequences of operations for the year ended December 31, 2018.

PROFILE OF THE COUNTY

Introduction

The County of Adams is a fifth class county created on January 22, 1800 from part of York County, and named in honor of President John Adams. The County, with a total of 522 square miles, is situated in the south-central part of the Commonwealth of Pennsylvania along the Mason-Dixon Line. Harrisburg, the state capital, is located 36 miles north of Gettysburg. The outer suburbs of Washington, D.C. and Baltimore are within an hour's drive from many communities. Surrounding counties include Cumberland, Franklin and York in Pennsylvania, and Carroll and Frederick counties in Maryland.

The County's character is primarily residential and rural in nature. Gettysburg, which is the economic center of the County, is surrounded by countryside rich in visual beauty and encompasses some of the East Coast's most productive agricultural area. The fruit industry has been an important part of Adams County since the mid-1800's. Adams County ranks first in the State for apple production, and 6th in the nation.

The County is governed by an elected Board of Commissioners consisting of three members elected to four year terms. The Commissioners are the responsible managers and administrators of the County's fiscal affairs. County Code provides for the elected Controller to act as a "check and balance" on County management and administrators by supervising the County's fiscal affairs by keeping the books, auditing, settling and adjusting accounts, and reporting the County's financial results. The Treasurer is elected to receive and receipt all monies due or accruing to the County including the deposit and investing of surplus funds. The Court of Common Pleas is part of the Unified Judicial System provided for by the Pennsylvania Constitution. Court related row offices include the Coroner, Clerk of Courts, District Attorney, Prothonotary, Recorder of Deeds and Register of Wills and Sheriff.

This CAFR includes all funds of the County. The County provides its residents with a variety of services in areas such as 911 emergency operations, prison, courts, probation, bridge maintenance, planning and conservation, and human services which include children services, domestic relations and mental health and intellectual and developmental disabilities. In addition to general County activities, the Commissioners have financial accountability for the Adams County Conservation District and the Adams County Industrial Development Authority. Therefore, these component units are included in the reporting entity. The County Commissioners are also responsible for appointing the members of the boards of a number of other authorities and advisory boards, but the County's accountability for these organizations does not extend beyond the appointments. (See Note 1 to the financial statements.)

Local Economy

Adams County is located in one of the fastest growing regions in Pennsylvania. As of 2018, Adams County ranked 31st in the state with a population of 102,811 people. The median age of a county resident is 43.3 years (Source: U.S. Census Bureau).

The unemployment rate in 2018 was 3.3% compared to the state unemployment rate of 4.3%. Manufacturing, Healthcare & Social Assistance, and Accommodation & Food Services are the County's top three industries. Adams County's per capita personal income is \$47,067. The county is ranked 19th in the state and is 88 percent of the state average, \$53,300, and 91 percent of the national average, \$51,640. (Source: 2017 data from the U.S. Department of Commerce, Bureau of Economic Analysis).

Tourism is strong in Adams County. Tourism generates approximately \$725 million in visitor spending and supports a workforce of over 6,000 employees. More than 3.5 million people visit annually from all over the world. In addition to the battlefields and Civil War attractions, there are many other attractions that Adams

County has to offer. The County has over 31,000 acres of State and Federal land which includes Michaux State Forest, Gettysburg National Military Park, and State Game Lands. Adams County has over 14,000 acres of orchard land. The Adams County Fruitbelt contains a unique combination of soils, slopes, and micro-climate that has been recognized as prime land for orchards. Another growing sector of the Agro-Tourism Industry in Adams County is the production of wine, beer, cider and distilled spirits. The soils in the Fruitbelt are not only good for tree fruit, but also grapes. There are several established "Trails" in the region which showcase the area's history, agriculture and local economy.

Long-Term Financial Planning

The County adopted a formal Fund Balance Policy in 2010. The County recognizes the significance of maintaining an appropriate level of fund balance as one component of sound financial management. An adequate fund balance level is an essential element in both short-term and long-term financial planning, and serves to mitigate future risks, sustain operations during economic downturns, and enhance credit worthiness. The unassigned fund balance in the general fund was 51% of total general fund revenues at December 31, 2018. Through the maintenance of an adequate level of fund balance, the County can help stabilize funding for operations, stabilize taxes and fees, and realize cost savings.

The credit position for Adams County remains very good. Its bond rating by Moody's Investors Service remains Aa2 with a stable outlook. The County's credit position also reflects an ample tax base and a healthy wealth and income profile.

Cash Management

Cash temporarily idle during the year was held in interest bearing demand deposits or invested in certificates of deposit. The County investment policy is to minimize credit and market risk while maintaining a competitive yield. Accordingly, deposits were either insured by the Federal Deposit Insurance Corporation or assignment of assets pursuant to Act 72 of the General Assemble of the Commonwealth of Pennsylvania.

Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, injuries to employees and natural disasters. As a member of PCoRP (Pennsylvania Counties Risk Pool) the County maintains coverage for these risks.

In 2015 the County became self-insured for medical benefit coverage. Excess coverage is currently maintained with a third party for catastrophic medical claims.

Budget

The County of Adams is required to adopt an annual budget no later than December 31 of the previous year. Public meetings are conducted on the proposed budget and made available for 20 days prior to the final adoption. Activities of the general fund and certain special revenue funds are included in the annual appropriated budget. The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose. The County maintains budgeting control at the individual fund level. Unexpended appropriations lapse at year-end.

Rising Costs, lack of commercial development, flat revenues and future projections necessitated a tax increase in 2018. To reduce the increase in taxes, the County did not fill open positions and continued to monitor and manage shift staffing to mitigate overtime where possible. Management also continues to look for areas to reduce spending and maximize revenues.

Major Initiatives

Adams County Courts

On-going positive improvements within the Adams County Court of Common Pleas; and its related offices; is something that has become expected by our staff, current stakeholders and the community at large over the last several years. The Court continues to be committed to the fair and impartial administration of justice; the protection of constitutional and statutory rights and liberties; equal access to justice for all in a safe and dignified environment; the efficient, effective and accountable resolution of disputes; and the prompt and courteous service to the public by committed and dedicated professionals utilizing best practices in a manner that inspires public trust and confidence.

As part of courts strategic planning efforts, each court related department (Court Administration (including the Courts), District Magistrates, Domestic Relations Section [DRS], Operational Services, and Probation Services) was asked to provide an update on the current status of 2017 goals as outlined within the 2017 CAFR and provide brief description of any 2018 projects or accomplishments for their operations. New objectives are always being identified by these departments and they guide each agency toward successful completion of their stated projects and goals in an efficient and economical manner.

The following is a description of the major initiatives that were worked on, and/or completed in 2018 by the various agencies that make up the Adams County Court system:

Video Conferencing Project

As reported in the 2017 CAFR Report, the Court, in consultation with a multi-disciplinary team of stakeholders, leased and implemented a new video conferencing environment which included new equipment being located at the Adams County Courthouse and the Adams County Adult Correctional Complex (ACACC).

In 2018, the Court completed its projection of managing Criminal and Miscellaneous bench warrant hearings by video. Analysis of Revocation hearings was also completed in 2018, and based upon recommendations from that analysis, additional equipment needed to be purchased for the ACACC. It is planned to utilize video conferencing for Revocation hearings in 2019.

Additionally, new video conferencing units were planned in the Human Services Building project, with the video conferencing unit in the Courtroom being activated and merged with the sound system in 2018, and the second unit being activated in the Court Conference Room planned for 2019.

The DRS has remained successful with holding warrant hearings via video conference. The process has evolved into a three-way communication call with the DRS, Courtroom and Prison that eliminates any travel for personnel. The DRS staff utilize their work tablet to conduct the hearing right from their work space.

PACFile/EMRS Project

In 2016, the Administrative Office of Pennsylvania Courts (AOPC) introduced Adams County to a web-based system called PACFile that works through integration between the Common Pleas Case Management System (CPCMS) and the Unified Judicial System (UJS) Web Portal. The system makes it possible for police officers, probation officers, attorneys, Children and Youth case workers, Clerk of Court employees and county District Attorney offices (or their proxies) to file case related documents electronically via the internet.

PACFile also reduces the data entry burden by utilizing information provided electronically by the submitter which is used to create cases or dispositions. Additionally, if case initiation documents are accepted, a new CPCMS case can be created; thus, simplifying the process of case creation and reducing data entry errors. The system also has a built-in notification system which alerts various users connected to a case that new documents have been uploaded.

Adams County is currently using PACFile for dependency matters. A prior attempt occurred to expand to delinquency, but that was halted in order to continue to study how certain office practices would integrate with the change in notification from paper to electronic. In 2018, the discussion was re-initiated to try again with delinquency and a time table was established to re-launch this effort in 2019, and to then move to criminal matters afterwards.

DPS Narcan Implementation Project w/ YADAC

The enactment of ACT 139- "David's Law"- allows community members, first responders, and friends and family access to Narcan; an opioid overdose reversal medication which may counteract the effects of potentially fatal opioid drug overdoses. The law also provides immunity from prosecution for those responding to and reporting overdoses. As a result of this Act, free Narcan was made available to qualifying entities through identified agencies which included the York/Adams Drug and Alcohol Commission.

In 2018, the Department of Probation Services continues in its Memorandum of Understanding with YADAC to maintain and update a quantity of Narcan (in September 2019) to be used by probation officers in the event they were faced with potentially fatal opioid overdose situation in the course of their daily interactions with offenders and/or the public. Narcan utilization and supply have been extended to Community Re-entry Services. YADAC will be providing training on the continued opioid epidemic, utilization of Narcan and continued support to probation services in the coming year.

PACSES E-Service Submissions

The DRS clients and attorneys have the ability to apply electronically for support services by submitting a request through E-Services located on the Pennsylvania Child Support website. Those submissions are received electronically in DRS and Case Management Officers are responsible for reviewing those submissions daily and taking action to resolve. DRS staff regularly direct clients and attorneys to utilize the Child Support Website, and/or co-browse with them at times, to encourage the use of electronic methods. The DRS has installed several public workstations in the lobby that provides opportunity for clients to become registered users on the Child Support Website not only to file requests electronically but to also receive notifications on their case.

The DRS has established a written procedure for use by the staff in terms of aiding clients and attorneys in the use of the E-Services program. For new clients requesting child support, completing an application of E-Services eliminates the face to face intake process in the DRS, with the exception of intergovernmental cases, however Case Management Officers follow up with clients to verify information and assess potential security risks.

The DRS currently has 3,569 clients that are registered on the Child Support Website. This allows clients to update all information pertaining to their case and receive electronic notifications of upcoming Court hearings or office conference. The DRS Administrative Judge has been instrumental with directing clients to register immediately following Court.

Planning

The Adams County Office of Planning and Development ("ACOPD") strives to provide for economic vitality in balance with the environmental integrity of the community. Our knowledgeable staff achieve this goal by focusing their skills on long-range visioning in the preparation of planning tools that address development design quality through engaging comprehensive planning, appropriate ordinance preparation and implementation strategies. Planning initiatives focus on advocacy for the community and municipal governments in relation to desired development strategies and resource conservation in Adams County.

Adams County Agricultural Land Preservation Program

The Adams County Agricultural Land Preservation Program was created in 1990 to conserve and protect viable agricultural lands in Adams County to assure that farmers will have sufficient land available for agricultural production. Purchased with State and County funds, a Conservation Easement will prevent the development or improvement of the land for any purpose other than agricultural production in perpetuity. With Agriculture and Tourism being the top industries in Adams County it makes good planning sense to preserve and protect these valuable lands and view sheds.

Through 2018 we have protected 22,490 acres of land on 185 farms. In addition, we work closely with the Land Conservancy of Adams County, which was created in 1995 and who have preserved an additional 10,733 acres of farmland, forest land and open space.

Parks, Recreation, and Greenspace Grant Program

ACOPD uses the County's Act 13 (Marcellus Shale) funding allocation to provide financial assistance for the preservation of agricultural lands, open space, park lands, historic and cultural resources, and the development of recreational and trail projects. The current focus of this program is on recreation projects. In 2018, work continued on park projects that were awarded in 2017. We will be opening another grant round for park and recreation projects in mid-2019. Additionally, \$100,000 was used to secure easements on two farms as part of our land acquisition/easement portion of the program. These funds helped to preserve more than 225 acres and secured \$281,000 in federal funding.

Adams County Economic Development Plan

During 2018, ACOPD performed extensive public outreach with municipal officials to determine the level of development being sought in various communities throughout the county. Visiting all 34 municipalities provided data elements for the county's economic development plan that will ensure a successful implementation strategy. 2018 data and research efforts also determined the need to conduct an economic analysis of the equine industry, a follow-up to the study done of the local fruit growing industry. These are part of the economic development implementation strategy and will enable resources to be directed to the most valuable and vulnerable sectors as necessary.

Adams County Solid Waste Plan

All Pennsylvania counties must update their municipal solid waste management plans, in accordance with the requirements of the Municipal Waste Planning, Recycling and Waste Reduction Act (Act 101) ensuring adequate disposal capacity for projected needs for a period of at least 10 years. Adams County has new disposal contracts in place and is finalizing the text of the plan to be submitted to DEP for approval mid-2019.

Electronics Recycling

ACOPD worked with local municipalities to solicit bids for trash hauling services for the majority of the 34 municipalities in Adams County to obtain the best pricing for service and as a result were able to ensure collection of electronics as part of the contract. ACOPD will continue to work with the Council of Governments to provide collections for those municipalities that chose not to participate in the contracting process.

Grant Administration

ACOPD administers applications and provides assistance to the recipients of several grant programs whose goal is to fund activities that will benefit disabled or low-income persons, expand the supply of decent, affordable housing, and address homelessness.

CDBG

Community Development Block Grants are made available to municipalities and organizations serving low to moderate income persons. Funds are used towards projects providing housing rehabilitation, public services, community facilities, improvements to infrastructure, development, and planning. **In 2018, ACOPD assisted 6 recipients in securing \$527,852 and administered \$466,710 for projects benefitting residents throughout Adams County.**

Information Technology

During the past year the IT department has successfully implemented several initiatives to ensure the integrity of the corporate computing infrastructure and customer data. The initiatives have included the refresh of user technology over six years of age, enhanced system security, and upgrades to key software packages. The department is also working towards ensuring compliance with best practices to provide a standardized delivery method for products and services.

Major projects completed in 2018 include: systems evaluations, server upgrades, helpdesk work order automation through Quest Kace, implementation of cloud technologies, Docstar business process review and PDF/A environment testing, Microsoft Enterprise Agreement to include 365 office and cloud backup to complement traditional backup, Century Link contract renewal to include upgraded internet lines to support additional bandwidth needs, Courthouse renovations, Windows 10 upgrades, upgrades to 911 backup and server room restructure, Prison server room restructure and circuit speed upgrade, various server upgrades, Jury Management System replacement, MDJ Polycom upgrade, HSB Courtroom technology, and GIS System upgrade.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Adams for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This is the first year that Adams County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The completion of the County's second comprehensive annual financial report was made possible by the dedicated services of the staff of the Controller's Office, the Finance Office and all county and court departments.

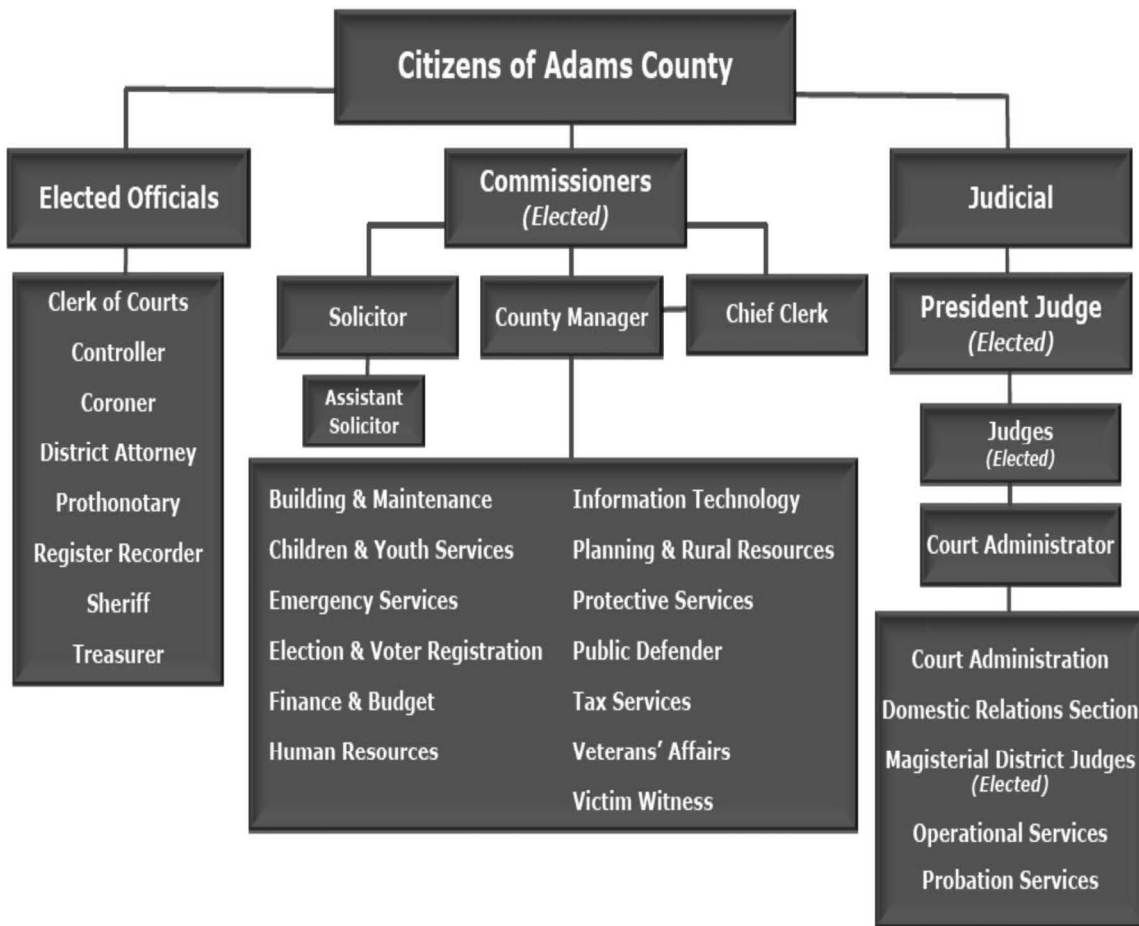
Sincerely,



Steven W. Renner

Controller

Adams County Organizational Chart



COUNTY OF ADAMS, PENNSYLVANIA
LIST OF ELECTED OFFICIALS
AS OF DECEMBER 31, 2018

Judiciary

Court of Common Pleas

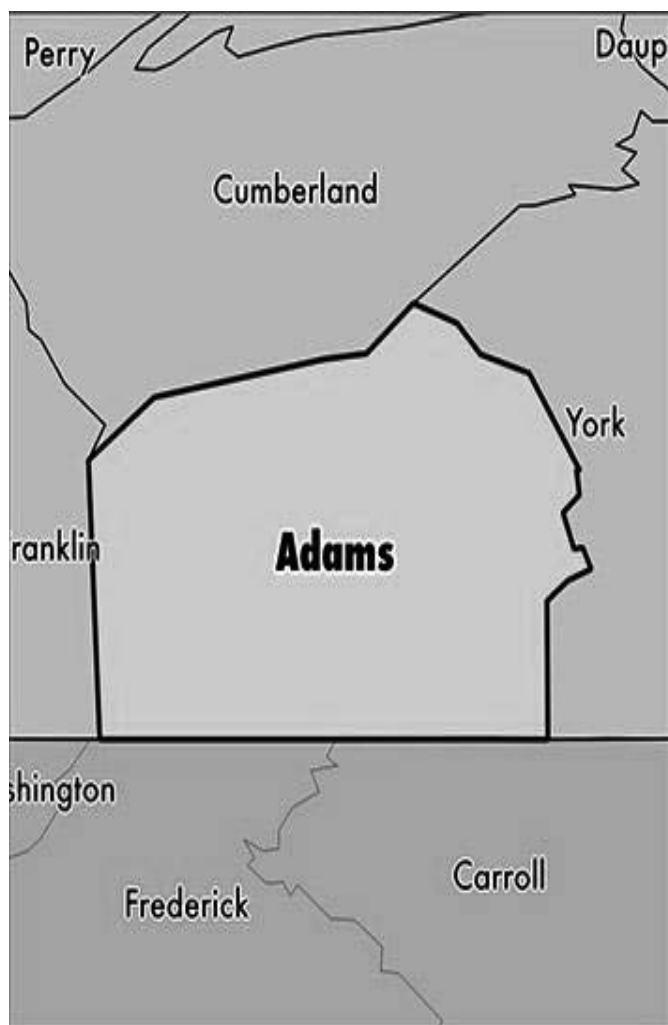
President Judge	Honorable Michael George
Judge	Honorable Thomas Campbell
Judge	Honorable Sean Wagner
Judge	Honorable Christina Simpson

Elected County Officials

County Commissioner, Chairperson	Randy Phiel
County Commissioner, Vice Chairperson	Jim Martin
Commissioner	Marty Karsteter Qally
County Controller	Steven Renner
County Coroner	Patricia Felix
County Treasurer	Christine Redding
District Attorney	Brian Sinnett
Register of Wills Recorder of Deeds	Karen Heflin
Clerk of Courts	Kelly Lawver
Prothonotary	Beverly Boyd
Sheriff	James Muller

COUNTY OF ADAMS, PENNSYLVANIA

MAP OF ADAMS COUNTY





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Adams County
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO



Zelenkofske Axlerod LLC

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INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Adams
Gettysburg, Pennsylvania
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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the COUNTY OF ADAMS, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the COUNTY OF ADAMS's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The COUNTY OF ADAMS's 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 blended component unit financial statements for the Adams County Industrial Development Authority, which represent 100% of the assets, net position, and revenues of the business-type activities. In addition, we did not audit the blended component unit financial statements of the Adams County Conservation District, a nonmajor fund, which represents 2.1%, 5.5%, and 1.8% of the assets, net position, and revenues, respectively, of the reported governmental activities and 5.4%, 6.1%, and 1.8% of the assets, fund balances, and revenues, respectively, of the reported aggregate remaining fund information. Those 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 the business-type activities, governmental activities, and the aggregate remaining fund information, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Adams County Industrial Development Authority were not audited in accordance with *Government Auditing Standards*.

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

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237
34745 Burbage Road, Frankford, DE 19945

2370 York Road, Suite A-5, Jamison, PA 18929
420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601



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County Commissioners
County of Adams
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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, each major fund, and the aggregate remaining fund information of the COUNTY OF ADAMS, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

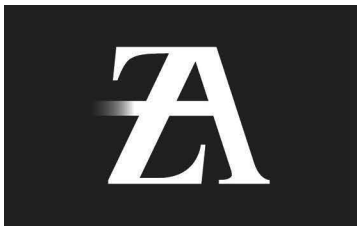
Adoption of Governmental Accounting Standards Board Pronouncements

As discussed in Note 1 to the financial statements, in 2018 the COUNTY OF ADAMS adopted the provisions of Governmental Accounting Standards Board's (GASB) Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", the provisions of Statement No. 85, "*Omnibus 2017*", and the provisions of No. 86, "*Certain Debt Extinguishment Issues*". Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Changes in the County's Net Pension Liability and Related Ratios – Last 10 Years, Schedule of County Contributions – Last 10 years, and budgetary comparison schedules on pages 15 through 29 and pages 80 through 87 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 inquires 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.



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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF ADAMS's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budget and actual schedules, and statistical section 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 budget and actual schedules 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 by us and the other auditors. In our opinion, the combining and individual nonmajor fund financial statements and budget and actual schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019 on our consideration of the COUNTY OF ADAMS'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the COUNTY OF ADAMS's internal control over financial reporting and compliance.

Zelenkofske Axlerod LLC

ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania
June 27, 2019

The COUNTY OF ADAMS, 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 years ended December 31, 2017 and December 31, 2018. Please read it in conjunction with the COUNTY'S financial statements that follow this section.

Financial Highlights:

- Total assessed taxable property values in 2018 were \$9,410,600,700. The Library millage rate remained at .1147 mills during 2018; 4.0747 for general county purposes which includes .3675 for public safety projects for an overall total County Millage of 4.1894 in 2018.
- The COUNTY'S general fund balance was \$27.5 million with an unassigned portion of \$25 million or 56% of the total general fund expenditures.
- The COUNTY'S governmental activities net position (assets, plus deferred outflows of resources less liabilities, less deferred inflows of resources) increased by approximately \$3.3 million from 2017.
- The COUNTY'S maintained its Moody's bond rating of Aa2 with a stable outlook.
- The COUNTY had \$72,746,733 of governmental activities general obligation debt outstanding as of December 31, 2018.

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

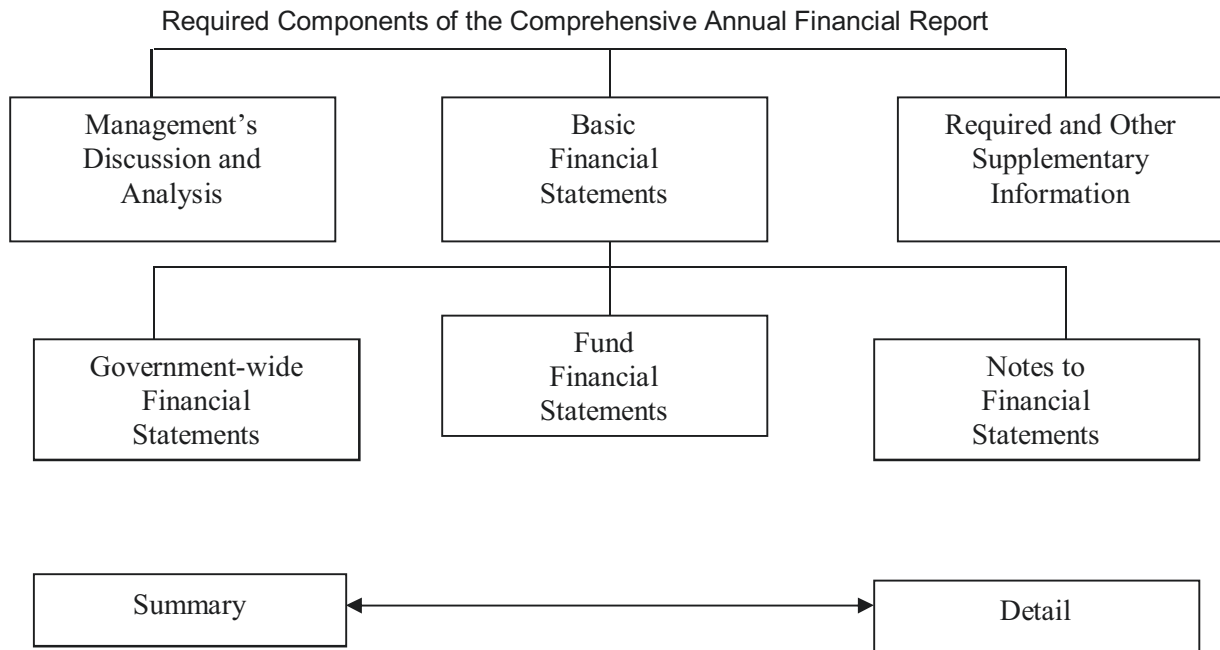
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY'S government. The basic financial statements include notes that provide additional information essential to a full understanding of the 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 and other budgeted major governmental funds, as well as information for the County's pension and other postemployment benefit plans.

