

**COUNTY OF ADAMS
GETTYSBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

COUNTY OF ADAMS
YEAR ENDED DECEMBER 31, 2015

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

County Commissioners
County of Adams
Gettysburg, Pennsylvania

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, 2015, 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

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%, 100%, and 100% of the assets, net position, and revenues, respectively, 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 1.7%, 4.2%, and 1.3% of the assets, net position, and revenues, respectively of the reported governmental activities and 14.1%, 21.4%, and 7.4% of the assets, fund balances, and revenues, respectively of the reported aggregate remaining fund information. Those statements were audited by other auditors whose report has 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 report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Adams County Industrial Development Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Harrisburg

830 Sir Thomas Court, Suite 100
Harrisburg, PA 17109
717.561.9200 Fax 717.561.9202

Philadelphia

2370 York Road, Suite A-5
Jamison, Pa 18929
215.918.2277 Fax 215.918.2302

Pittsburgh

3800 McKnight E. Drive, Suite 3805
Pittsburgh, PA 15237
412.367.7102 Fax 412.367.7103

Greensburg

210 Tollgate Hill Road
Greensburg, PA 15601
724.834.2151 Fax 724.834.5969

Zelenkofske Axelrod LLC

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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 report of 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, 2015, 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 2015, the COUNTY OF ADAMS adopted the provisions of Governmental Accounting Standards Board's ("GASB") Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" and the provisions of GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*". 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 Funding Progress for Postemployment Benefits Other Than Pensions, Schedule of Changes in Net Pension Liability and Related Ratios – Last 10 Years, Schedule of Employer Contributions – Last 10 years, and budgetary comparison schedules on pages 4 through 20 and pages 73 through 79 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.

Zelenkofske Axelrod LLC

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County of Adams
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the COUNTY OF ADAMS's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
September 28, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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, 2014 and December 31, 2015. Please read it in conjunction with the COUNTY'S financial statements that follow this section.

Financial Highlights:

- Total assessed taxable property values in 2015 were \$9,172,798,600. The Library millage rate remained at .1147 mills during 2015; 3.8046 for general county purposes which includes .3675 for public safety projects for an overall total County Millage of 3.9193 in 2015.
- The COUNTY reclassified the 911 Fund from a business-type activity to a governmental activity as the 911 fund no longer met the criteria to be classified as a proprietary fund. The 911 Capital Projects Fund had a deficit fund balance which will be funded by proceeds from the 2013 Note and a RACP grant. The reclassification resulted in a net decrease in fund balance for total governmental funds. The COUNTY'S general fund balance was \$22.3 million with an unassigned portion of \$18.8 million.
- The COUNTY'S governmental activities net position increased by approximately \$4.5 million due to an increase in program revenues and the transfer of capital assets and long term liabilities.
- The COUNTY'S bond rating upgraded by Moody's to Aa3 in 2014 remained the same in 2015. Recently Moody's assigned a positive rating outlook to the COUNTY'S bond rating.
- The COUNTY had \$61,681,722 of governmental activities general obligation debt outstanding as of December 31, 2015. A portion of this amount was previously shown in the 911 Fund and classified as business-type activity.
- Budgetary policy and management of expenses enabled the COUNTY to reduce General Fund expenditures actual compared to budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following three parts:

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

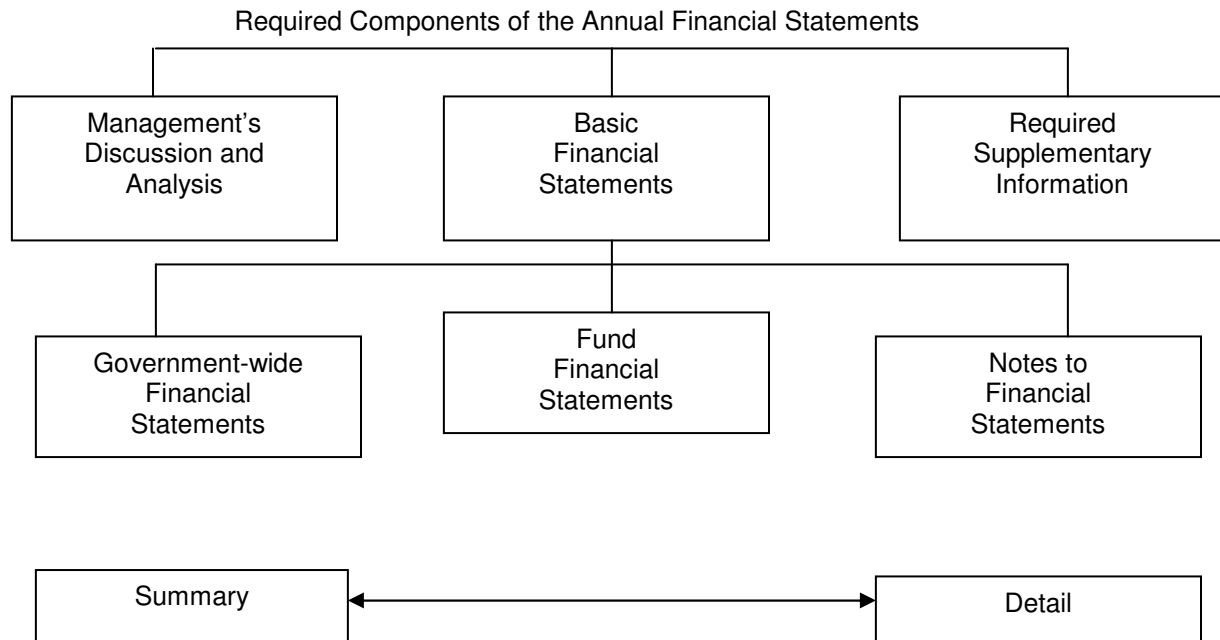
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the COUNTY'S government. The basic financial statements include notes that provide additional information essential to a full understanding of the 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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

- *Government-wide financial statements*, the first two statements, provide information about the COUNTY'S overall financial status as well as the financial status of the County's component units.
- *Fund financial statements*, the remaining statements, focus on individual parts of the COUNTY'S government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
 - *Governmental funds statements* show how general government services such as public safety, human services, public works, culture and recreation, and conservation and development are financed in the short term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the COUNTY operates like a business.
 - *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 annual financial report



**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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 outflows of resources, and liability information	All assets, deferred outflows of resources, and liabilities, 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, and liabilities, 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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

All changes to net position are reported using the 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

- 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.

- *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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The COUNTY'S total assets were \$111,452,428 at December 31, 2015. Of this amount, \$81,686,876 was capital assets. The COUNTY'S governmental activities deferred outflows of resources totaled \$7,725,037.

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.

Condensed Statement of Net Position

	Governmental Activities 2014	Governmental Activities 2015	Changes from 2014 to 2015
Capital Assets	\$ 49,034,641	\$ 81,686,876	\$ 32,652,235
Other Assets	35,535,092	29,765,552	(5,769,540)
	<u>\$ 84,569,733</u>	<u>\$ 111,452,428</u>	<u>\$ 26,882,695</u>
Deferred Outflows of Resources	<u>\$ 6,620,933</u>	<u>\$ 7,725,037</u>	<u>\$ 1,104,104</u>
Current Liabilities	\$ 8,304,215	\$ 8,483,966	\$ 179,751
Long-term Liabilities	47,570,955	69,813,748	22,242,793
Total Liabilities	<u>\$ 55,875,170</u>	<u>\$ 78,297,714</u>	<u>\$ 22,422,544</u>
Net Position:			
Net Investment in capital assets	\$ 13,158,030	\$ 25,031,724	\$ 11,873,694
Restricted	6,078,901	9,260,575	3,181,674
Unrestricted	16,078,565	6,587,452	(9,491,113)
Net Position	<u>\$ 35,315,496</u>	<u>\$ 40,879,751</u>	<u>\$ 5,564,255</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Condensed Statement of Net Position

	Business-Type Activities 2014	Business-Type Activities 2015	Changes from 2014 to 2015
Capital Assets	\$ 27,210,677	\$ -	\$ (27,210,677)
Other Assets	(374,966)	2,869,922	3,244,888
	<u>\$ 26,835,711</u>	<u>\$ 2,869,922</u>	<u>\$ (23,965,789)</u>
Deferred Outflows of Resources	<u>\$ 29,604</u>	<u>\$ -</u>	<u>\$ (29,604)</u>
Current Liabilities	\$ 1,579,454	\$ 76,240	\$ (1,503,214)
Long-term Liabilities	23,619,902	2,660,066	(20,959,836)
Total Liabilities	<u>\$ 25,199,356</u>	<u>\$ 2,736,306</u>	<u>\$ (22,463,050)</u>
Net Position:			
Net Investment in capital assets	\$ 2,911,291	\$ -	\$ (2,911,291)
Restricted	-	-	-
Unrestricted (Deficit)	(1,245,332)	133,616	1,378,948
	<u>\$ 1,665,959</u>	<u>\$ 133,616</u>	<u>\$ (1,532,343)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Change in Net Position

The following condensed statement of activities represents changes in net position for the year ended December 31, 2014, December 31, 2015 and the changes from 2014 to 2015. It shows revenues by source and expenses by function for governmental activities, business-type activities and the changes from the prior year. The 2014 amounts presented in the MD&A were not restated for the adoption of GASB 68, GASB 71 and a reclassification as information on the 2014 beginning balance restatement could not be obtained. See Note 23 for more detail.

