

**County of Washington,
Pennsylvania**

Single Audit

2013

MaherDuessel
Certified Public Accountants

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COUNTY OF WASHINGTON, PENNSYLVANIA

2013 SINGLE AUDIT

DIRECTORY

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COUNTY OF WASHINGTON, PENNSYLVANIA

2013 SINGLE AUDIT

DIRECTORY

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Independent Auditor's Report

Board of County Commissioners
County Controller
County of Washington, 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 Washington, Pennsylvania (County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Behavioral Health and Developmental Services Fund, Human Services Fund, and Capital Expenditure Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and OPEB information on pages i through xi and 53 through 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Board of County Commissioners
County Controller
County of Washington, Pennsylvania
Independent Auditor's Report
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Maier Duessel

Pittsburgh, Pennsylvania
July 24, 2014

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the County of Washington's (County) financial statements provides an overview of the financial performance for the year ended December 31, 2013. It is recommended that it be read in conjunction with the basic financial statements and the accompanying notes to those statements.

The MD&A is designed to focus on the current year's activities and resulting changes in the County's financial position.

Financial Highlights

The General Fund reported an ending fund balance of \$19,939,316, an increase of \$462,312 from 2012.

The County had \$52,913,159 of general obligation debt as of December 31, 2013. This represents a decrease of \$2,082,270 from 2012.

The County had a \$32.9 million unrestricted net position for its governmental activities as of December 31, 2013, an increase of \$10.2 million from the previous year.

The County received \$4,987,333 in Act 13 funds in 2013. This was the second year funds were received from this impact fee levied on unconventional gas wells.

The County issued General Obligation Bonds, Series of 2013 in the amount of \$7,980,000. The purpose of this issue was to refund the County's General Obligation Bonds, Series of 2003, and Series A of 2003.

A county-wide reassessment of commercial and residential properties began in the fall of 2013. The cost of the reassessment is expected to exceed \$7,000,000 with the project to be completed in the summer of 2016. A total of \$1,369,000 was spent in 2013.

The County received an Aa2 bond rating from Moody's Investors Services and an upgrade to AA from A+ with Standard & Poor's.

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

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the County's basic financial statements, which consist of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

The basic financial statements present two different views of the County and will be explained in more detail later in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Government-wide Financial Statements

Government-wide financial statements provide information on governmental and business-type activities in a manner similar to the private sector. The two government-wide financial statements are the Statement of Net Position and the Statement of Activities. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The Statement of Net Position presents all of the County's assets and liabilities, recording the difference between the two as net position. Over time, increases or decreases in net position measure whether the County's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during 2013. Because it separates program revenue from general revenue, it shows to what extent each program relies on real estate taxes, charges for services, and intergovernmental revenues for funding.

All changes in net position are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses when goods and services are received.

Both statements report the following activities:

Governmental Activities - Most of the County's basic services are in this category, including General Government, Judicial, Public Safety, and Human Services. Real estate taxes, charges for services, and intergovernmental revenue primarily fund these programs.

Business-type Activities - These include the County Health Center, 911 operations and Health Choices, and intend to recover their costs of operations primarily through user charges.

Fund Financial Statements

Fund financial statements provide more detailed information about the County's funds with an emphasis on major funds, not the County as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities.

The County has three types of funds:

Governmental Funds: These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the

government-wide financial statements, governmental fund statements focus on expendable resources available at the end of the year.

Governmental fund statements provide a detailed short-term view of financial resources available in the near future to finance County programs. The County maintains a multitude of individual governmental funds. The following are listed as major funds:

General Fund
Behavioral Health/Developmental Services Fund
Human Services Fund
Capital Expenditures Fund

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

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

Fiduciary Funds: The County is the trustee, or fiduciary, for its employees' pension plan. In addition, the County is also responsible for agency funds, which represent clearing accounts for assets held by the County in its role as custodian until funds are allocated to private parties, organizations, or government agencies to which they belong. Fiduciary activities are reported in a similar manner to proprietary funds in a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. All fiduciary activities are excluded from the County's government-wide financial statements because the assets of these funds are not available to support County programs.