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 of the COUNTY that operate similar to a business.
 - *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.

Table A-1: Organization of the COUNTY'S comprehensive annual financial report



**ADAMS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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 and component units (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 Adams County Industrial Development Authority	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 balance	-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 accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow of resources, liability, and deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, 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, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	All assets and liabilities
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year; regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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, deferred outflow of resources, liabilities, and deferred inflows of resources, except fiduciary funds, with the difference 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 accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

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

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the COUNTY can exercise influence and/or be obligated to provide financial support. The COUNTY has two blended component units, the Adams County Industrial Development Authority and the Adams County Conservation District (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 Adams County Industrial Development Authority.

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 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.

Government-wide statements are reported using an economic resources measurement focus and full 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
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- 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 are assets that do 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 current financial resources and modified accrual accounting established by the Government Accounting Standards Board (GASB) for governments.

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 accounting basis, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view for the financial resources available in the near future to finance the COUNTY'S programs.

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

The COUNTY adopts an annual budget for the general fund, as required by state law. A budgetary comparison of the COUNTY'S general fund and other budgeted major governmental funds is presented as required supplementary information.

Fund Financial Statements (Continued)

- *Proprietary Funds* report business-type programs and activities that charge fees designed to recover the cost of providing services. The proprietary funds report using full accrual accounting. The COUNTY maintains two different types of proprietary funds; enterprise funds and internal service funds. Internal service funds are used to accumulate and allocate costs internally among the COUNTY'S various functions. The COUNTY uses an internal service fund to account for its Health Insurance program which is a self-insured model.
- *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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

GASB No. 34 requires 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. In 2007, the COUNTY fully adopted the provisions of GASB No. 34.

The COUNTY'S total assets were \$131,813,666 at December 31, 2018. Of this amount, \$80,715,565 was capital assets. Assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$44,602,929. Total governmental activities net capital assets decreased by \$4 million through depreciation of existing capital assets. Other assets increased by \$8.3 million primarily due an increase in cash and investments of \$5.8 million, a \$1.5 million increase in accounts receivables, and the addition of \$4.2 million net pension asset. These increases in assets were offset by a \$3.3 million reduction in what was due to the COUNTY from other governments. In 2018 the COUNTY received a \$3.1 million RACP grant to offset the costs of the 911 Radio Project, this receivable was recorded in 2017.

In 2018, the COUNTY adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The COUNTY changed its manner of accounting for postemployment benefits other than pensions. This change for governmental activities is reflected as a restatement of beginning net position in the governmental activities of the government-wide financial statements.

The COUNTY's current liabilities decreased slightly. Accounts payable contributed to this decrease. Long-term liabilities decreased by \$8.6 million in 2018. This was mainly due to the change in the COUNTY's net pension liability (asset) for 2018. This was recorded as a net pension asset for 2018.

Deferred inflows of resources increased \$9.1 million as the net difference between projected and actual earnings on the pension plans investments increased \$6.5 million and the Children and Youth Fund reported a \$1.2 million grant received in advance in 2018.

Thirty-two percent of the COUNTY'S net position reflects its net investment in capital assets. Thirty-six percent of the COUNTY'S net position is legally restricted. Restricted net position increased \$5.3 million primarily due to the county reporting \$4.1 of net position restricted for pensions in 2018. Unrestricted net position increased by \$1.1 million primarily due to revenues exceeding expenses in 2018.

**ADAMS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

The following table presents a comparative view of the County's government-wide financial statements. The 2018 Net Position reflects a restatement due to the implementation of GASB Statement No. 75 in 2018. See Note 22 for more detail.

County of Adams Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Capital Assets	\$ 80,715,565	\$ 84,751,437	\$ -	\$ -	\$ 80,715,565	\$ 84,751,437
Other Assets	49,577,300	41,251,871	1,520,801	1,741,791	51,098,101	42,993,662
Total Assets	<u>130,292,865</u>	<u>126,003,308</u>	<u>1,520,801</u>	<u>1,741,791</u>	<u>131,813,666</u>	<u>127,745,099</u>
Deferred Outflows of Resources	<u>8,352,508</u>	<u>10,299,236</u>	<u>-</u>	<u>-</u>	<u>8,352,508</u>	<u>10,299,236</u>
Current Liabilities	8,523,777	8,811,356	115,351	114,572	8,639,128	8,925,928
Long-term Liabilities	<u>75,559,821</u>	<u>84,152,057</u>	<u>1,018,823</u>	<u>1,306,209</u>	<u>76,578,644</u>	<u>85,458,266</u>
Total Liabilities	<u>84,083,598</u>	<u>92,963,413</u>	<u>1,134,174</u>	<u>1,420,781</u>	<u>85,217,772</u>	<u>94,384,194</u>
Deferred Inflows of Resources	<u>10,345,473</u>	<u>1,212,923</u>	<u>-</u>	<u>-</u>	<u>10,345,473</u>	<u>1,212,923</u>
Net Position:						
Net Investment in capital assets	14,018,110	18,324,116	-	-	14,018,110	18,324,116
Restricted	16,064,940	10,755,283	-	-	16,064,940	10,755,283
Unrestricted	<u>14,133,252</u>	<u>13,046,809</u>	<u>386,627</u>	<u>321,010</u>	<u>14,519,879</u>	<u>13,367,819</u>
Total Net Position	<u>\$ 44,216,302</u>	<u>\$ 42,126,208</u>	<u>\$ 386,627</u>	<u>\$ 321,010</u>	<u>\$ 44,602,929</u>	<u>\$ 42,447,218</u>

**ADAMS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Changes in Net Position

The table below summarizes the changes in net position for the COUNTY for the period ended December 31, 2018 and 2017.

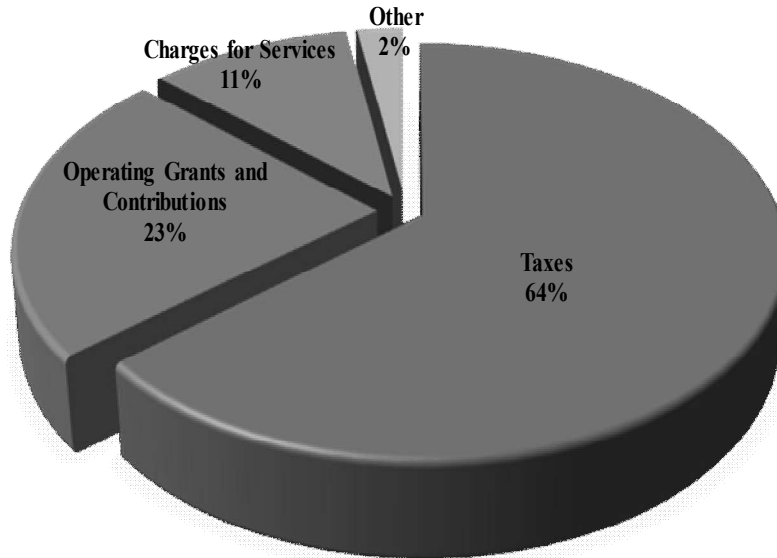
County of Adams Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	\$ 7,098,787	\$ 7,065,072	\$ 19,251	\$ 19,401	\$ 7,118,038	\$ 7,084,473
Operating Grants and Contributions	15,222,922	23,223,142	191,606	191,606	15,414,528	23,414,748
Capital Grants and Contributions	-	4,878,891	-	-	-	4,878,891
General Revenues:						
Property Taxes	39,332,590	36,344,820	-	-	39,332,590	36,344,820
Per Capita Taxes	343,120	344,893	-	-	343,120	344,893
Hotel Taxes	2,561,955	2,790,732	-	-	2,561,955	2,790,732
Unrestricted Investment Earnings/(Loss)	1,092,752	1,019,777	2,351	2,341	1,095,103	1,022,118
Project Support Income	-	-	-	-	-	-
Support Income	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Transfer of Capital Assets and Long Term Liabilities	-	-	-	-	-	-
Swap Proceeds	-	-	-	-	-	-
Miscellaneous	568,792	2,106,964	-	-	568,792	2,106,964
	<u>66,220,918</u>	<u>77,774,291</u>	<u>213,208</u>	<u>213,348</u>	<u>66,434,126</u>	<u>77,987,639</u>
Expenses:						
General Government-Administrative	8,633,465	9,414,772	-	-	8,633,465	9,414,772
General Government- Judicial	8,888,353	8,491,327	-	-	8,888,353	8,491,327
Public Safety	25,761,772	25,273,513	-	-	25,761,772	25,273,513
Public Works	365,289	852,987	-	-	365,289	852,987
Human Services	11,471,056	20,625,794	-	-	11,471,056	20,625,794
Culture and Recreation	2,531,942	2,605,317	-	-	2,531,942	2,605,317
Conservation and Development	2,416,064	3,014,442	-	-	2,416,064	3,014,442
Debt Service	2,838,727	3,121,206	-	-	2,838,727	3,121,206
Adams County IDA	-	-	147,591	101,587	147,591	101,587
	<u>62,906,668</u>	<u>73,399,358</u>	<u>147,591</u>	<u>101,587</u>	<u>63,054,259</u>	<u>73,500,945</u>
Change in Net Position	3,314,250	4,374,933	65,617	111,761	3,379,867	4,486,694
Net Position-Beginning, (2018 restated)	<u>40,902,052</u>	<u>37,751,275</u>	<u>321,010</u>	<u>209,249</u>	<u>41,223,062</u>	<u>37,960,524</u>
Net Position-End of the Year	<u>\$ 44,216,302</u>	<u>\$ 42,126,208</u>	<u>\$ 386,627</u>	<u>\$ 321,010</u>	<u>\$ 44,602,929</u>	<u>\$ 42,447,218</u>

Governmental activities

The following chart illustrates the sources of revenues for governmental activities for the fiscal year ended December 31, 2018.

REVENUES BY SOURCE-GOVERNMENTAL ACTIVITIES



Taxes contributed 64% of the total revenues received by the COUNTY. For 2018 the COUNTY received \$42,237,665 in total taxes. Tax rates increased .2701 mills in 2018. In addition to real estate and per capita taxes, the COUNTY levies a 5% hotel lodging tax. Proceeds from the hotel tax are used to assist in the promotion, advertising, and marketing of tourism and special events. This is done through Destination Gettysburg, the designated visitor's bureau. For the year ending 2018, the hotel tax receipts amounted to \$2,561,955, this is an 8.2% decrease from 2017. While 2018 was strong, there was a slight decrease in occupancy compared to 2017 which was a record setting year.

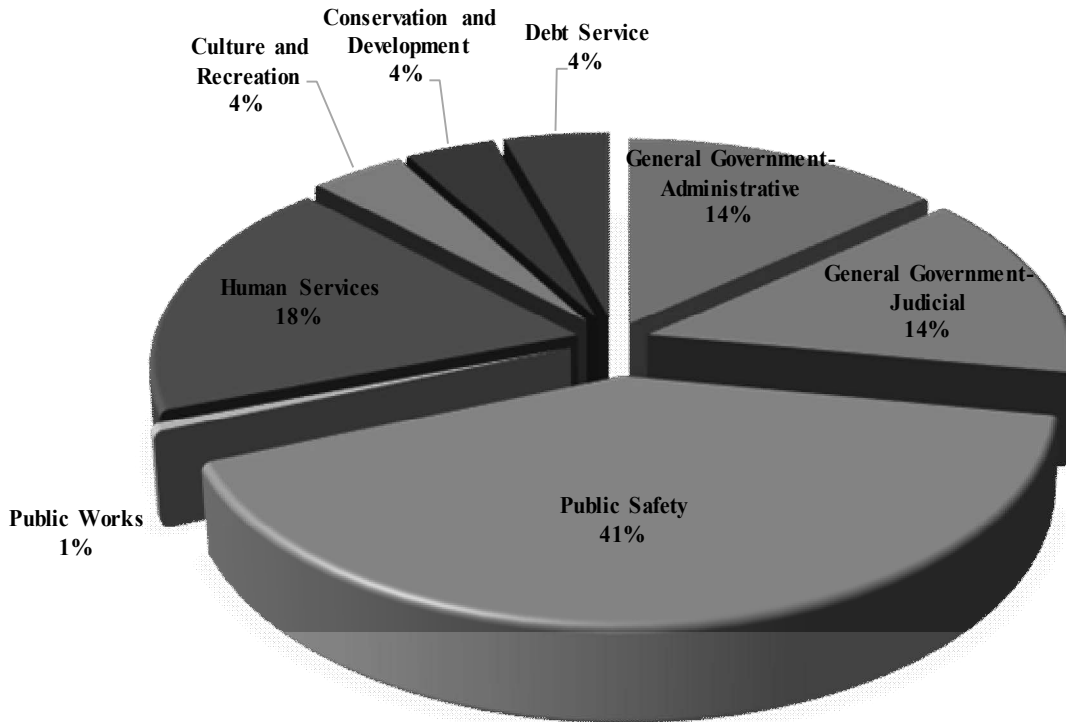
Operating Grants and Contributions was the second largest source of revenue to the COUNTY at twenty-three percent. Operating Grants and Contributions consist primarily of State and Federal funding. The COUNTY saw a 34% decrease in this source of revenue. This was primarily due to Human Services funding for our Managed Care Program. In July 2017, the COUNTY entered into a joinder agreement with York County to administer the Health Choices program jointly. The COUNTY received the pass-through funding until mid-2017 after which funds were directed to the joinder per the new agreement.

Capital Grants and Contributions decreased \$4.9 million as the Horner Bridge replacement project was mostly completed in the prior year.

Charges for services, 11% of governmental activities funding sources remained flat in 2018. Charges for services includes fees, fines, licenses, permits and commissions on certain fees collected by COUNTY row offices on behalf of the Commonwealth of Pennsylvania.

The following chart illustrates the expenses by function for governmental activities for the fiscal year ended December 31, 2018.

EXPENSES BY FUNCTION-GOVERNMENTAL ACTIVITIES



In 2018, total expenses for governmental activities were \$62.9 million. Public Safety had the largest expense at \$25.8 million, an increase of 2% from the prior year. This increase is primarily due to an increase of \$944,00 in salary and benefit expenses at the correctional complex as a result of staffing shortages and the need for more overtime, an increase in professional services and union compliance. Increases in minor equipment, and 911 contracted services due to the new radio system also contributed to the increase.

The second largest category is Human Services at \$11.5 million. This is a decrease of \$9.2 million or 44% from 2017. This decrease was primarily due to the change in the administration of our Managed Care Program. In July 2017 the COUNTY entered into a joinder agreement with York County to administer the Health Choices program jointly.

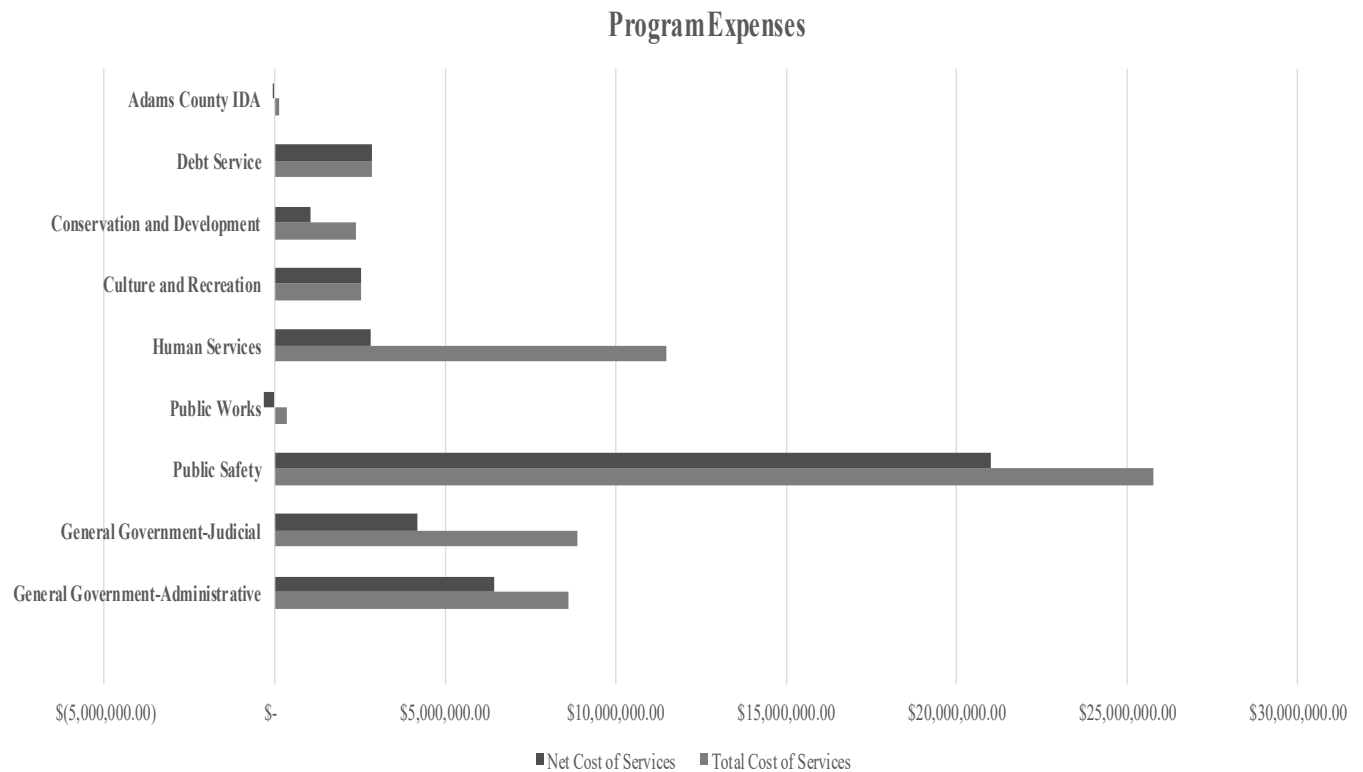
General Government-Judicial saw a slight increase over 2017, but in general all other functions experienced slight decreases in expenditures in 2018.

Business-Type Activities

In 2018, total revenues remained flat for the County's business-type activities. Expenses increased as the Authority had more projects open as compared to the prior year.

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 2018 property, hotel, and per capita taxes brought in \$42,237,665.



The COUNTY relied on property taxes and other general revenues to fund 64% of its governmental and business-type activities in 2018.

The property tax is based on one-hundred percent of the assessed value of real property. Changes in the assessed valuation affect tax revenues.

Seventy-five percent of the General Government Administrative expenses and 47% of the General Government Judicial expenses came from property tax and other general revenues with the remainder coming from grants, fines and court costs. Property taxes and other general revenues covered eighty-two percent of public safety costs with the remainder coming from grants and charges for services.

Public works expenses were primarily funded by The Commonwealth Liquid Fuels tax and reimbursements from Penn Dot for Bridge Improvements. Property taxes and general revenues covered 100 percent of the County's Debt Service payments.

Property tax and other general revenues funded 100 percent of the cost of culture and recreation; 25 percent of Human services; 44 percent of the County's contribution to Conservation and Development.

Funds Financial Analysis

As noted earlier, the COUNTY uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term 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, special revenue funds, and capital project funds. The general fund is the primary fund for the COUNTY. The activities paid for through the general fund represent the core administrative and operational tasks of the COUNTY. Special revenue funds are restricted to specific legislated use. Capital project funds account for the proceeds of bond issues. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements.

The General Fund is the primary fund of the County of Adams. At the end of 2018, the unassigned fund balance of the General Fund was \$25,022,124 while the total fund balance was \$27,458,831. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 56% of total general fund expenditures while total fund balance represents 62% of that same amount.

The decrease in Governmental Fund revenues and other financing sources from the prior year was \$51.8 million. In the prior year the COUNTY received debt proceeds from the issuance of the General Obligation Bonds Series A, B and C. No debt was issued in 2018.

Intergovernmental revenues showed a decrease of 46% due to the change in the administration of our Managed Care Program. In July 2017 the COUNTY entered into a joinder agreement with York County to administer the Health Choices program jointly. The COUNTY no longer receives these funds as a pass through, therefore a reduction in intergovernmental revenues is reflected. Another contributing factor to this decrease is the recognition of \$3.1 million from the RACP Grant for the Radio Project in 2017. Transfers In decreased by \$3.9 million in 2018. This decrease is due to large interfund transfers that occurred in 2017.

Governmental Fund expenditures and other financing uses totaled \$69.2 million. This is a decrease of \$49.7 million from the prior year. A significant portion of this decrease was due to the Issuance of debt/refunding bonds which occurred in 2017. Also contributing to the decrease was General Government-Administrative expenditures which were \$5.1 million less than prior year because the County terminated a swap during 2017. Human Services also contributed to the decrease due to the change in the administration of the Health Choices program.

Capital Outlay decreased by approximately \$6.9 million. The completion in 2017 of both the Horner Bridge project and the renovation of the Human Services building were contributing factors to this decrease.

The Children and Youth Fund, a special revenue fund, had expenditures of \$9 million in 2018 compared to \$8.7 million in 2017. This slight increase was due to an increase in professional services and institutional care.

**ADAMS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Governmental Funds (Continued)

The 911 Fund, also a special revenue fund, had expenditures of \$3.6 million in 2018 compared to \$3.3 million in 2017. Higher expenditures were due to contracted services and salary and benefit expenses due to staffing changes.

Capital Asset and Debt Administration

Capital Assets

The COUNTY'S investment in capital assets at December 31, 2018, net of accumulated depreciation, was \$80,715,565. Capital assets consist primarily of land, infrastructure, buildings, agricultural easements, and equipment. The following is a summary of capital assets at December 31, 2018:

Governmental Activities

	2018	2017
Land	\$ 1,306,312	\$ 1,306,312
Construction in Process	381,256	1,983,114
Infrastructure	9,233,045	7,486,218
Building and Improvements	64,257,107	64,179,284
Equipment and Vehicles	42,150,808	41,744,756
Agricultural Easements	10,340,815	9,942,377
Accumulated Depreciation	(46,953,778)	(41,890,624)
Total Net Capital Assets	\$ 80,715,565	\$ 84,751,437

In 2018, Construction in Progress decreased by 81%. This was primarily due to the completion of the Horner Bridge replacement project. The completion of this project also increased the Infrastructure category by 23%. Building and Improvements remained flat as the Human Services building was completed in 2017 and no other significant improvements were made in 2018. Equipment and vehicles had a slight increase as several vehicles were added to the County fleet and the IT department completed the deployment of the VOIP (Voice Over IP) phone system at the correctional facility. Agricultural easements increased 4% as the County's Agricultural Land Preservation Program purchased six easements in 2018.

Detailed information about the COUNTY'S capital assets can be found in Note 5, Notes to the Financial Statements.

**ADAMS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Debt Administration

At December 31, 2018, the COUNTY had \$73,106,027 of debt outstanding, excluding other long term liabilities. Debt decreased 5% from the previous year as the County did not issue any long term debt for 2018. The following is a summary of general obligation bonds and notes payable for the 2018 year, this includes the Adams County Industrial Authority, a blended component unit:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds	\$ 72,746,733	\$ 76,082,790	\$ 359,294	\$ 470,459	\$ 73,106,027	\$ 76,553,249
Total	\$ 72,746,733	\$ 76,082,790	\$ 359,294	\$ 470,459	\$ 73,106,027	\$ 76,553,249

Detailed information about the COUNTY'S debt can be found in Note 11, Notes to the Financial Statements.

General Fund Budgetary Highlights

The Board of Commissioners reviews statements of operations and budget reports on a monthly basis and meets regularly with the Finance Department for updates and forecasts. Department directors also review budget reports on a monthly basis and monitors revenues and expenditures for any variances throughout the year. In general, the budget modifications during the year are primarily reclassifications from one line item to another.

The COUNTY budgets their tax revenue at a 96% collection rate and during 2018 they collected less than the budgeted amount but overall the actual revenue received totaled \$39.4 million or 97% of the final budget.

General Fund revenues resulted in a positive variance of \$307,884. The increase in charges for services, particularly revenue received for housing US Marshal inmates, an increase in Re-Entry fees collected, and one-time revenues for unexpected dividends received by the COUNTY as members of PComp and PCoRP. In addition, interest earned in 2018 was 92% higher than budgeted due to the active role of the COUNTY finance governance committee who worked in collaboration with financial institutions to obtain the best rates available as interest rates have risen.

General Fund expenditures were 4% under the budgeted amount for 2018. Contributing factors to this positive variance was a reduction in expenditures for professional and contracted services, savings under salaries and benefits, and decreased transfers out to special revenue funds. In addition, most other expenditures had very slight variances over budget.

Economic Factors and Next Year's Budgets and Rates

The key economic factors affecting the COUNTY include the following:

- The COUNTY'S real estate millage rate will remain at 4.1894 mills
- The COUNTY'S 2019 budget includes a positive contingency reserve of \$734,719
- The 2019 budget will not utilize any unrestricted fund balance to balance the budget.

The total General Fund budget for 2019 is \$62.9 million with general administration expenses, public safety, and judicial budgeted at \$28.3, \$14.9 and \$8.8 respectively. Total salaries and wages for 2019 are projected at \$24.9 million. Benefits including medical and retirement add an additional \$11.9 million.

The COUNTY is beginning to see modest benefits from an improved economy. We have seen a respectable upward trend in housing construction and a slight rise in commercial construction. The net result has been a modest increase in our tax base for 2019. The 2019 budget will reflect a mindfulness of the marginal increase in tax revenues.

2019 looks to be a year of cautious optimism. While the economy is not improving as well as we hope, it is moving in the right direction. We are continuing to innovate county services, add services where prudent, and keep a watchful eye on expenses.