Condensed Statement of Activities

	Governmental Activities 2014	Governmental Activities 2015	Changes from 2014 to 2015
Program Revenues:			
Charges for Services	\$ 7,407,102	\$ 7,437,194	\$ 30,092
Operating Grants and Contributions	22,911,289	25,380,451	2,469,162
Capital Grants and Contributions	-	-	-
General Revenues:			
Property Taxes	35,115,554	35,899,178	783,624
Per Capita Taxes	326,466	327,138	672
Hotel Taxes	2,343,980	2,339,744	(4,236)
Unrestricted Investment			-
Earnings/(Loss)	656,327	343,569	(312,758)
Transfers	(32,337)	(986,238)	(953,901)
Transfer of Capital Assets and Long Term Liabilities	-	2,466,020	2,466,020
Swap Proceeds	99,142	106,159	7,017
Miscellaneous	1,104,057	493,430	(610,627)
	<u>69,931,580</u>	<u>73,806,645</u>	<u>3,875,065</u>
Expenses:			
General Government-Administrative	12,364,019	12,045,260	(318,759)
General Government- Judicial	6,401,993	6,761,323	359,330
Public Safety	16,450,998	20,357,838	3,906,840
Public Works	812,749	344,130	(468,619)
Human Services	20,925,907	22,885,556	1,959,649
Culture and Recreation	2,381,280	2,301,074	(80,206)
Conservation and Development	2,301,660	2,008,787	(292,873)
Debt Service	2,023,900	2,608,915	585,015
	<u>63,662,506</u>	<u>69,312,883</u>	<u>5,650,377</u>
Change in Net Position	6,269,074	4,493,762	(1,775,312)
Net Position-Beginning (2015 restated)	<u>29,046,422</u>	<u>36,385,989</u>	<u>7,339,567</u>
Net Position-End of the Year	<u>\$ 35,315,496</u>	<u>\$ 40,879,751</u>	<u>\$ 5,564,255</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Condensed Statement of Activities

	Business-Type Activities 2014	Business-Type Activities 2015	Changes from 2014 to 2015
Program Revenues:			
Charges for Services	\$ 1,291,257	\$ 591,384	\$ (699,873)
Operating Grants and Contributions	-	934,366	934,366
General Revenues:			
Unrestricted Investment Earnings	17,994	3,010	(14,984)
Project Support Income	63,755	57,000	(6,755)
Support Income	-	120,613	120,613
Capital Contribution	60,975	-	(60,975)
Transfer of Capital Assets and Long Term Liabilities	-	(2,466,020)	(2,466,020)
Transfers	32,337	986,238	953,901
Miscellaneous	39	-	(39)
	<u>1,466,357</u>	<u>226,591</u>	<u>(1,239,766)</u>
Expenses:			
Adams County IDA	120,721	1,758,934	1,638,213
Emergency 911 System	3,022,501	-	(3,022,501)
	<u>3,143,222</u>	<u>1,758,934</u>	<u>(1,384,288)</u>
Change in Net Position	(1,676,865)	(1,532,343)	144,522
Net Position-Beginning of the Year	<u>3,342,824</u>	<u>1,665,959</u>	<u>(1,676,865)</u>
Net Position-End of the Year	<u>\$ 1,665,959</u>	<u>\$ 133,616</u>	<u>\$ (1,532,343)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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 2015 property, hotel, and per capita taxes brought in \$38,566,060.

Net Cost of Governmental and Business-type Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Program:		
General Government-Administrative	\$ 12,045,260	\$ 9,931,529
General Government-Judicial	6,761,323	2,918,529
Public Safety	20,357,838	15,821,417
Public Works	344,130	(625,596)
Human Services	22,885,556	2,753,625
Culture and Recreation	2,301,074	2,295,878
Conservation and Development	2,008,787	790,941
Debt Service	2,608,915	2,608,915
Adams County IDA	1,758,934	233,184
	<hr/>	<hr/>
Total	<u>\$ 71,071,817</u>	<u>\$ 36,728,422</u>

The COUNTY relied on property taxes and other general revenues to fund 52% of its governmental and business-type activities in 2015.

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

Eighty-two percent of the Administrative system expenses and 43 percent of the judicial system 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 78 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 PennDOT 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 the cost of culture and recreation; 12 percent of Human services; 39 percent of the County's contribution to Conservation and development and 13 percent of the County's contribution to the Adams County Industrial Development Agency.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Capital Assets

The COUNTY'S investment in capital assets at December 31, 2015, net of accumulated depreciation, was \$81,686,876. Capital assets consist primarily of land, infrastructure, buildings, agricultural easements, and equipment. Capital assets of the 911 Fund were transferred to governmental activities. The following is a summary of capital assets at December 31, 2015:

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

	<u>Governmental Activities</u>
Land	\$ 1,071,712
Construction in Process	125,354
Infrastructure	7,486,218
Building and Improvements	56,483,611
Equipment and Vehicles	37,706,783
Agricultural Easements	10,685,755
Accumulated Depreciation	<u>(31,872,557)</u>
 Total Net Capital Assets	 <u><u>\$ 81,686,876</u></u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Debt Administration

At December 31, 2015, the COUNTY had \$63,315,748 of debt outstanding, excluding compensated absences. Debt decreased 2% from the previous year. The following is a summary of general obligation bonds, notes, and other liabilities for the 2015 year, this includes the Adams County Industrial Authority, a blended component unit:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Bonds and Note Payable:				
General obligation bonded debt	\$ 41,422,399	\$ 23,967,323	\$ 3,708,000	\$ 61,681,722
Loan payable	32,510	-	32,510	-
Plus: Bond Premium	382,646	545,217	42,175	885,688
Total Bonds and Note Payable:	41,837,555	24,512,540	3,782,685	62,567,410
Other Long Term Liabilities:				
Compensated absences	1,000,664	99,624	-	1,100,288
Total Other Liabilities	1,000,664	99,624	-	1,100,288
Governmental Activities:				
Long-Term Liabilities	\$ 42,838,219	\$ 24,612,164	\$ 3,782,685	\$ 63,667,698
<u>Business-Type Activities:</u>				
Bonds Payable:				
General Obligation bonded debt	\$ 22,876,840	\$ 16,395	\$ 21,259,209	\$ 1,634,026
Plus: Bond Premium	545,217	-	545,217	-
Total Bonds Payable	23,422,057	16,395	21,804,426	1,634,026
Other Liabilities:				
Compensated absences	54,237	-	54,237	-
Total Other Liabilities	54,237	-	54,237	-
Business-Type Activities				
Long-Term Liabilities	\$ 23,476,294	\$ 16,395	\$ 21,858,663	\$ 1,634,026

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

GOVERNMENTAL FUNDS

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

The focus of governmental funds is to provide information on 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, capital project funds, and the debt service funds. The general fund is the chief operating fund for the COUNTY. Special revenue funds are restricted to specific legislated use. Capital project funds account for the proceeds of bond issues. Debt service funds account for the payment of principle and interest on debt. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements.

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at December 31, 2014, and December 31, 2015, were as follows:

	2014	2015	Changes from 2014 to 2015
Revenues:			
Taxes	\$ 38,247,076	\$ 38,390,557	\$ 143,481
Intergovernmental Revenues	22,658,002	25,041,308	2,383,306
Charges for Services	6,670,833	6,658,974	(11,859)
Interest and Rents	113,612	371,872	258,260
Licenses and Permits	111,694	108,591	(3,103)
Court Costs and Fines	615,180	642,858	27,678
Miscellaneous	1,326,208	609,189	(717,019)
Debt Proceeds	1,088,000	2,759,527	1,671,527
Issuance of Refunding Bonds	27,670,891	-	(27,670,891)
Swap Proceeds	99,142	106,159	7,017
Operating Transfers In	4,599,495	10,018,335	5,418,840
	<u>\$ 103,200,133</u>	<u>\$ 84,707,370</u>	<u>\$ (18,492,763)</u>

The primary source of governmental activities revenue is Taxes. Tax rates remained the same in 2015.

Intergovernmental Revenues provide the next largest source of governmental activities revenue at \$25 million. An increase of \$2.3 million is due to an increase in funding in Human Services for our Managed Care Program and the inclusion of the 911 fund in governmental activities, previously considered a business-type activity.

Debt proceeds shows an increase of \$1.6 million as the COUNTY withdrew funds as needed for the purchase and acquisition of real property and other capital items. See Note 11, Notes to the Financial Statements.

Issuance of Refunding Bonds decreased in 2015 because the COUNTY refunded debt in 2014.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Operating Transfers increased by \$5.4 million in 2015. \$3 million of this increase is due to the classification of the 911 Fund as a governmental fund and the remainder of the increase is due to the Capital Project Fund created to capture the activities related to the Human Services Building Project.

Governmental fund revenues totaled over \$84.7 million for the year ended December 31, 2015. This is an increase of \$7.5 million from 2014 excluding the refunding of bonds and debt proceeds.

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at December 31, 2014 and December 31, 2015 were as follows:

	2014	2015	Changes from 2014 to 2015
Expenditures:			
General Government-Administrative	\$ 11,806,113	\$ 11,203,842	\$ (602,271)
General Government-Judicial	6,364,277	6,496,580	132,303
Public Safety	15,423,323	17,945,758	2,522,435
Public Works	678,813	210,194	(468,619)
Human Services	20,921,464	22,708,043	1,786,579
Culture and Recreation	2,381,280	2,301,074	(80,206)
Conservation and Development	2,294,758	2,106,438	(188,320)
Debt Service	32,193,190	6,289,995	(25,903,195)
Capital Outlay	1,536,042	10,624,839	9,088,797
Operating transfers out	4,631,832	10,971,862	6,340,030
	<u>\$ 98,231,092</u>	<u>\$ 90,858,625</u>	<u>\$ (7,372,467)</u>

Governmental Fund expenditures totaled \$90.8 million. Public Safety expenditures increased due to the reclassification of the 911 Fund.

Human Services expenditures increased by approximately \$1.7 million or 8.5% mostly due to an increase in the York-Adams Managed Care Program for Health Choices. The Managed Care program is a Joinder agreement between York and Adams County and is considered pass through funding. Also contributing to the increase in Human Services was an increase in expenditures in Children Services.

Debt Service decreased by \$25.9 million because the County refunded debt during 2014 with respect to the government funds only.

Capital Outlay increased by approximately \$9 million largely due to the reclassification of the 911 Capital Projects Fund from a business-type activity to a governmental activity. Also the 911 radio project was completed and substantially paid for in 2015. In addition, capital items were purchased using the 2013 Series B issue which was established on a drawdown basis for this purpose.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Governmental Fund and Proprietary Net Position Balances

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

<u>Fund</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
General Fund	\$ 22,321,887	\$ -
911 Fund	49,301	-
911 Capital Projects Fund	(7,492,558)	-
Other Governmental Funds	8,477,920	-
Internal Services Fund	-	(533,369)
Adams County IDA	-	133,616
	<hr/>	<hr/>
Total	<u>\$ 23,356,550</u>	<u>\$ (399,753)</u>

The COUNTY of Adams reported a total governmental fund balance for all funds of \$23.3 million at December 31, 2015, a decrease of \$6.1 million from December 31, 2014. This is primarily due to the 911 Capital Projects Fund classified as a governmental activity. Proprietary Funds saw a decrease as well due to the transfer of 911 Fund to a governmental activity. Unreserved cash carry forward was recognized as a starting balance for the 2015 budget. These reserves are discretionary and will be kept relatively strong to offset any unforeseen or unexpected expenditures.

General Fund Budgetary Highlights

In general the budget modifications during the year are primarily reclassifications from one line item to another as approved by the Board of Commissioners.

General Fund revenues saw a positive variance of almost \$900,000 primarily due to an increase in charges for services and one-time revenues for unexpected dividends received by the County as members of PComp and PCoRP.

General Government-Administrative expenditures were approximately 3% less than the budgeted amount for 2015 and Conservation and Development was 20% less than budgeted.

Human Services saw an 11% increase over budget in expenditures primarily due to the Emergency Solutions Grant. This increase was offset by Federal funding revenues received.

Debt Services contributes to the favorable variance partially due to over-budgeting debt service and as a result of The Series 2013 B Obligation set up on a draw down basis. The County drew down the minimum required, thus causing minimum interest on the loan.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Economic Conditions

Specific key economic factors affecting the County include the following:

- Its ability to bring in new employers and keep the young professionals working and living here.
- Attracting employers and industries that complement existing operations.
- Continuing to provide necessary human services within a fiscally constrained economy.