Notes to the Financial Statements: Notes to the basic financial statements provide additional information essential to a full understanding of the detail provided in the government-wide and fund financial statements. The notes begin on page 16 of this report.

Required Supplementary Information: Following the basic financial statements is additional Required Supplementary Information (RSI) that further explains and supports information in the financial statements.

Government-wide Statement of Net Position

The following table summarizes the Statement of Net Position as of December 31, 2013 and compares it to 2012.

Summary of Net Position

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Assets:				
Current and other assets	\$ 64,173,859	\$ 53,174,744	\$ 12,803,762	\$ 9,164,280
Capital assets	67,835,491	62,759,001	11,084,836	11,510,688
Total Assets	132,009,350	115,933,745	23,888,598	20,674,968
Deferred Outflows of Resources:				
Deferred charge on refunding	982,157	970,376	-	-
Liabilities:				
Current liabilities	27,297,946	20,658,667	7,709,815	5,971,160
Other liabilities	50,886,083	52,125,355	-	-
Total Liabilities	78,184,029	72,784,022	7,709,815	5,971,160
Net Position:				
Net investment in capital assets	14,561,112	10,216,125	11,084,836	11,275,688
Restricted	7,339,109	11,201,972	3,751,456	-
Unrestricted	32,907,257	22,702,002	1,342,491	3,428,120
Total Net Position, restated	\$ 54,807,478	\$ 44,120,099	\$ 16,178,783	\$ 14,703,808

Net Position

For 2013, net position of governmental activities increased by \$10,687,379 to \$54,807,478. Governmental activities unrestricted net position, funds available for operations or payment of long-term debt, increased by \$10,205,255.

Infrastructure Assets

The County's total assets at December 31, 2013 were \$155,897,948. Of this amount, \$78,920,327 is in capital assets, which includes infrastructure.

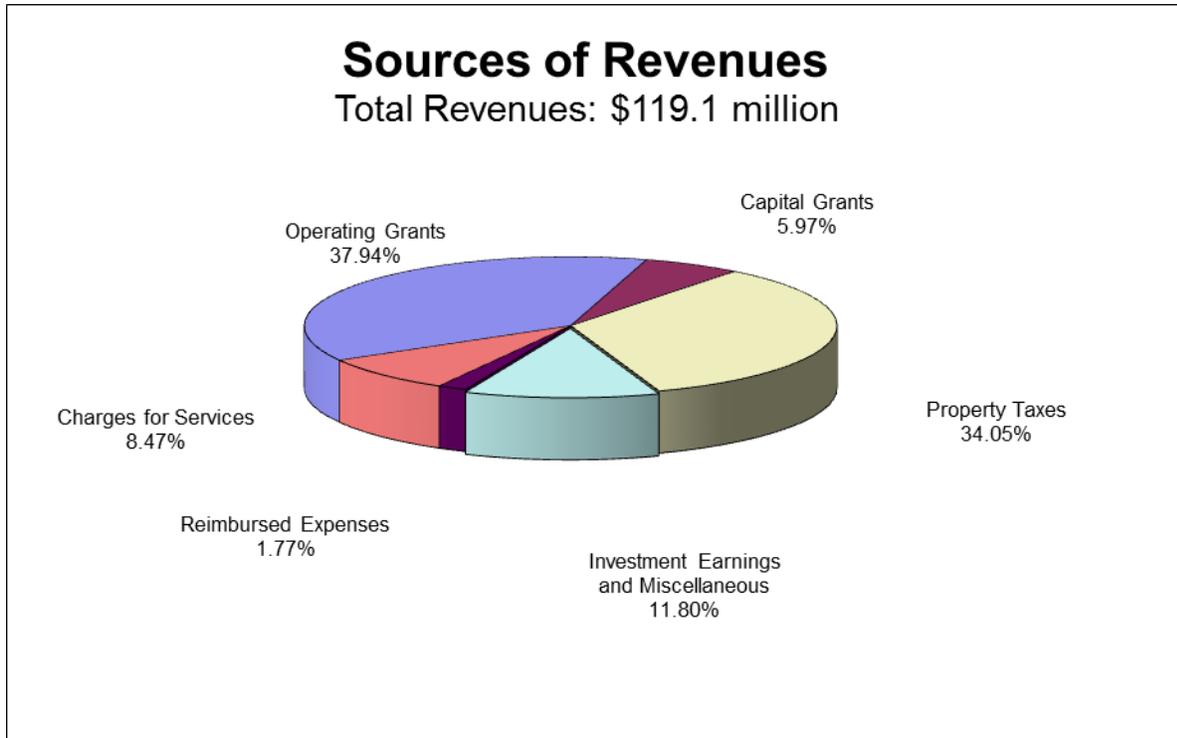
GASB Statement No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statement. This statement does permit reporting in two stages. Prospective reporting of infrastructure (Stage #1) is required during the first year, with retroactive reporting (Stage #2) required by the year ended December 31, 2006. The County elected to implement both Stage #1 and Stage #2 in 2003.