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 ADAMS
Steven W. Renner
Controller
117 Baltimore Street
Gettysburg, PA 17325

Phone: 717-337-9805
Fax: 717-334-2091

BASIC FINANCIAL STATEMENTS

COUNTY OF ADAMS, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2018

<u>Assets</u>	Primary Government		
	Governmental <u>Activities</u>	Business-type <u>Activity</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 31,214,723	\$ 52,253	\$ 31,266,976
Investments	2,812,764	-	2,812,764
Receivables (Net, Where Applicable, of Allowance for Uncollectibles) :			
Accounts	3,886,932	-	3,886,932
Taxes	1,427,434	-	1,427,434
Due From Other Governments	2,438,873	-	2,438,873
Notes Receivable	148,316	37,114	185,430
Loans Receivable	1,303,768	-	1,303,768
Other Assets	260,548	876	261,424
Restricted Assets			
Cash for Program Purposes	15,829	-	15,829
Cash Held in Escrow	458,120	-	458,120
Cash for Debt Service	47,505	-	47,505
Cash for Construction	1,382,061	-	1,382,061
Land Held For Resale	-	1,430,558	1,430,558
Net Pension Asset	4,180,427	-	4,180,427
Capital Assets, Not Being Depreciated	12,028,383	-	12,028,383
Capital Assets Being Depreciated, Net	68,687,182	-	68,687,182
Total Assets	130,292,865	1,520,801	131,813,666
<u>Deferred Outflows of Resources</u>			
Deferred Loss on Refunding	4,912,985	-	4,912,985
Pensions	3,439,523	-	3,439,523
Total Deferred Outflows of Resources	8,352,508	-	8,352,508
<u>Liabilities</u>			
Liabilities			
Accounts Payable	3,148,059	120	3,148,179
Accrued Liabilities	671,126	-	671,126
Accrued Interest Payable	421,451	-	421,451
Unearned Revenues	575,597	-	575,597
Long Term Liabilities:			
Due within one year:			
General Obligation Debt	3,586,867	113,836	3,700,703
Compensated Absences	120,677	-	120,677
Due to Related Party	-	1,395	1,395
Due in more than one year:			
General Obligation Debt	71,941,610	245,458	72,187,068
Accrued Compensated Absences	1,086,091	-	1,086,091
Upfront Payment (Borrowing)	673,949	-	673,949
Due to Related Party - Long Term	-	773,365	773,365
Total OPEB Liability	1,858,171	-	1,858,171
Total Liabilities	84,083,598	1,134,174	85,217,772
<u>Deferred Inflows of Resources</u>			
Pensions	9,140,160	-	9,140,160
Grants Received in Advance	1,205,313	-	1,205,313
Total Deferred Inflows of Resources	10,345,473	-	10,345,473
<u>Net Position</u>			
Net Position			
Net Investment in Capital Assets	14,018,110	-	14,018,110
Restricted for:			
Debt Service	47,505	-	47,505
Public Works	1,625,723	-	1,625,723
Judicial	2,236,938	-	2,236,938
Public Safety	181,931	-	181,931
Cultural and Recreation	2,971,897	-	2,971,897
Conservation and Development	4,222,374	-	4,222,374
General Government	598,145	-	598,145
Net Pension Asset	4,180,427	-	4,180,427
Unrestricted	14,133,252	386,627	14,519,879
Total Net Position	\$ 44,216,302	\$ 386,627	\$ 44,602,929

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
						Governmental Activities	Business-type Activities	
Primary government:								
Governmental activities:								
General Government - Admin	\$ 12,364,997	\$ (3,731,532)	\$ 1,717,289	\$ 454,403	\$ -	\$ (6,461,773)		\$ (6,461,773)
General Government - Judicial	7,243,593	1,644,760	2,913,359	1,799,004	-	(4,175,990)		(4,175,990)
Public Safety	24,135,939	1,625,833	1,985,823	2,767,766	-	(21,008,183)		(21,008,183)
Public Works	354,610	10,679	100	692,761	-	327,572		327,572
Human Services	11,111,773	359,283	242,151	8,398,260	-	(2,830,645)		(2,830,645)
Culture and Recreation	2,531,942	-	-	-	-	(2,531,942)		(2,531,942)
Conservation and Development	2,325,087	90,977	240,065	1,110,728	-	(1,065,271)		(1,065,271)
Interest on Debt Service	2,838,727	-	-	-	-	(2,838,727)		(2,838,727)
Total governmental activities	<u>62,906,668</u>	<u>-</u>	<u>7,098,787</u>	<u>15,222,922</u>	<u>-</u>	<u>(40,584,959)</u>		<u>(40,584,959)</u>
Business-type activity:								
Economic Development	147,591	-	19,251	191,606	-	-	\$ 63,266	63,266
Total business-type activities	<u>147,591</u>	<u>-</u>	<u>19,251</u>	<u>191,606</u>	<u>-</u>	<u>-</u>	<u>63,266</u>	<u>63,266</u>
Total Primary government	<u>\$ 63,054,259</u>	<u>\$ -</u>	<u>\$ 7,118,038</u>	<u>\$ 15,414,528</u>	<u>\$ -</u>	<u>(40,584,959)</u>	<u>63,266</u>	<u>(40,521,693)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes						39,332,590	-	39,332,590
Per capita taxes						343,120	-	343,120
Hotel taxes						2,561,955	-	2,561,955
Unrestricted investment earnings						1,092,752	2,351	1,095,103
Miscellaneous						568,792	-	568,792
Total general revenues						<u>43,899,209</u>	<u>2,351</u>	<u>43,901,560</u>
Change in net position						3,314,250	65,617	3,379,867
Net position - beginning, as restated (See Note 22)						40,902,052	321,010	41,223,062
Net position - ending						<u>\$ 44,216,302</u>	<u>\$ 386,627</u>	<u>\$ 44,602,929</u>

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

<u>Assets</u>	<u>General</u>	Children & <u>Youth</u>	911 <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash and Cash Equivalents	\$ 19,264,997	\$ 249,877	\$ 15	11,001,704	\$ 30,516,593
Investments	1,098,000	-	-	1,095,877	2,193,877
Receivables					
Accounts, net	647,409	30,962	160	110,545	789,076
Taxes	1,427,434	-	-	-	1,427,434
Notes Receivable	-	-	-	148,316	148,316
Loans Receivable	1,303,768	-	-	-	1,303,768
Due From Other Funds	7,574,487	710,567	1,557,181	144,218	9,986,453
Due From Other Governments	336,997	1,007,622	497,457	596,797	2,438,873
Other Assets	180,139	1,450	24,420	12,285	218,294
Restricted Assets					
Cash Held in Escrow	458,120	-	-	-	458,120
Cash for Debt Service	47,505	-	-	-	47,505
Cash for Construction	-	-	-	1,382,061	1,382,061
Cash for Program Purposes	15,829	-	-	-	15,829
Total Assets	\$ 32,354,685	\$ 2,000,478	\$ 2,079,233	\$ 14,491,803	\$ 50,926,199

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

<u>Liabilities and Fund Balances</u>	<u>General</u>	<u>Children & Youth</u>	<u>911 Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities					
Accounts Payable	\$ 1,055,899	\$ 688,328	\$ 299,474	\$ 275,379	\$ 2,319,080
Accrued Liabilities	569,256	53,483	36,143	12,244	671,126
Unearned Revenue	133,987	53,269	80	388,261	575,597
Due to Other Funds	2,141,041	85	1,743,536	1,495,607	5,380,269
Total Liabilities	3,900,183	795,165	2,079,233	2,171,491	8,946,072
Deferred Inflow of Resources					
Unavailable Revenue - Property Taxes	995,671	-	-	-	995,671
Grants Received in Advance	-	1,205,313	-	-	1,205,313
Total Deferred Inflows of Resources	995,671	1,205,313	-	-	2,200,984
Fund Balances					
Nonspendable	2,389,202	-	-	-	2,389,202
Restricted for:					
Debt Service	47,505	-	-	-	47,505
Capital Projects	-	-	-	1,338,037	1,338,037
Public Works	-	-	-	1,625,723	1,625,723
Judicial	-	-	-	2,236,938	2,236,938
Public Safety	-	-	-	181,931	181,931
Cultural and Recreation	-	-	-	2,971,897	2,971,897
Conservation and Development	-	-	-	4,222,374	4,222,374
General Government	-	-	-	598,145	598,145
Unassigned	25,022,124	-	-	(854,733)	24,167,391
Total Fund Balances	27,458,831	-	-	12,320,312	39,779,143
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 32,354,685	\$ 2,000,478	\$ 2,079,233	\$ 14,491,803	\$ 50,926,199

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2018

Total fund balances for governmental funds		\$ 39,779,143
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Those assets consist of:		
Land	1,306,312	
Construction in Progress	381,256	
Agricultural Easements	10,340,815	
Infrastructure, net of \$4,152,322 accumulated depreciation	5,080,723	
Buildings and improvements, net of \$23,408,394 accumulated depreciation	40,848,713	
Equipment and vehicles, net of \$19,393,062 accumulated depreciation	22,757,746	
Total Capital Assets	80,715,565	80,715,565
Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		
		995,671
Net deficit of the Internal Service Fund is included in governmental activities since they primarily benefit the County's governmental activities		
		(1,596,923)
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term - are reported in the statement of net position.		
Balances at December 31, 2018 are:		
Accrued interest on bonds	(421,451)	
General obligation debt	(72,746,733)	
Compensated absences	(1,206,768)	
Deferred loss on refunding	4,912,985	
Deferred Outflow of Resources - Pensions	3,439,523	
Deferred Inflows of Resources - Pensions	(9,140,160)	
Upfront Payment	(673,949)	
Investment Derivative	618,887	
Total Postemployment Liability	(1,858,171)	
Net Pension Asset	4,180,427	
Bond Premium	(2,860,934)	
Bond Discount	79,190	
	(75,677,154)	(75,677,154)
Total net position of governmental activities		\$ 44,216,302

COUNTY OF ADAMS, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General</u>	<u>Children & Youth</u>	<u>911 Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 39,442,999	\$ -	\$ -	\$ 2,561,955	\$ 42,004,954
Intergovernmental Revenues	2,012,939	8,002,198	2,013,893	3,193,887	15,222,917
Charges for Services	5,934,284	-	27,064	982,381	6,943,729
Interest and Rents	669,432	133	804	349,341	1,019,710
License and Permits	59,792	-	-	-	59,792
Court Costs and Fines	94,726	-	-	-	94,726
Miscellaneous	434,021	124,666	-	10,105	568,792
Total Revenues	48,648,193	8,126,997	2,041,761	7,097,669	65,914,620
Expenditures					
Current:					
General Government - Administrative	11,498,804	-	-	589,559	12,088,363
General Government - Judicial	7,033,416	-	-	265,826	7,299,242
Public Safety	16,710,641	-	3,584,076	196,633	20,491,350
Public Works	-	-	-	246,900	246,900
Human Services	1,729,550	9,029,148	-	28,418	10,787,116
Culture and Recreation	732,033	-	-	1,836,830	2,568,863
Conservation and Development	576,538	-	-	1,676,409	2,252,947
Debt Service					
Principal	3,320,000	-	-	16,057	3,336,057
Interest	2,613,456	-	-	6,772	2,620,228
Capital Outlay	386,748	-	-	640,534	1,027,282
Total Expenditures	44,601,186	9,029,148	3,584,076	5,503,938	62,718,348
Excess/(Deficiency) of Revenues Over (Under) Expenditures	4,047,007	(902,151)	(1,542,315)	1,593,731	3,196,272
Other Financing Sources (Uses)					
Transfers In	1,372,051	917,933	1,542,315	2,652,598	6,484,897
Transfers (Out)	(3,812,000)	(15,782)	-	(2,657,115)	(6,484,897)
Total Other Financing Sources(Uses)	(2,439,949)	902,151	1,542,315	(4,517)	-
Net change in fund balances	1,607,058	-	-	1,589,214	3,196,272
Fund Balances - Beginning of Year (Deficit)	25,851,773	-	-	10,731,098	36,582,871
Fund Balances - End of Year (Deficit)	\$ 27,458,831	\$ -	\$ -	\$ 12,320,312	\$ 39,779,143

The accompanying notes are in integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances (deficit) - total governmental funds	\$	3,196,272
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$5,063,154) exceeded capital outlays (\$1,027,282).</p>		
		(4,035,872)
<p>Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
Principal repayments	3,336,057	3,336,057
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the balances.</p>		
Compensated absences	(35,630)	
Other Postemployment Benefits Expense	(113,748)	
Accrued interest on bonds	9,618	
Investment Gain from Derivative Instrument	29,851	
Amortization of Upfront Payment	43,736	
Amortization of Deferred Loss	(403,190)	
Pension Expense	924,141	
Bond Discount	(4,223)	
Bond Premium	179,296	
Combined Adjustment:	629,851	629,851
<p>Change in the net deficit of the Internal Service Fund is included in governmental activities since it primarily benefits the County's governmental activities</p>		
		(44,769)
<p>Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unearned real estate tax revenue from 12/31/17 to 12/31/18.</p>		
		232,711
Change in net position of governmental activities	\$	3,314,250

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	<u>Business-Type Activity</u> Adams County IDA	<u>Governmental Activities</u> Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 52,253	\$ 698,130
Accounts Receivable	-	3,097,856
Notes Receivable	3,879	-
Other Assets	876	42,254
Total current assets	<u>57,008</u>	<u>3,838,240</u>
Noncurrent Assets:		
Notes Receivable - Long Term	33,235	-
Land Held for Resale	1,430,558	-
Total noncurrent assets	<u>1,463,793</u>	<u>-</u>
Total assets	<u>1,520,801</u>	<u>3,838,240</u>
LIABILITIES		
Current liabilities:		
Accounts Payable	120	828,979
Due to Other Funds	-	3,700,889
Due to Related Party	1,395	-
Current Portion of Long Term Debt	113,836	-
Total current liabilities	<u>115,351</u>	<u>4,529,868</u>
Noncurrent liabilities:		
Due to Related Party - Long Term	773,365	-
Due to Other Funds	-	905,295
Noncurrent Portion of Long Term Debt	245,458	-
Total noncurrent liabilities	<u>1,018,823</u>	<u>905,295</u>
Total liabilities	<u>1,134,174</u>	<u>5,435,163</u>
Net Position		
Unrestricted	<u>386,627</u>	<u>(1,596,923)</u>
Total Net Position	<u>\$ 386,627</u>	<u>\$ (1,596,923)</u>

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	<u>Business-Type Activity</u> Adams County IDA	<u>Governmental Activities</u> Internal Service Fund
Operating Revenues		
Charges for Services	\$ 19,251	\$ 6,941,577
Total Operating Revenues	<u>19,251</u>	<u>6,941,577</u>
Operating Expenses		
Self Insurance Claims	-	9,256,259
Management Fees	50,000	-
Rent	18,000	-
Professional Services	8,400	817,911
Other Services and Charges	2,307	101,545
Insurance	1,396	-
Advertising	330	-
Office Expense	29	-
Total Operating Expenses	<u>80,462</u>	<u>10,175,715</u>
Operating Loss	<u>(61,211)</u>	<u>(3,234,138)</u>
Nonoperating Revenues (Expenses)		
Interest Income	2,351	1,263
Administrative Fees	-	1,105
Insurance Refunds	-	3,187,001
Support Income	60,850	-
Project Support Income	130,756	-
Loss on Sale	(47,538)	-
Interest Expense	(19,591)	-
Total Nonoperating Revenues	<u>126,828</u>	<u>3,189,369</u>
Change in Net Position	65,617	(44,769)
Net Position - Beginning of Year	<u>321,010</u>	<u>(1,552,154)</u>
Net Position - End of Year	<u>\$ 386,627</u>	<u>\$ (1,596,923)</u>

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Business-Type Activity</u> <u>Adams County</u> <u>IDA</u>	<u>Governmental Activities</u> <u>Internal Service</u> <u>Fund</u>
Cash Flows From Operating Activities		
Receipts from Programs	\$ 21,978	\$ -
Receipts from Users	-	6,935,090
Payments for Self-Insurance Claims and Professional Services	-	(6,599,128)
Payments for Operating Expenses	<u>(80,015)</u>	<u>-</u>
Net Cash (Used In)/Provided By Operating Activities	<u>(58,037)</u>	<u>335,962</u>
Cash Flows from Noncapital Financing Activities		
Insurance Refunds and Admin Fees	-	355,744
Proceeds from Related Party	<u>60,850</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	<u>60,850</u>	<u>355,744</u>
Cash Flows from Investing Activities		
Payments on notes receivable	3,653	-
Interest Income	<u>2,351</u>	<u>1,263</u>
Net Cash Provided By Investing Activities	<u>6,004</u>	<u>1,263</u>
Net Increase in Cash and Cash Equivalents	8,817	692,969
Cash and Cash Equivalents, Beginning of Year	43,436	5,161
Cash and Cash Equivalents, End of Year	<u>\$ 52,253</u>	<u>\$ 698,130</u>
Reconciliation of operating loss to net cash used in operating activities	\$ (61,211)	\$ (3,234,138)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Assessment fee paid at settlement	(82)	-
Change in assets and liabilities		
Other Assets	-	(41,797)
Accounts Receivable	2,727	-
Accounts Payable	120	39,935
Due to Related Party	409	-
Due from Other Funds	-	35,310
Due to Other Funds	<u>-</u>	<u>3,536,652</u>
Net cash used in operating activities	<u>\$ (58,037)</u>	<u>\$ 335,962</u>
Noncash Transactions:		
Debt Principal and Interest Paid by Related Party	\$ 130,756	\$ -
Sale of Land:		
County debt reduced	(175,971)	-
Loss on sale of land	(47,538)	-
Assessment Fees	82	-
Basis on land sold	223,427	-
Insurance Refunds and Admin Fees	-	2,832,362

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS, PENNSYLVANIA
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 DECEMBER 31, 2018

<u>Assets</u>	<u>Agency Funds</u>
Cash and Cash Equivalents	\$ 2,530,333
Delinquent Taxes Receivable on Behalf of Other Governments	4,611,838
Accounts Receivable	<u>1,430,458</u>
 Total Assets	 <u><u>\$ 8,572,629</u></u>
 <u>Liabilities</u>	
Liabilities	
Due to Other Governments	\$ 5,388,169
Other Liabilities	<u>3,184,460</u>
 Total Liabilities	 <u><u>\$ 8,572,629</u></u>

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

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

The County of Adams (the "County") is a fifth Class County that was formed on March 26, 1804. The County operates under the direction of an elected Board of Commissioners and provides the following services: general administrative services, tax assessment and collections, judicial, public improvements, public safety, conservation, and human services. The accompanying financial statements were 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 summary of the County's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

A) Reporting Entity

The County follows the criteria promulgated by the Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County of Adams (the Primary Government) and its Component Units.

Blended Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Component Units discussed below have been included in the financial reporting entity as Blended Component Units.

Adams County Industrial Development Authority ("the Authority"):

The Authority was incorporated on September 8, 1998 under the provisions of the Economic Development Financing Law Act of 1967 as amended in 1993. The Authority exists under the constitution and laws of the County of Adams and the Commonwealth of Pennsylvania. The Authority is organized for the purpose of acquiring, holding, constructing, improving, maintaining, owning, financing, and leasing either in the capacity of Lessor or Lessee, projects.

The Authority is included in the financial reporting entity because (1) the County appoints a voting majority of the governing board, (2) the County can impose its will on the Authority by significantly influencing program, projects, activities, and level of service performed by the Authority, and (3) the Authority's debt is currently being repaid with the County's resources.

The Authority's operates on a calendar year ending December 31. A separate financial statement of the Authority can be obtained by contacting the Adam's County Commissioner's Office.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

A) Reporting Entity (Continued)

Blended Component Units (Continued)

Adams County Conservation District ("the District"):

The District was formed on November 14, 1947 under Pennsylvania Act 217. The mission of the District is to promote voluntary conservation and good stewardship of Adams County's natural resources. The District's vision is to be recognized, respected, and trusted as the conservation leader of Adams County, enabling the people to sustain, use, and conserve natural resources through the 21st century, thus maintaining a balance and harmony between a profitable agricultural economy and other land uses for a quality of life that everyone can enjoy.

The District is included in the financial reporting entity because (1) the County appoints a voting majority of the governing board, (2) the County can impose its will on the District by significantly influencing program, projects, activities, and level of service performed by the District, and (3) the District provides services almost entirely for the benefit of the County. In addition, the District's employees are considered employees of the County.

The District operates on a calendar year ending December 31. A separate financial statement of the District can be obtained by contacting the Adam's County Commissioner's Office.

B) 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 these organizations does not extend beyond making appointments. The County does not designate management nor does it have the ability to significantly influence the operations of these entities. In addition, the County has no responsibility for fiscal matters for these entities (i.e., not responsible for deficits or entitled to surpluses, no guarantees of debt, etc.). These organizations include:

Adams County Office of Aging
Destination Gettysburg
Adams County Economic Development Corp.
Adams County Historical Society
Adams County Library System
Adams County Extension Association
Adams County Housing Authority

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

C) Joint Ventures

The County is a participant with York County in joint ventures that provide services to the constituents of all the participants. The County has no interest in the equity of these organizations and therefore these entities are not included in its financial reporting entity (condensed financial information relative to these entities is included in the notes herein):

Name of Organization	York/Adams Mental Health/ Intellectual and Developmental Disabilities	York/Adams Drug and Alcohol Program	York/Adams HealthChoices Program
Services Provided	Mental Health/ Intellectual and Developmental Disabilities	Drug and Alcohol Program	Managed Care Program
Adams County Board Representation	3 of 6	3 of 6	3 of 6
Fiscal Year	12/31/18	12/31/18	12/31/18
Total Assets	\$ 9,447,051	\$ 2,103,675	\$38,906,896
Equity	-	-	-
Operating Revenue	\$34,236,523	\$ 5,679,524	\$99,494,842
Net Income (Loss)	-	-	-
Adams County Contribution to Operations	\$ 214,401	\$ -	\$ -

The above joint ventures are included in York County's Comprehensive Annual Financial Report and are available for inspection in the York County Controller's Office, Administrative Center, 28 East Market Street, York, Pennsylvania 17401.

D) 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. For the most part, the effect of interfund activity has been removed from these statements except for certain interfund services provided and used between functions. 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.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is 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

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

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

segment. Taxes and other items, not included among program revenues, are reported instead as general revenues. 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 major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency 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 an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

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 year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating grants, capital grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when 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 net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

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

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

The County reports the following major governmental funds:

- The General Fund is the 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.
- The Children and Youth Fund is used to account for specific revenue sources related to the provisions of Children and Youth services that are restricted to expenditures for those specified purposes.
- The 911 Fund is used to account for specific revenue sources related to the provisions of the 911 program that are restricted to emergency response communications expenditures of the County.

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

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

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

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

The County reports the following major proprietary fund:

- The Adams County Industrial Development Authority is organized for the purpose of acquiring, holding, constructing, improving, maintaining, owning, financing and leasing either in the capacity of lessor or lessee, projects.

Additionally, the County reports the following fund types:

- Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost reimbursement basis. The Internal Service Fund accounts for the cost of health benefits provided to employees of the County.
- The Agency Funds consist of restricted revenues of the various row offices of the County. The row office funds are in essence escrow funds maintained by the row offices for bails posted, funds held for sheriff's sales, realty transfer taxes held and owed to other governmental entities, and other funds reserved for disposition of legal action.

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

F) Assets, Liabilities, and Net Position or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

3. Investments

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

4. Restricted Assets

Restricted Assets represent revenues set-aside for the liquidation of specific obligations, as detailed in Note 3.

5. Deferred Inflows/Outflows

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. Under the accrual basis of accounting, the government wide statement of net position reports a deferred loss on refunding, changes in assumptions for pensions, and contributions subsequent to the measurement date related to pensions as a deferred outflow of resources.

In addition to liabilities, the statement of financial position 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. Under the modified accrual basis of accounting, the governmental funds report unavailable revenue from property taxes and grants received in advance as a deferred inflow of resources. Under the accrual basis of accounting, the government wide statement of net position reports grants received in advance, the difference between expected and actual experience for pensions, and the net difference between projected and actual earnings on plan investments related to pensions as a deferred inflow of resources.

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

6. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g. bridges), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and have estimated useful lives of over one year are recorded as capital assets.

Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at acquisition cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlay of capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Asset</u>	<u>Years</u>
Infrastructure	40
Buildings and Improvements	20-40
Equipment and Vehicles	5-10

7. Allowance for Doubtful Accounts

Accounts receivable have been reported net of allowance for doubtful accounts. The County recorded an allowance for uncollectible taxes of \$1,041,690 as of December 31, 2018.

8. Compensated Absences

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

9. Prepaid Costs

Prepaid items are recorded as an expenditure/expense in the fund level and government-wide financial statements when consumed.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums or discounts. Deferred loss on refundings are reported as deferred outflows of resources and amortized over the shorter term of the new or old debt.

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

11. Unearned Revenues

Revenues that are received but not earned are recorded as unearned revenues in the County's financial statements. In the County's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

12. Interfund Transactions

Quasi and external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

13. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

13. Fund Balances (Continued)

- Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Members of the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.
- Assigned fund balance – This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Commissioners delegated this responsibility to the County Manager.
- Unassigned fund balance – This classification represents amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

14. Net Position

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

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

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

14. Net Position (Continued)

- *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.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

15. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania Municipal Retirement System (PMRS) and additions to/deductions from PMRS's fiduciary net position have been determined on the same basis as they are reported by PMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

16. 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 results may differ from those estimates.

G) Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of Governmental Accounting Standards Board Statement ("GASB") No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", the provisions of Statement No. 85, "*Omnibus 2017*", and the provisions of No. 86, "*Certain Debt Extinguishment Issues*". The adoption of GASB 75 resulted in the restatement of net position (See Note 22) and additional footnote disclosure (See Note 21). The adoption of GASB Statements 85 and 86 had no effect on previously reported amounts.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

H) Pending Changes in Accounting Principles

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

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

In 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.

In April 2018, the GASB issued Statement No. 88, "*Certain Disclosures related to Debt, including Direct Borrowing and Direct Placements*." The County is required to adopt statement No. 88 for its calendar year 2019 financial statements.

In June 2018, the GASB issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*." The County is required to adopt statement No. 89 for its calendar year 2020 financial statements.

In August 2018, the GASB issued Statement No. 90, "*Majority Equity Interests – an amendment of GASB Statements No. 14 and No.61*." The County is required to adopt statement No. 90 for its calendar year 2019 financial statements.

In May 2019, the GASB issued Statement No. 91, "*Conduit Debt Obligations*". The County is required to adopt Statement No. 91 for its calendar year 2021 financial statements.

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

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 2: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2018 were as follows:

Governmental Funds	
General Fund	
CD's	\$ 1,098,000
Conservation District	
CD's	613,201
Fixed Income Mutual Funds	242,407
Balanced Mutual Funds	47,319
Equity Mutual Funds	<u>192,950</u>
 Total Governmental Funds	 <u>2,193,877</u>
 Government-Wide Funds	
Investment Derivative	<u>618,887</u>
 Total Primary Government Investments	 <u>\$2,812,764</u>

As of December 31, 2018, the County had the following debt investments and maturities within its excess operating fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 1,711,201	\$ 1,112,201	\$ 449,000	\$ -	\$ 150,000
Fixed Income Mutual Funds	242,407	39,363	96,423	106,621	-
Mutal Funds	240,269	N/A	N/A	N/A	N/A
Investment Derivative	618,887	-	-	-	618,887
Total	<u>\$ 2,812,764</u>	<u>\$ 1,151,564</u>	<u>\$ 545,423</u>	<u>\$ 106,621</u>	<u>\$ 768,887</u>

Interest Rate Risk: The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

See Note 12 for information on interest risk, credit risk, and fair value for the County's derivative instruments.

Credit Risk: The County's investment policy limits investments to direct obligations of the United States Government or its agencies; local agency demand deposits, certificates of deposit; Ginnie Mae, Fannie Mae, Freddie Mac, and obligations secured by these agencies; mutual funds; corporate bonds rated A or higher by Standard & Poors or Moody's; commercial paper which is eligible for purchase by the discount window of the Federal Reserve Bank and has a rating of A-1 by Moody's or P-1 by Standard & Poors; bankers acceptances which are eligible for purchase by the discount window of the Federal Reserve Bank; repurchase agreements having a maturity of less than 30 days; and passbook savings account demand deposits and money market accounts. The County investments in fixed income mutual funds as of December 31, 2018 were rated AAA.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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 not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2018, \$35,289,192 of the County's bank deposits of \$38,266,325 were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. Included in the totals above are certificates of deposit in the amount of \$1,711,201. The certificates of deposits had an original maturity greater than 90 days and are classified as investments in the financial statements. The County does not have a written policy to limit its exposure to custodial credit risk.

Concentration of Credit Risk: The County has no formal policy for investments pertaining to concentration of credit risk. At December 31, 2018, the County was not exposed to concentration of credit risk.

Fair Value

Generally accepted accounting principles define fair value, describe a framework for measuring fair value, and require disclosure about fair value measurements. Recurring fair value measurements are those that GASB Statements require or permit at the end of each reporting period. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Represented by quoted prices available in an active market.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows.