In General

Tourism in Adams County remained strong in 2015 with over 3.7 million in visitation. This is an increase of 2.19% over 2014 and slightly above 2013's 150th Anniversary year. In 2015 visitors spent \$48 million in lodging. Tourism has generated 2.3 million in lodging tax for 2015 and employed more than 7,500.

During the summer of 2015, the County participated in a pilot program to offer free public wi-fi in downtown Gettysburg. This was done in conjunction with Destination Gettysburg and several downtown businesses. Because of the success of this project, additional businesses and municipalities are being considered for future wireless projects.

The County is in the process of updating an Economic Development Plan. As a continuation of this project, the Office of Planning and Development intends to conduct specific market assessments to assist in attracting compatible industry to the area.

The unemployment rate for the County in August 2015 was 4.1% down from 2014. This is also below the State unemployment rate of 5.4% and the National rate of 5.1%. (Source: PA Dept of Labor & Industry, Bureau of Labor Statistics). The average annual wage in Adams County is \$37,700. Manufacturing continues to employ the largest percentage, close to 20%, of the workforce in Adams County; Health Care/Social Assistance second; Accommodations/Food Services, Retail and Agriculture rounding out the top five. (Source: PA Dept. of Labor & Statistics). The top employers in Adams County are Knouse Foods, Gettysburg College, Liberty Mountain Resort, The Gettysburg Hospital, Brethren Home Community, Clarks, Hain Pure Protein, Aerotek Inc., Adams County and Tim-Bar.

The County's internal structure continues to experience increases in demand for services. In order to improve and strengthen operations, the County has consolidated some of its services and looks to continue this trend. This growth will continue to demand management to evaluate staffing, space and equipment needs on an ongoing basis. In addition, The County has updated its 2008 GFOA study, with help from the County Planning and Development Office, which is more reflective to today's needs. One of the recommendations was to move away from the leases. In the fall of 2015 the County purchased the former Herff Jones building as part of its plan to move all Human Services (Adult/Juvenile Probation, Children & Youth Services, Domestic Relations and Operational Services) under one building; thus, eliminating the need for multiple lease agreements varying in cost.

Market Impact on Investment Income

As in previous years, Adams County continues to invest, although the interest rates have not improved much. Most of the COUNTY'S investment income is generated by the investment of the COUNTY'S reserve funds. During 2015 the County received \$106,159 from their 2005 Basis Swap arrangement with Wachovia. This is an increase from 2014 of \$7,017 and year to date the County has netted \$584,117. See note 12 in the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Government Funding

The County continues to manage the gradual decreases of intergovernmental funding and internal funds to meet our Human Services needs as mandated. Accordingly, the County is constantly re-evaluating their General Fund budget and the projects which are budgeted and planned for.

Personnel Costs

The County's Human Resources department diligently pursues evaluation of processes and compensation policies. The County has three bargaining units; two with the Courts and one with the County Corrections Facility. The Board of Commissioners strives to maintain personnel costs and takes a critical analytical approach to vacancies. Adams County strives to be prudent while remaining competitive in the market.

Cost Containment

During 2015 we continue moving forward with long term financial planning strategies. For example, the County continuously reviews various processes and tools for staff and management to carry out more efficient operations within the County, resulting in improved services to our citizens. In addition, they have revamped their budget process focusing on available revenues, increased fees, and additional department consolidations. The County Manager oversees the budget and daily operations of the County.

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

COUNTY OF ADAMS
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activity	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 14,430,550	\$ 32,808	\$ 14,463,358
Investments	3,964,466	-	3,964,466
Receivables (Net, Where Applicable, of Allowance for Uncollectibles)			
Accounts	846,105	335	846,440
Taxes	1,345,075	-	1,345,075
Notes Receivable	273,196	48,488	321,684
Loans Receivable	1,088,000	-	1,088,000
Due From Other Governments	5,895,654	945,871	6,841,525
Other Assets	222,640	14,250	236,890
Restricted Assets			
Cash for Workers' Compensation	42,343	-	42,343
Cash for Program Purposes	434	-	434
Cash Held in Escrow	450,459	-	450,459
Cash for Debt Service	1,098,996	-	1,098,996
Cash for Construction	107,634	-	107,634
Land Held For Resale	-	1,828,170	1,828,170
Capital Assets, Not Being Depreciated	11,882,821	-	11,882,821
Capital Assets Being Depreciated, Net	69,804,055	-	69,804,055
Total Assets	111,452,428	2,869,922	114,322,350
<u>Deferred Outflows of Resources</u>			
Deferred Loss on Refunding	5,912,258	-	5,912,258
Pensions	1,471,364	-	1,471,364
Accumulated decrease in fair value of hedging derivative	341,415	-	341,415
Total Deferred Outflows of Resources	7,725,037	-	7,725,037
<u>Liabilities</u>			
Liabilities			
Accounts Payable	3,332,705	773	3,333,478
Accrued Liabilities	667,979	11,505	679,484
Accrued Interest Payable	156,762	-	156,762
Unearned Revenues	804,983	-	804,983
Funds Held in Escrow	450,459	-	450,459
Customer Deposits	-	100	100
Long Term Liabilities:			
Due within one year			
General Obligation Debt	3,071,078	63,862	3,134,940
Due in more than one year			
General Obligation Debt	59,496,332	1,570,164	61,066,496
Accrued Compensated Absences	1,100,288	-	1,100,288
Fixed Pay Swap Liability	341,415	-	341,415
Upfront Payment (Borrowing)	801,975	-	801,975
Swap Liability (Borrowing)	5,833,304	-	5,833,304
Due to Related Party - Long Term	-	1,089,902	1,089,902
Net Pension Liability	1,927,446	-	1,927,446
Unfunded Other Postemployment Benefits	312,988	-	312,988
Total Liabilities	78,297,714	2,736,306	81,034,020
<u>Net Position</u>			
Net Position			
Net Investment in Capital Assets	25,031,724	-	25,031,724
Restricted	9,260,575	-	9,260,575
Unrestricted	6,587,452	133,616	6,721,068
Total Net Position	\$ 40,879,751	\$ 133,616	\$ 41,013,367

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Indirect	Charges for	Operating	Capital	Primary Government		
		Expenses		Grants and	Grants and	Governmental	Business-type	Total
		Allocation	Services	Contributions	Contributions	Activities	Activities	
Primary government:								
Governmental activities:								
General Government - Admin	\$ 14,903,339	\$ (2,858,079)	\$ 1,936,761	\$ 176,970	\$ -	\$ (9,931,529)		\$ (9,931,529)
General Government - Judicial	5,440,685	1,320,638	1,983,665	1,859,129	-	(2,918,529)		(2,918,529)
Public Safety	19,182,888	1,174,950	3,109,753	1,426,668	-	(15,821,417)		(15,821,417)
Public Works	325,906	18,224	-	969,726	-	625,596		625,596
Human Services	22,652,091	233,465	183,277	19,948,654	-	(2,753,625)		(2,753,625)
Culture and Recreation	2,301,074	-	-	5,196	-	(2,295,878)		(2,295,878)
Conservation and Development	1,897,985	110,802	223,738	994,108	-	(790,941)		(790,941)
Interest on Debt Service	2,608,915	-	-	-	-	(2,608,915)		(2,608,915)
Total governmental activities	69,312,883	-	7,437,194	25,380,451	-	(36,495,238)		(36,495,238)
Business-type activity:								
Economic Development	1,758,934	-	591,384	934,366	-	-	(233,184)	(233,184)
Total business-type activities	1,758,934	-	591,384	934,366	-	-	(233,184)	(233,184)
Total Primary government	\$ 71,071,817	\$ -	\$ 8,028,578	\$ 26,314,817	\$ -	(36,495,238)	(233,184)	(36,728,422)
General revenues:								
Taxes:								
Property taxes, levied for general purposes						35,899,178	-	35,899,178
Per capita taxes						327,138	-	327,138
Hotel taxes						2,339,744	-	2,339,744
Unrestricted investment earnings/(loss)						343,569	3,010	346,579
Miscellaneous						493,430	-	493,430
Project Support Income						-	57,000	57,000
Support Income						-	120,613	120,613
Swap Proceeds						106,159	-	106,159
Transfer of Capital Assets and Long Term Liabilities						2,466,020	(2,466,020)	-
Transfers						(986,238)	986,238	-
Total general revenues and transfers						40,989,000	(1,299,159)	39,689,841
Change in net position						4,493,762	(1,532,343)	2,961,419
Net position - beginning, as restated (See Note 23)						36,385,989	1,665,959	38,051,948
Net position - ending						\$ 40,879,751	\$ 133,616	\$ 41,013,367

COUNTY OF ADAMS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

<u>Assets</u>	<u>General</u>	<u>Children & Youth</u>	<u>Managed Care</u>	<u>911 Fund</u>	<u>911 Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 6,686,665	\$ 55,125	\$ -	\$ 33	\$ -	\$ 7,369,896	\$ 14,111,719
Investments	2,317,000	-	-	-	-	876,135	3,193,135
Receivables							
Accounts, net	716,853	2,098	-	2,053	-	51,137	772,141
Taxes	1,345,075	-	-	-	-	-	1,345,075
Notes Receivable	-	-	-	-	-	273,196	273,196
Loans Receivable	-	-	-	-	-	1,088,000	1,088,000
Due From Other Funds	15,967,608	1,088,934	-	3,062,841	-	78,993	20,198,376
Due From Other Governments	696,057	3,576,650	366,002	508,320	-	748,625	5,895,654
Other Assets	178,640	15,649	-	22,348	-	6,003	222,640
Restricted Assets							
Cash for Workers' Compensation	42,343	-	-	-	-	-	42,343
Cash Held in Escrow	450,459	-	-	-	-	-	450,459
Cash for Debt Service	1,098,996	-	-	-	-	-	1,098,996
Cash for Program Purposes	434	-	-	-	-	-	434
Cash for Construction	-	-	-	-	-	107,634	107,634
Total Assets	\$ 29,500,130	\$ 4,738,456	\$ 366,002	\$ 3,595,595	\$ -	\$ 10,599,619	\$ 48,799,802