**Summary of Changes in Net Position
For the Years Ended December 31, 2013 and 2012**

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Revenues:				
Program revenues:				
Charges for services	\$ 10,082,962	\$ 10,666,081	\$ 64,799,399	\$ 26,986,922
Operating grants and contributions	45,168,391	78,597,660	39,465	-
Capital grants and contributions	7,108,133	4,535,431	2,015,254	2,129,448
General revenues:				
Property taxes	40,532,743	38,134,044	-	-
Investment earnings	51,324	102,804	7,789	8,516
Reimbursed expenses	2,113,010	2,192,245	-	-
Miscellaneous	13,993,665	8,272,145	-	-
Total Revenues	119,050,228	142,500,410	66,861,907	29,124,886
Expenses:				
General government	23,880,707	18,685,146	-	-
Judicial	14,760,346	15,305,100	-	-
Public safety	17,492,542	16,409,364	4,661,323	4,752,007
Public works	666,896	2,569,989	-	-
Human services	44,011,243	79,493,286	65,680,519	28,260,084
Culture and recreation	321,186	1,215,576	-	-
Conservation and development	314,572	241,877	-	-
Interest on long-term debt	1,960,447	3,074,775	-	-
Total Expenses	103,407,939	136,995,113	70,341,842	33,012,091
Excess (Deficiency) of Revenues over Expenses Before Transfers	15,642,289	5,505,297	(3,479,935)	(3,887,205)
Transfers	(4,954,910)	(600,000)	4,954,910	600,000
Change in Net Position	10,687,379	4,905,297	1,474,975	(3,287,205)
Net Position - Beginning, restated	44,120,099	39,214,802	14,703,808	17,991,013
Net Position - Ending	\$ 54,807,478	\$ 44,120,099	\$ 16,178,783	\$ 14,703,808