Level 3 – Represented by financial instruments where there is limited activity or nonobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumptions about the market risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Mutual Funds

Mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and ask prices on such exchange. The County's interests in mutual funds are categorized by type as fixed income or equity. Such securities are classified within Level 1 of the valuation hierarchy.

The County has mutual funds that have recurring fair value measurements as of December 31, 2018. All mutual funds of \$ 482,676 are valued using quoted market prices (Level 1 inputs).

NOTE 3: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose has been classified as restricted in the governmental funds balance sheet and the statement of net position. Restricted assets are composed of the following:

General Fund	
Cash Restricted for Program Purposes	\$ 15,829
Cash Restricted for Debt Service	47,505
Cash Held in Escrow	458,120
Nonmajor Governmental Funds	
Cash for Construction	<u>1,382,061</u>
Total Restricted Assets	<u>\$1,903,515</u>

NOTE 4: REAL ESTATE TAXES

Real estate taxes attach as an enforceable lien on property on January 1. Taxes are billed on or about March 1, payable under the following terms: 2% discount, March 1 through April 30; face amount, May 1 through June 30, and 10% penalty after June 30. The County bills these taxes which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities. Real estate taxes levied for 2018 are recorded as receivables, net of estimated uncollectibles. Net receivables estimated to be collectible subsequent to March 1 are recorded as a deferred inflow of resources – unavailable revenue property taxes in the Governmental Funds Balance Sheet. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectibility. The rate of taxation in 2018 was 3.7072 mills for general purposes, .1147 mills for library purposes, and .3675 mills for public safety purposes.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 5: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>GOVERNMENTAL ACTIVITIES:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,306,312	\$ -	\$ -	\$ 1,306,312
Agricultural Easements	9,942,377	398,438	-	10,340,815
Construction in Progress	1,983,114	144,969	(1,746,827)	381,256
Total Capital Assets, Not Being Depreciated	<u>13,231,803</u>	<u>543,407</u>	<u>(1,746,827)</u>	<u>12,028,383</u>
Capital Assets, Being Depreciated:				
Infrastructure	7,486,218	1,746,827	-	9,233,045
Buildings and Improvements	64,179,284	77,823	-	64,257,107
Equipment and Vehicles	41,744,756	406,052	-	42,150,808
Total Capital Assets Being Depreciated	<u>113,410,258</u>	<u>2,230,702</u>	<u>-</u>	<u>115,640,960</u>
Less Accumulated Depreciation For:				
Infrastructure	(4,002,429)	(149,893)	-	(4,152,322)
Buildings and Improvements	(21,724,897)	(1,683,497)	-	(23,408,394)
Equipment and Vehicles	(16,163,298)	(3,229,764)	-	(19,393,062)
Total Accumulated Depreciation	<u>(41,890,624)</u>	<u>(5,063,154)</u>	<u>-</u>	<u>(46,953,778)</u>
Total Capital Assets, Being Depreciated, Net	<u>71,519,634</u>	<u>(2,832,452)</u>	<u>-</u>	<u>68,687,182</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,751,437</u>	<u>\$(2,289,045)</u>	<u>\$ (1,746,827)</u>	<u>\$ 80,715,565</u>

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

<u>GOVERNMENTAL ACTIVITIES:</u>	
General Government-Admin.	\$ 376,312
General Government-Judicial	49,253
Public Safety	3,939,819
Public Works	111,258
Human Services	481,259
Conservation and Development	<u>105,253</u>
Total Depreciation Expense – Governmental Activities	<u>\$5,063,154</u>

NOTE 6: LAND HELD FOR RESALE

On April 29, 2013, the Adams County Industrial Development Authority purchased a property in downtown Gettysburg, Pennsylvania for \$1,346,715. The buildings on the property have been demolished. The site is now prepared for future building needs. Engineering fees, legal fees, maintenance fees and other expenses related to this property amounted to \$424,050 at December 31, 2018, and have been capitalized.

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description. The County, through a June 2010 agreement, provides employee pension benefits through participation in the Pennsylvania Municipal Retirement System (PMRS). The PMRS was created by the Pennsylvania General Assembly in 1974 with the passage of the Pennsylvania Municipal Retirement Law 1974, P.L. 34, No. 15. PMRS administers pension plans on a contracted basis for any municipality or institution supported and maintained by a Pennsylvania municipality. This agent multiple-employer public employee retirement system maintains each municipality's account separately with that municipality's contributions and related employee contributions, and earnings segregated into separate accounts. PMRS issues a separate Comprehensive Annual Financial Report, which can be obtained by contacting the PMRS accounting office at P.O. Box 1165, Harrisburg, PA 17108-1165.

Benefits Provided. Benefit terms were established under the June 2010 agreement between PMRS and the County, changes to benefit terms can only occur by modification of this agreement. Major provisions of the 2010 agreement include the following:

All full-time County employees are required to participate in the System. Benefits vest after five years of service. Employees can retire with an annual retirement benefit after 20 years of service provided age 55 has been attained, or at age 60.

The normal form of payment of retirement benefits is a monthly annuity available for the life of the retired employee. For members hired on or after July 1, 2010 an annuity comprised of the following applicable annuities:

- A municipal annuity equal to one percent of the member's final salary multiplied by all years of credited service.
- A member's annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the accumulated member contributions, regular interest on the member contributions, and any excess interest that may be credited to the member's account.

For members hired prior to July 1, 2010, an annuity comprised of the following applicable annuities:

- A current service municipal annuity equal to one and twenty five hundredths percent (1.25%) of the member's final salary multiplied by all years of credited service rendered by the member subsequent to January 1, 2005
- A prior service municipal annuity equal to one percent (1.0%) of the member's final salary multiplied by all years of credited service rendered by the member between January 1, 2005 and January 1, 1975.
- An additional prior service municipal annuity equal to four tenths percent (0.4%) of the annual average compensation earned during the five years immediately preceding January 1, 1975 or, if not so long employed, then the average annual compensation earned and paid during the whole period of such employment times all years of credited service rendered by the member between January 1, 1975 and January 1, 1963.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. *General Information about the Pension Plan (Continued)*

- An additional prior service municipal annuity equal to four tenths percent (0.4%) of the annual average compensation earned during the year prior to January 1, 1963 or, if not so long employed, then the average annual compensation earned and paid during the whole period of such employment times all years of credited service rendered by the member between January 1, 1953 and January 1, 1963.
- A member's annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the accumulated member contributions, regular interest on the member contributions, and any excess interest that may be credited to the member's account.

Supplemental benefits are derived from employee contributions and interest earnings of the fund. A retiree may elect to receive a reduced amount of benefit and provide a death benefit in the form of annuity or lump sum to the designated beneficiary. The plan also provides death and disability benefits for an active employee.

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

Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings.

Employees Covered by Benefit Terms. At December 31, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	255
Inactive plan members entitled to but not yet receiving benefits	88
Active plan members	494
	837

Contributions. Required contributions to the plan are governed by the 2010 agreement. The PMRS Board will actuarially determine the normal cost of the benefits provided under the contract (2010 agreement) and any liability associated with the actuarial experience of such benefits which shall be contributed annually by the County. Members shall contribute six percent of their compensation to fund the annuity. Members shall also have the option to contribute an additional percentage to fund the optional contribution annuity. The total of the mandatory and optional contributions shall not exceed sixteen percent (16%) of the member's compensation. Optional contributions shall be based on whole percentages and may only be changed or stopped one time per calendar year with written notification to the System.

Payment shall be made by payroll deductions and transmitted to the System by the County in accordance with established System procedures. For the year ended December 31, 2018, the average active employee contribution rate was 6.0% of annual pay, and the County's average contribution rate was 7.55% of covered annual payroll.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability

The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 with update procedures performed to roll forward the liabilities to December 31, 2017.

Actuarial assumptions. The total pension liability was measured as of December 31, 2017 and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	5.25%,
Projected salary increases	Age related scale with merit and inflation component ranging from 2.8% to 7.05%
Inflation	3.0%

Mortality rates Pre-Retirement were based on the RP-2000 Male Annuitant Table projected 15 years with Scale AA for males and the RP-2000 Female Annuitant Table projected 15 years with scale AA and the setback 5 years for females. Mortality rates Post-Retirement were based on the RP-2000 Male Annuitant Table projected 5 years with Scale AA and RP-2000 Female Annuitant Table projected 10 years with Scale AA.

The discount rate was changed from 5.50% to 5.25% for the 2016 measurement period.

The actuarial assumptions used in the December 31, 2017 valuation were based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015 as well as subsequent Board approved assumption changes.

The PMRS system's long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future arithmetic real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence. There are four steps to the method:

- 1.) Expected future real rates of return are based primarily on the 20 year historic nominal rates of return as reflected by applicable return indexes and may be adjusted for specific asset classes if, in the Board's opinion, any such asset classes are expected in the future to significantly vary from its 20 year historical returns. These nominal rates of return further assume that investment expenses will be offset by the additional return performance derived from active investment management.
- 2.) The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 3% to produce real rates of return.
- 3.) The real rates of return are further adjusted by weighting each asset class using the PMRS portfolio target asset allocations. The results from steps 1 through 3 are shown in the chart below.
- 4.) These weighted real rates of return are then subjected to a probability simulation to understand the likelihood of success in achieving various portfolio return levels. Based on the most recent asset allocation study conducted by Dahab Associates, the minimum acceptable confidence level for the PMRS Board has been determined to be 70%.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Asset Class	Target Asset Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large capitalized firms)	25%	8.6%	5.6%
Domestic Equities (small capitalized firms)	15%	10.2%	7.2%
International Equities (international developed markets)	15%	7.6%	4.6%
International Equities (emerging markets)	10%	11.7%	8.7%
Real Estate	20%	9.2%	6.2%
Fixed Income	15%	5.1%	2.1%

Based on the four part analysis, the PMRS Board established the System's Long-Term Expected Rate of Return at 7.3%.

In addition to determining the System's Long-Term Expected Rate of Return, PMRS also develops a Long-Term Expected Rate of Return for individual participating municipalities. The Long-Term Expected Rate of Return for individual participating municipalities is also referred to as the Regular Interest Rate. Under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), the Board is obligated to apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. Therefore, under the law, the Long-Term Expected Rate of Return for individual participating municipalities is equal to the Regular Interest Rate. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "*Discount rate*". As of December 31, 2017, the Regular Interest Rate was 5.25%.

The System's policy in regards to the investment income allocation on invested assets is established and may be amended by the PMRS Board. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of PMRS.

Discount rate. While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate. The PMRS Board establishes the Regular Interest Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. The PMRS Board considers the following five quantitative factors in establishing the Regular Interest Rate:

- 1.) Retiree Plan liability as a percentage of total Plan liability,
- 2.) Active Plan participant liability as a percentage of total Plan liability,
- 3.) Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates as a proxy for annuity purchase rates,
- 4.) PMRS System Long-Term Expected Rate of Return and,
- 5.) PMRS administrative expenses.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

*B. Net Pension Liability (Continued)**Discount Rate (Continued)*

The PMRS Board may then adjust the Regular Interest Rate due to a variety of qualitative factors such as the desire to minimize Regular Interest Rate volatility, trending of PBGC annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Discount Rates adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.25% for the December 31, 2017.

The Regular Interest Rate / Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate, the PMRS Board is authorized to allocate any applicable portion of such excess in accordance with PMRS Board policies in the form of Excess Interest as provided for in the law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Discount Rate was required (depletion testing"), used the following assumptions: 1.) member contributions will be made at the current contribution rate 2.) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3.) the System's Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

C. Changes in the Net Pension Liability

Changes in the County's net pension liability for the plan for the December 31, 2017 measurement period were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at 12/31/2016	\$ 80,128,899	\$ 73,914,410	\$ 6,214,489
Changes for the year:			
Service cost	3,041,085	-	3,041,085
Interest	4,283,311	-	4,283,311
Differences between expected and actual experience	(1,984,717)	-	(1,984,717)
Contributions - employer	-	1,636,929	(1,636,929)
Contributions - member	-	1,382,562	(1,382,562)
Net investment income	-	12,917,896	(12,917,896)
Benefit payments, including refunds of employee contributions	(3,080,130)	(3,080,130)	-
Administrative expense	-	(202,792)	202,792
Net changes	2,259,549	12,654,465	(10,394,916)
Balances at 12/31/17	<u>\$ 82,388,448</u>	<u>\$ 86,568,875</u>	<u>\$ (4,180,427)</u>

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. *Changes in the Net Pension Liability (Continued)*

Sensitivity of the pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 5.25%, 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 (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
County's net pension liability	\$3,801,250	\$(4,180,427)	\$(10,857,907)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issues PMRS financial report.

D. *Pension Expense and Deferred Outflows of Resources Related to Pensions*

For the year ended December 31, 2018, the County recognized pension expense of \$681,150. At December 31, 2018 the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,624,269
Changes in assumption	1,836,217	-
Net difference between projected and actual earnings on pension plan investments	-	6,515,891
Contributions subsequent to the measurement date	1,603,306	-
	<u>\$ 3,439,523</u>	<u>\$ 9,140,160</u>

The \$1,603,306 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018 financial statements. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2019	\$(1,401,371)
2020	(1,441,268)
2021	(2,245,046)
2022	(1,885,471)
2023	(330,787)
Thereafter	-

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 8: LEASES

The County leases office space and land for 911 towers under several operating lease agreements which have expiration dates ranging from 2018 to 2033. Some of the agreements contain renewal provisions at the County's option. The County also has a lease with a related party as described in Note 20. The following is a schedule of the future minimum rental payments to be made under the various leases as of December 31, 2018:

<u>Years</u>	<u>Courts</u>	<u>Agencies</u>	<u>Total</u>
2019	\$ 34,000	\$ 296,046	\$ 330,046
2020	-	275,229	275,229
2021	-	283,485	283,485
2022	-	291,990	291,990
2023	-	300,750	300,750
2024-2028	-	1,527,427	1,527,427
2029-2033	-	835,569	835,569
	<u>\$ 34,000</u>	<u>\$3,810,496</u>	<u>\$ 3,844,496</u>

Rent expense for 2018 was \$321,424.

NOTE 9: RISK MANAGEMENT

Effective January 1, 1999, 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. For the year ended December 31, 2018, the County was required to pay an insurance premium of \$800,012 to the Trust. The Trust has an audit performed each year and the County may be required to pay an additional premium or entitled to a refund as a result of the audit. For the 2018 Trust audit, the County was paid a refund of \$16,989.

Effective January 1, 2017, the County has elected not to purchase commercial health insurance for the risks of losses to which it is exposed. Instead, the County's management believes it is more economical to manage its risk internally. The County pays all claims for risk of loss which the County is exposed including health claims, which are administered by third parties. The County has purchased stop loss insurance from commercial insurers that will reimburse the County 100% of all medical claims over \$175,000 per year per participant with exceptions.

The County will also receive a stop loss reimbursement of 100% for all medical claims up to \$1,000,000 which exceed \$5,651,844 in 2018. The County would have to fund any claims incurred in excess of the \$1,000,000 threshold. During the year ended December 31, 2018, the County received stop loss reimbursements for six claimants in the amount of \$3,218,998.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 9: RISK MANAGEMENT (CONTINUED)

The County accounts for its self-insurance activity in its Internal Service Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because of delays between the time a claim is incurred and it is reported to the County for payment, the estimated liability does not necessarily result in an exact amount. The County's claims liabilities amounts for the years ended December 31, 2018 and 2017 were:

	<u>2018</u>	<u>2017</u>
Liability at beginning of year	\$ 789,044	\$ 1,535,081
Add: incurred claims relating to:		
Prior years	(6,518)	(163,700)
Current year	10,103,493	6,167,825
Less: Payment of claims relating to:		
Prior years	782,526	1,371,381
Current year	<u>9,274,514</u>	<u>5,378,781</u>
Liability - end of year	<u>\$ 828,979</u>	<u>\$ 789,044</u>

The County continues to carry commercial insurance for all other risks of loss including dental, liability and property, and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years except for the stop loss reimbursements mentioned above. The self-insurance liability is recorded as Accounts Payable in the Proprietary Fund Statement of Net Position and the Government - Wide Statement of Net Position.

NOTE 10: DEFICIT FUND EQUITY/NET POSITION

The 911 Capital Projects Fund had a deficit unassigned fund balance of \$733,134.

The Capital Reserve Fund had a deficit unassigned fund balance of \$80,215.

The Human Services Building Fund had a deficit unassigned fund balance of \$41,384.

The Internal Service Fund has a deficit unrestricted net position balance of \$1,596,923.

The County plans to fund these deficits with the proceeds of futures bond issues and future rate increases for the Internal Service Fund.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 11: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	<u>Beginning Balance, As Restated (Note 22)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds and Note Payable:					
General obligation debt	\$76,082,790	\$ -	\$3,336,057	\$72,746,733	\$3,411,794
Less: Bond Discount	(83,413)	-	(4,223)	(79,190)	(4,223)
Plus: Bond Premium	3,040,230	-	179,296	2,860,934	179,296
Total Bonds and Note Payable:	79,039,607	-	3,511,130	75,528,477	3,586,867
Other Long Term Liabilities:					
Compensated absences	1,171,138	148,552	112,922	1,206,768	120,677
Net Pension Liability/(Asset)	6,214,489	-	6,214,489	-	-
Total OPEB Liability	1,744,423	143,363	29,615	1,858,171	-
Upfront Borrowing	717,685	-	43,736	673,949	-
Total Other Long Term Liabilities	9,847,735	291,915	6,400,762	3,738,888	120,677
Governmental Activities: Long-Term Liabilities	\$88,887,342	\$291,915	\$9,911,892	\$79,267,365	\$3,707,544
<u>Business-Type Activities:</u>					
Note Payable	\$ 470,459	\$ -	\$ 111,165	\$ 359,294	\$ 113,836
Total Note Payable	470,459	-	111,165	359,294	113,836
Business-Type Activities Long-Term Liabilities	\$ 470,459	\$ -	\$ 111,165	\$ 359,294	\$ 113,836

Compensated absences, other postemployment benefits, and the net pension liability (asset) are liquidated by the General Fund, Children & Youth Fund, 911 Fund, and certain other Nonmajor Funds.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt debt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. At December 31, 2018, the County has not recorded an arbitrage liability in its financial statements.

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

NOTE 11: LONG-TERM LIABILITIES (Continued)

General Obligation Notes and Bonds Governmental Activities:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2018</u>
2012	\$37,135,000	General Obligation Bonds, Series of 2012 issued for the purpose of refunding the 2003 Bonds, 2007 Notes, 2009 Notes, and to fund an emergency management project. The bonds bear an interest rate between .30% and 4.0% (final maturity occurs in 2037). Principal due in annual installments on May 15 th increasing from \$1,585,000 in 2017 to \$1,240,000 in 2037.	\$27,695,000
2016	\$13,435,000	General Obligation Bonds, Series of 2016 issued to currently refund the General Obligation Note, Series B of 2013 and finance various capital projects. The bonds bear an interest rate ranging from 2% to 4% (final maturity in 2041). Principal due in annual installments on September 15 th increasing from \$125,000 in 2017 to \$4,020,000 in 2041.	13,200,000
2016	\$183,000	Note Payable issued to update Ag Center HVAC system. The Note bears a fixed rate of 4.50% for the first 60 months and a variable rate thereafter with a floor of 4.50% based on the remaining proceeds of the note. Principal due in annual installments increasing from \$9,858 in 2016 to \$18,373 in 2026.	141,733
2017	\$34,675,000	General Obligation Bonds, Series A,B, and C of 2017. Proceeds of the Series A Bonds were used to fund a termination payment associated with the cancellation of the 2008 fixed pay swap. The proceeds of the Series B Bonds were used to currently refund the outstanding General Obligation Bonds, Series of 2014. The proceeds of the Series C Bonds are to be used to fund various capital projects of the County. The Series A Bonds bear interest rates ranging from 1.3% to 2.0%, the Series B Bonds bear interest rates ranging from 2.0% to 5.0%, and the Series C Bonds bear interest rates ranging from 2.0% to 3.1%. Principal due in annual installments on November 15 th ranging from \$1,390,000 in 2017 to \$2,590,000 in 2037.	31,710,000
			\$72,746,733

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 11: LONG-TERM LIABILITIES (Continued)

An analysis of debt service requirements to maturity on these governmental activities obligations follows with the exception of accrued compensated absences, *assuming current interest rate remain the same*:

<u>Governmental Activities:</u>		<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Years Ended December 31:				
2019		\$ 3,411,794	\$ 2,539,752	\$ 5,951,546
2020		3,522,566	2,440,383	5,962,949
2021		3,618,373	2,327,016	5,945,389
2022		3,754,217	2,173,397	5,927,614
2023		3,949,783	2,020,443	5,970,226
2024-2028		19,420,000	7,716,840	27,136,840
2029-2033		21,285,000	4,512,446	25,797,446
2034-2038		12,165,000	1,303,390	13,468,390
2039+		1,620,000	98,100	1,718,100
		<u>\$72,746,733</u>	<u>\$25,131,767</u>	<u>\$97,878,500</u>

Note Payable Business-Type Activities:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2018</u>
2014	\$1,750,000	Note Payable issued for the purpose of purchasing a downtown property, to complete demolition of the existing building, and to prepare for future building needs. The notes bear an interest rate of 4.1% from December 1, 2014 through May 31, 2018 and adjusts to a variable rate equal to the prime rate as published in the Wall Street Journal thereafter. Principal due in annual installments increasing from \$68,862 in 2014 to \$115,266 in 2021.	\$359,294
			<u>\$359,294</u>

An analysis of debt service requirements to maturity on these business-type activities obligations follows with the exception of accrued compensated absences, *assuming current interest rate remain the same*:

<u>Business-Type Activities:</u>		<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Years Ended December 31:				
2019		\$113,836	\$16,920	\$130,756
2020		120,257	10,499	130,756
2021		125,201	3,583	128,784
		<u>\$359,294</u>	<u>\$31,002</u>	<u>\$390,296</u>

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 12: INTEREST RATE SWAPS

Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2018, classified by type, and the changes in fair values of such derivative instruments for the year then ended as reported in the 2018 financial statements are as follows:

	Current Notional Amount	Fair Value at December 31, 2018		Changes in Fair Value	
		Classification	Amount	Classification	Amount
Governmental Activities					
Investment Derivative:				Unrestricted Investment Income/(Loss)	
2005 Basis Swap	\$22,770,00	Investment	\$ 618,887		\$29,851

Fair Values

The fair values of the swaps are estimated using the zero-coupon method and market standard option pricing methods. This method calculates the future net settlement payments required by the swap assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The fair values are determined using Level 2 inputs (observable inputs).

Objective and terms of derivative instruments

2005 Basis Swap- In March 2005, the County entered into a Basis Swap agreement with Wachovia Bank as the Counterparty in relation to the County's General Obligation Bonds, Series of 2002 in the then outstanding notional amount of \$34,825,000. The 2005 Basis Swap consists of an interest rate swap agreement whereby the County receives from the Counterparty an interest rate equal to 65% of 1 month LIBOR plus 30 basis points (.30%) and is obligated to pay the Counterparty an interest rate equal to the short term tax exempt rate Bond Market Association index (BMA). In consideration for this monthly exchange formula, the County received an up-front payment in the amount of \$1,190,000. This amount is considered a borrowing and it is reported at the historical cost of \$1,190,000. As payments are made on the swap, principal and interest payments on the borrowing are imputed. Interest income is accrued at the at the market rate used to arrive at the initial balance of the borrowing (2.47783%). The swap is now associated with the General Obligation Bonds, Series of 2017. At December 31, 2018, the swap consisted of an investment derivative with a value of \$618,887 and a borrowing of (\$673,949) for a net fair value of (\$55,062).

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

NOTE 12: INTEREST RATE SWAPS (CONTINUED)

Derivative Instrument Risks

Credit Risk. As of December 31, 2018, the County was not exposed to credit risk because the swap (net) had a negative fair value. However, should interest rates change and the fair value of the swap (net) becomes positive, the County would be exposed to credit risk in the amount of the derivatives fair value. As of December 31, 2018, the Counterparty was rated Aa2 by Moody's, A+ by Standard and Poors and AA- by Fitch.

The County's Master Swap Agreement contains netting provisions applicable to circumstances where the county enters into more than one derivative transaction with a single counterparty. Under these netting provisions, should one party become insolvent or otherwise default on its obligations, the close-out netting provisions permit the nondefaulting party to terminate all affected transactions and net any settlement amounts payable so that a single sum will be owed by, or owed to, the nondefaulting party.

Interest Rate Risk. This is the risk that there is a mismatch between the percentage of LIBOR receipt to the County and the BMA obligation of the Counterparty. In the 2005 Basis Swap, the County receives from the Counterparty an interest rate equal to 65% of 1 month LIBOR plus 30 Base Points (0.30%) spread and is obligated to pay the Counterparty an interest rate equal to SIFMA. The swap matures in November, 2031.

NOTE 13: INTERFUND TRANSFERS

Interfund "transfers in" and "transfers out" are as follows:

	Transfers In	Transfers Out
General Fund	\$ 1,372,051	\$ 3,812,000
Children and Youth	917,933	15,782
911 Fund	1,542,315	-
Nonmajor Governmental Funds	2,652,598	2,657,115
	<u>\$6,484,897</u>	<u>\$6,484,897</u>
Total Governmental Fund Types		

Transfers from the General Fund are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary and legal authorizations, including amounts as subsidies or matching funds for various grant programs.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances of each individual fund as of December 31, 2018, are as follows:

<u>Governmental Fund Types</u>	Due From Other Funds	Due to Other Funds
General Fund	\$ 7,574,487	\$ 2,141,041
Children and Youth Fund	710,567	85
911 Fund	1,557,181	1,743,536
Nonmajor Governmental Funds	144,218	1,495,607
Total Government Fund Types	9,986,453	5,380,269
 <u>Proprietary Fund Type</u>		
Internal Service Fund	-	4,606,184
Total Proprietary Fund Type	-	4,606,184
Total	\$ 9,986,453	\$ 9,986,453

The General Fund has paid expenses on behalf of other funds, therefore, a corresponding interfund receivable and payable has been recorded. The General Fund loaned or paid funds to/on behalf of the Internal Service Fund. The Internal Service Fund will repay the interfund loan by increasing future rates to its users. The interfund loan receivable and interfund loan payable balance outstanding as of December 31, 2018 was \$905,295 for the General Fund and Internal Service Fund, respectively.

NOTE 15: COMMITMENTS AND CONTINGENCIES

- A) The County participates in a variety of federal and state assisted grant programs, which are subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.
- B) 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 position.

NOTE 16: COMPENSATED ABSENCES

Employees of the County are entitled to certain compensated absences, consisting of paid time off ("PTO") and sick leave. All full-time employees are eligible to accrue PTO, beginning the first day of employment. PTO hours are accrued based on the number of nonovertime hours paid. At year-end, employees may carry over a maximum of 200 hours of unused PTO. At year-end, any unused PTO in excess of 200 hours is placed in the sick leave reserves for employees. Sick leave reserves of up to 60 hours are eligible for reimbursement upon termination or retirement from employment. Applicable GASB pronouncements require accrual of compensated absences that meets certain specific conditions. The County has determined that such conditions apply to PTO pay of Governmental Funds and the Proprietary Funds. To the extent PTO liabilities for governmental funds are liquidated with available resources they are accounted for as fund liabilities in the fund financial statements; the remainder of the obligation is accounted for in the government-wide financial statements. Proprietary funds account for the entire amount of these liabilities in both the government-wide and fund financial statements.