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

Liabilities and <u>Fund Balances</u>	<u>General</u>	Children & <u>Youth</u>	Managed <u>Care</u>	911 <u>Fund</u>	911 Capital <u>Projects Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Liabilities							
Accounts Payable	\$ 916,150	\$ 467,691	\$ 366,002	\$ 12,564	\$ 273,977	\$ 370,894	\$ 2,407,278
Accrued Liabilities	618,136	30,199	-	18,885	-	759	667,979
Unearned Revenue - Other	47,815	474,858	-	-	-	282,310	804,983
Due to Other Funds	4,230,769	3,765,708	-	3,514,845	7,218,581	1,467,736	20,197,639
Funds Held in Escrow	450,459	-	-	-	-	-	450,459
Total Liabilities	6,263,329	4,738,456	366,002	3,546,294	7,492,558	2,121,699	24,528,338
Deferred Inflow of Resources							
Unavailable Revenue - Property Taxes	914,914	-	-	-	-	-	914,914
Total Deferred Inflows of Resources	914,914	-	-	-	-	-	914,914
Fund Balances							
Fund Balances							
Nonspendable	178,640	-	-	-	-	1,153,045	1,331,685
Committed	-	-	-	-	-	300,656	300,656
Restricted	1,141,339	-	-	49,301	-	8,069,935	9,260,575
Assigned	2,206,747	-	-	-	-	-	2,206,747
Unassigned	18,795,161	-	-	-	(7,492,558)	(1,045,716)	10,256,887
Total Fund Balances	22,321,887	-	-	49,301	(7,492,558)	8,477,920	23,356,550
Total Liabilities and Fund Balances	\$ 29,500,130	\$ 4,738,456	\$ 366,002	\$ 3,595,595	\$ -	\$ 10,599,619	\$ 48,799,802

COUNTY OF ADAMS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2015

Total fund balances for governmental funds \$ 23,356,550

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	1,071,712	
Construction in Progress	125,354	
Agricultural Easements	10,685,755	
Infrastructure, net of \$3,739,930 accumulated depreciation	3,746,288	
Buildings and improvements, net of \$18,665,369 accumulated depreciation	37,818,242	
Equipment and vehicles, net of \$9,467,258 accumulated depreciation	28,239,525	
Total Capital Assets	81,686,876	81,686,876

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. 914,914

Net deficit of the Internal Service Fund is included in governmental activities since they primarily benefit the County's governmental activities (533,369)

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, 2015 are:

Accrued interest on bonds	(156,762)	
General obligation debt	(61,681,722)	
Compensated absences	(1,100,288)	
Deferred loss on refunding	5,912,258	
Deferred Outflow of Resources - Pensions	1,471,364	
Deferred Outflows of Resources - Swap	341,415	
Fixed Pay Swap Liability	(341,415)	
Upfront Payment	(801,975)	
Swap Liability (borrowing)	(5,833,304)	
Investment Derivative	771,331	
Liability for Other Postemployment Benefits	(312,988)	
Net Pension Liability	(1,927,446)	
Bond Premium	(885,688)	
	(64,545,220)	(64,545,220)

Total net position of governmental activities **\$ 40,879,751**

COUNTY OF ADAMS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Children & Youth	Managed Care	911 Fund	911 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 36,050,813	\$ -	\$ -	\$ -	\$ -	\$ 2,339,744	\$ 38,390,557
Intergovernmental Revenues	2,097,658	5,803,354	13,626,833	929,480	-	2,583,983	25,041,308
Charges for Services	4,720,601	90	-	925,683	-	1,012,600	6,658,974
Interest and Rents	98,191	49	-	488	20,627	252,517	371,872
License and Permits	108,591	-	-	-	-	-	108,591
Court Costs and Fines	642,858	-	-	-	-	-	642,858
Miscellaneous	491,116	74,600	-	-	-	43,473	609,189
Total Revenues	44,209,828	5,878,093	13,626,833	1,855,651	20,627	6,232,317	71,823,349
Expenditures							
Current:							
General Government - Administrative	10,872,499	-	-	-	-	331,343	11,203,842
General Government - Judicial	6,353,287	-	-	-	-	143,293	6,496,580
Public Safety	15,707,557	-	-	1,897,833	-	340,368	17,945,758
Public Works	-	-	-	-	-	210,194	210,194
Human Services	1,823,860	7,138,531	13,626,833	-	-	118,819	22,708,043
Culture and Recreation	661,847	-	-	-	-	1,639,227	2,301,074
Conservation and Development	1,011,884	-	-	-	-	1,094,554	2,106,438
Debt Service							
Principal	2,823,000	-	-	885,000	-	32,510	3,740,510
Interest	1,796,674	-	-	748,765	-	4,046	2,549,485
Capital Outlay	-	-	-	112,392	7,747,357	2,765,090	10,624,839
Total Expenditures	41,050,608	7,138,531	13,626,833	3,643,990	7,747,357	6,679,444	79,886,763
Excess of Revenues Over (Under)	3,159,220	(1,260,438)	-	(1,788,339)	(7,726,730)	(447,127)	(8,063,414)
Other Financing Sources (Uses)							
Operating Transfer In	1,909,663	1,260,438	-	3,060,193	234,172	3,553,869	10,018,335
Operating Transfer (Out)	(5,182,956)	-	-	(1,222,553)	-	(4,566,353)	(10,971,862)
Issuance of debt	-	-	-	-	-	2,759,527	2,759,527
Swap Proceeds	106,159	-	-	-	-	-	106,159
Total Other Financing Sources(Uses)	(3,167,134)	1,260,438	-	1,837,640	234,172	1,747,043	1,912,159
Net change in fund balances	(7,914)	-	-	49,301	(7,492,558)	1,299,916	(6,151,255)
Fund Balances - Beginning of Year, as restated (See Note 23)	22,329,801	-	-	-	-	7,178,004	29,507,805
Fund Balances - End of Year (Deficit)	\$ 22,321,887	\$ -	\$ -	\$ 49,301	\$ (7,492,558)	\$ 8,477,920	\$ 23,356,550

The accompanying notes are in integral part of the financial statements

COUNTY OF ADAMS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances (deficit) - total governmental funds \$ (6,151,255)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$10,624,839) exceeded depreciation expense (\$2,310,970) and a transfer of capital assets, net from the 911 fund (\$24,338,366). 32,652,235

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.

Issuance of debt	(2,759,527)	
Principal repayments:		
General obligation debt	3,740,510	
Net Adjustment:	980,983	980,983

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 four balances.

Compensated absences	(45,388)	
Liability for Other Postemployment Benefits	(79,890)	
Accrued interest on bonds	3,750	
Investment Gain from Derivative Instrument	221,852	
Amortization of Swap Liabilities	303,804	
Amortization of Deferred Loss	(384,937)	
Pension Expense	(819,355)	
Amortization of bond premium	42,175	
Transfer of long-term liabilities from the 911 fund	(21,872,346)	
Combined Adjustment:	(22,630,335)	(22,630,335)

Change in the net deficit of the Internal Service Fund is included in governmental activities since it primarily benefits the County's governmental activities (533,369)

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 12/31/14 to 12/31/15. 175,503

Change in net position of governmental activities \$ 4,493,762

COUNTY OF ADAMS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-Type Fund			Internal Service Fund
	911 Fund	Adams County IDA	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 32,808	\$ 32,808	\$ 318,831
Accounts Receivable	-	335	335	73,964
Due from Other Government	-	945,871	945,871	-
Notes Receivable	-	3,451	3,451	-
Other Assets	-	14,250	14,250	-
Total current assets	-	996,715	996,715	392,795
Notes Receivable - Long Term	-	45,037	45,037	-
Land Held for Resale	-	1,828,170	1,828,170	-
Total noncurrent assets	-	1,873,207	1,873,207	-
Total assets	-	2,869,922	2,869,922	392,795
LIABILITIES				
Current liabilities:				
Accounts Payable	-	773	773	925,427
Accrued Liabilities	-	11,505	11,505	-
Due to Other Funds	-	-	-	737
Customer Deposits	-	100	100	-
Current Portion of Long Term Debt	-	63,862	63,862	-
Total current liabilities	-	76,240	76,240	926,164
Noncurrent liabilities:				
Due to Related Party - Long Term	-	1,089,902	1,089,902	-
Noncurrent Portion of Long Term Debt	-	1,570,164	1,570,164	-
Total noncurrent liabilities	-	2,660,066	2,660,066	-
Total liabilities	-	2,736,306	2,736,306	926,164
Net Position				
Unrestricted	-	133,616	133,616	(533,369)
Total Net Position	\$ -	\$ 133,616	\$ 133,616	\$ (533,369)

COUNTY OF ADAMS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Business-Type Fund			Internal Service Fund
	911 Fund	Adams County IDA	Total	
Operating Revenues				
Charges for Services	\$ -	\$ 591,384	\$ 591,384	\$ 6,621,657
Total Operating Revenues	<u>-</u>	<u>591,384</u>	<u>591,384</u>	<u>6,621,657</u>
Operating Expenses				
Advertising	-	558	558	-
Grant Expenses	-	560,190	560,190	-
Insurance	-	1,338	1,338	-
Management Fees	-	50,000	50,000	-
Office Expense	-	5,093	5,093	-
Professional Fees	-	8,729	8,729	-
Rent	-	18,000	18,000	-
Self-Insurance Claims	-	-	-	7,123,003
Other Services and Charges	-	61	61	-
Total Operating Expenses	<u>-</u>	<u>643,969</u>	<u>643,969</u>	<u>7,123,003</u>
Operating Loss	<u>-</u>	<u>(52,585)</u>	<u>(52,585)</u>	<u>(501,346)</u>
Nonoperating Revenues (Expenses)				
Interest Income	-	3,010	3,010	688
Support Income	-	120,613	120,613	-
Project Support Income	-	57,000	57,000	-
Grant Income	-	934,366	934,366	-
Decrease in NRV of Land Held for Resale	-	(1,045,765)	(1,045,765)	-
Interest Expense	-	(69,200)	(69,200)	-
Total Nonoperating Revenues	<u>-</u>	<u>24</u>	<u>24</u>	<u>688</u>
Loss Before Transfers	<u>-</u>	<u>(52,561)</u>	<u>(52,561)</u>	<u>(500,658)</u>
Transfers In	986,238	-	986,238	-
Transfers (Out)	-	-	-	(32,711)
Transfer out of capital assets and long term liabilities	(2,466,020)	-	(2,466,020)	-
Total Transfers	<u>(1,479,782)</u>	<u>-</u>	<u>(1,479,782)</u>	<u>(32,711)</u>
Change in Net Position	<u>(1,479,782)</u>	<u>(52,561)</u>	<u>(1,532,343)</u>	<u>(533,369)</u>
Net Position - Beginning of Year	<u>1,479,782</u>	<u>186,177</u>	<u>1,665,959</u>	<u>-</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ 133,616</u>	<u>\$ 133,616</u>	<u>\$ (533,369)</u>