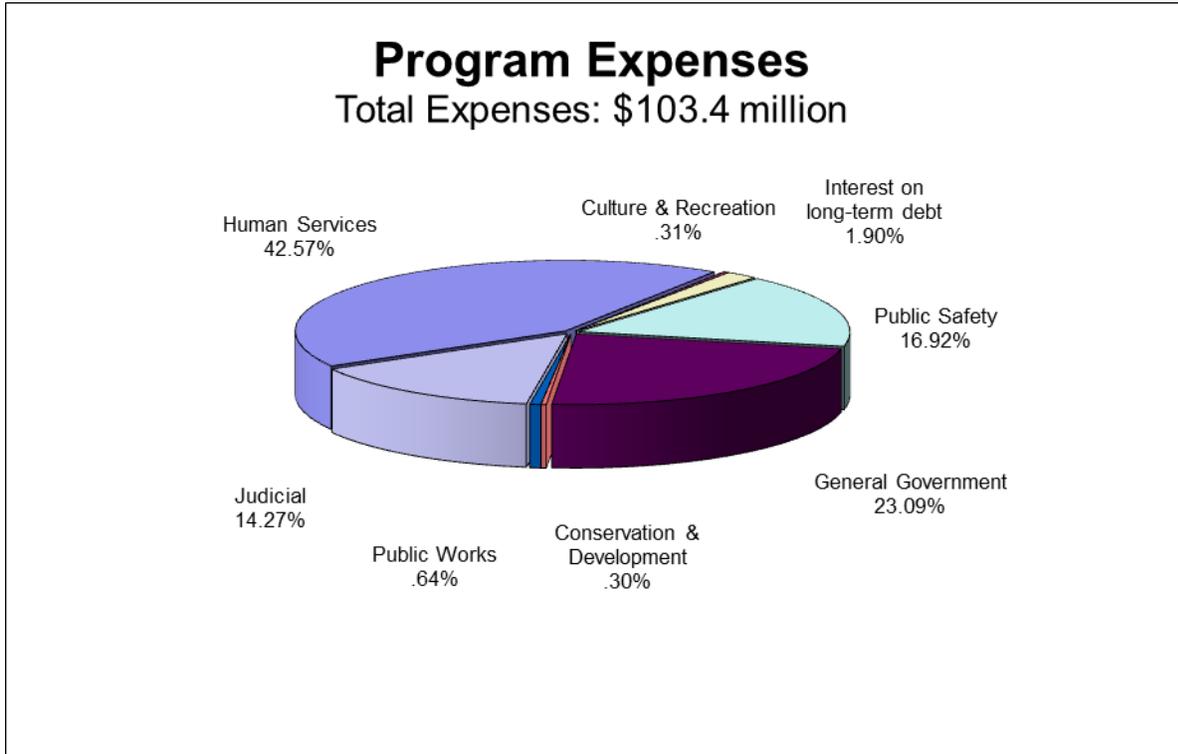
Governmental Activities

The following chart shows the composition of revenues for the year ended December 31, 2013:



Total government-wide revenues of \$119.1 million were derived primarily from program-based operating grants, representing 37.94% of the total. Real estate taxes made up the second largest source of revenue at 34.05%.

The following chart graphically depicts the government-wide program expenses for the year ended December 31, 2013:



Net Cost of Government Activities

The following table presents a summary of expenses, program revenues and the net cost of services before taxes, investment earnings and other income. Total expenses were \$104 million with a net cost of services of \$41.2 million.

Net Cost of Washington County's Governmental Activities For the Years Ended December 31, 2013 and 2012

	<u>Expenses</u>		<u>Program revenues</u>		<u>Net cost of services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General Government	\$ 23,880,707	\$ 18,685,146	\$ 5,029,900	\$ 4,202,895	\$ 18,850,807	\$ 14,482,251
Judicial	14,760,346	15,305,100	6,127,967	6,355,645	8,632,379	8,949,455
Public Safety	17,492,542	16,409,364	1,933,349	2,316,500	15,559,193	14,092,864
Public Works	666,896	2,569,989	4,466,185	3,522,787	(3,799,289)	(952,798)
Human Services	44,011,243	79,493,286	42,271,402	76,572,019	1,739,841	2,921,267
Culture and Recreation	321,186	1,215,576	2,530,683	685,395	(2,209,497)	530,181
Conservation and Development	314,572	241,877	-	143,931	314,572	97,946
Debt service	<u>1,960,447</u>	<u>3,074,775</u>	<u>-</u>	<u>-</u>	<u>1,960,447</u>	<u>3,074,775</u>
Totals	<u>\$ 103,407,939</u>	<u>\$ 136,995,113</u>	<u>\$ 62,359,486</u>	<u>\$ 93,799,172</u>	<u>\$ 41,048,453</u>	<u>\$ 43,195,941</u>

Financial Analysis of County's Funds

The County uses fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds

For the year ended December 31, 2013, the County had combined ending fund balances of \$44,420,014, an increase of \$6,890,182 from 2012.

The following funds made up the County's major funds for 2013:

- General Fund
- Behavioral Health/Development Services Special Revenue Fund
- Human Services Special Revenue Fund
- Capital Expenditures Fund

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement, or policy, all County revenues and expenditures are recorded in

the General Fund. At the end of 2013, the total General Fund balance was \$19,939,316, an increase of \$462,312 from 2012.

General Fund revenues increased by \$1,211,557 during 2013, from \$68,289,897 to \$69,501,454, while expenditures in the fund increased from \$64,195,956 to \$66,042,223. Intergovernmental revenues increased by \$1,800,000.