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

NOTE 17: FUND BALANCES/NET POSITION

The constraints of fund balances included in the fund financial statements represent portions of fund balances that are nonspendable, restricted, or assigned for various purposes and are not available for the payment of other subsequent expenditures. The following nonspendable, restricted, and assigned fund balances are included in the fund financial statements.

General FundNonspendable

This line item represents amounts for prepaid expenses.	<u>\$ 180,139</u>
This line item represents amounts for loans receivable	<u>\$ 1,303,768</u>
This line item represents amounts for interfund loans.	<u>\$ 905,295</u>

Restricted

This line item represents amount for debt service.	<u>\$ 47,505</u>
--	------------------

Nonmajor FundsRestricted

<u>2017 Capital Projects Fund (Capital Projects)</u>	<u>\$ 1,338,037</u>
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This line item represents amounts that are restricted for various capital projects of the County .

<u>Act 13 Fund (Public Works)</u>	<u>\$ 707,603</u>
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This line item represents amounts that are restricted for the expenditures in accordance with Act 13.

<u>Liquid Fuels Tax (Public Works)</u>	<u>\$ 918,120</u>
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This line item represents amounts that are restricted by grantors for the future payments of expenditures for the building and improvement of roads and bridges.

<u>Records Improvement (General Government)</u>	<u>\$ 598,145</u>
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This line item represents amounts that are restricted for improvements in the Recorder of Deeds' Office.

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

NOTE 17: FUND BALANCES/NET POSITION (CONTINUED)

Nonmajor Governmental Funds (Continued)Restricted (Continued)

<u>Home Fund (Conservation and Development)</u>	<u>\$ 291</u>
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This line item represents amounts that are restricted by grantors for future expenditures for community rehab projects.

<u>Affordable Housing (Conservation and Development)</u>	<u>\$ 942,892</u>
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This line item represents amounts collected from the recording of fees for mortgages and deeds to enhance local affordable housing efforts.

<u>Hotel Tax (Culture and Recreation)</u>	<u>\$ 2,403,537</u>
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This line item represents amounts that are restricted for the levying and setting of Hotel room rental tax required for the specific purpose of the County government.

<u>Court Reserved Fund (Judicial)</u>	<u>\$ 698,564</u>
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This line item represents amounts that are restricted to track court related revenues such as Offender Supervision fees, treatment fees, and Youth offender education fees.

<u>Conservation District (Conservation and Development)</u>	<u>\$ 2,432,237</u>
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This line item represents amounts that are restricted for the preservation of Adams County's natural resources, land preservation, and debt service.

<u>Coroner's VISA (Judicial)</u>	<u>\$ 19,429</u>
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This line item represents amounts that are restricted by grantors for purchases of equipment, training, and office and laboratory facility improvement.

<u>Law Enforcement (Public Safety)</u>	<u>\$ 45,470</u>
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This line item represents amounts that are restricted by grantors for purchase of law enforcement equipment.

<u>Juvenile Restitution (Public Safety)</u>	<u>\$ 54,547</u>
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This line item represents amounts that are restricted for restitution expenditures.

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 17: FUND BALANCES/NET POSITION (CONTINUED)

Nonmajor Governmental Funds (Continued)Restricted (Continued)

<u>Ag Land Preservation (Conservation and Development)</u>	<u>\$ 846,954</u>
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This line item represents amounts that are restricted for land preservation.

<u>Domestic Relations (Judicial)</u>	<u>\$ 1,518,945</u>
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This line item represents IV-D incentives funding restricted for program use.

<u>Prison Commissary (Public Safety)</u>	<u>\$ 81,914</u>
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This line item represents amounts restricted for the Prison Commissary fund.

<u>Parks and Recreation's Green Space Program (Culture and Recreation)</u>	<u>\$ 568,360</u>
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This line item represents amounts restricted for the Green Space Program.

NOTE 18: NOTES RECEIVABLE

Notes receivable represent amounts loaned to qualified County residents for Affordable Housing that are to be repaid to the County. The notes receivable balances consist of the following at December 31, 2018:

<u>Program</u>	<u>Balance Outstanding December 31, 2018</u>
Original note amount of \$25,000 issued August 15, 2000 for home repairs with an interest rate of 1% per annum due in monthly installments of principle and interest of \$94 commencing on October 1, 2000 through and including September 1, 2025.	\$ 22,231
Original note amount of \$90,000 issued in 2005 for home repairs with an interest rate of 1% per annum due in monthly installments of principal and interest of \$414 commencing in February, 2005 through and including January, 2025.	27,914
Original note amounts ranging from \$4,625 to \$25,000 issued from November 2003 through August 2020 for home repairs and improvements. The loans are forgiven at the rate of 10% each year for ten years. If the property is sold, transferred or vacated before the end 10 years, the unforgiven portion of the loan must be repaid.	21,881
Original mortgage note amount of \$260,000 issued in 2006 at an interest rate of 3% per annum due in monthly installments of principal and interest of \$1,233 commencing in July, 2006 through and including June, 2031.	<u>76,290</u>
Total Notes Receivable	<u>\$148,316</u>

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

NOTE 19: LOANS RECEIVABLE

The County loaned or paid funds to/on behalf of the Adams County Industrial Development Authority in which the Authority was able to purchase four properties. Upon sale of these lots, proceeds will be transferred to the County until the loan is satisfied. The balance outstanding as of December 31, 2018 was \$771,463. The County also loaned an additional \$497,305 to the Adams County Industrial Development Authority (IDA). The County guaranteed and is paying all the required debt service payments on a Note Payable on behalf of the IDA. The County will receive reimbursement when the IDA sells the properties associated with the Note, if the sales price exceeds the IDA's net investment in the property. The County also loaned an additional \$35,000 to another entity. This amount will be repaid in the subsequent year.

NOTE 20: RELATED PARTY TRANSACTIONS

Effective September 3, 2014 the County entered into a lease agreement in which the County leases 19,459 square feet of the Agricultural Center Building from the Adams County Conservation District. The lease ran through June 30, 2017 and was renewed during 2017, with rent being due on or about the first day of each month. The lease automatically renews for subsequent three year periods; provided that either party may cancel the at the end of the rental period by providing written notice to the other party at least 90 days prior to the end of any period. After the first year and each successive year, the rent may be increased or decreased based on the changes in costs associated with the operation and maintenance of the Center or changes in debt service requirements. Rent expense for 2018 was \$155,672. Rent expense for 2019 and 2020 will be \$155,672 and \$77,836, respectively.

NOTE 21: OTHER POST-EMPLOYMENT BENEFITS

The County administers a single-employer defined benefit OPEB Plan ("Plan"). The Plan provides postretirement medical benefits for eligible retirees. The County does not issue separate financial reports for the Plan.

Plan Description:

The Adams County Employees' Postretirement Benefits Plan is a non-contributory, single-employer postretirement benefits plan that covers full-time employees of the County. The plan provides postretirement medical benefits upon retirement to plan members and their beneficiaries, pursuant to a County Resolution approved by the Board of Commissioners that was effective January 1, 1998. The plan can be amended by the Board of Commissioners. The plan is administered by a plan administrator appointed by the governing body of the County. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. An employee enters the plan on the day he becomes a full-time County employee. A County employee who retires at age 55 or older from the County's pension program and has completed 20 or more years of service is eligible for continued health insurance until age 65. A county employee who terminates employment prior to retirement eligibility will not be eligible for postretirement medical benefits. Upon meeting the eligibility requirements, retired members will continue coverage under the active employees' medical program in which they were enrolled during their last year of employment, at their own expense. The number of dependents covered may not exceed the number enrolled in the plan one year prior to retirement.

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

NOTE 21: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided (Continued)

The medical and prescription drug insurance plans differ for Teamsters Professional employees from the plans offered to County, AFSCME and Teamster Support employees. For both groups, there is a choice between a low-deductible plan (\$250 for single coverage and \$500 per family) and a high-deductible plan (\$1,000/\$2000). Dental benefits are provided on a fully insured basis. The dental plan differs among the employee groups. Vision benefits are provided through a self-insured plan. If an employee dies prior to retirement, no benefits will be payable under the plan. Upon a retired member's death, health insurance coverage will terminate. Retired members must pay the premiums for coverage elected under the plan. Failure to pay the required premium will result in cancellation of the insurance. The County may charge an administrative fee in addition to the retired member's monthly premium.

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	464
	465

Funding Policy. The plan does not have a funding policy. The medical benefits for retired members are paid from the County's Internal Service Fund.

Total OPEB Liability. The County's total OPEB liability of \$1,858,171 was measured as of December 31, 2018.

Actuarial assumptions and other inputs. The total OPEB liability was determined by an actuarial valuation as of January 1, 2017 and update procedures were used to roll forward the Total OPEB Liability to the measurement date using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	4.0 Percent	
Discount Rate	4.0 Percent	
Inflation	2.5 Percent	
Healthcare cost trend rates	Medical Costs: Based on Gentzen Model of Long-Run Medical Cost Trends 5.4% on 2018-2019 decreasing to an ultimate rate of 3.9% in 2075 and after. Dental and Vision Costs: 5% per year	
Participation Rates	40% of the eligible retiring employees are assumed to elect coverage under the Plan. 25% of eligible retiring employees who elect coverage are assumed to elect spousal coverage under the Plan.	
Mortality	RP-2000 Table for healthy males and females	

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 21: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions and other inputs (Continued)

The discount rate on the valuation date was based on the Bond Buyer 20 year AA/Aa municipal bond index.

The actuarial assumptions used in the January 1, 2017 valuation were reviewed by the County's actuary; however, an actuarial experience study was not performed.

Changes in the total OPEB Liability

The County's change in its total OPEB liability for the year ended December 31, 2018 was as follows:

	Governmental Activities
Service Cost	\$ 71,325
Interest	72,038
Benefit payments	<u>(29,615)</u>
Net change in total OPEB liability	113,748
Total OPEB liability - January 1, 2018	1,744,423
Total OPEB liability - December 31, 2018	<u>\$ 1,858,171</u>

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

For the year ended December 31, 2018, the County recognized OPEB expense of \$143,363. At December 31, 2018, the County did not report deferred outflows or inflows of resources related to OPEB for the plan.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.00 percent) or 1 percentage point higher (5.00 percent) than the current discount rate:

	<u>1% Decrease (3.00%)</u>	<u>Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
Total OPEB liability	\$ 2,312,658	\$ 1,858,171	\$ 1,491,566

COUNTY OF ADAMS, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018

NOTE 21: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point higher or 1 percentage point lower than the current healthcare cost trend rates:

	<u>1% Decrease (4.4%) decreasing to 2.9%</u>	<u>Current Trend Rate (5.4%) decreasing to 3.9%</u>	<u>1% Increase (6.4%) decreasing to 4.9%</u>
Total OPEB liability	\$ 1,600,159	\$ 1,858,171	\$ 2,166,732

NOTE 22: RESTATEMENT OF NET POSITION

The following restatement was necessary to reflect the adoption of the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The County has changed its manner of accounting for postemployment benefits other than pensions. This change for governmental activities is reported as a cumulative effect of a change in accounting principle in the amount of \$(1,224,156) and is reflected as a restatement of beginning net position in the governmental activities of the government-wide financial statements.

	<u>Governmental Activities</u>
Net Position, beginning of year, as previously stated	\$ 42,126,208
Understatement of other postemployment benefits liability due to the adoption of GASB 75	<u>(1,224,156)</u>
Net Position, beginning of year, as restated	<u>\$ 40,902,052</u>

**REQUIRED
SUPPLEMENTARY
INFORMATION**

COUNTY OF ADAMS
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 DECEMBER 31, 2018

2018

Total OPEB liability

Service cost	\$ 71,325
Interest	72,038
Benefit payments	<u>(29,615)</u>
Net change in total OPEB liability	113,748
Total OPEB liability - beginning	<u>1,744,423</u>
Total OPEB liability - ending	<u>\$ 1,858,171</u>
Covered - payroll	\$ 23,200,236
County's total OPEB liability as a percentage of covered payroll	8.01%

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

Notes to Schedule:

No assets are accumulated in a trust to pay the related benefits.

COUNTY OF ADAMS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY
AND RELATED RATIOS
LAST 10 YEARS

	*	*	*	*
	2014	2015	2016	2017
Total Pension Liability				
Service Costs	\$ 3,017,176	\$ 2,973,800	\$ 2,815,700	\$ 3,041,085
Interest	3,801,632	4,007,991	4,176,704	4,283,311
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	(1,698,093)	-	(1,984,717)
Changes of Assumptions	-	1,220,568	1,708,124	-
Benefit Payments, Including Refunds of Member Contributions	(2,937,209)	(3,108,608)	(3,443,180)	(3,080,130)
Net Change in Total Pension Liability	3,881,599	3,395,658	5,257,348	2,259,549
Total Pension Liability - beginning	67,594,294	71,475,893	74,871,551	80,128,899
Total Pension Liability - ending (a)	<u>\$ 71,475,893</u>	<u>\$ 74,871,551</u>	<u>\$ 80,128,899</u>	<u>\$ 82,388,448</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,363,234	\$ 1,312,841	\$ 1,661,282	\$ 1,636,929
Contributions - Member	1,218,090	1,317,545	1,310,529	1,382,562
Net Investment Income	3,466,490	(122,224)	5,829,770	12,917,896
Benefit Payments, Including Refunds of Member Contributions	(2,937,209)	(3,108,608)	(3,443,180)	(3,080,130)
Administrative Expense	(156,491)	(178,964)	(213,028)	(202,792)
Net Change in Plan Fiduciary Net Position	2,954,114	(779,410)	5,145,373	12,654,465
Plan Fiduciary Net Position - beginning	66,594,333	69,548,447	68,769,037	73,914,410
Plan Fiduciary Net Position - ending (b)	<u>\$ 69,548,447</u>	<u>\$ 68,769,037</u>	<u>\$ 73,914,410</u>	<u>\$ 86,568,875</u>
County's Net Pension Liability - ending (a) - (b)	<u>\$ 1,927,446</u>	<u>\$ 6,102,514</u>	<u>\$ 6,214,489</u>	<u>\$ (4,180,427)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.30%	91.85%	92.24%	105.07%
Covered Payroll	\$ 20,844,661	\$ 20,512,956	\$ 20,221,404	\$ 20,957,087
County's Net Pension Liability as a Percentage of Covered Payroll	9.25%	29.75%	30.73%	-19.95%

* - Information only available for four years. Future years will be added as information becomes available.

COUNTY OF ADAMS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
LAST 10 YEARS

	*	*	*	*	*
	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 1,345,330	\$ 1,311,774	\$ 1,660,673	\$ 1,634,944	\$ 1,603,306
Contribution in Relation to the Actuarially Determined Contribution	1,363,234	1,312,841	1,661,282	1,634,944	1,603,306
Contribution Deficiency/(Excess)	<u>\$ (17,904)</u>	<u>\$ (1,067)</u>	<u>\$ (609)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 20,844,661	\$ 20,512,956	\$ 20,221,404	\$ 20,957,087	\$ 21,243,779
Contribution as a percentage of Covered Payroll	6.54%	6.40%	8.22%	7.80%	7.55%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1 for the even valuation year at least two years prior to the end of the fiscal year in which the contributions were reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	Based upon the amortization periods in Act 293
Asset Valuation Method	Based Upon Municipal Reserves in PMRS (Fair Value)
Inflation	3.00%
Salary Increases	Age related scale with merit and inflation component
Investment Rate of Return	5.25%
Pre-Retirement Mortality	Males - RP 2000 projected 15 years with scale AA Females - RP 2000 projected 15 years with scale AA and a 5 year
Post-Retirement Mortality:	Males - RP 2000 projected 5 years with scale AA Females - RP 2000 projected 10 years with scale AA

* - Information only available for five years. Future years will be added as information becomes available

- Assumption changes reflect the liability impact of the Board of Trustees approved changes as of December 31, 2015

- Investment Return assumption for municipal assets decreased from 5.50% to 5.25% as of December 31, 2016.

COUNTY OF ADAMS, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 40,529,134	\$ 40,529,134	\$ 39,442,999	\$ (1,086,135)
Intergovernmental Revenues	2,219,637	2,219,637	2,012,939	(206,698)
Charges for Services	4,983,109	4,983,109	5,934,284	951,175
Interest and Rents	497,849	497,849	669,432	171,583
License and Permits	58,380	58,380	59,792	1,412
Court Costs and Fines	-	-	94,726	94,726
Other	52,200	52,200	434,021	381,821
Total Revenues	48,340,309	48,340,309	48,648,193	307,884
Expenditures				
Current:				
General Government - Administrative	12,860,746	12,860,746	11,498,804	1,361,942
General Government - Judicial	6,992,540	6,992,540	7,033,416	(40,876)
Public Safety	16,604,179	16,604,179	16,710,641	(106,462)
Human Services	1,640,791	1,640,791	1,729,550	(88,759)
Culture and Recreation	658,507	658,507	732,033	(73,526)
Conservation and Development	1,372,342	1,372,342	576,538	795,804
Debt Service				
Principal	5,019,568	5,019,568	3,320,000	1,699,568
Interest	1,106,473	1,106,473	2,613,456	(1,506,983)
Capital Outlay	-	-	386,748	(386,748)
Total Expenditures	46,255,146	46,255,146	44,601,186	1,653,960
Excess of Revenues Over (Under) Expenditures	2,085,163	2,085,163	4,047,007	1,961,844
Other Financing Sources (Uses)				
Transfers In	2,854,100	2,854,100	1,372,051	(1,482,049)
Transfers (Out)	(4,286,887)	(4,286,887)	(3,812,000)	474,887
Total Other Financing Sources(Uses)	(1,432,787)	(1,432,787)	(2,439,949)	(1,007,162)
Net change in fund balances	652,376	652,376	1,607,058	954,682
Fund Balances - Beginning of Year	1,381,639	1,381,639	25,851,773	24,470,134
Fund Balances - End of Year	\$ 2,034,015	\$ 2,034,015	\$ 27,458,831	\$ 25,424,816

COUNTY OF ADAMS, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CHILDREN AND YOUTH FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 7,795,773	\$ 7,795,773	\$ 8,002,198	\$ 206,425
Interest and Rents	50	50	133	83
Miscellaneous	87,150	87,150	124,666	37,516
Total Revenues	<u>7,882,973</u>	<u>7,882,973</u>	<u>8,126,997</u>	<u>244,024</u>
Expenditures				
Current:				
Human Services	9,197,853	9,197,853	9,029,148	168,705
Debt Service:				
Interest	31,000	31,000	-	31,000
Total Expenditures	<u>9,228,853</u>	<u>9,228,853</u>	<u>9,029,148</u>	<u>199,705</u>
Deficiency of Revenues Under Expenditures	<u>(1,345,880)</u>	<u>(1,345,880)</u>	<u>(902,151)</u>	<u>443,729</u>
Other Financing Sources				
Transfers In	1,345,880	1,345,880	917,933	(427,947)
Transfers (Out)	-	-	(15,782)	(15,782)
Total Other Financing Sources	<u>1,345,880</u>	<u>1,345,880</u>	<u>902,151</u>	<u>(443,729)</u>
Net change in fund balances	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF ADAMS, PENNSYLVANIA
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 911 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 1,997,600	\$ 1,997,600	\$ 2,013,893	\$ 16,293
Charges for Services	28,434	28,434	27,064	(1,370)
Interest and Rents	-	-	804	804
Total Revenues	<u>2,026,034</u>	<u>2,026,034</u>	<u>2,041,761</u>	<u>15,727</u>
Expenditures				
Current:				
Public Safety	<u>4,170,721</u>	<u>4,170,721</u>	<u>3,584,076</u>	<u>586,645</u>
Total Expenditures	<u>4,170,721</u>	<u>4,170,721</u>	<u>3,584,076</u>	<u>586,645</u>
Deficiency of Revenues Under Expenditures	<u>(2,144,687)</u>	<u>(2,144,687)</u>	<u>(1,542,315)</u>	<u>602,372</u>
Other Financing Sources				
Transfers In	<u>2,144,687</u>	<u>2,144,687</u>	<u>1,542,315</u>	<u>(602,372)</u>
Total Other Financing Sources	<u>2,144,687</u>	<u>2,144,687</u>	<u>1,542,315</u>	<u>(602,372)</u>
Net change in fund balances	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

Budgets and Budgetary Accounting

Legal Requirements

Commonwealth of Pennsylvania statutes require that County Governments establish budgetary systems and adopt annual operating budgets. The County's annual budget includes the General Fund and certain Special Revenue Funds and is based on estimates of revenues and expenditures approved by the Commissioners. The County adopts the budget on the same basis of accounting as reported in the fund financial statements. The County of Adams follows these procedures in establishing the budgetary data reflected in the financial statements:

County Budget Process

1. During the 3rd quarter each year the Finance Department prepares and distributes to all department directors budgetary worksheets. The worksheets are used as a tool for department directors to provide their projections for the current year and the next year. Also, worksheets allow for multi-year planning. The County utilizes Target Based budgeting for their new budget process.
2. The County Manager and Finance Director in conjunction with the Commissioners interview all department directors to discuss their budgets as submitted and allow them to substantiate projected revenues and expenditures.
3. The Finance Department assembles the preliminary projections of revenues and expenditures into a formal budget incorporating any revisions or adjustments resulting from the Commissioner's review.
4. Public meetings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
5. After the 20-day inspection period, but prior to December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.
6. Formal budgetary process is employed as a planning device. The adopted budget is on a basis consistent with GAAP. 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 ADAMS, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2018

Budgets and Budgetary Accounting (Continued)

Management Authority

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue may arise. As a result, funds are transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. As a management device, the County maintains budgetary control at the department line item level, as authorized by a resolution of the Board of Commissioners. County's management can overspend at the department level and make transfers between the departments without the approval of the Commissioners. Actual expenditures and transfers out may not legally exceed "budget" appropriations at the individual fund level.

**OTHER
SUPPLEMENTARY
INFORMATION**

COUNTY OF ADAMS, PENNSYLVANIA
NOTES TO COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES
DECEMBER 31, 2018

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The following nonmajor governmental funds are utilized to account for those financial activities:

The Juvenile Restitution Fund is a special revenue fund used to account for juvenile offender restitution revenues and expenditures.

The Liquid Fuels Fund is a special revenue fund used to account for state aid revenues and expenditures for the County's Liquid Fuels Program which funds a range of projects to support construction, reconstruction, maintenance and repair of county bridges.

The Domestic Relations Fund is a special revenue fund used to account for Title IV-D revenues received.

The Hazardous Materials Fund is a special revenue fund used to account for the revenues and expenditures for the County's Hazardous Materials program as defined in Act 165 of Title 35.

The Community Development Block Grant Fund is a special revenue fund used to account for revenues and expenditures as set forth in Act 179. Uses include housing rehabilitation, public services, community facilities, infrastructure improvement, development and planning.

The Ag Land Administration Fund is a special revenue fund for the Agricultural Land Preservation Program administered by the County with matching funds from the State.

The Law Enforcement Fund is a special revenue fund used to account for the purchase and distribution of law enforcement equipment.

The Commissary Fund is a special revenue fund used to account for revenues received from commissary commissions and expenditures for inmate welfare.

The Records Improvement Fund is a special revenue fund accounted for by division which includes: County Records Improvement, Register of Wills Automation, Recorder of Deeds Automation, Orphans Automation, Criminal Automation, Prothonotary Automation. These funds have a restricted fund balance.

The Home Fund is a special revenue fund used to account for the revenue received from the PA DCED for the administration of the Home Grant.

The Affordable Housing (Act 137) Fund is a Special revenue fund used to account for revenue collected from the recording of fees for mortgages and deeds to enhance local affordable housing efforts.

The Hotel Tax Fund is a special revenue fund for the administration of the County's Hotel Tax program.

The Court Reserved Fund is a special revenue fund used to account for the revenues of the Offender's Supervision program, treatment fees, and youth education fees.

The Coroner's VSIA Fund is a special revenue fund used to account for revenues received from death certifications from the Vital Statistics Improvement Account. Funds to be used per Act 122.

The Act 13 Bridge Improvements Fund is a special revenue fund for the administration of the Act 13 Marcellus Shale monies that are specifically to be used for at risk bridges.

The Parks and Recreation Green Space Fund is a special revenue fund for the administration of the County's Parks, Recs & Green Space Grant Program. Funded by Act 13 Marcellus Shale monies and County contributions.

COUNTY OF ADAMS, PENNSYLVANIA
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES
(CONTINUED)
DECEMBER 31, 2018

The Conservation District Fund is a special revenue fund used to account for the County's natural resources, land prevention, and debt service.

The Managed Care Fund is a special revenue fund use to account for revenue restricted for expenditures of the managed care program.

The Capital Reserve Fund is used for capital budget transactions. Funded by appropriations from the General Fund and debt issued for capital item purchases.

The Human Services Building Fund is used to track capital expenditures related to the Human Services Building project.

The 911 Capital Projects Fund is used to account for financial resources used for acquisition of equipment and capital construction of major capital facilities for the 911 Fund.

The 2017 Capital Projects Fund is used to account for capital additions to the Human Service Building and future capital projects of the County.