COUNTY OF ADAMS
STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	911 Fund	Adams County IDA	Total	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from Programs	\$ -	\$ 41,998	\$ 41,998	\$ -
Receipts from Users	-	-	-	6,547,693
Receipts from Grants	-	548,685	548,685	-
Payments to Self-Insurance Claims	-	-	-	(6,197,576)
Payments for Operating Expenses	-	(101,817)	(101,817)	-
Payments for Grants	-	(548,685)	(548,685)	-
Internal Activity -receipts from other funds	-	-	-	737
Net Cash (Used In)/Provided By Operating Activities	-	(59,819)	(59,819)	350,854
Cash Flows from Capital and Related Financing Activities				
Proceeds from Land Deposit	-	10,000	10,000	-
Refund of Land Deposit	-	(10,000)	(10,000)	-
Proceeds from Related Party	-	42,750	42,750	-
Proceeds from Note Payable	-	16,395	16,395	-
Net Cash Provided By Capital and Related Financing Activities	-	59,145	59,145	-
Cash Flows from Investing Activities				
Payments on notes receivable	-	2,992	2,992	-
Interest	-	3,010	3,010	688
Net Cash Provided By Investing Activities	-	6,002	6,002	688
Cash Flows from Nocapital Financing Activities				
Transfers Out	(1,158,888)	-	(1,158,888)	(32,711)
Net Cash Used In Noncapital Financing Activities	(1,158,888)	-	(1,158,888)	(32,711)
Net (Decrease)/Increase in Cash and Cash Equivalents	(1,158,888)	5,328	(1,153,560)	318,831
Cash and Cash Equivalents, Beginning of Year	1,158,888	27,480	1,186,368	-
Cash and Cash Equivalents, End of Year	<u>-</u>	<u>32,808</u>	<u>32,808</u>	<u>318,831</u>
Reconciliation of operating loss to net cash (used in)/ provided by operating activities				
Operating Loss	\$ -	\$ (52,585)	\$ (52,585)	\$ (501,346)
Adjustments to Reconcile Operating Loss to Net Cash (Used in)/Provided by Operating Activities				
Change in assets and liabilities				
Account Receivable	-	10,704	10,704	(73,964)
Other Assets	-	1,338	1,338	-
Accounts Payable	-	(16,414)	(16,414)	925,427
Land Held for Resale	-	(1,624)	(1,624)	-
Customer Deposits	-	100	100	-
Related Party	-	(1,338)	(1,338)	-
Due to Other Funds	-	-	-	737
Net cash (used in)/provided by operating activities	\$ -	\$ (59,819)	\$ (59,819)	\$ 350,854
Noncash Transactions:				
Debt Principal and Interest Paid by Related Party	\$ -	\$ 120,613	\$ 120,613	\$ -
Decrease in NRV of Land Held for Resale	-	1,045,765	1,045,765	-

The accompanying notes are an integral part of the financial statements

COUNTY OF ADAMS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2015

<u>Assets</u>	<u>Agency Funds</u>
Cash and Cash Equivalents	<u>\$ 2,453,791</u>
Total Assets	<u><u>\$ 2,453,791</u></u>
 <u>Liabilities</u>	
Liabilities	
Due to Other Governments	<u>\$ 2,453,791</u>
Total Liabilities	<u><u>\$ 2,453,791</u></u>

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

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 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 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 operates on a fiscal year ending September 30. A separate financial statement of the Authority can be obtained by contacting the Adam's County Commissioner's Office.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 1997 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 Adams 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
Gettysburg Conservation and Visitors Bureau
Adams County Economic Development Corp.
Adams County Historical Society
Adams County Library System
Adams County Extension Association

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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
Services Provided	Mental Health/ Intellectual and Developmental Disabilities	Drug and Alcohol Program
Adams County Board Representation	3 of 6	3 of 6
Fiscal Year	12/31/15	12/31/15
Total Assets	\$ 13,831,444	\$ 1,852,626
Equity	-	-
Operating Revenue	\$30,435,227	\$2,371,561
Net Income (Loss)	-	-
Adams County Contribution to Operations	\$ 199,314	\$ 47,708

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. 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 segment. Taxes and other items, not included among program revenues, are reported instead as general revenues.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and 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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 Managed Care Fund is used to account for specific revenue sources related to the provisions of the managed care program 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 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 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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

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

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide 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:

- 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.

Additionally, the County reports the following fund type:

- 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. Receivables and Payables

• 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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, hedging derivative instrument, net difference between projected and actual earnings on pension plan investments 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 as a deferred inflow of resources.

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. 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 estimated fair value at the date of donation (See also Note 5).

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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 (Continued)

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 \$1,101,537 as of December 31, 2015.

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. 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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

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

10. 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.

11. 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.

12. 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:

- 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 (ordinance or resolution) that was employed when the funds were initially committed.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

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

12. Fund Balances (Continued)

- 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.

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.

13. 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.
- *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.

14. Pensions

For purposes of measuring the net pension liability and deferred outflows 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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

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

15. 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) 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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

G) Budgets and Budgetary Accounting (Continued)

Level of Control

The County maintains budgeting control at the individual fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

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. Adjustments to the budget are made on a line item basis during the year and approved by the County Commissioners.

H) Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*". The adoption of this statement resulted in a restatement of net position (See Note 23) and modification of Note 7.

The County adopted the provisions of GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*." The adoption of this statement resulted in a restatement of net position (See Note 23).

I) Pending Changes in Accounting Principles

In February 2015, the GASB issued Statement No. 72, "*Fair Value Measurement and Application*." The County is required to adopt statement No. 72 for its calendar year 2016 financial statements.

In June 2015, the GASB issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." The County is required to adopt statement No. 73 for its calendar year 2017 financial statements.

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

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

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

l) Pending Changes in Accounting Principles (Continued)

In June 2015, the GASB issued statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*" The County is required to adopt Statement No. 76 for its calendar year 2016 financial statements.

In August 2015, the GASB issued statement No. 77, "*Tax Abatement Disclosures.*" The County is required to adopt Statement No. 77 for its calendar year 2016 financial statements.

In December 2015, the GASB issued Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.*" The County is required to adopt statement No. 78 for its calendar year 2016 financial statements.

In December 2015, the GASB issued Statement No. 79, "*Certain External Investment Pools and Pool Participants.*" The County is required to adopt statement No. 79 for its calendar year 2016 financial statements.

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

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

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

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

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 2: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2015 were as follows:

Governmental Funds	
General Fund	
CD's	\$ 2,317,000
Conservation District	
CD's	398,169
Fixed Income Mutual Funds	255,758
Equity Mutual Funds	<u>222,208</u>
Total Governmental Funds	<u>3,193,135</u>
Government-Wide Funds	
Investment Derivative	<u>771,331</u>
Total Primary Government Investments	<u>\$ 3,964,466</u>

As of December 31, 2015, 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	\$ 2,715,169	\$ 1,139,169	\$ 728,000	\$ 698,000	\$ 150,000
Fixed Income Mutual Funds	255,758	30,959	83,158	141,641	-
Mutal Funds	222,208	N/A	N/A	N/A	N/A
Investment Derivative	771,331	-	-	-	771,331
Total	<u>\$ 3,964,466</u>	<u>\$ 1,170,128</u>	<u>\$ 811,158</u>	<u>\$ 839,641</u>	<u>\$ 921,331</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 11 for information on interest and credit risk 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, 2015 were rated AA, B and not rated.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 2015, \$18,160,283 of the County's bank deposits of \$19,768,268 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 \$388,169. 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, 2015, the County was not exposed to concentration of credit risk.

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 proprietary statement of net position. Restricted assets are composed of the following:

General Fund	
Amount established to provide a source of funds for noncash workers' compensation claims.	\$ 42,343
Cash Restricted for Escrow Accounts	450,459
Cash Restricted for Debt Service	1,098,996
Cash Restricted for Program Purposes	434
Cash for Construction	<u>107,634</u>
Total Restricted Assets	<u><u>\$1,699,866</u></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 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2015 and expected to be collected within the first sixty (60) days of 2016 are recognized as revenue in 2015. 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 2015 was 3.4371 mills for general purposes, .1147 mills for library purposes, and .3675 mills for public safety purposes.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 5: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>GOVERNMENTAL ACTIVITIES:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 896,241	\$ 175,471	\$ -	\$ 1,071,712
Agricultural Easements	10,685,755	-	-	10,685,755
Construction in Progress	-	125,354	-	125,354
Total Capital Assets, Not Being Depreciated	<u>11,581,996</u>	<u>300,825</u>	<u>-</u>	<u>11,882,821</u>
Capital Assets, Being Depreciated:				
Infrastructure	7,486,218	-	-	7,486,218
Buildings and Improvements	48,277,872	8,205,739	-	56,483,611
Equipment and Vehicles	8,036,020	29,670,763	-	37,706,783
Total Capital Assets Being Depreciated	<u>63,800,110</u>	<u>37,876,502</u>	<u>-</u>	<u>101,676,612</u>
Less Accumulated Depreciation For:				
Infrastructure	(3,605,994)	-	(133,936)	(3,739,930)
Buildings and Improvements	(15,839,239)	-	(2,826,130)	(18,665,369)
Equipment and Vehicles	(6,902,232)	-	(2,565,026)	(9,467,258)
Total Accumulated Depreciation	<u>(26,347,465)</u>	<u>-</u>	<u>(5,525,092)</u>	<u>(31,872,557)</u>
Total Capital Assets, Being Depreciated, Net	<u>37,452,645</u>	<u>37,876,502</u>	<u>(5,525,092)</u>	<u>69,804,055</u>
Governmental Activities Capital Assets, Net	<u>\$49,034,641</u>	<u>\$ 38,177,327</u>	<u>\$ (5,525,092)</u>	<u>\$81,686,876</u>

As the 911 fund no longer met the criteria to be classified as a proprietary fund, the capital assets of the 911 fund were transferred to governmental activities. See Note 13 for more detail. The transfers of capital assets from the 911 fund to governmental activities are shown as reductions to business-type activities and additions to governmental activities. Capital assets of \$27,552,488 with accumulated depreciation of \$3,214,122 were transferred from business-type activities to governmental activities during 2015.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 5: CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 51,041	\$ -	\$ 51,041	\$ -
Construction in Progress	19,606,691	-	19,606,691	-
Total Capital Assets, Not Being Depreciated	<u>19,657,732</u>	-	<u>19,657,732</u>	-
Capital Assets, Being Depreciated:				
Buildings and Improvements	5,812,788	-	5,812,788	-
Equipment and Vehicles	2,081,968	-	2,081,968	-
Total Capital Assets Being Depreciated	<u>7,894,756</u>	-	<u>7,894,756</u>	-
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,594,337)	-	(1,594,337)	-
Equipment and Vehicles	(1,619,785)	-	(1,619,785)	-
Total Accumulated Depreciation	<u>(3,214,122)</u>	-	<u>(3,214,122)</u>	-
Total Capital Assets, Being Depreciated, Net	<u>4,680,634</u>	-	<u>4,680,634</u>	-
Business-Type Activities Capital Assets, Net	<u>\$24,338,366</u>	\$ -	<u>\$ 24,388,366</u>	\$ -

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

<u>GOVERNMENTAL ACTIVITIES:</u>	
General Government-Admin.	\$ 340,985
General Government-Judicial	40,340
Public Safety	1,778,473
Public Works	133,936
Human Services	5,911
Conservation and Development	<u>11,325</u>
Total Depreciation Expense – Governmental Activities	<u>\$2,310,970</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 September 30, 2015, and have been capitalized. The property is recorded at net realizable value of \$725,000. An allowance of \$1,045,765 was created in the current year for this purpose.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 Authority, 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 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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

- An additional prior service municipal annuity equal to fourtenths 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.
- An additional prior service municipal annuity equal to fourtenths percent (0.4%) of the annual average compensation earned during the 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.