The Behavioral Health/Developmental Services Special Revenue Fund had a year-end balance of \$0. All funds received were expended to provide services to MH/ID clients. Revenues in this fund decreased from \$11,706,101 to \$9,984,051 and expenditures decreased from \$12,076,101 to \$10,384,051. Beginning with fiscal year 2009-2010, the Pennsylvania Department of Public Welfare stopped allocating Intellectual Disabilities waiver funds to the counties and began making direct payments to providers.

The Human Services Special Revenue Fund accounts for the provision of various social services to eligible County residents. These services are funded by various federal and state grants. The year-end fund balance increased by \$12,585.

The Capital Expenditures Fund provides for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The year-end fund balance increased by \$9,163,986. Revenues from Act 13 impact fees and natural gas land leases were the primary reasons for the increase.

Proprietary Funds

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

Total net position of the Washington County Health Center at December 31, 2013 was \$8,511,817, a decrease of \$1,673,220 from 2012. The facility had an operating loss of \$2,101,425 for 2013. The 288-bed facility had an occupancy rate of 93% in 2013.

Total net position of Emergency Communication 911 operations was \$3,915,510, a decrease of \$603,261 from 2012. The decrease was a result of a significant reduction in grant funds from the previous year.

The Health Choices Fund was designed to introduce an integrated and coordinated health care delivery system to serve medical assistance recipients requiring medical, psychiatric, and substance abuse services through a capitated, mandatory managed-care program. The Health Choices Fund had a year-end net position of \$3,751,456, an increase of \$3,751,456 from 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Changes in Budget

This section summarizes the major factors involved in the variances in revenue and expenditure budgets. Variances are between the original and final amended budget and the final amended budget and actual General Fund amounts.

The annual budget is adopted in accordance with the County Code of the Commonwealth of Pennsylvania. Budgets are adopted on a departmental basis. During the course of the year, circumstances may occur that require a departmental budget to be increased. The Board of Commissioners, at a public meeting, must approve any adjustment that changes a department's total budget.

Expenditures and Other Financing Uses Variances

At the final meeting of the year, \$295,000 was allocated to departments anticipated to exceed their original budgets. Of this amount, the largest adjustments were for Children & Youth Services and Interfund Transfers. The overall variance between the actual expenditures and the final budget was a positive variance of \$2,894,808.

Revenue Variances

Variances between actual revenue and budgeted revenue for the year reflected a positive variance in the amount of \$2,185,204. Intergovernmental revenue had the most significant increase.

Capital Assets and Debt Administration

The County's net investment in capital assets amounted to \$78,920,327, as of December 31, 2013.

Summary of Capital Assets

	Governmental Activities		Business-type Activities		Balances as of December 31	
	2013	2012	2013	2012	2013	2011
Land and improvements	\$ 7,972,057	\$ 6,107,995	\$ -	\$ -	\$ 7,972,057	\$ 6,107,995
Buildings and improvements	23,214,823	23,967,575	5,882,870	5,572,761	29,097,693	29,540,336
Furniture, fixtures, and equipment	5,784,308	5,882,872	4,911,786	5,834,211	10,696,094	11,717,083
Infrastructure	22,900,184	23,464,208	-	-	22,900,184	23,464,208
Construction in progress	7,964,119	3,336,351	290,180	103,716	8,254,299	3,440,067
Total	\$ 67,835,491	\$ 62,759,001	\$ 11,084,836	\$ 11,510,688	\$ 78,920,327	\$ 74,269,689

Highlights of amounts expended in 2013 for major capital assets include:

- \$1,098,000 for development at the County Airport.
- \$950,000 for renovations to County Buildings.
- \$736,000 for improvements to the County Parks.
- \$2,593,000 for improvements to County Bridges.

Further details found in Footnote 4 of the County’s financial statements.

Long-Term Debt

As of December 31, 2013, the County had outstanding debt of \$52,913,159. This was a decrease of \$2,082,270 from the previous year.