COUNTY OF ADAMS, PENNSYLVANIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

SPECIAL REVENUE FUNDS

<u>Assets</u>	<u>Juvenile Restitution</u>	<u>Liquid Fuels</u>	<u>Domestic Relations</u>	<u>Hazardous Materials</u>	<u>Community Development Block Grant</u>	<u>Ag Land Administration</u>	<u>Law Enforcement</u>	<u>Commissary Fund</u>	<u>Records Improvement</u>	<u>Home</u>	<u>Affordable Housing (Act 137)</u>
Cash and Cash Equivalents	\$ 54,547	\$ 977,683	\$ 1,355,430	\$ -	\$ -	\$ 846,483	\$ 44,251	\$ 91,510	\$ 589,521	\$ 291	\$ 887,405
Restricted Cash	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-
Accounts, net	-	-	1,858	250	-	471	1,219	7,567	8,624	-	15,292
Notes Receivable	-	-	-	-	-	-	-	-	-	21,881	126,435
Due From Other Funds	-	-	-	44,218	-	-	-	-	-	-	-
Due From Other Governments	-	-	220,009	18,661	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 54,547	\$ 977,683	\$ 1,577,297	\$ 63,129	\$ -	\$ 846,954	\$ 45,470	\$ 99,077	\$ 598,145	\$ 22,172	\$ 1,029,132
Liabilities											
Accounts Payable	\$ -	\$ 57,563	\$ -	\$ 189	\$ -	\$ -	\$ -	\$ 17,163	\$ -	\$ -	\$ 1,608
Accrued Liabilities	-	-	-	1,249	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	21,881	76,289
Due To Other Funds	-	2,000	58,352	61,691	-	-	-	-	-	-	8,343
Total Liabilities	-	59,563	58,352	63,129	-	-	-	17,163	-	21,881	86,240
Fund Balances											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted:	-	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Public Works	-	918,120	-	-	-	-	-	-	-	-	-
Judicial	-	-	1,518,945	-	-	-	-	-	-	-	-
Public Safety	54,547	-	-	-	-	-	45,470	81,914	-	-	-
Cultural and Recreation	-	-	-	-	-	-	-	-	-	-	-
Conservation and Development	-	-	-	-	-	846,954	-	-	-	291	942,892
General Government	-	-	-	-	-	-	-	-	598,145	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	54,547	918,120	1,518,945	-	-	846,954	45,470	81,914	598,145	291	942,892
Total Liabilities and Fund Balance	\$ 54,547	\$ 977,683	\$ 1,577,297	\$ 63,129	\$ -	\$ 846,954	\$ 45,470	\$ 99,077	\$ 598,145	\$ 22,172	\$ 1,029,132

COUNTY OF ADAMS, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 DECEMBER 31, 2018

Assets	SPECIAL REVENUE FUNDS											Total Nonmajor Governmental Funds	
	Hotel Tax	Court Reserved Fund	Coroner's VSIA	Act 13 Bridge Improvements	Parks and Recreation Green Space	Conservation District	Managed Care	Capital Reserve	Human Service Building	911 Capital Projects	2017 Capital Projects		
Cash and Cash Equivalents	\$ 2,865,440	\$ 698,564	\$ 19,329	\$ 711,595	\$ 468,360	\$ 1,391,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,001,704
Restricted Cash	-	-	-	-	-	-	-	-	-	-	1,382,061	-	1,382,061
Investments	-	-	-	-	-	1,095,877	-	-	-	-	-	-	1,095,877
Receivables													
Accounts, net	75,264	-	-	-	-	-	-	-	-	-	-	-	110,545
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-	148,316
Due From Other Funds	-	-	-	-	100,000	-	-	-	-	-	-	-	144,218
Due From Other Governments	24,506	-	-	-	-	252,371	-	-	-	-	81,250	-	596,797
Other Assets	-	-	100	-	-	12,185	-	-	-	-	-	-	12,285
Total Assets	\$ 2,965,210	\$ 698,564	\$ 19,429	\$ 711,595	\$ 568,360	\$ 2,751,728	\$ -	\$ -	\$ -	\$ 81,250	\$ 1,382,061	\$ -	\$ 14,491,803
Liabilities													
Accounts Payable	\$ 128,304	\$ -	\$ -	\$ 3,992	\$ -	\$ 18,405	\$ -	\$ 192	\$ 13,484	\$ -	\$ 34,479	\$ -	\$ 275,379
Accrued Liabilities	-	-	-	-	-	10,995	-	-	-	-	-	-	12,244
Unearned Revenue	-	-	-	-	-	290,091	-	-	-	-	-	-	388,261
Due To Other Funds	433,369	-	-	-	-	-	-	80,023	27,900	814,384	9,545	-	1,495,607
Total Liabilities	561,673	-	-	3,992	-	319,491	-	80,215	41,384	814,384	44,024	-	2,171,491
Fund Balances													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted:													
Capital Projects	-	-	-	-	-	-	-	-	-	-	1,338,037	-	1,338,037
Public Works	-	-	-	707,603	-	-	-	-	-	-	-	-	1,625,723
Judicial	-	698,564	19,429	-	-	-	-	-	-	-	-	-	2,236,938
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	181,931
Cultural and Recreation	2,403,537	-	-	-	568,360	-	-	-	-	-	-	-	2,971,897
Conservation and Development	-	-	-	-	-	2,432,237	-	-	-	-	-	-	4,222,374
General Government	-	-	-	-	-	-	-	-	-	-	-	-	598,145
Unassigned	-	-	-	-	-	-	-	(80,215)	(41,384)	(733,134)	-	-	(854,733)
Total Fund Balance	2,403,537	698,564	19,429	707,603	568,360	2,432,237	-	(80,215)	(41,384)	(733,134)	1,338,037	-	12,320,312
Total Liabilities and Fund Balance	\$ 2,965,210	\$ 698,564	\$ 19,429	\$ 711,595	\$ 568,360	\$ 2,751,728	\$ -	\$ -	\$ -	\$ 81,250	\$ 1,382,061	\$ -	\$ 14,491,803

COUNTY OF ADAMS, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues	SPECIAL REVENUE FUNDS										
	Juvenile Restitution	Liquid Fuels	Domestic Relations	Hazardous Materials	Community Development Block Grant	Ag Land Administration	Law Enforcement	Commissary Fund	Records Improvement	Home	Affordable Housing (Act 137)
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	541,023	1,127,877	31,712	401,036	-	-	-	-	-	-
Charges for Services	799	100	52,982	31,650	-	-	20,048	146,588	105,775	-	191,146
Interest and Rents	161	2,358	21,245	15	-	48,214	399	652	6,177	3	9,192
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	960	543,481	1,202,104	63,377	401,036	48,214	20,447	147,240	111,952	3	200,338
Expenditures											
Current:											
General Government - Administrative	-	-	-	-	-	-	-	-	82,578	-	-
General Government - Judicial	-	-	190,941	-	-	-	-	-	-	-	-
Public Safety	5,985	-	-	107,595	-	-	2,027	81,026	-	-	-
Public Works	-	206,237	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-
Conservation and Development	-	-	-	-	401,036	-	-	-	-	-	88,212
Debt Service											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	398,437	-	-	-	-	-
Total Expenditures	5,985	206,237	190,941	107,595	401,036	398,437	2,027	81,026	82,578	-	88,212
Excess of Revenues Over (Under) Expenditures	(5,025)	337,244	1,011,163	(44,218)	-	(350,223)	18,420	66,214	29,374	3	112,126
Other Financing Sources (Uses)											
Transfers In	-	-	190,939	44,218	-	300,000	-	-	-	-	-
Transfers (Out)	-	(8,000)	(905,376)	-	-	-	-	-	-	-	(25,306)
Total Other Financing Sources(Uses)	-	(8,000)	(714,437)	44,218	-	300,000	-	-	-	-	(25,306)
Net change in fund balances	(5,025)	329,244	296,726	-	-	(50,223)	18,420	66,214	29,374	3	86,820
Fund Balances - Beginning of Year (Deficit)	59,572	588,876	1,222,219	-	-	897,177	27,050	15,700	568,771	288	856,072
Fund Balances - End of Year (Deficit)	\$ 54,547	\$ 918,120	\$ 1,518,945	\$ -	\$ -	\$ 846,954	\$ 45,470	\$ 81,914	\$ 598,145	\$ 291	\$ 942,892

COUNTY OF ADAMS, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues	SPECIAL REVENUE FUNDS											Total Nonmajor Governmental Funds	
	Hotel Tax	Court Reserved Fund	Coroner's VSIA	Act 13 Bridge Improvements	Parks and Recreation Green Space	Conservation District	Managed Care	Capital Reserve	Human Service Building	911 Capital Projects	2017 Capital Projects		
Taxes	\$ 2,561,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,561,955
Intergovernmental Revenues	-	-	8,639	151,738	91,002	709,692	28,418	-	21,500	81,250	-	-	3,193,887
Charges for Services	-	193,228	-	-	-	240,065	-	-	-	-	-	-	982,381
Interest and Rents	29,345	2,151	204	7,120	5,134	208,810	-	-	653	-	7,508	-	349,341
Miscellaneous	-	-	-	-	-	10,105	-	-	-	-	-	-	10,105
Total Revenues	2,591,300	195,379	8,843	158,858	96,136	1,168,672	28,418	-	22,153	81,250	7,508	-	7,097,669
Expenditures													
Current:													
General Government - Administrative	-	-	-	-	178,758	-	-	328,223	-	-	-	-	589,559
General Government - Judicial	-	70,155	4,730	-	-	-	-	-	-	-	-	-	265,826
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	196,633
Public Works	-	-	-	40,663	-	-	-	-	-	-	-	-	246,900
Human Services	-	-	-	-	-	-	28,418	-	-	-	-	-	28,418
Culture and Recreation	1,836,830	-	-	-	-	-	-	-	-	-	-	-	1,836,830
Conservation and Development	-	-	-	-	-	1,187,161	-	-	-	-	-	-	1,676,409
Debt Service													
Principal	-	-	-	-	-	16,057	-	-	-	-	-	-	16,057
Interest	-	-	-	-	-	6,772	-	-	-	-	-	-	6,772
Capital Outlay	-	-	-	-	-	44,710	-	-	95,941	44,795	56,651	-	640,534
Total Expenditures	1,836,830	70,155	4,730	40,663	178,758	1,254,700	28,418	328,223	95,941	44,795	56,651	-	5,503,938
Excess of Revenues Over (Under)													
Expenditures	754,470	125,224	4,113	118,195	(82,622)	(86,028)	-	(328,223)	(73,788)	36,455	(49,143)	-	1,593,731
Other Financing Sources (Uses)													
Transfers In	-	-	-	-	521,567	295,028	-	833,606	467,240	-	-	-	2,652,598
Transfers (Out)	(433,369)	-	-	-	-	-	-	-	-	-	(1,285,064)	-	(2,657,115)
Total Other Financing Sources(Uses)	(433,369)	-	-	-	521,567	295,028	-	833,606	467,240	-	(1,285,064)	-	(4,517)
Net change in fund balances	321,101	125,224	4,113	118,195	438,945	209,000	-	505,383	393,452	36,455	(1,334,207)	-	1,589,214
Fund Balances - Beginning of Year (Deficit)	2,082,436	573,340	15,316	589,408	129,415	2,223,237	-	(585,598)	(434,836)	(769,589)	2,672,244	-	10,731,098
Fund Balances - End of Year (Deficit)	\$ 2,403,537	\$ 698,564	\$ 19,429	\$ 707,603	\$ 568,360	\$ 2,432,237	\$ -	\$ (80,215)	\$ (41,384)	\$ (733,134)	\$ 1,338,037	\$ -	\$ 12,320,312

COUNTY OF ADAMS, PENNSYLVANIA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 LIQUID FUELS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 630,000	\$ 630,000	\$ 541,023	\$ (88,977)
Charges for Services	-	-	100	100
Interest and Rents	1,200	1,200	2,358	1,158
	<hr/>			
Total Revenues	631,200	631,200	543,481	(87,719)
	<hr/>			
Expenditures				
Current:				
Public Works	631,200	631,200	206,237	424,963
	<hr/>			
Total Expenditures	631,200	631,200	206,237	424,963
	<hr/>			
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	337,244	337,244
	<hr/>			
Other Financing Uses				
Transfers Out	(8,000)	(8,000)	(8,000)	-
	<hr/>			
Net change in fund balances	(8,000)	(8,000)	329,244	337,244
Fund Balances - Beginning of Year	-	-	588,876	588,876
	<hr/>			
Fund Balances - End of Year	\$ (8,000)	\$ (8,000)	\$ 918,120	\$ 926,120
	<hr/>			

COUNTY OF ADAMS, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DOMESTIC RELATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 945,800	\$ 945,800	\$ 1,127,877	\$ 182,077
Charges for Services	-	-	52,982	52,982
Interest and Rents	2,500	2,500	21,245	18,745
Miscellaneous	2,000	2,000	-	(2,000)
Total Revenues	950,300	950,300	1,202,104	251,804
Expenditures				
Current:				
General Governmental - Judicial	-	-	190,941	(190,941)
Total Expenditures	-	-	190,941	(190,941)
Excess of Revenues Over Expenditures	950,300	950,300	1,011,163	60,863
Other Financing Sources/(Uses)				
Transfers In	-	-	190,939	190,939
Transfers Out	(950,300)	(950,300)	(905,376)	44,924
Total Other Financing Sources/(Uses)	(950,300)	(950,300)	(714,437)	235,863
Net change in fund balances	-	-	296,726	296,726
Fund Balances - Beginning of Year	-	-	1,222,219	1,222,219
Fund Balances - End of Year	\$ -	\$ -	\$ 1,518,945	\$ 1,518,945

COUNTY OF ADAMS, PENNSYLVANIA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 HAZARDOUS MATERIALS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 28,100	\$ 28,100	\$ 31,712	\$ 3,612
Charges for Services	30,000	30,000	31,650	1,650
Interest and Rents	1	1	15	14
Total Revenues	<u>58,101</u>	<u>58,101</u>	<u>63,377</u>	<u>5,276</u>
Expenditures				
Current:				
Public Safety	114,421	114,421	107,595	6,826
Total Expenditures	<u>114,421</u>	<u>114,421</u>	<u>107,595</u>	<u>6,826</u>
Excess of Revenues Under Expenditures	<u>(56,320)</u>	<u>(56,320)</u>	<u>(44,218)</u>	<u>12,102</u>
Other Financing Sources				
Operating Transfer In	<u>56,320</u>	<u>56,320</u>	<u>44,218</u>	<u>(12,102)</u>
Total Other Financing Sources	<u>56,320</u>	<u>56,320</u>	<u>44,218</u>	<u>(12,102)</u>
Net change in fund balances	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF ADAMS, PENNSYLVANIA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 ACT 13 BRIDGE IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 149,500	\$ 149,500	\$ 151,738	\$ 2,238
Interest and Rents	2,200	2,200	7,120	4,920
Total Revenues	<u>151,700</u>	<u>151,700</u>	<u>158,858</u>	<u>7,158</u>
Expenditures				
Current:				
Public Works	151,700	151,700	40,663	111,037
Total Expenditures	<u>151,700</u>	<u>151,700</u>	<u>40,663</u>	<u>111,037</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>118,195</u>	<u>118,195</u>
Net change in fund balances	-	-	118,195	118,195
Fund Balances - Beginning of Year	-	-	589,408	589,408
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,603</u>	<u>\$ 707,603</u>

COUNTY OF ADAMS, PENNSYLVANIA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 MANAGED CARE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 21,523,000	\$ 21,523,000	\$ 28,418	\$ (21,494,582)
Total Revenues	<u>21,523,000</u>	<u>21,523,000</u>	<u>28,418</u>	<u>(21,494,582)</u>
Expenditures				
Current:				
Human Services	21,523,000	21,523,000	28,418	21,494,582
Total Expenditures	<u>21,523,000</u>	<u>21,523,000</u>	<u>28,418</u>	<u>21,494,582</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Adams, Pennsylvania
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Tax Claim Bureau				
Assets:				
Cash and cash equivalents	\$ 798,787	\$ 5,414,779	\$ 5,710,139	\$ 503,427
Delinquent taxes receivable on behalf of other governments	4,340,170	4,185,447	3,913,779	4,611,838
Accounts receivable	1,922,328	872,590	1,364,460	1,430,458
Total assets	<u>\$ 7,061,285</u>	<u>\$ 10,472,816</u>	<u>\$ 10,988,378</u>	<u>\$ 6,545,723</u>
Liabilities:				
Due to other governments	\$ 4,340,170	\$ 4,185,447	\$ 3,913,779	\$ 4,611,838
Other Liabilities	2,721,115	6,287,369	7,074,599	1,933,885
Total liabilities	<u>\$ 7,061,285</u>	<u>\$ 10,472,816</u>	<u>\$ 10,988,378</u>	<u>\$ 6,545,723</u>
Unclaimed Money				
Assets:				
Cash and cash equivalents	\$ 58,971	\$ 3,959	\$ 1,371	\$ 61,559
Total Assets	<u>\$ 58,971</u>	<u>\$ 3,959</u>	<u>\$ 1,371</u>	<u>\$ 61,559</u>
Liabilities:				
Other Liabilities	\$ 58,971	\$ 3,959	\$ 1,371	\$ 61,559
Total Liabilities	<u>\$ 58,971</u>	<u>\$ 3,959</u>	<u>\$ 1,371</u>	<u>\$ 61,559</u>
Prison Inmate Cash Account				
Assets:				
Cash and cash equivalents	\$ 216,442	\$ 2,056,679	\$ 2,065,898	\$ 207,223
Total assets	<u>\$ 216,442</u>	<u>\$ 2,056,679</u>	<u>\$ 2,065,898</u>	<u>\$ 207,223</u>
Liabilities:				
Other liabilities	\$ 216,442	\$ 2,056,679	\$ 2,065,898	\$ 207,223
Total liabilities	<u>\$ 216,442</u>	<u>\$ 2,056,679</u>	<u>\$ 2,065,898</u>	<u>\$ 207,223</u>
Row Offices				
Assets:				
Cash and cash equivalents	\$ 1,717,165	\$ 29,218,538	\$ 29,177,579	\$ 1,758,124
Total assets	<u>\$ 1,717,165</u>	<u>\$ 29,218,538</u>	<u>\$ 29,177,579</u>	<u>\$ 1,758,124</u>
Liabilities:				
Due to other governments	\$ 885,572	\$ 19,255,323	\$ 19,364,564	\$ 776,331
Other liabilities	831,593	9,963,215	9,813,015	981,793
Total liabilities	<u>\$ 1,717,165</u>	<u>\$ 29,218,538</u>	<u>\$ 29,177,579</u>	<u>\$ 1,758,124</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 2,791,365	\$ 36,693,955	\$ 36,954,987	\$ 2,530,333
Delinquent taxes receivable on behalf of other governments	4,340,170	4,185,447	3,913,779	4,611,838
Accounts receivable	1,922,328	872,590	1,364,460	1,430,458
Total assets	<u>\$ 9,053,863</u>	<u>\$ 41,751,992</u>	<u>\$ 42,233,226</u>	<u>\$ 8,572,629</u>
Liabilities:				
Due to other governments	\$ 5,225,742	\$ 23,440,770	\$ 23,278,343	\$ 5,388,169
Other liabilities	3,828,121	18,311,222	18,954,883	3,184,460
Total liabilities	<u>\$ 9,053,863</u>	<u>\$ 41,751,992</u>	<u>\$ 42,233,226</u>	<u>\$ 8,572,629</u>

County of Adams, Pennsylvania
Combining Statement of Changes in Assets and Liabilities - Row Offices
Year ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Assets:				
Cash and cash equivalents	\$ 1,717,165	\$ 29,218,538	\$ 29,177,579	\$ 1,758,124
Total assets	\$ 1,717,165	\$ 29,218,538	\$ 29,177,579	\$ 1,758,124
Liabilities:				
Due to other governments				
Clerk of courts	\$ 234,791	\$ 1,710,425	\$ 1,833,902	\$ 111,314
Prothonotary	34,183	61,641	91,395	4,429
Register and Recorder	491,489	15,018,884	14,902,922	607,451
Sheriff	31,408	1,967	31,346	2,029
Treasurer	4,266	168,948	168,868	4,346
MDJ's	89,435	2,293,458	2,336,131	46,762
	<u>885,572</u>	<u>19,255,323</u>	<u>19,364,564</u>	<u>776,331</u>
Other liabilities				
Clerk of courts	216,215	2,048,966	2,024,032	241,149
Prothonotary	81,514	472,134	407,374	146,274
Register and Recorder	-	1,794,784	1,719,353	75,431
Sheriff	464,462	4,609,019	4,695,202	378,279
MDJ's	21,683	962,059	904,723	79,019
District attorney	47,719	76,253	62,331	61,641
	<u>831,593</u>	<u>9,963,215</u>	<u>9,813,015</u>	<u>981,793</u>
Total Liabilities	\$ 1,717,165	\$ 29,218,538	\$ 29,177,579	\$ 1,758,124

County of Adams, Pennsylvania
Combining Balance Sheet - Agency Funds
December 31, 2018

	Tax Claim Bureau	Unclaimed Money	Prison Inmate Cash Account	Row Offices	Total Agency Funds
Assets					
Cash and cash equivalents	\$ 503,427	\$ 61,559	\$ 207,223	\$ 1,758,124	\$ 2,530,333
Delinquent taxes on behalf of other governments	4,611,838	-	-	-	4,611,838
Accounts receivable	1,430,458	-	-	-	1,430,458
Total assets	\$ 6,545,723	\$ 61,559	\$ 207,223	\$ 1,758,124	\$ 8,572,629
Liabilities					
Liabilities:					
Due to other governments	\$ 4,611,838	\$ -	\$ -	\$ 776,331	\$ 5,388,169
Other liabilities	1,933,885	61,559	207,223	981,793	3,184,460
Total liabilities	\$ 6,545,723	\$ 61,559	\$ 207,223	\$ 1,758,124	\$ 8,572,629

County of Adams, Pennsylvania
Statistical Section

This part of the County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

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Financial Trends.....104
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.

Revenue Capacity.....115
These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.

Debt Capacity.....122
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.

Demographic and Economic Information.....129
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.

Operating Information.....131
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements for the relevant year.

COUNTY OF ADAMS, PENNSYLVANIA

Net Position by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2012	2013	2014	2015	2016	2017	2018
Governmental activities							
Net investment in capital assets	\$ 11,493,427	\$ 11,708,826	\$ 13,158,030	\$ 25,031,724	\$ 20,099,187	\$ 18,324,116	\$ 14,018,110
Restricted	3,609,238	6,141,694	6,078,901	9,260,575	9,670,625	10,755,283	16,064,940
Unrestricted	11,737,429	11,195,902	16,078,565	6,587,452	7,981,463	13,046,809	14,133,252
Total Net Position	\$ 26,840,094	\$ 29,046,422	\$ 35,315,496	\$ 40,879,751	\$ 37,751,275	\$ 42,126,208	\$ 44,216,302
Business-type activities							
Net investment in capital assets	\$ 2,499,654	\$ 2,549,387	\$ 2,911,291	\$ -	\$ -	\$ -	\$ -
Restricted	-	1,503,331	-	-	-	-	-
Unrestricted	982,614	(709,894)	(1,245,332)	133,616	209,249	321,010	386,627
Total Net Position	\$ 3,482,268	\$ 3,342,824	\$ 1,665,959	\$ 133,616	\$ 209,249	\$ 321,010	\$ 386,627
Primary government							
Net investment in capital assets	\$ 13,993,081	\$ 14,258,213	\$ 16,069,321	\$ 25,031,724	\$ 20,099,187	\$ 18,324,116	\$ 14,018,110
Restricted	3,609,238	7,645,025	6,078,901	9,260,575	9,670,625	10,755,283	16,064,940
Unrestricted	12,720,043	10,486,008	14,833,233	6,721,068	8,190,712	13,367,819	14,519,879
Total Net Position	\$ 30,322,362	\$ 32,389,246	\$ 36,981,455	\$ 41,013,367	\$ 37,960,524	\$ 42,447,218	\$ 44,602,929

Note 1: This schedule is prepared in accordance with GASB 63 which the County adopted in 2012. This caused a change in the presentation of Net Assets by Component to Net Position by Component. The next schedule has been included to provide prior years' information as it was originally presented.

Note 2: The County implemented GASB Statement 65 in 2013, GASB Statement 68 in 2015, GASB Statement 75 in 2018; and, therefore, prior years have not been adjusted to reflect the implementation of these standards.

Source: Statement of Net Position, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

Net Assets by Component
Previous Three Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2009	2010	2011
<u>Governmental activities</u>			
Invested in capital assets, net of related debt	\$ 10,130,356	\$ 9,575,601	\$ 11,291,237
Restricted	4,539,583	6,057,788	3,089,893
Unrestricted	8,153,086	4,627,218	10,231,820
Total Net Assets	\$ 22,823,025	\$ 20,260,607	\$ 24,612,950
<u>Business-type activities</u>			
Invested in capital assets, net of related debt	\$ 5,565,595	\$ 5,419,687	\$ 1,857,719
Restricted	-	-	-
Unrestricted	(5,133,840)	(4,811,750)	(568,578)
Total Net Assets	\$ 431,755	\$ 607,937	\$ 1,289,141
<u>Primary government</u>			
Invested in capital assets, net of related debt	\$ 15,695,951	\$ 14,995,288	\$ 13,148,956
Restricted	4,539,583	6,057,788	3,089,893
Unrestricted	3,019,246	(184,532)	9,663,242
Total Net Assets	\$ 23,254,780	\$ 20,868,544	\$ 25,902,091

Note: In 2010 the County implemented GASB Statements 51 and 53, Prior years have not been adjusted to reflect the implementation of these standards.

Source: Statement of Net Assets, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

Changes in Net Position
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2012	2013	2014	2015	2016	2017	2018
Program Expenses							
Governmental activities:							
General Government-Administrative	\$ 8,368,102	\$ 11,110,739	\$ 12,364,019	\$ 12,045,260	\$ 9,369,291	\$ 9,414,772	\$ 8,633,465
General Government-Judicial	8,565,763	6,075,694	6,401,993	6,761,323	8,396,108	8,491,327	8,888,353
Public Safety	17,184,343	16,283,462	16,450,998	20,357,838	24,426,340	25,273,513	25,761,772
Public Works	325,657	652,486	812,749	344,130	352,043	852,987	365,289
Human Services	21,907,121	22,646,605	20,925,907	22,885,556	28,193,445	20,625,794	11,471,056
Culture and Recreation	1,697,785	2,669,057	2,381,280	2,301,074	2,716,703	2,605,317	2,531,942
Conservation and Development	2,104,021	2,696,638	2,301,660	2,008,787	2,784,425	3,014,442	2,416,064
Bond Issuance Costs	-	-	-	-	-	267,161	-
Interest on Debt Service	1,893,270	2,036,769	2,023,900	2,608,915	2,743,128	2,854,045	2,838,727
Total governmental activities expenses	62,046,062	64,171,450	63,662,506	69,312,883	78,981,483	73,399,358	62,906,668
Business-type activities:							
911 Operations	3,288,224	3,204,519	3,022,501	-	-	-	-
Economic Development	-	74,638	120,721	1,758,934	180,362	101,587	147,591
Total business-type activities expenses	3,288,224	3,279,157	3,143,222	1,758,934	180,362	101,587	147,591
Total Expenses	\$ 65,334,286	\$ 67,450,607	\$ 66,805,728	\$ 71,071,817	\$ 79,161,845	\$ 73,500,945	\$ 63,054,259
Program Revenues							
Governmental activities:							
Charges for services:							
General Government-Administrative	\$ 1,601,817	\$ 1,695,024	\$ 2,109,728	\$ 1,936,761	\$ 1,649,054	\$ 3,437,204	\$ 1,717,289
General Government-Judicial	2,280,873	1,779,128	2,061,396	1,983,665	2,108,530	1,266,861	2,913,359
Public Safety	2,206,816	2,240,339	2,282,153	3,109,753	2,559,984	1,915,463	1,985,823
Public Works	-	-	-	-	-	350	100
Human Services	852,372	355,646	318,997	183,277	205,015	-	242,151
Culture and Recreation	-	-	-	-	-	268,815	-
Conservation and Development	658,109	749,191	634,828	223,738	227,817	176,379	240,065
Operating grants and contributions							
General Government-Administrative	874,936	406,898	844,676	176,970	205,917	306,235	454,403
General Government-Judicial	1,570,770	1,706,503	1,631,748	1,859,129	1,864,306	1,710,320	1,799,004
Public Safety	469,523	447,526	250,685	1,426,668	2,428,007	3,003,057	2,767,766
Public Works	325,091	730,007	1,134,655	969,726	757,158	467,614	692,761
Human Services	18,963,099	20,729,496	18,194,465	19,948,654	23,067,337	16,078,254	8,398,260
Culture and Recreation	1,086	1,915	3,172	5,196	-	927,872	-
Conservation and Development	540,699	762,649	851,888	994,108	1,087,484	729,790	1,110,728
Capital grants and contributions	1,088,202	-	-	-	-	4,878,891	-
Total governmental activities program revenues	31,433,393	31,604,322	30,318,391	32,817,645	36,160,609	35,167,105	22,321,709
Business-type activities:							
Charges for services:							
Public Safety	1,921,854	1,368,077	1,268,313	-	-	-	-
Economic Development	-	54,433	22,944	1,525,750	56,603	19,401	19,251
Operating grants and contributions							
Economic Development	-	-	124,769	177,613	195,446	191,606	191,606
Total business-type activities program revenues	1,921,854	1,422,510	1,416,026	1,703,363	252,049	211,007	210,857
Total primary government program revenues	\$ 33,355,247	\$ 33,026,832	\$ 31,734,417	\$ 34,521,008	\$ 36,412,658	\$ 35,378,112	\$ 22,532,566
Net (expense)/revenue							
Governmental activities	\$ (30,612,669)	\$ (32,567,128)	\$ (33,344,115)	\$ (36,495,238)	\$ (42,820,874)	\$ (38,232,253)	\$ (40,584,959)
Business-type activities	(1,366,370)	(1,856,647)	(1,727,196)	(55,571)	71,687	109,420	63,266
Total primary government net expense	\$ (31,979,039)	\$ (34,423,775)	\$ (35,071,311)	\$ (36,550,809)	\$ (42,749,187)	\$ (38,122,833)	\$ (40,521,693)

COUNTY OF ADAMS, PENNSYLVANIA

Changes in Net Position (Continued)
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other							
Changes in Net Position							
Governmental activities:							
Property Taxes	\$ 31,558,506	\$ 31,837,110	\$ 35,115,554	\$ 35,899,178	\$ 36,188,653	\$ 36,344,820	\$ 39,332,590
Per Capita	338,921	350,655	326,466	327,138	304,515	344,893	343,120
Hotel Tax	1,474,084	2,479,651	2,343,980	2,339,744	2,509,580	2,790,732	2,561,955
Unrestricted investment earnings	691,297	(280,054)	755,469	449,728	118,413	1,019,777	1,092,752
Miscellaneous	635,745	763,434	1,104,057	493,430	571,237	2,106,964	568,792
Transfers	(1,858,740)	(36,580)	(32,337)	1,479,782	-	-	-
Total governmental activities	32,839,813	35,114,216	39,613,189	40,989,000	39,692,398	42,607,186	43,899,209
Business-type activities							
Property Taxes	1,676,617	1,744,739	-	-	-	-	-
Unrestricted investment earnings	12,590	52,645	17,994	3,010	3,946	2,341	2,351
Miscellaneous	11,550	18,735	-	-	-	-	-
Transfers	1,858,740	36,580	32,337	(1,479,782)	-	-	-
Total business-type activities	3,559,497	1,852,699	50,331	(1,476,772)	3,946	2,341	2,351
Total primary government	\$ 36,399,310	\$ 36,966,915	\$ 39,663,520	\$ 39,512,228	\$ 39,696,344	\$ 42,609,527	\$ 43,901,560
Change in Net Position							
Governmental activities	\$ 2,227,144	\$ 2,547,088	\$ 6,269,074	\$ 4,493,762	\$ (3,128,476)	\$ 4,374,933	\$ 3,314,250
Business-type activities	2,193,127	(3,948)	(1,676,865)	(1,532,343)	75,633	111,761	65,617
Total Primary government	\$ 4,420,271	\$ 2,543,140	\$ 4,592,209	\$ 2,961,419	\$ (3,052,843)	\$ 4,486,694	\$ 3,379,867

Note 1: This schedule is prepared in accordance with GASB 63 which the County adopted in 2012. This caused a change in the presentation of Net Assets by Component to Net Position by Component. The next schedule has been included to provide prior years' information as it was originally presented.