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, 2014, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	237
Inactive plan members entitled to but not yet receiving benefits	64
Active plan members	444
	<u>745</u>

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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

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, 2014, the average active employee contribution rate was 6.0% of annual pay, and the County's average contribution rate was 6.54% of covered annual payroll.

B. Net Pension Liability

The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 and update procedures were used to rollforward the total pension liability to the December 31, 2014 measurement date.

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	5.5%,
Projected salary increases	Age related scale with merit and inflation component
Inflation	3.0%

Mortality rates Pre-Retirement were based on the RP-2000 Scale with 1 year set back for males and 5 year set back for females. Mortality rates Post-Retirement were based on the RP-2000 Sex-Distinct Mortality Table. The current mortality assumptions, while not reflecting projections for improvements are subject to experience review every four years at which time recommendations of changes to reflect changes in experience over those expected from the tables applied over the five year period preceding the experience analysis are received and reviewed by the Board. Such experience review is required by State statute.

The actuarial assumptions used in the December 31, 2014 valuation were based on the PMRS Experience Study for the period covering January 1, 2005 through December 31, 2008 issued by the actuary in July 2010 as well as subsequent Board approved assumption changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

			Long Term Expected Real Rate of Return
Asset Class		Target Asset Allocation	
Domestic Equities (large capitalized firms)		25%	8.7%
Domestic Equities (small capitalized firms)		15%	8.4%
International Equities (international developed firms)		15%	4.6%
International Equities (emerging markets)		10%	8.1%
Real Estate		20%	6.7%
Fixed Income		15%	-1.0%
Total Portfolio		<u>100%</u>	<u>6.2%</u>

Discount rate. The discount rate used to measure the total pension liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rates and employers will continue the historical and legally required practice of contributing to the Plan based on an Actuarially Determined Contribution, reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level dollar amount over a closed period. Based on these assumptions the pension plan's projected Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the County's net pension liability for the plan for the December 31, 2014 measurement period were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2013	\$ 67,594,294	\$ 66,594,333	\$ 999,961
Changes for the year:			
Service cost	3,017,176	-	3,017,176
Interest	3,801,632	-	3,801,632
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,363,234	(1,363,234)
Contributions - member	-	1,218,090	(1,218,090)
Net investment income	-	3,466,490	(3,466,490)
Benefit payments, including refunds of employee contributions	(2,937,209)	(2,937,209)	-
Administrative expense	-	(156,491)	156,491
Net changes	3,881,599	2,954,114	927,485
Balances at 12/31/14	<u>\$ 71,475,893</u>	<u>\$ 69,548,447</u>	<u>\$ 1,927,446</u>

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 5.5%, 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 (4.5%) or 1-percentage-point higher (6.5%) than the current rate:

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
County's net pension liability	\$8,949,359	\$1,927,446	\$3,957,078

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

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended December 31, 2015, the County recognized pension expense of \$2,131,129. At December 31, 2015 the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	159,590
Contributions subsequent to the measurement date	<u>1,311,774</u>
Total	<u>\$ 1,471,364</u>

The \$1,311,774 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, 2016 financial statements. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2016	\$ 39,898
2017	39,898
2018	39,898
2019	39,896

NOTE 8: LEASES

The County leases office space and land for 911 towers under several operating lease agreements which have expiration dates ranging from 2016 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 19. The following is a schedule of the future minimum rental payments to be made under the various leases as of December 31, 2015:

<u>Years</u>	<u>Courts</u>	<u>Agencies</u>	<u>Total</u>
2016	\$ 34,000	\$701,106	\$ 735,106
2017	34,000	356,888	390,888
2018	34,000	287,424	321,424
2019	34,000	296,046	330,046
2020	-	400,774	400,774
2021-2025	-	1,622,602	1,622,602
2026-2030	-	1,197,037	1,197,037
2031-2035	-	425,123	425,123
	<u>\$136,000</u>	<u>\$5,287,000</u>	<u>\$5,423,000</u>

Rent expense for 2015 was \$1,007,077.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 9: RISK MANAGEMENT

For periods prior to January 1, 1999, the County is exposed to the risk of loss related to self-insurance activities for workers' compensation and maintains workers' compensation reserves for claims incurred and claims incurred but not reported in the General Fund for the open claims. 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, 2015, the County was required to pay an insurance premium of \$854,907 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 2015 Trust audit, the County owed a premium of \$23,436.

Effective January 1, 2015, 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 \$150,000 per year per participant with exceptions.

The County will also receive a stop loss reimbursement of 100% for all medical claims which exceed \$5,065,161 in the aggregate for the year. During the year ended December 31, 2015, the County received stop loss reimbursements for eight claimants in the amount of \$65,653.

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 liability amount for the year ended December 31, 2015 was:

	2015
Liability at beginning of year	\$ -
Current year claims	5,542,743
Less - claim payments	<u>(4,617,316)</u>
Liability - end of year	<u>\$ 925,427</u>

The County continues to carry commercial insurance for all other risks of loss including dental, vision, 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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 10: DEFICIT FUND EQUITY/NET POSITION

The Human Service Building Capital Projects Fund had a deficit unassigned fund balance of \$86,612.

The 2013 Capital Projects Fund had a deficit unassigned fund balance of \$811,156.

The 911 Capital Projects Fund had a deficit unassigned fund balance of \$7,492,558.

The 2009 Capital Projects Fund had a deficit unassigned fund balance of \$147,948.

The County plans to fund these deficits with the proceeds of futures bond issues, proceeds from the 2013 Notes, and a RACP grant.

The Internal Service Fund had a deficit net position of 533,369. The County plans to fund this deficit with future County contributions.

NOTE 11: LONG-TERM DEBT

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds and Loans Payable:					
General obligation debt	\$41,422,399	\$23,967,323	\$3,708,000	\$61,681,722	\$3,028,903
Loan payable	32,510	-	32,510	-	-
Plus: Bond Premium	382,646	545,217	42,175	885,688	42,175
Total Bonds and Loans Payable:	41,837,555	24,512,540	3,782,685	62,567,410	3,071,078
Other Long Term Liabilities:					
Compensated absences	1,000,664	99,624	-	1,100,288	-
Total Other Long Term Liabilities	1,000,664	99,624	-	1,100,288	-
Governmental Activities: Long-Term Liabilities	\$42,838,219	\$24,612,164	\$3,782,685	\$63,667,698	\$3,071,078
<u>Business-Type Activities:</u>					
Bonds Payable:					
General Obligation debt	\$22,876,840	\$ 16,395	\$21,259,209	\$1,634,026	\$63,862
Plus: Bond Premium	545,217	-	545,217	-	-
Total Bonds Payable	23,422,057	16,395	21,804,426	1,634,026	63,862
Other Liabilities:					
Compensated absences	54,237	-	54,237	-	-
Total Other Liabilities	54,237	-	-	-	-
Business-Type Activities Long-Term Liabilities	\$23,476,294	\$ 16,395	\$21,858,663	\$1,634,026	\$63,862

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 11: LONG-TERM DEBT (Continued)

As the 911 fund no longer met the criteria to be classified as a proprietary fund, long term liabilities of the 911 fund were transferred to governmental activities during 2015. See Note 13 for more detail. The transfer of long-term liabilities from the 911 fund to governmental activities are shown as reductions to business-type activities and additions to governmental activities. Long-term liabilities of \$21,872,346 (\$21,207,796 of general obligation debt, \$545,217 of unamortized bond premium, \$54,237 of compensated absences, \$29,604 of deferred loss on refunding, and \$94,700 of accrued interest on bonds) were transferred from business-type activities to governmental activities during 2015 and are included in the additions column above.

The compensated absences liability is liquidated by the General Fund, Children & Youth Fund, and certain other nonmajor funds.

Pertinent information regarding general obligation debt outstanding is presented below (payable from General Fund Tax Revenues):

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, 2015</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 notes bear an interest rate between .30% and 4.0% (final maturity occurs in 2037).	\$32,455,000
2013	\$10,000,000	General Obligation Notes, Series of 2013 issued for the purpose of advancing funds to the Adams County IDA and capital improvements. The notes bear an interest rates between 1.75% and 2.25% (final maturity occurs in 2023).	\$2,821,722
2014	\$28,605,000	General Obligation Bonds, Series 2014 issued for the purpose of currently refunding the Series 2011 Notes. The bonds bear interest rate based on an index rate equal to a percentage of LIBOR plus an applicable spread as set forth (final maturity occurs in 2031).	\$26,405,000
			<u>\$61,681,722</u>

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 11: LONG-TERM DEBT (Continued)

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

<u>Governmental Activities:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u>
	<u>Requirements</u>	<u>Requirements</u>	<u>Service</u>
Years Ended December 31:			<u>Requirements</u>
2016	\$ 3,028,903	\$ 1,447,161	\$ 4,476,064
2017	3,126,502	1,385,456	4,511,958
2018	3,234,734	1,327,247	4,561,981
2019	3,347,966	1,259,295	4,607,261
2020	3,481,515	1,201,087	4,782,602
2021-2025	17,982,102	4,541,447	22,523,549
2026-2030	17,510,000	2,457,354	19,967,354
2031-2035	7,540,000	1,072,505	8,612,505
2036+	2,430,000	101,269	2,531,269
	<u>\$61,681,722</u>	<u>\$14,792,821</u>	<u>\$76,474,543</u>

<u>Business-Type Activities:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u>
	<u>Requirements</u>	<u>Requirements</u>	<u>Service</u>
Years Ended December 31:			<u>Requirements</u>
2016	\$ 63,862	\$ 66,894	\$ 130,756
2017	66,755	64,002	130,757
2018	69,583	61,173	130,756
2019	72,531	58,225	130,756
2020	75,450	55,306	130,756
2021-2025	428,718	225,063	653,781
2026-2030	527,617	126,164	653,781
2031-2035	329,510	19,173	348,683
	<u>\$1,634,026</u>	<u>\$676,000</u>	<u>\$2,310,026</u>

In 2002, the County defeased the 2001 general obligation bonds by placing the proceeds of the 2002 general obligation bonds in an irrevocable trust to provide for all future debt service payments on the 2001 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At December 31, 2015, the principal amount outstanding relative to the defeased debt was \$25,185,000.