Outstanding Debt as of December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 47,001,576	\$ 49,234,067	\$ -	\$ 235,000	\$ 47,001,576	\$ 49,469,067
Lease rental debt	5,911,583	5,526,362	-	-	5,911,583	5,526,362
Total	\$ 52,913,159	\$ 54,760,429	\$ -	\$ 235,000	\$ 52,913,159	\$ 54,995,429

Further details found in Footnote 8 of the County’s financial statements.

Economic Factors and the 2014 Budget

The real estate tax rate for 2014 remained at 24.9 mills.

The County’s 2014 annual required contribution to the Retirement Fund is \$3,799,410.

The \$203 million consolidated budget for 2014 represents a 10% increase from 2013.

Contacting the County's Financial Management

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

Washington County Controller's Office
 Courthouse Square, Suite 403
 100 West Beau Street
 Washington, PA 15301

**County of Washington,
Pennsylvania**

Financial Statements

COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2013

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COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2013

Assets	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 48,117,928	\$ 2,519,163	\$ 50,637,091
Residents' and other restricted funds	-	827,004	827,004
Receivables:			
Taxes receivable, net of allowance	1,864,183	-	1,864,183
Internal balances	126,026	(126,026)	-
Due from other governments	8,323,948	3,794,541	12,118,489
Interest and other	5,472,312	5,619,626	11,091,938
Loans receivable	149,931	-	149,931
Prepaid assets and other	119,531	169,454	288,985
Capital assets not being depreciated	3,842,088	290,180	4,132,268
Capital assets, net of accumulated depreciation	36,477,980	10,794,656	47,272,636
Infrastructure assets not being depreciated	4,807,505	-	4,807,505
Infrastructure assets, net of accumulated depreciation	22,707,918	-	22,707,918
Total Assets	132,009,350	23,888,598	155,897,948
Deferred Outflows of Resources			
Deferred charge on refunding	982,157	-	982,157
Liabilities			
Accounts payable	13,244,205	2,174,609	15,418,814
Accrued payroll and other expenses	2,967,807	1,473,468	4,441,275
Accrued interest payable	518,227	-	518,227
Unearned revenue	1,608,741	182,583	1,791,324
Net other post-employment benefits obligation	6,938,966	3,741,297	10,680,263
Residents' and other restricted funds	-	137,858	137,858
Bonds payable:			
Amount due within one year	2,020,000	-	2,020,000
Amount due in more than one year	50,893,159	-	50,893,159
Net discount on bonds	(7,076)	-	(7,076)
Net bonds payable	52,906,083	-	52,906,083
Total Liabilities	78,184,029	7,709,815	85,893,844
Net Position			
Net investment in capital assets	14,561,112	11,084,836	25,645,948
Restricted for:			
Debt service	3,734,401	-	3,734,401
Health Choices	-	3,751,456	3,751,456
Human services	1,077,492	-	1,077,492
Liquid fuels	595,488	-	595,488
Capital projects	3,009,220	-	3,009,220
Unrestricted	31,829,765	1,342,491	33,172,256
Total Net Position	\$ 54,807,478	\$ 16,178,783	\$ 70,986,261