Note 2: The County implemented GASB Statement 65 in 2013, GASB Statement 68 in 2015, and GASB Statement 75 in 2018; and, therefore, prior years have not been adjusted to reflect the implementation of these standards.

Note 3: In 2015, the County reclassified the 911 fund as a Governmental Activity whereas in prior years the 911 Fund was classified as a Business-Type Activity

Source: Statement of Net Position, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

Changes in Net Assets Previous Three Fiscal Years (accrual basis of accounting)

	Fiscal Year		
	2009	2010	2011
Program Expenses			
Governmental activities:			
General Government-Administrative	\$ 7,966,103	\$ 7,308,120	\$ 7,063,395
General Government-Judicial	7,268,198	8,064,135	8,249,830
Public Safety	15,564,951	16,761,901	16,800,410
Public Works	947,927	525,464	587,089
Human Services	21,680,738	23,382,068	22,817,631
Culture and Recreation	1,292,955	1,338,712	1,635,834
Conservation and Development	2,800,148	6,307,659	3,275,883
Interest on Debt Service	1,749,988	1,791,350	1,670,677
Total governmental activities expenses	59,271,008	65,479,409	62,100,749
Business-type activities:			
Nursing Home	11,231,766	11,103,877	7,985,345
911 Operations	2,250,619	2,328,285	2,734,068
Economic Development	-	-	-
Total business-type activities expenses	13,482,385	13,432,162	10,719,413
Total Expenses	\$ 72,753,393	\$ 78,911,571	\$ 72,820,162
Program Revenues			
Governmental activities:			
Charges for services:			
General Government-Administrative	1,384,779	1,435,657	1,475,295
General Government-Judicial	2,308,796	2,514,793	2,395,703
Public Safety	2,200,877	2,138,066	2,575,753
Public Works	-	7	-
Human Services	816,978	729,786	865,667
Culture and Recreation	-	-	-
Conservation and Development	472,794	854,345	528,391
Operating grants and contributions			
General Government-Administrative	206,304	289,466	845,213
General Government-Judicial	1,566,713	1,855,668	1,760,560
Public Safety	897,028	841,639	669,961
Public Works	752,857	365,718	310,083
Human Services	19,761,865	20,261,069	20,169,436
Culture and Recreation	2,927	1,342	1,021
Conservation and Development	936,219	990,693	710,738
Capital grants and contributions	-	-	-
Total governmental activities program revenues	31,308,137	32,278,249	32,307,821
Business-type activities:			
Patient Care	9,700,454	10,001,154	5,711,770
Public Safety	1,484,449	1,529,016	1,522,546
Economic Development	-	-	-
Total business-type activities program revenues	11,184,903	11,530,170	7,234,316
Total primary government program revenues	\$ 42,493,040	\$ 43,808,419	\$ 39,542,137
Net (expense)/revenue			
Governmental activities	\$ (27,962,871)	\$ (33,201,160)	\$ (29,792,928)
Business-type activities	(2,297,482)	(1,901,992)	(3,485,097)
Total primary government net expense	\$ (30,260,353)	\$ (35,103,152)	\$ (33,278,025)

COUNTY OF ADAMS, PENNSYLVANIA

Changes in Net Assets (Continued)

Previous Three Fiscal Years

(accrual basis of accounting)

	Fiscal Year		
	2009	2010	2011
General Revenues and Other			
Changes in Net Assets			
Governmental activities:			
Property Taxes	\$ 32,565,721	\$ 31,302,007	\$ 31,982,897
Per Capita	25,636	31,322	338,035
Hotel Tax	1,203,992	1,236,768	1,299,446
Unrestricted investment earnings	139,717	(218,456)	938,080
Swap proceeds	35,172	69,584	-
Miscellaneous	36,675	98,937	941,113
Transfers	(4,854,599)	(2,075,593)	(1,354,300)
Total governmental activities	<u>29,152,314</u>	<u>30,444,569</u>	<u>34,145,271</u>
Business-type activities			
Property Taxes	-	-	-
Unrestricted investment earnings	4,312	1,549	2,009
Miscellaneous	1,550	1,032	2,809,992
Transfers	4,854,599	2,075,593	1,354,300
Total business-type activities	<u>4,860,461</u>	<u>2,078,174</u>	<u>4,166,301</u>
Total primary government	<u>\$ 34,012,775</u>	<u>\$ 32,522,743</u>	<u>\$ 38,311,572</u>
Change in Net Assets			
Governmental activities	\$ 1,189,443	\$ (2,756,591)	\$ 4,352,343
Business-type activities	2,562,979	176,182	681,204
Total Primary government	<u>\$ 3,752,422</u>	<u>\$ (2,580,409)</u>	<u>\$ 5,033,547</u>

Note: In 2010 the County implemented GASB Statements 51 and 53.
 Prior years have not been adjusted to reflect the implementation of these standards.

Source: Statement of Net Assets, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

Governmental Activities Tax Revenues by Source

Last Ten Years

(accrual basis of accounting)

<u>Year</u>	<u>Real Estate Tax</u>	<u>Per Capita Tax</u>	<u>Hotel Room Tax</u>	<u>Total</u>
2009	\$ 32,565,721	\$ 25,636	\$ 1,203,992	\$ 33,795,349
2010	31,302,007	31,322	1,236,768	32,570,097
2011	31,982,897	338,035	1,299,446	33,620,378
2012	33,235,123	338,921	1,474,084	35,048,128
2013	33,581,849	350,655	2,479,651	36,412,155
2014	35,115,554	326,466	2,343,980	37,786,000
2015	35,899,178	327,138	2,339,744	38,566,060
2016	36,188,653	304,515	2,509,580	39,002,748
2017	36,344,820	344,893	2,790,732	39,480,445
2018	39,332,590	343,120	2,561,955	42,237,665

Source: Statement of Activities, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

Fund Balances of Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 7,612,050	\$ 6,391,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,298,327	2,846,116	-	-	-	-	-	-	-	-
Nonspendable	-	-	822,441	901,806	598,255	680,101	178,640	967,115	1,928,024	2,389,202
Restricted	-	-	-	-	-	1,155,443	1,141,339	1,094,701	58,268	47,505
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	2,206,747	-	1,381,639	-
Unassigned	-	-	14,103,984	14,910,603	17,016,515	20,494,257	18,795,161	20,667,260	22,483,842	25,022,124
Total General Fund	\$ 8,910,377	\$ 9,238,044	\$ 14,926,425	\$ 15,812,409	\$ 17,614,770	\$ 22,329,801	\$ 22,321,887	\$ 22,729,076	\$ 25,851,773	\$ 27,458,831
All other-governmental funds										
Reserved	\$ 4,539,692	\$ 4,966,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,241,639	2,641,186	-	-	-	-	-	-	-	-
Nonspendable	-	-	118,147	96,348	75,080	1,158,012	1,153,045	1,007,514	62,995	-
Restricted	-	-	3,154,737	5,807,678	6,141,694	5,704,812	8,119,236	11,937,206	12,458,126	13,175,045
Committed	-	-	-	-	-	-	300,656	301,601	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(183,350)	-	-	(392,040)	(8,538,274)	(4,565,745)	(1,790,023)	(854,733)
Total all other governmental funds	\$ 5,781,331	\$ 7,608,087	\$ 3,089,534	\$ 5,904,026	\$ 6,216,774	\$ 6,470,784	\$ 1,034,663	\$ 8,680,576	\$ 10,731,098	\$ 12,320,312
Total fund balances of all governmental funds	\$ 14,691,708	\$ 16,846,131	\$ 18,015,959	\$ 21,716,435	\$ 23,831,544	\$ 28,800,585	\$ 23,356,550	\$ 31,409,652	\$ 36,582,871	\$ 39,779,143

Note: The County implemented GASB Statement 54 beginning in 2011; and, therefore prior years have not been adjusted to reflect implementation of this standard.

Source: Balance Sheet Governmental Funds, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

Changes in Fund Balances of Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 33,220,517	\$ 33,252,228	\$ 33,239,071	\$ 33,456,897	\$ 34,599,124	\$ 38,247,076	\$ 38,390,557	\$ 38,895,234	\$ 39,739,913	\$ 42,004,954
Intergovernmental Revenues	24,065,310	24,537,650	24,431,545	23,679,316	24,593,865	22,658,002	25,041,308	29,410,209	28,102,033	15,222,917
Charges for Services	6,367,991	6,935,412	7,375,365	7,175,384	5,910,420	6,670,833	6,658,974	5,917,931	6,853,136	6,943,729
Interest and Rents	233,492	212,307	628,491	237,551	233,862	212,754	478,031	479,090	757,105	1,019,710
License and Permits	102,110	94,400	91,466	110,679	119,813	111,694	108,591	138,165	142,686	59,792
Court Costs and Fines	546,907	505,229	262,252	270,756	605,499	615,180	642,858	694,304	69,250	94,726
Miscellaneous	203,891	235,781	1,297,551	768,570	1,061,016	1,326,208	609,189	571,237	2,106,964	568,792
Total Revenues	64,740,218	65,773,007	67,325,741	65,699,153	67,123,599	69,841,747	71,929,508	76,106,170	77,771,087	65,914,620
Expenditures										
Current:										
General Government-Administrative	9,705,594	9,121,564	9,275,919	10,412,006	11,033,055	11,806,113	11,203,842	11,370,680	17,215,048	12,088,363
General Government-Judicial	6,338,749	7,036,284	7,172,172	7,335,482	5,998,984	6,364,277	6,496,580	6,764,247	7,169,795	7,299,242
Public Safety	13,707,012	14,888,854	14,786,245	15,283,500	15,266,413	15,423,323	17,945,758	18,263,509	19,211,329	20,491,350
Public Works	788,259	362,113	539,938	163,466	503,958	678,813	210,194	190,348	674,438	246,900
Human Services	21,579,766	23,275,378	22,688,967	21,721,651	22,645,027	20,921,464	22,708,043	26,935,050	19,675,159	10,787,116
Culture and Recreation	1,283,307	1,338,712	1,635,834	1,602,776	2,573,007	2,381,280	2,301,074	2,525,690	2,567,067	2,568,863
Conservation and Development	3,261,047	8,125,042	3,033,490	1,950,625	2,696,638	2,294,758	2,106,438	2,580,644	2,861,794	2,252,947
Debt Service										
Principal	1,364,163	1,339,573	1,885,749	17,199,595	2,050,384	30,182,732	3,740,510	11,626,858	28,355,352	3,336,057
Interest	1,719,093	1,816,599	1,848,866	2,072,402	2,035,191	2,010,458	2,549,485	2,594,557	2,631,622	2,620,228
Bond Issuance Costs	-	-	-	-	-	-	-	-	267,161	-
Capital Outlay	906,335	197,436	2,118,770	2,282,113	231,448	1,536,042	10,624,839	5,104,209	7,984,441	1,027,282
Total Expenditures	60,653,325	67,501,555	64,985,950	80,023,616	65,034,105	93,599,260	79,886,763	87,955,792	108,613,206	62,718,348
Other Financing Sources (uses)										
Sale of an Asset	-	1,209	-	-	-	-	-	-	-	-
Transfers In	6,154,166	9,323,037	13,549,224	7,901,017	5,258,317	4,599,495	10,018,335	8,375,169	10,383,827	6,484,897
Transfers Out	(11,015,393)	(11,404,364)	(14,719,187)	(9,766,138)	(5,294,897)	(4,631,832)	(10,971,862)	(9,064,438)	(10,383,827)	(6,484,897)
Proceeds from Tax Anticipation Note	-	-	-	-	-	-	-	-	-	-
Repayment of Tax Anticipation Note	-	-	-	-	-	-	-	-	-	-
Proceeds From Issuance of Refunding of Bonds	-	-	29,658,898	15,314,310	-	-	-	8,912,000	24,015,000	-
Payments to redeem bonds	-	-	(29,658,898)	-	-	-	-	-	-	-
Proceeds From Issuance of Long Term Debt	1,494,098	5,708,361	-	4,140,924	62,195	28,758,891	2,759,527	10,796,279	10,660,000	-
Bond Discount	-	-	-	-	-	-	-	-	(84,469)	-
Bond Premium	-	-	-	434,826	-	-	-	883,714	1,424,807	-
Total Other Financing Sources (uses)	(3,367,129)	3,628,243	(1,169,963)	18,024,939	25,615	28,726,554	1,806,000	19,902,724	36,015,338	-
Net Change in Fund Balances	\$ 719,764	\$ 1,899,695	\$ 1,169,828	\$ 3,700,476	\$ 2,115,109	\$ 4,969,041	\$ (6,151,255)	\$ 8,053,102	\$ 5,173,219	\$ 3,196,272
Debt service as a percentage of noncapital expenditures	5.2%	4.7%	5.9%	24.8%	6.3%	35.0%	9.1%	17.2%	31.1%	9.7%

Source: Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

General Government Expenditures by Function
Last Ten Years

Year	General Government- Administrative	General Government- Judicial	Public Safety	Public Works	Human Services	Culture and Recreation	Conservation and Development	Debt Service	Capital Outlay	Totals
2009	\$ 9,705,594	\$ 6,338,749	\$ 13,707,012	\$ 788,259	\$ 21,579,766	\$ 1,283,307	\$ 3,261,047	\$ 3,083,256	\$ 906,335	\$ 60,653,325
2010	9,121,564	7,036,284	14,888,854	362,113	23,275,378	1,338,712	8,125,042	3,156,172	197,436	67,501,555
2011	9,275,919	7,172,172	14,786,245	539,938	22,688,967	1,635,834	3,033,490	3,734,615	2,118,770	64,985,950
2012	10,412,006	7,335,482	15,283,500	163,466	21,721,651	1,602,776	1,950,625	19,271,997	2,282,113	80,023,616
2013	11,033,055	5,998,984	15,266,413	503,958	22,645,027	2,573,007	2,696,638	4,085,575	231,448	65,034,105
2014	11,806,113	6,364,277	15,423,323	678,813	20,921,464	2,381,280	2,294,758	32,193,190	1,536,042	93,599,260
2015	11,203,842	6,496,580	17,945,758	210,194	22,708,043	2,301,074	2,106,438	6,289,995	10,624,839	79,886,763
2016	11,370,680	6,764,247	18,263,509	190,348	26,935,050	2,525,690	2,580,644	14,221,415	5,104,209	87,955,792
2017	17,215,048	7,169,795	19,211,329	674,438	19,675,159	2,567,067	2,861,794	31,254,135	7,984,441	108,613,206
2018	12,088,363	7,299,242	20,491,350	246,900	10,787,116	2,568,863	2,252,947	5,956,285	1,027,282	62,718,348

Source: Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

General Governmental Revenues by Source

Last Ten Years

Year	Taxes	Intergovernmental	Charges for Services	Interest and Rents	License and Permits	Court Costs and Fines	Bond Proceeds and Other (1)	Totals
2009	\$ 33,220,517	\$ 24,065,310	\$ 6,367,991	\$ 198,320	\$ 102,110	\$ 546,907	\$ 1,733,161	\$ 66,234,316
2010	33,252,228	24,537,650	6,935,412	142,723	94,400	505,229	6,013,726	71,481,368
2011	33,239,071	24,431,545	7,375,365	133,816	91,466	262,252	1,792,226	67,325,741
2012	33,456,897	23,679,316	7,175,384	146,969	110,679	270,756	20,749,212	85,589,213
2013	34,599,124	24,593,865	5,910,420	136,949	119,813	605,499	1,220,124	67,185,794
2014	38,247,076	22,658,002	6,670,833	113,612	111,694	615,180	30,085,099	98,501,496
2015	38,390,557	25,041,308	6,658,974	371,872	108,591	642,858	3,474,875	74,689,035
2016	38,895,234	29,410,209	5,917,931	414,933	138,165	694,304	21,227,387	96,698,163
2017	39,739,913	28,102,033	6,853,136	757,105	142,686	69,250	38,122,302	113,786,425
2018	42,004,954	15,222,917	6,943,729	1,019,710	59,792	94,726	568,792	65,914,620

Note:

- (1) Includes proceeds from bond issues, bond discounts, bond premiums which are included in the financial section as Other Financing Sources and Miscellaneous Revenue

Source: Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds, Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

Governmental Funds Tax Revenues by Source

Last Ten Years

(modified accrual basis of accounting)

<u>Year</u>	<u>Real Estate Tax</u>	<u>Hotel Room Tax</u>	<u>Total</u>
2009	\$ 32,016,525	\$ 1,203,992	\$ 33,220,517
2010	32,015,460	1,236,768	33,252,228
2011	31,939,625	1,299,446	33,239,071
2012	31,982,813	1,474,084	33,456,897
2013	32,119,473	2,479,651	34,599,124
2014	35,903,096	2,343,980	38,247,076
2015	36,050,813	2,339,744	38,390,557
2016	36,385,654	2,509,580	38,895,234
2017	36,949,181	2,790,732	39,739,913
2018	39,442,999	2,561,955	42,004,954

Source: Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds,
Financial Statements

COUNTY OF ADAMS, PENNSYLVANIA

Property Values
Last Ten Years
(Unaudited)

Year	Residential	Commercial	Agriculture	Industrial	Other	Utility/Exempt	Total
2009	\$ 1,396,471,867	\$ 325,746,592	\$ 228,021,975	\$ 71,038,321	\$ 33,185,990	\$ -	\$ 2,054,464,745
2010	1,410,248,031	318,991,943	230,151,624	65,222,188	32,681,966	-	2,057,295,752
2011 (1)	6,289,950,000	1,257,921,100	1,017,960,800	294,367,700	263,634,800	1,108,414,600	10,232,249,000
2012	6,325,736,300	1,211,272,200	1,015,507,700	293,992,200	231,508,100	1,121,317,200	10,199,333,700
2013	6,340,990,500	1,207,534,500	1,020,029,200	278,274,600	218,622,600	1,137,632,800	10,203,084,200
2014	6,323,299,400	1,223,446,200	1,032,428,800	268,941,500	276,153,800	N/A	9,124,269,700
2015	6,433,348,600	1,222,798,200	1,045,295,200	265,527,300	205,829,300	1,157,657,800	10,330,456,400
2016	6,494,476,500	1,239,078,900	1,064,646,700	257,475,900	201,253,500	1,178,649,700	10,435,581,200
2017	6,556,588,700	1,242,833,100	1,078,949,500	260,615,100	192,330,800	1,187,360,800	10,518,678,000
2018	6,622,052,800	1,258,151,500	1,089,700,700	259,569,700	181,126,000	1,188,556,400	10,599,157,100

Notes:

(1) County-wide reassessment

N/A: Not Available

Source: Adams County Tax Services Department
PA State Tax Equilization Board

COUNTY OF ADAMS, PENNSYLVANIA
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Years

<u>Year</u>	<u>Real Estate Total Assessed Value</u>	<u>RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE</u>	<u>COUNTY REAL ESTATE MILLAGE RATE</u>
2009	\$ 2,094,086,739	34%	14.450
2010	2,095,684,104	31%	15.450
2011 (1)	9,123,834,400	134%	3.552
2012	9,078,016,500	135%	3.733
2013	9,065,451,400	135%	3.733
2014	9,082,272,700	135%	3.919
2015	9,172,798,600	136%	3.919
2016	9,256,931,500	136%	3.919
2017	9,331,317,200	136%	3.919
2018	9,410,600,700	135%	4.189

Note: (1) County-wide reassessment

Source: Adams County Tax Services Department

COUNTY OF ADAMS, PENNSYLVANIA
 Real Estate Millage Rates-Direct and Overlapping Governments
 Last Ten Years

(1) Year	County Direct Rates			Overlapping Rates		Total
	Basic Rate	Library Tax	Total Rate	(2) Municipalities	(2) School District	
2009	14.950	0.500	15.450	4.067	41.942	61.459
2010	14.950	0.500	15.450	4.200	43.558	63.208
2011*	3.437	0.115	3.552	0.980	10.157	14.689
2012	3.618	0.115	3.733	1.041	10.365	15.139
2013	3.618	0.115	3.733	1.098	10.585	15.416
2014	3.804	0.115	3.919	1.233	10.849	16.001
2015	3.804	0.115	3.919	1.216	11.067	16.202
2016	3.804	0.115	3.919	1.292	11.434	16.645
2017	3.804	0.115	3.919	1.339	11.842	17.100
2018	4.074	0.115	4.189	1.361	12.161	17.711

Notes:

- (1) The Fiscal year shown represents the calendar year for the County and Municipalities and the fiscal year for School Districts which begins in July of the year shown and spans six months into the next calendar year.
- (2) Each unit within these classes levies its own millage rate. The rates shown are an average.