Hedging Derivative Instrument Payments and Hedged Debt. As of December 31, 2015, aggregate debt service requirements of the County's General Obligation Bonds, Series of 2014 and net receipts/payments on 2008 Fixed Pay Swap are as follows:

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 11: LONG-TERM DEBT (Continued)

The amounts in the table below assume that the current interest rates on the General Obligation Bonds, Series of 2014 and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Years Ended December 31:	Principal Requirements	Interest Requirements	Hedging Derivatives Net	Total
2016	\$ 1,165,000	\$ 161,359	\$ 478,583	\$ 1,804,942
2017	1,210,000	153,624	457,467	1,821,091
2018	1,260,000	145,569	435,537	1,841,106
2019	1,315,000	137,162	412,699	1,864,861
2020	1,375,000	128,371	388,865	1,892,236
2021-2025	7,880,000	495,394	1,547,306	9,922,700
2026-2030	9,925,000	205,534	762,597	10,893,131
2031-2035	2,275,000	13,332	41,234	2,329,566
	<u>\$ 26,405,000</u>	<u>\$ 1,440,345</u>	<u>\$ 4,524,288</u>	<u>\$ 32,369,633</u>

NOTE 12: INTEREST RATE SWAPS

Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2015, classified by type, and the changes in fair values of such derivative instruments for the year then ended as reported in the 2015 financial statements are as follows:

	Current Notional Amount	Fair Value at December 31, 2015		Changes in Fair Value	
		Classification	Amount	Classification	Amount
Governmental Activities					
Cash Flow Hedges:					
2008 Fixed Pay Swap	\$26,405,000	Debt	\$ (341,415)	Deferred Inflow	\$11,928
Investment Derivative:					
2005 Basis Swap	\$26,405,000	Investment	\$ 771,331	Unrestricted Investment Income	\$181,246

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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 12: INTEREST RATE SWAPS (CONTINUED)

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 as 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 2014. At December 31, 2015, the swap consisted of an investment derivative with a value of \$771,331 and a borrowing of (\$801,975) for a net fair value of (\$30,644).

2008 Fixed Pay Swap- In June 2008, the County entered into a Forward Starting Interest Rate Swap with Wachovia Bank as the Counterparty with respect to the County's then outstanding Series of 2002 Bonds or any bond or notes issued to refund the bonds in the principle amount of \$31,615,000. The objective was to hedge the changes in cash flows on the 2002 General Obligation Bonds or any bonds or notes issued to refund the bonds. By entering into this contract the County received an upfront payment of \$1,014,000 net of transaction fees. In exchange, the Counterparty will have the option to direct the County to enter into a variable to fixed rate swap whereby the County will pay 4.6525% to the Counterparty and will receive from the Counterparty 78% of one-month LIBOR plus 28 basis points. This option was exercised by Wells Fargo in August of 2011, and the swaption was associated with General Obligation Notes, Series of 2011. The upfront cash of \$1,014,000 represents the value of the option and was amortized over the life of the swaption.

In October 30, 2014, the County issued General Obligation Bonds, Series of 2014 which refunded the General Obligation Notes, Series of 2011. The 2008 Fixed Pay Swap is now associated with the General Obligation Bonds, Series of 2014. The deferred outflow of resources balance of the swap at the time of refunding is being amortized over the life of the bonds and is recorded as deferred outflow of resources in the statement of net position. At December 31, 2015, the swap consisted of an hedging derivative instrument with a value of (\$341,415) and a borrowing of (\$5,833,304) for a net fair value of (\$6,174,719).

Derivative Instrument Risks

Credit Risk. As of December 31, 2015, the County was not exposed to credit risk because the swaps (net) had negative fair values. However, should interest rates change and the fair value of the swaps (net) become positive, the County would be exposed to credit risk in the amount of the derivatives fair value. As of December 31, 2015, the Counterparty was rated Aa2 by Moody's, AA- by Standard and Poors and AA by Fitch.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 12: INTEREST RATE SWAPS (CONTINUED)

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.

Basis 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.

For the 2008 fixed pay swap, this is the risk that short-term tax-exempt bonds do not trade on par with 78% of LIBOR, which would result in a slightly higher effective interest rate. The fixed pay swap is structured so that the County receives 78% of one-month LIBOR plus 28 basis points to cover the underlying tax exempt weekly rate, thereby reducing basis risk. Assuming the historical average rates for one-month LIBOR and SIFMA and a variable rate receipt of 78% of one-month LIBOR, the County expects to accrue monthly cash flow savings in addition to the up-front Premium.

Termination Risk. The fixed pay swap was issued pursuant to the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The County may terminate the fixed pay swap. If the fixed pay swap is terminated, the County will be responsible for the underlying variable rate bond obligations. Also, if at the time of termination the fixed pay swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the fixed pay swap's fair value.

Market Access Risk. The County is exposed to market access risk as it may be unable to access debt markets in the future. This risk is subject to overall general market conditions and is mitigated to some degree by the fact that the County currently has a Aa2 rating and should therefore be able to procure debt financing and bond insurance if necessary at competitive rates in the future.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 13: INTERFUND OPERATING TRANSFERS

Interfund transfers are as a result of the requirement for the General Fund to match a portion of the expenditures or expenses of other funds as follows:

	Transfers In	Transfers Out
General Fund	\$1,909,663	\$5,182,956
Children and Youth	1,260,438	-
911 Fund	3,060,193	1,222,553
911 Capital Projects Fund	234,172	-
Other Governmental Funds	3,553,869	4,566,353
	<u>10,018,335</u>	<u>10,971,862</u>
Enterprise Fund:		
911 Emergency Telephone	986,238	2,466,020
Internal Service Fund	-	32,711
	<u>986,238</u>	<u>2,498,731</u>
Governmental Activities (capital assets and long-term liabilities)	<u>2,466,020</u>	-
	<u>\$13,470,593</u>	<u>\$13,470,593</u>

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

During 2015, the 911 enterprise fund no longer met the criteria to be classified as a proprietary fund. Thus, the 911 enterprise fund transferred (\$986,269) of governmental fund level assets and liabilities to the capital projects bond account fund \$234,172 and the 911 special revenue fund (\$1,220,441). In addition, the 911 enterprise fund transferred \$2,466,020 of capital assets and long term liabilities to governmental activities during 2015. The transfer to governmental activities consisted of long-term liabilities of \$21,872,346 (\$21,207,796 of general obligation debt, \$545,217 of unamortized bond premium, \$54,237 of compensated absences, \$29,604 of deferred loss on refunding, and \$94,700 of accrued interest on bonds) were transferred from business-type activities to governmental activities and capital assets of \$27,552,488 with accumulated depreciation of \$3,214,122.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances of each individual fund as of December 31, 2015, are as follows:

<u>Governmental Fund Types</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$15,967,608	\$ 4,230,769
Children and Youth Fund	1,088,934	3,765,708
911 Fund	3,062,841	3,514,845
911 Capital Projects Fund	-	7,218,581
Other Governmental Funds	78,993	1,467,736
	<hr/>	<hr/>
Total Government Fund Types	20,198,376	20,197,639
	<hr/>	<hr/>
<u>Proprietary Fund Type</u>		
Internal Service Fund	-	737
	<hr/>	<hr/>
Total Proprietary Fund Type	-	737
	<hr/>	<hr/>
Total	\$20,198,376	\$20,198,376
	<hr/>	<hr/>

The General Fund has paid expenses on behalf of other funds, therefore, a corresponding interfund receivable and payable has been recorded.

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 are not 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
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 17: RESTRICTED FUND BALANCES/NET POSITION

The restrictions of fund balance/net position included in the fund and government wide financial statements represent portions of fund balances/net position that are restricted for various purposes and are not available for the payment of other subsequent expenditures. The following restrictions are included in the fund and government wide financial statements.

General Fund

<u>Nonspendable</u>	<u>\$ 178,640</u>
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This line item represents amounts for prepaid expenses.

<u>Restricted</u>	<u>\$ 1,141,339</u>
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This line item represents amounts for debt service and workers compensation claims.

<u>Assigned</u>	<u>\$ 2,206,747</u>
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This line item represents amounts to offset excess expenditures over revenues for the 2016 General Fund Budget.

<u>911 Fund - Restricted</u>	<u>\$ 49,301</u>
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This line item represents amounts that are restricted for the expenditures of the County's 911 Program.

Nonmajor Funds

Capital Reserve Fund

<u>Committed</u>	<u>\$ 300,656</u>
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This line item represents amounts committed for the funding of future capital projects.

Capital Projects Series 2013 Fund

<u>Nonspendable</u>	<u>\$ 1,088,000</u>
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This line item represents amounts for a loan receivable.

Act 137

<u>Nonspendable</u>	<u>\$ 65,045</u>
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This line item represents amounts for notes receivable.

COUNTY OF ADAMS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 17: RESTRICTED FUND BALANCES/NET POSITION (CONTINUED)

Nonmajor Governmental Funds (Continued)Restricted (Continued)

<u>Act 13 Fund</u>	<u>\$ 402,776</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</u>	<u>\$ 707,169</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</u>	<u>\$ 474,257</u>
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This line item represents amounts that are restricted for improvements in the Recorder of Deeds' Office.

<u>Home Fund</u>	<u>\$ 427</u>
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This line item represents amounts that are restricted by grantors for future expenditures for community rehab projects.

<u>Act 137</u>	<u>\$ 673,063</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</u>	<u>\$ 2,079,816</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</u>	<u>\$ 340,604</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.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 17: RESTRICTED FUND BALANCES/NET POSITION (CONTINUED)

Nonmajor Governmental Funds (Continued)Restricted (Continued)

<u>Conservation District</u>	<u>\$ 1,698,529</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</u>	<u>\$ 26,964</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</u>	<u>\$ 6,391</u>
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This line item represents amounts that are restricted by grantors for purchase of law enforcement equipment.

<u>Juvenile Restitution</u>	<u>\$ 60,512</u>
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This line item represents amounts that are restricted for restitution expenditures.

<u>Ag Land Preservation</u>	<u>\$ 764,256</u>
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This line item represents amounts that are restricted for land preservation.

<u>Domestic Relations</u>	<u>\$ 825,931</u>
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This line item represents IV-D incentives funding restricted for program use.

<u>Prison Commissary</u>	<u>\$ 9,240</u>
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This line item represents amounts restricted for the Prison Commissary fund.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 2015:

<u>Program</u>	<u>Balance Outstanding December 31, 2015</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.	\$ 42,815
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.	\$ 87,476
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 \$1,232.96 commencing in July, 2006 through and including June, 2031.	<u>\$120,674</u>
Total Notes Receivable	<u>\$273,196</u>

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, 2015 was \$1,088,000.

NOTE 20: RELATED PARTY TRANSACTIONS

Effective July 1, 2014 the County entered into a new lease agreement in which the County leases 19,459 square feet of the Agricultural Center Building. The lease will run through June 30, 2017 with rent being due on or about the first day of each month. The lease shall automatically renew 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 2015 was \$155,672.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 21: POST-EMPLOYMENT BENEFIT PLAN

Plan Description. The County sponsors a post-employment benefits plan that covers health insurance benefits for eligible retirees. Effective January 1, 1998, the Adams County Commissioners established a Retiree Health Care Benefit policy providing the authority under which benefit provisions for the Plan were established and may be amended. The Plan does not issue a publicly available financial report.