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government - administration	\$ 23,880,707	\$ 3,790,210	\$ 1,067,029	\$ 172,661	\$ (18,850,807)	\$ -	\$ (18,850,807)
General government - judicial	14,750,656	3,840,908	2,287,059	-	(8,622,689)	-	(8,622,689)
Public safety	17,492,542	1,050,681	882,668	-	(15,559,193)	-	(15,559,193)
Public works and enterprises	666,896	213	-	4,465,972	3,799,289	-	3,799,289
Human services	44,011,243	1,339,767	40,931,635	-	(1,739,841)	-	(1,739,841)
Culture and recreation	321,186	61,183	-	2,469,500	2,209,497	-	2,209,497
Conservation and development	314,572	-	-	-	(314,572)	-	(314,572)
Interest and amortization	1,970,137	-	-	-	(1,970,137)	-	(1,970,137)
Total governmental activities	103,407,939	10,082,962	45,168,391	7,108,133	(41,048,453)	-	(41,048,453)
Business-type activities:							
Washington County Health Center	29,592,712	27,474,182	39,465	-	-	(2,079,065)	(2,079,065)
Emergency Communication 911	4,661,323	1,341,910	-	2,015,254	-	(1,304,159)	(1,304,159)
Health Choices	36,087,807	35,983,307	-	-	-	(104,500)	(104,500)
Total business-type activities	70,341,842	64,799,399	39,465	2,015,254	-	(3,487,724)	(3,487,724)
Total Primary Government	\$ 173,749,781	\$ 74,882,361	\$ 45,207,856	\$ 9,123,387	(41,048,453)	(3,487,724)	(44,536,177)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net of uncollectibles					39,005,771	-	39,005,771
Hotel tax					1,526,972	-	1,526,972
Interest					51,324	7,789	59,113
Rents and royalties					8,087,782	-	8,087,782
ACT 13 Impact Fee					4,987,333	-	4,987,333
Payments in lieu of taxes					148,289	-	148,289
Reimbursed expenses					2,113,010	-	2,113,010
Miscellaneous					770,261	-	770,261
Transfers					(4,954,910)	4,954,910	-
Total general revenues and transfers					51,735,832	4,962,699	56,698,531
Change in Net Position					10,687,379	1,474,975	12,162,354
Net Position:							
Beginning of year, restated					44,120,099	14,703,808	58,823,907
End of year					\$ 54,807,478	\$ 16,178,783	\$ 70,986,261

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

COUNTY OF WASHINGTON, PENNSYLVANIA

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2013

	General	Behavioral Health and Developmental Services	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 25,385,337	\$ 2,005,935	\$ 1,649,231	\$ 14,469,613	\$ 4,607,812	\$ 48,117,928
Receivables:						
Taxes receivable, net of allowance	1,711,844	-	-	-	152,339	1,864,183
Due from other governments	4,011,213	561,158	1,248,874	1,035,510	1,467,193	8,323,948
Interest and other	1,430,697	238,824	1,836	2,096,363	213,764	3,981,484
Loans receivable	-	-	-	-	149,931	149,931
Total receivables	<u>7,153,754</u>	<u>799,982</u>	<u>1,250,710</u>	<u>3,131,873</u>	<u>1,983,227</u>	<u>14,319,546</u>
Due from other funds	1,650,825	-	-	3,444,235	224	5,095,284
Prepays and other	119,531	-	-	-	-	119,531
Total Assets	<u>\$ 34,309,447</u>	<u>\$ 2,805,917</u>	<u>\$ 2,899,941</u>	<u>\$ 21,045,721</u>	<u>\$ 6,591,263</u>	<u>\$ 67,652,289</u>
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities:						
Accounts payable	\$ 6,735,836	\$ 1,173,998	\$ 1,794,816	\$ 2,512,610	\$ 1,026,945	\$ 13,244,205
Accrued payroll and other expenses	2,716,086	55,395	27,257	-	169,069	2,967,807
Unearned revenue	20,044	1,576,344	-	270	12,083	1,608,741
Due to other funds	3,259,836	180	376	217,981	57	3,478,430
Advances due to other funds	-	-	-	-	-	-
Total Liabilities	<u>12,731,802</u>	<u>2,805,917</u>	<u>1,822,449</u>	<u>2,730,861</u>	<u>1,208,154</u>	<u>21,299,183</u>
Deferred Inflows of Resources:						
Unavailable revenue - loan repayment	-	-	-	-	149,931	149,931
Unavailable revenue - real estate taxes	1,638,329	-	-	-	144,832	1,783,161
Total Deferred Inflows of Resources	<u>1,638,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,763</u>	<u>1,933,092</u>
Fund Balance:						
Nonspendable:						
Inventories and prepaids	119,531	-	-	-	-	119,531
Restricted for:						
Capital projects	-	-	-	3,009,220	-	3,009,220
Debt service	-	-	-	-	3,734,401	3,734,401
Human services	-	-	1,077,492	-	-	1,077,492
Liquid fuels	-	-	-	-	595,488	595,488
Committed for:						
Capital projects	-	-	-	15,282,027	-	15,282,027
Hazardous materials	-	-	-	-	269,867	269,867
Airport operations	-	-	-	-	27,344	27,344
Domestic relations	-	-	-	-	445,944	445,944
Assigned for:						
Encumbrances	105,962	-	-	23,613	15,302	144,877
Unassigned	19,713,823	-	-	-	-	19,713,823
Total Fund Balance	<u>19,939,316</u>	<u>-</u>	<u>1,077,492</u>	<u>18,314,860</u>	<u>5,088,346</u>	<u>44,420,014</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 34,309,447</u>	<u>\$ 2,805,917</u>	<u>\$ 2,899,941</u>	<u>\$ 21,045,721</u>	<u>\$ 6,591,263</u>	<u>\$ 67,652,289</u>