*A county-wide reassessment was done in 2011

Source: Adams County Tax Services Department

COUNTY OF ADAMS, PENNSYLVANIA

Property Tax Rates
Direct and Overlapping Governments
Last Ten Years

	<u>2009</u>	<u>2010</u>	(1) <u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
County Direct Rate	15.450	15.450	3.552	3.733	3.733	3.919	3.919	3.919	3.919	4.189
School District Rates										
Bermudian Springs	41.190	42.790	9.768	9.992	10.107	10.310	10.578	10.927	11.298	11.671
Conewago Valley	38.800	40.200	9.990	10.210	10.712	11.181	11.625	12.135	12.612	13.046
Fairfield	42.500	43.980	9.295	9.491	9.690	9.690	9.690	9.971	10.280	10.460
Gettysburg	40.700	42.460	10.185	10.307	10.307	10.485	10.485	10.553	10.817	10.910
Littlestown	39.610	41.115	9.821	10.037	10.258	10.535	10.798	11.351	11.578	11.937
Upper Adams	48.850	50.800	11.885	12.155	12.434	12.894	13.229	13.666	14.466	14.943
Borough Rates										
Abbotstown	5.500	5.500	1.416	1.416	1.416	1.416	1.416	1.666	1.916	1.666
Arendtsville	6.000	6.000	1.430	1.430	1.430	1.430	1.430	1.430	1.430	1.430
Bendersville	5.000	5.000	1.049	1.049	1.049	1.049	1.049	1.049	1.049	1.049
Biglerville	6.500	6.500	1.584	2.100	2.600	2.850	2.850	3.350	3.350	3.350
Bonneauville	3.889	3.889	0.920	0.920	0.920	2.170	2.170	2.170	2.170	2.170
Carroll Valley	8.000	8.000	1.746	2.450	2.450	2.700	2.011	2.700	2.700	2.700
East Berlin	4.000	5.000	1.300	1.300	1.300	1.300	1.300	1.300	1.800	1.800
Fairfield	4.500	4.500	1.158	1.158	1.158	1.408	1.408	1.408	1.525	1.525
Gettysburg	14.380	15.380	3.520	3.520	3.520	3.870	3.870	4.020	4.020	4.182
Littlestown	9.500	9.500	2.309	2.309	2.309	3.309	3.309	3.309	3.809	3.809
McSherrystown	13.234	13.234	3.126	3.126	3.126	3.626	3.626	3.626	3.626	3.626
New Oxford	4.400	4.400	1.018	1.018	1.320	1.450	1.450	2.000	2.350	2.350
York Springs	7.000	7.000	1.637	1.637	1.637	1.637	1.637	1.637	1.637	1.637
Townships										
Berwick	5.000	5.000	1.230	1.230	0.950	0.850	0.650	0.550	0.400	0.400
Butler	2.250	2.250	0.497	0.497	0.497	0.747	0.747	0.747	0.747	0.747
Conewago	4.500	4.500	1.125	1.425	2.011	2.011	2.011	2.011	2.011	2.011
Cumberland	3.500	5.500	1.500	1.500	1.500	1.750	1.750	1.750	1.750	2.150
Franklin	1.131	1.131	0.226	0.526	0.526	0.776	0.776	0.776	0.776	0.776
Freedom	0.718	0.718	0.156	0.456	0.456	0.456	0.456	0.606	0.606	0.606
Germany	0.280	0.280	0.063	0.122	0.122	0.122	0.122	0.122	0.122	0.222
Hamiltonban	6.500	6.500	1.236	1.236	1.236	1.486	1.486	1.486	1.486	1.736
Hamilton	3.250	3.250	0.735	0.735	0.735	0.735	0.735	0.735	0.735	0.735
Highland	0.942	0.942	0.209	0.209	0.209	0.209	0.209	0.209	0.209	0.209
Huntington	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Latimore	2.800	2.800	0.620	0.620	0.620	0.620	0.620	0.620	0.620	0.620
Liberty	3.000	3.000	0.576	0.576	0.576	0.576	0.826	0.828	0.828	0.828
Menallen	0.900	0.900	0.193	0.193	0.193	0.443	0.443	0.443	0.443	0.443
Mt. Joy	2.380	2.380	0.440	0.350	0.170	0.150	0.150	0.150	0.150	0.150
Mt. Pleasant	0.670	0.670	0.155	0.155	0.155	0.405	0.405	0.705	0.705	0.705
Oxford	3.500	4.000	0.983	0.983	0.983	0.983	0.983	0.983	0.983	0.983
Reading	1.200	1.200	0.258	0.258	0.258	0.258	0.258	0.258	0.258	0.258
Straban	0.460	0.460	0.101	0.101	0.101	0.351	0.351	0.351	0.351	0.351
Tyrone	2.855	2.855	0.673	0.673	0.673	0.673	0.673	0.673	0.673	0.673
Union	0.550	0.550	0.123	0.123	0.123	0.123	0.180	0.250	0.310	0.370

(1) County-wide reassessment

Source: Adams County Tax Services Department

COUNTY OF ADAMS, PENNSYLVANIA

Principal Property Taxpayers
December 31

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
The Brethren Home Community	\$ 34,074,700	1	0.37%	N/A	N/A	N/A
Gateway Gettysburg Hotel/Conference Center Partners LP	33,015,500	2	0.35%	N/A	N/A	N/A
Knouse Foods Cooperative, Inc	29,431,300	3	0.32%	N/A	N/A	N/A
Delancey Gettysburg Associates LP	28,948,800	4	0.31%	N/A	N/A	N/A
Wellspring Properties Inc	27,855,600	5	0.30%	N/A	N/A	N/A
Ski Roundtop/Ski America Inc/Snow Time Inc	27,385,000	6	0.29%	N/A	N/A	N/A
C&J Clark America Inc	23,245,900	7	0.25%	N/A	N/A	N/A
Broyhill and Associates, Inc/Vulcan Materials Co	22,079,600	8	0.24%	N/A	N/A	N/A
Gettysburg College	22,021,300	9	0.24%	N/A	N/A	N/A
Conewago Resources/Conewago Contractors	18,381,600	10	0.20%	N/A	N/A	N/A
Total	\$ 266,439,300		2.87%	\$ -		\$ -

Source: Adams County Tax Services Department
N/A: Not Available

COUNTY OF ADAMS, PENNSYLVANIA
 Real Estate Taxes Levied and Collected
 Last Ten Years
 (Unaudited)

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 32,353,640	\$ 30,428,866	94.1%	\$ 948,202	\$ 31,377,068	97.0%
2010	32,378,319	30,686,812	94.8%	1,124,533	31,811,345	98.2%
2011	32,406,035	31,434,482	97.0%	971,553	32,406,035	100.0%
2012	33,886,419	32,457,008	95.8%	778,115	33,235,123	98.1%
2013	33,839,517	32,512,844	96.1%	1,069,005	33,581,849	99.2%
2014	35,596,151	34,365,888	96.5%	749,666	35,115,554	98.6%
2015	35,950,749	34,520,699	96.0%	1,378,479	35,899,178	99.9%
2016	36,279,612	34,946,615	96.3%	1,242,038	36,188,653	99.7%
2017	36,572,231	35,331,595	96.6%	533,930	35,865,525	98.1%
2018	39,423,830	38,057,215	96.5%	-	38,057,215	96.5%

Source: Adams County Tax Services

COUNTY OF ADAMS, PENNSYLVANIA

Ratio of Outstanding Debt by Type
Last Ten Years

Year	Governmental Activities		Business-Type Activities		Primary Government	Personal Income	Per Capita
	General Obligation Debt	Capital Leases	General Obligation Debt	Capital Leases			
2009	\$ 39,458,667	\$ -	\$ 4,028,818	\$ -	\$ 43,487,485	1.16%	425.00
2010	43,828,255	-	3,902,067	-	47,730,322	1.25%	470.68
2011	42,601,419	-	3,078,865	-	45,680,284	1.15%	449.39
2012	45,284,371	-	23,358,125	-	68,642,496	1.68%	676.05
2013	43,278,789	-	24,020,675	-	67,299,464	1.61%	663.66
2014	41,837,555	-	23,422,057	-	65,259,612	1.48%	642.24
2015	62,567,410	-	1,634,026	-	64,201,436	1.39%	629.04
2016	71,481,532	-	603,748	-	72,085,280	1.54%	705.47
2017	79,039,607	-	470,459	-	79,510,066	1.65%	776.95
2018	75,528,477	-	359,294	-	75,887,771	1.53%	738.13

Source: Adams County Finance Department

Note: In 2015, the County reclassified the 911 Fund as a Governmental Activity whereas in prior years the 911 Fund was classified as a Business-Type activity.

COUNTY OF ADAMS, PENNSYLVANIA

Ratio of General Obligation Debt to Assessed Value of Real Estate
and General Obligation Debt Per Capita
Last Ten Years

<u>Year</u>	<u>(1) Population</u>	<u>(2) Assessed Value</u>	<u>General Obligation Debt</u>	<u>(3) Ratio of General Obligation Debt to Assessed Value</u>	<u>General Obligation Debt Per Capita</u>
2009	102,323	\$ 2,094,086,739	\$ 43,487,485	2.08%	425.00
2010	101,407	2,095,684,104	47,730,322	2.28%	470.68
2011	101,650	9,123,834,400	45,680,284	0.50%	449.39
2012	101,535	9,078,016,500	68,642,496	0.76%	676.05
2013	101,407	9,065,451,400	67,299,464	0.74%	663.66
2014	101,612	9,082,272,700	65,259,612	0.72%	642.24
2015	102,063	9,172,798,600	64,201,436	0.70%	629.04
2016	102,180	9,256,931,500	72,085,280	0.78%	705.47
2017	102,336	9,331,317,200	79,510,066	0.85%	776.95
2018	102,811	9,410,600,700	75,887,771	0.81%	738.13

Sources:

- (1) Bureau of Economic Analysis
- (2) Adams County Tax Services
- (3) Adams County Finance Department

COUNTY OF ADAMS, PENNSYLVANIA
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
School Districts			
Bermudian School District	\$ 65,284,831	100%	\$ 65,284,831
Conewago School District	148,202,460	100%	148,202,460
Fairfield School District	41,797,440	100%	41,797,440
Gettysburg Area School District	129,713,350	100%	129,713,350
Littlestown Area School District	80,492,829	100%	80,492,829
Upper Adams School District	56,997,066	100%	56,997,066

Source: Each individual governmental unit

Note: Method to calculate overlapping debt is the percentage applicable multiplied by the total debt reported by each government unit.

COUNTY OF ADAMS, PENNSYLVANIA

Direct and Overlapping Governmental Activities Debt (Continued)
As of December 31, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Boroughs			
Abbottstown	\$ 358,586	100%	\$ 358,586
Arendtsville	N/A	100%	N/A
Bendersville	58,408	100%	58,408
Biglerville	N/A	100%	N/A
Bonneauville	N/A	100%	N/A
Carroll Valley	2,857,310	100%	2,857,310
East Berlin	-	100%	-
Fairfield	-	100%	-
Gettysburg	22,335,420	100%	22,335,420
Littlestown	11,744,323	100%	11,744,323
McSherrystown	694,805	100%	694,805
New Oxford	243,430	100%	243,430
York Springs	N/A	100%	N/A

Source: Each individual governmental unit

Note: Method to calculate overlapping debt is the percentage applicable multiplied by the total debt reported by each government unit.

COUNTY OF ADAMS, PENNSYLVANIA

Direct and Overlapping Governmental Activities Debt (Continued)
As of December 31, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Townships			
Berwick	\$ 296,814	100%	\$ 296,814
Butler	9,367	100%	9,367
Conewago	-	100%	-
Cumberland	1,267,359	100%	1,267,359
Franklin	-	100%	-
Freedom	-	100%	-
Germany	278,578	100%	278,578
Hamilton	100,000	100%	100,000
Hamiltonban	877,872	100%	877,872
Highland	N/A	100%	N/A
Huntington	-	100%	-
Latimore	N/A	100%	N/A
Liberty	-	100%	-
Menallen	-	100%	-
Mount Joy	-	100%	-
Mount Pleasant	497,805	100%	497,805
Oxford	-	100%	-
Reading	722,170	100%	722,170
Straban	-	100%	-
Tyrone	N/A	100%	N/A
Union	497,805	100%	497,805
Subtotal, Overlapping Debt			565,328,027
County of Adams direct debt			<u>75,528,477</u>
Total direct and overlapping debt			<u><u>\$ 640,856,504</u></u>

Source: Each individual governmental unit

Note: Method to calculate overlapping debt is the percentage applicable multiplied by the total debt reported by each government unit.

COUNTY OF ADAMS, PENNSYLVANIA
 Computation of Legal Debt Margin
 Last Ten Years

	Year				
	2009	2010	2011	2012	2013
Borrowing Base Revenues					
Two Years Prior	\$ 55,188,870	\$ 60,930,994	\$ 64,705,046	\$ 65,703,423	\$ 66,831,066
Prior Year	60,930,994	64,705,046	65,703,423	66,831,066	65,608,571
Current Year	64,705,046	65,703,423	66,831,066	65,608,571	67,026,686
Total Revenues	\$ 180,824,910	\$ 191,339,463	\$ 197,239,535	\$ 198,143,060	\$ 199,466,323
Debt Limit For General Obligation Bonds					
Average Borrowing Base Revenues	\$ 60,274,970	\$ 63,779,821	\$ 65,746,512	\$ 66,047,687	\$ 66,488,774
Debt Limit Percentage	x 300%	x 300%	x 300%	x 300%	x 300%
Debt Limit	180,824,910	191,339,463	197,239,536	198,143,061	199,466,322
Total Outstanding Bonded Debt	43,487,485	47,730,322	45,680,284	68,642,496	67,299,464
Legal Debt Margin	\$ 137,337,425	\$ 143,609,141	\$ 151,559,252	\$ 129,500,565	\$ 132,166,858
Total Outstanding Bonded Debt					
As A Percentage Of Debt Limit	24.05%	24.95%	23.16%	34.64%	33.74%
Debt Limit For General Obligation Bonds And Lease Rental Debt					
Average Borrowing Base Revenues	\$ 60,274,970	\$ 63,779,821	\$ 65,746,512	\$ 66,047,687	\$ 66,488,774
Debt Limit Percentage	x 400%	x 400%	x 400%	x 400%	x 400%
Debt Limit	241,099,880	255,119,284	262,986,048	264,190,748	265,955,097
Total Amount Of Debt Applicable To Debt Limit	43,487,485	47,730,322	45,680,284	68,642,496	67,299,464
Legal Debt Margin	\$ 197,612,395	\$ 207,388,962	\$ 217,305,764	\$ 195,548,252	\$ 198,655,633
Total Amount Of Debt Applicable To Debt Limit As A Percentage of Debt Limit	18.04%	18.71%	17.37%	25.98%	25.30%

**COUNTY OF ADAMS,
PENNSYLVANIA**
Computation of Legal Debt Margin (Continued)
Last Ten Years

	Year				
	2014	2015	2016	2017	2018
Borrowing Base Revenues					
Two Years Prior	\$ 65,608,571	\$ 67,026,686	\$ 69,742,605	\$ 71,823,349	\$ 76,042,013
Prior Year	67,026,686	69,742,605	71,823,349	76,042,013	77,771,087
Current Year	69,742,605	71,823,349	76,042,013	77,771,087	65,914,620
Total Revenues	<u>\$ 202,377,862</u>	<u>\$ 208,592,640</u>	<u>\$ 217,607,967</u>	<u>\$ 225,636,449</u>	<u>\$ 219,727,720</u>
Debt Limit For General Obligation Bonds					
Average Borrowing Base Revenues	\$ 67,459,287	\$ 69,530,880	\$ 72,535,989	\$ 75,212,150	\$ 73,242,573
Debt Limit Percentage	x 300% x	x 300% x	x 300% x	x 300% x	x 300%
Debt Limit	202,377,861	208,592,640	217,607,967	225,636,449	219,727,720
Total Outstanding Bonded Debt	64,299,239	63,315,748	70,366,890	76,553,249	73,106,027
Legal Debt Margin	<u>\$ 138,078,622</u>	<u>\$ 145,276,892</u>	<u>\$ 147,241,077</u>	<u>\$ 149,083,200</u>	<u>\$ 146,621,693</u>
Total Outstanding Bonded Debt As A Percentage Of Debt Limit	31.77%	30.35%	32.34%	33.93%	33.27%
Debt Limit For General Obligation Bonds And Lease Rental Debt					
Average Borrowing Base Revenues	\$ 67,459,287	\$ 69,530,880	\$ 72,535,989	\$ 75,212,150	\$ 73,242,573
Debt Limit Percentage	x 400% x	x 400% x	x 400% x	x 400% x	x 400%
Debt Limit	269,837,148	278,123,520	290,143,956	300,848,599	292,970,293
Total Amount of Debt Applicable to Debt Limit	64,299,239	63,315,748	70,366,890	76,553,249	73,106,027
Legal Debt Margin	<u>\$ 205,537,909</u>	<u>\$ 214,807,772</u>	<u>\$ 219,777,066</u>	<u>\$ 224,295,350</u>	<u>\$ 219,864,266</u>
Total Amount Of Debt Applicable To Debt Limit As a Percentage Of Debt Limit	23.83%	22.77%	24.25%	25.45%	24.95%

COUNTY OF ADAMS, PENNSYLVANIADemographic and Economic Statistics
Last Ten Years

Year	Population (4)	Personal Income \$000	Per Capita Personal Income (1)	Public School Enrollment (2)	Local Unemployment Rate (3)
2009	101,252	\$ 3,756,107	\$ 37,097	14,316	7.4%
2010	101,472	3,817,169	37,618	14,401	7.7%
2011	101,657	3,964,156	38,995	14,213	6.7%
2012	101,572	4,097,058	40,336	13,924	6.4%
2013	101,525	4,185,518	41,226	13,787	5.8%
2014	101,878	4,413,565	43,361	13,655	4.6%
2015	102,295	4,605,659	45,023	13,502	4.2%
2016	102,180	4,685,246	45,853	13,460	4.0%
2017	102,336	4,816,605	47,067	13,502	3.2%
2018	102,811	N/A	N/A	13,556	3.2%

(1) Bureau of Economic Analysis, 2018 information not available at time of reporting

(2) PA Department of Education

(3) US Bureau of Labor Statistics

(4) US Census Bureau

N/A: Not Available at time of reporting

COUNTY OF ADAMS, PENNSYLVANIA

Principal Employers
Current Year and Nine Years Ago

Employer (1)	Location	2018			2009		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Knouse Foods Cooperative Inc	Peach Glen	N/A	1		N/A	1	
Gettysburg College	Gettysburg	N/A	2		N/A	2	
Hain Pure Protein Corporation	New Oxford	N/A	3		N/A	7	
Gettysburg Hospital	Gettysburg	N/A	4		N/A	4	
Federal Government	Gettysburg	N/A	5		N/A	3	
Cross Keys Vlg-The Brethern	New Oxford	N/A	6		N/A	5	
Adams County	Gettysburg	551	7	1.0%	1,012	8	2.0%
PCA Corrugated and Display LLC	New Oxford	N/A	8		N/A	10	
Conewago Valley School District	New Oxford	N/A	9		N/A	9	
Wellspan Medical Group	Gettysburg	N/A	10				
Gettysburg Area School District	Gettysburg				N/A	6	
Total		<u>551</u>		<u>1.0%</u>	<u>1,012</u>		<u>2.0%</u>
Total Employees in County (2)		<u>53,700</u>			<u>50,900</u>		

Source: (1) PA Dept of Labor and Industry; Center for Workforce Information and Analysis

(2) www.workstats.dli.pa.gov

N/A - Information not available

COUNTY OF ADAMS, PENNSYLVANIA

Employees by Function/Program
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund Departments										
Commissioners	6	6	7	7	6	6	7	7	7	8
Solicitor	2	2	2	2	3	4	3	3	3	3
Finance/Purchasing	5	5	4	4	4	5	5	5	6	6
Human Resources	6	6	5	5	5	5	6	6	5	6
IT-Information Systems	4	4	4	3	4	5	6	10	11	15
Building and Maintenance	22	21	21	21	21	20	21	24	24	24
Tax Services	0	0	0	19	19	18	18	18	17	19
Tax Assessment	10	11	10	0	0	0	0	0	0	0
Tax Appraising	5	5	5	0	0	0	0	0	0	0
Tax Claim Bureau	2	2	2	0	0	0	0	0	0	0
GIS Mapping	4	4	3	0	0	0	0	0	0	0
Elections/Voter Registration	2	3	2	2	2	2	2	2	2	3
Planning	15	13	13	14	14	16	16	17	16	16
Public Defender	7	8	8	8	9	7	7	7	7	7
Victim Witness	4	4	4	4	4	5	5	5	6	6
Security	5	5	5	5	6	5	5	5	10	10
Prison	126	126	122	123	122	124	125	123	128	136
Emergency Services	22	20	21	21	20	23	27	26	36	39
Veteran's Affairs	1	1	1	1	1	1	1	2	2	2
Cooperative Extension	7	7	7	7	7	5	5	5	5	5
Conservation District	12	11	11	11	11	10	10	10	8	11
Controller	0	0	0	4	4	6	6	6	6	6
Treasurer	4	4	4	4	4	4	4	4	4	4
Register & Recorder	7	7	7	7	7	6	6	5	6	6
Clerk of Courts	14	14	14	13	12	12	11	11	11	11
Prothonotary	6	6	6	6	6	6	6	5	6	6
District Attorney	12	12	13	13	13	14	14	14	14	17
Sheriff	11	12	12	14	14	14	14	15	19	20
Coroner	1	1	1	1	1	1	1	1	5	6
Court Administration	16	17	16	16	16	14	14	14	14	18
Criminal Justice Advisory	1	1	1	1	1	0	0	0	0	0
Magisterial District Justice	13	13	13	12	12	12	12	13	13	13
Probation Services	45	41	46	46	46	46	47	47	45	49
Community Re-entry Center	7	7	0	0	0	0	0	0	0	0
Law Library	1	1	1	1	1	1	1	1	1	1
Operational Services	0	0	0	0	0	4	4	4	4	4
Total General Fund Departments	405	400	391	395	395	401	409	415	441	477
Non General Fund Departments										
Nursing Home	543	536	0	0	0	0	0	0	0	0
Children & Youth Services	42	43	43	45	42	44	48	50	52	52
Domestic Relations	22	22	22	19	20	21	21	22	22	22
Total Non General Fund Departments	607	601	65	64	62	65	69	72	74	74
Total	1,012	1,001	456	459	457	466	478	487	515	551

Source: Adams County Human Resource Department

COUNTY OF ADAMS, PENNSYLVANIA

Operating Indicators by Function
Last Ten Years

FUNCTION	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration										
Treasurer										
Dog Licenses	N/A	10,645	9,464	9,750	11,017	11,564	10,678	10,267	10,023	9,809
Fishing Licenses	N/A	111	67	103	72	92	70	85	71	59
Hunting Licenses	N/A	9,153	9,816	10,291	9,656	9,887	9,850	9,519	10,679	11,319
Sportsmen Firearms	N/A	47	21	23	32	21	39	25	11	14
Tax Services										
New Single Family Building Permits	132	171	122	122	160	230	203	346	274	243
Number of Parcels	43,909	44,109	43,974	43,723	43,754	43,819	43,913	44,050	44,142	44,167
Appeals Processed	N/A	N/A	2,747	859	562	556	445	368	285	260
Elections										
Registered Voters	59,636	60,197	58,869	61,156	59,993	61,151	60,950	66,718	65,225	67,025
Votes Cast	17,316	31,382	15,296	42,798	15,401	28,116	17,468	48,253	14,840	39,150
Percent of votes cast	29%	52%	26%	70%	26%	46%	29%	72%	23%	58%
Recorder of Deeds										
Deeds recorded	2,158	2,444	2,278	2,496	2,698	2,680	2,827	2,952	3,078	2,951
Mortgages	5,610	4,508	4,273	4,783	4,685	3,364	3,767	4,111	3,887	3,667
Subdivisions	123	112	99	84	106	105	99	101	93	83
Military Discharges	76	38	24	15	17	9	14	11	19	12
Register of Wills										
Estates Probated	361	389	386	359	422	420	385	399	373	343
Misc. Estate Docs.	110	91	125	106	109	126	119	119	131	167
Judicial										
Courts										
Criminal Filings										
New Criminal Cases Filed	1,231	1,220	1,212	1,253	1,255	1,280	1,382	1,526	1,449	N/A
Jury Trials	4	13	13	7	5	8	8	18	14	N/A
Bench trials	10	16	10	9	14	19	16	20	24	N/A
Guilty pleas	883	821	815	951	953	996	972	1,018	1,100	N/A
ARD's /Diversionary Disposition	225	239	191	91	228	235	258	295	291	N/A
Withdrawn/dismised	69	87	65	84	70	61	91	102	89	N/A
Inactive trials	42	29	32	28	37	34	34	34	31	N/A
Other	62	91	79	93	7	0	23	9	6	N/A
Civil filings										
New civil cases docketed	780	815	1,160	1,010	849	735	729	669	731	N/A
Jury trials	4	N/A	3	4	0	0	1	0	3	N/A
Bench trials	10	N/A	8	4	2	3	1	2	9	N/A
Settlements	52	N/A	487	251	278	548	252	264	265	N/A
Arbitration filings	20	N/A	20	22	13	12	14	10	16	N/A
Civil cases pending	20	N/A	1,474	1,370	964	276	316	473	465	N/A
Protection from abuse	111	104	96	83	70	54	69	66	90	N/A
New child support filings	2,005	2,127	1,969	1,819	1,813	1,706	1,657	1,436	1,418	N/A
Custody filings	569	629	669	656	601	590	665	559	502	N/A
Divorce filings	420	412	433	424	378	395	357	329	326	N/A
Dependency abuse/neglect	24	33	74	52	43	21	37	63	62	N/A
Dependency status filings	19	30	63	25	10	1	2	3	0	N/A
Delinquency filings	333	310	272	241	237	206	188	248	159	N/A
Estates filed	18	26	21	22	30	26	23	14	24	N/A
Estates probated	18	21	24	20	26	29	26	15	18	N/A
Adoptions	27	31	28	29	21	33	36	20	34	N/A
Termination filings	34	32	15	31	35	35	12	16	18	N/A
Guardian filings	17	17	10	15	24	21	23	20	23	N/A
Coroner										
Cremations	273	293	327	316	350	375	466	433	467	495
Drug Overdoses	10	5	5	5	8	7	9	29	19	14
Heroin Related	1	1	1	1	3	3	4	10	13	8
Motor Vehicle Accidents	14	12	14	12	3	4	8	7	3	10
Motor Vehicle Accidents with Alcohol	9	7	3	5	1	2	3	4	1	4
Homicides	1	3	0	4	0	0	0	2	1	2
Suicides	12	11	11	19	19	7	10	16	17	15
Fire Related Deaths	0	0	0	1	1	0	2	2	0	0
Undetermined	0	1	0	0	0	1	0	1	1	1
Autopsies	22	23	24	43	38	29	38	58	45	48
Total Incidents Referred and Investigated	380	386	422	423	476	531	906	864	924	1,006

Operating Indicators by Function
Last Ten Years (Continued)

FUNCTION	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Human Services										
Children and Youth										
Children Served	N/A	N/A	N/A	N/A	1,343	1,272	2,230	2,302	2,751	3,191
Abuse Reported	N/A	N/A	N/A	N/A	1,010	981	2,013	2,142	2,535	2,312
Adoptions	N/A	N/A	N/A	N/A	11	33	14	6	7	8
Placement Days of Care	N/A	N/A	N/A	N/A	21,426	17,096	11,619	10,755	12,820	19,808
Public Safety										
Emergency Services										
Police Calls for Service	197,457	202,457	194,926	192,020	177,900	180,266	192,161	200,936	226,706	229,507
Police Incidents	58,674	60,122	61,010	50,653	37,356	36,614	40,087	41,883	44,931	45,089
Fire/EMS Incidents	16,374	17,069	16,687	14,271	10,965	10,875	11,436	11,963	12,229	12,483
9-1-1 Calls	34,021	34,264	36,882	34,882	34,407	34,687	34,429	34,963	33,792	33,633
Administrative 9-1-1 Calls	95,734	93,948	118,515	113,961	103,620	96,431	90,856	88,252	85,963	83,437
Hazardous Materials										
Hazardous Materials Incidents	25	19	21	19	23	6	12	11	22	15
PEIRS Reported Incidents	23	21	25	16	22	33	74	71	73	57
County Prison										
Average Daily Population	326	332	304	294	315	316	287	325	319	327
Admissions	1,869	1,919	2,003	1,860	1,885	1,927	1,742	2,138	2,049	2,175
Releases	1,846	1,951	2,023	1,860	1,853	1,966	1,706	2,131	2,068	2,086
Conservation and Development										
Planning										
Subdivision and Land Development Plans Reviewed	114	102	91	98	98	83	134	89	105	89
New Residential Lots Proposed	206	143	78	56	206	3	272	72	212	298
Average Proposed Residential Lot Sizes (Acres)	3	2	2	1	2	1	1	3	3	1
Acreage in Active Agriculture Proposed for Conversion to New Development	279	195	78	49	76	42	72	120	181	53

Source: By reporting department
N/A: Not available at the time of reporting

Capital Asset Statistics by Function
Last Ten Years

Function	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>GENERAL GOVERNMENT-ADMIN</u>										
Automobiles										
Commissioners	0	0	0	0	0	0	0	0	1	1
IT-Information Systems	0	0	0	0	0	0	0	0	1	1
Building & Maintenance	8	8	7	8	8	8	9	11	11	11
Tax Services	2	2	2	2	2	2	2	2	2	2
Planning	0	0	0	1	1	1	1	2	2	2
Buildings	5	5	9	9	9	9	9	9	9	9
<u>GENERAL GOVERNMENT-JUDICIAL</u>										
Automobiles										
Coroner	0	0	1	1	1	1	1	1	2	2
District Attorney	0	0	0	0	0	0	0	0	1	1
Buildings	1	1	1	1	1	1	1	1	1	1
<u>PUBLIC SAFETY</u>										
Automobiles										
Prison	3	3	3	7	8	8	8	5	5	5
Emergency Services	3	3	3	2	2	2	2	2	2	2
Protective Inspections	1	1	1	1	1	1	1	1	1	1
Sheriff	7	7	8	7	10	11	13	10	9	9
Probation Services	12	12	13	12	13	13	15	12	12	12
Buildings	3	3	3	3	3	3	3	3	3	3
<u>PUBLIC WORKS</u>										
Bridges										
Commissioners	42	42	42	42	42	42	42	42	42	42
<u>HUMAN SERVICES</u>										
Automobiles										
Children & Youth Services	3	3	3	3	4	5	5	5	5	5
Buildings	1	1	0	0	0	0	0	0	1	1
<u>CONSERVATION/DEVELOPMENT</u>										
Automobiles										
Conservation District	5	5	5	5	6	6	6	6	6	6

Source: Adams County Finance Department