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. 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. Elected officials who do not participate in the County's pension program are eligible for this postretirement medical benefit if they are still employed at age 55 or later and have completed 20 or more years of service.

Funding Policy. 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. The County funds the Plan on a pay-as-you-go basis. For 2015, the County's contribution to the plan for current estimated premiums was \$40,268 using the implicit rate subsidy.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on a closed basis. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan:

	<u>Governmental Activities</u>
Annual required contribution	\$ 125,418
Interest on Net OPEB obligation	9,324
ARC Adjustment	<u>(14,584)</u>
OPEB Cost	120,158
Estimated contributions made	<u>(40,268)</u>
Increase in net OPEB obligation	79,890
Net OPEB obligation – beginning of year	<u>233,098</u>
Net OPEB obligation – end of year	<u>\$ 312,988</u>

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 21: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2013, 2014, and 2015 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 103,360	55.44%	\$ 181,625
12/31/2014	\$ 80,290	35.89%	\$ 233,098
12/31/2015	\$ 120,158	33.51%	\$ 312,988

Funded Status and Funding Progress. As of January 1, 2015 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,226,641 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,226,641. The covered payroll (annual payroll of active employees covered by the plan) was \$20,372,882, and the ratio of the UAAL to the covered payroll was 6.0%.

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

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

In the January 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the expected long-term investment yield on the investments that are expected to be used to finance the payments of benefits, a health care cost trend rate of 6% initially, reduced by decrements to an ultimate rate of 4.0% after 50 years. The UAAL is being amortized using the level dollar method on a closed basis. The remaining amortization period at December 31, 2015 was 26 years.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 22: EXCESS EXPENDITURES OVER APPROPRIATION

The following major funds had an excess of actual expenditures over budget for the year ended December 31, 2015:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Percent of Excess over Appropriations</u>
Managed Care Fund	\$ 11,800,000	\$ 13,626,833	15.5%
911 Fund	3,400,933	3,643,990	7.1%

The excess of expenditures over appropriations for the Managed Care and 911 Funds were funded by greater than anticipated revenues and county contributions.

NOTE 23: RESTATEMENT OF FUND BALANCE/NET POSITION

The following 2015 amounts have been restated due to the adoption of GASB Statement No. 68, GASB Statement No. 71, and a reclassification:

	<u>Governmental Activities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Beginning Net Position/Fund Balance	\$ 35,315,496	\$ 6,470,784	\$ 28,800,585
Reclassification of Domestic Relations IV-D Incentive Revenue	707,220	707,220	707,220
Net Pension Liability for the adoption of GASB 68	(999,961)	-	-
Deferral of Contributions subsequent to the measurement date for the adoption of GASB 71	<u>1,363,234</u>	<u>-</u>	<u>-</u>
Restated Beginning Net Position/Fund Balance	<u>\$ 36,385,989</u>	<u>\$ 7,178,004</u>	<u>\$ 29,507,805</u>

NOTE 24: SUBSEQUENT EVENTS

In November 2015, the Adams County Industrial Development Authority received a grant in the amount of \$909,366. A principal payment for the same amount was made on the note payable. The Authority has requested that the bank recalculate the amortization of the loan due to the significant principal payment made.

In April 2016, the Adams County Conservation District signed a promissory note in the amount of \$183,000 for the purpose of financing a heating, ventilation, and air conditioning project at the Ag Center.

COUNTY OF ADAMS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 24: SUBSEQUENT EVENTS (CONTINUED)

In September 2016, the County issued General Obligation Bonds, Series of 2016 in the amount of \$13,435,000. The proceeds of the bonds will be used to current refund the General Obligation Note, Series B of 2013, to finance various capital projects of the County, and to pay the costs of issuing the bonds. The bonds bear an interest rate between 2.0% and 4.0% with final maturity in 2041.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

COUNTY OF ADAMS
SCHEDULE OF FUNDING PROGRESS
FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ -	\$ 1,070,589	\$ 1,070,589	0%	\$ 16,875,270	6.3%
1/1/2014	\$ -	\$ 840,105	\$ 840,105	0%	\$ 18,477,922	4.5%
1/1/2015	\$ -	\$ 1,226,641	\$ 1,226,641	0%	\$ 20,372,882	6.0%

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

	* <u>2014</u>
Total Pension Liability	
Service Costs	\$ 3,017,176
Interest	3,801,632
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(2,937,209)</u>
Net Change in Total Pension Liability	3,881,599
Total Pension Liability - beginning	<u>67,594,294</u>
Total Pension Liability - ending (a)	<u><u>\$ 71,475,893</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,363,234
Contributions - Member	1,218,090
Net Investment Income	3,466,490
Benefit Payments, Including Refunds of Member Contributions	(2,937,209)
Administrative Expense	<u>(156,491)</u>
Net Change in Plan Fiduciary Net Position	2,954,114
Plan Fiduciary Net Position - beginning	<u>66,594,333</u>
Plan Fiduciary Net Position - ending (b)	<u><u>\$ 69,548,447</u></u>
County's Net Pension Liability - ending (a) - (b)	<u><u>\$ 1,927,446</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.30%
Covered - Employee Payroll	\$ 20,844,661
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	9.25%

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

COUNTY OF ADAMS
 SCHEDULE OF COUNTY CONTRIBUTIONS
 LAST 10 YEARS

		* 2014
Actuarially Determined Contribution	\$	1,345,330
Contribution in Relation to the Actuarially Determined Contribution		1,363,234
Contribution Deficiency/(Excess)	\$	(17,904)
Covered-Employee Payroll	\$	20,844,661
Contribution as a percentage of Covered-Employee Payroll		6.54%

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 based upon the amortization periods in Act 293
Remaining Amortization Period	4.41 years
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	5.50%
Pre-Retirement Mortality	Males - RP 2000 with 1 year set back Females - RP 2000 with 5 year set back
Post-Retirement Mortality:	Sex distinct RP-2000 Combined Healthy Mortality

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

COUNTY OF ADAMS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 35,996,201	\$ 35,996,201	\$ 36,050,813	\$ 54,612
Intergovernmental Revenues	2,456,321	2,456,321	2,097,658	(358,663)
Charges for Services	4,037,441	4,037,441	4,720,601	683,160
Interest and Rents	59,725	59,725	98,191	38,466
License and Permits	103,030	103,030	108,591	5,561
Court Costs and Fines	556,200	556,200	642,858	86,658
Other	116,644	116,644	491,116	374,472
Total Revenues	43,325,562	43,325,562	44,209,828	884,266
Expenditures				
Current:				
General Government - Administrative	11,230,175	11,230,175	10,872,499	357,676
General Government - Judicial	6,341,015	6,341,015	6,353,287	(12,272)
Public Safety	15,435,505	15,435,505	15,707,557	(272,052)
Human Services	1,647,709	1,647,709	1,823,860	(176,151)
Culture and Recreation	655,262	655,262	661,847	(6,585)
Conservation and Development	1,264,753	1,264,753	1,011,884	252,869
Debt Service				
Principal	3,438,146	3,438,146	2,823,000	615,146
Interest	2,139,089	2,139,089	1,796,674	342,415
Total Expenditures	42,151,654	42,151,654	41,050,608	1,101,046
Excess of Revenues Over (Under) Expenditures	1,173,908	1,173,908	3,159,220	1,985,312
Other Financing Sources (Uses)				
Operating Transfer In	2,938,312	2,938,312	1,909,663	(1,028,649)
Operating Transfer (Out)	(3,650,908)	(3,650,908)	(5,182,956)	(1,532,048)
Swap Proceeds	95,000	95,000	106,159	11,159
Total Other Financing Sources(Uses)	(617,596)	(617,596)	(3,167,134)	(2,549,538)
Net change in fund balances	556,312	556,312	(7,914)	(564,226)
Fund Balances - Beginning of Year	-	-	22,329,801	22,329,801
Fund Balances - End of Year	\$ 556,312	\$ 556,312	\$ 22,321,887	\$ 21,765,575

COUNTY OF ADAMS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CHILDREN AND YOUTH FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 7,143,641	\$ 7,143,641	\$ 5,803,354	\$ (1,340,287)
Charges for Services	-	-	90	90
Interest and Rents	150	150	49	(101)
Miscellaneous	83,500	83,500	74,600	(8,900)
Total Revenues	<u>7,227,291</u>	<u>7,227,291</u>	<u>5,878,093</u>	<u>(1,349,198)</u>
Expenditures				
Current:				
Human Services	8,056,192	8,056,192	7,138,531	917,661
Total Expenditures	<u>8,056,192</u>	<u>8,056,192</u>	<u>7,138,531</u>	<u>917,661</u>
Excess of Revenues Under Expenditures	<u>(828,901)</u>	<u>(828,901)</u>	<u>(1,260,438)</u>	<u>(431,537)</u>
Other Financing Sources				
Operating Transfer In	828,901	828,901	1,260,438	431,537
Total Other Financing Sources	<u>828,901</u>	<u>828,901</u>	<u>1,260,438</u>	<u>431,537</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
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 MANAGED CARE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<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	\$ 11,800,000	\$ 11,800,000	\$ 13,626,833	\$ 1,826,833
Total Revenues	<u>11,800,000</u>	<u>11,800,000</u>	<u>13,626,833</u>	<u>1,826,833</u>
Expenditures				
Current:				
Human Services	<u>11,800,000</u>	<u>11,800,000</u>	<u>13,626,833</u>	<u>(1,826,833)</u>
Total Expenditures	<u>11,800,000</u>	<u>11,800,000</u>	<u>13,626,833</u>	<u>(1,826,833)</u>
Excess of Revenues Under Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 911 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Intergovernmental Revenues	\$ -	\$ -	\$ 929,480	\$ 929,480
Charges for Services	1,188,174	1,188,174	925,683	(262,491)
Interest and Rents	1,628	1,628	488	(1,140)
Miscellaneous	-	-	-	-
Total Revenues	1,189,802	1,189,802	1,855,651	665,849
Expenditures				
Current:				
Public Safety	2,133,689	2,133,689	1,897,833	235,856
Debt Service				
Principal	530,000	530,000	885,000	(355,000)
Interest	737,244	737,244	748,765	(11,521)
Capital Outlay	-	-	112,392	(112,392)
Total Expenditures	3,400,933	3,400,933	3,643,990	(243,057)
Excess of Revenues Under Expenditures	(2,211,131)	(2,211,131)	(1,788,339)	422,792
Other Financing Sources				
Operating Transfer In	2,216,082	2,216,082	3,060,193	844,111
Operating Transfer (Out)	(4,951)	(4,951)	(1,222,553)	(1,217,602)
Total Other Financing Sources	2,211,131	2,211,131	1,837,640	(373,491)
Net change in fund balances	-	-	49,301	49,301
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	\$ -	\$ -	\$ 49,301	\$ 49,301