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

COUNTY OF WASHINGTON, PENNSYLVANIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2013

Total Fund Balance - Governmental Funds \$ 44,420,014

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets including infrastructure is \$113,409,171 and the accumulated depreciation is \$45,573,680. 67,835,491

Property taxes receivable will be collected next year but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 1,783,161

Amounts loaned that will be collected in future years but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 149,931

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are capitalized and amortized in the statement of net position. 989,233

Long-term liabilities, including bonds payable, accrued interest, and net post-employment benefits obligation, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	\$ (52,913,159)	
Accrued interest on bonds	(518,227)	
Net post-employment benefits obligation	<u>(6,938,966)</u>	<u>(60,370,352)</u>

Total Net Position - Governmental Activities \$ 54,807,478

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

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2013

	General	Behavioral Health and Developmental Services	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 36,191,820	\$ -	\$ -	\$ -	\$ 3,186,928	\$ 39,378,748
Intergovernmental	20,806,443	8,990,737	13,935,036	7,776,880	6,274,343	57,783,439
Charges for services	10,133,865	992,462	-	86,364	164,635	11,377,326
Rents and royalties	-	-	-	7,692,624	-	7,692,624
Fines and forfeits	188,800	-	-	-	-	188,800
Interest	29,414	852	3,161	15,976	136,244	185,647
Other	2,151,112	-	9,424	134,477	440,280	2,735,293
Total revenues	69,501,454	9,984,051	13,947,621	15,706,321	10,202,430	119,341,877
Expenditures:						
Current:						
General government - administration	10,843,553	-	-	-	-	10,843,553
General government - judicial	11,391,442	-	-	-	3,057,776	14,449,218
Public safety	16,405,766	-	-	-	82,659	16,488,425
Public works and enterprises	-	-	-	-	3,477,723	3,477,723
Human services	18,587,722	10,384,051	13,935,036	-	-	42,906,809
Culture and recreation	205,343	-	-	-	-	205,343
Conservation and development	323,036	-	-	-	-	323,036
Other	8,285,361	-	-	-	-	8,285,361
Debt service:						
Principal	-	-	-	-	2,150,000	2,150,000
Interest and fiscal charges	-	-	-	-	1,603,073	1,603,073
Bond issue costs	-	-	-	-	139,886	139,886
Capital projects	-	-	-	6,611,827	999,896	7,611,723
Total expenditures	66,042,223	10,384,051	13,935,036	6,611,827	11,511,013	108,484,150
Excess (Deficiency) of Revenues Over Expenditures	3,459,231	(400,000)	12,585	9,094,494	(1,308,583)	10,857,727
Other Financing Sources (Uses):						
Refunding bonds issued	-	-	-	-	7,980,000	7,980,000
Bond premium	-	-	-	-	485,551	485,551
Payments to refunded bonds escrow agent	-	-	-	-	(8,325,665)	(8,325,665)
Sale of capital assets	3,270	-	-	-	-	3,270
Real estate refunds	(178,222)	-	-	-	-	(178,222)
Loan repayment	-	-	-	-	1,019,373	1,019,373
Transfers in	3,058	400,000	-	500,000	1,252,884	2,155,942
Transfers out	(2,825,025)	-	-	(430,508)	(3,852,261)	(7,107,794)
Total other financing sources (uses)	(2,996,919)	400,000	-	69,492	(1,440,118)	(3,967,545)
Net Change in Fund Balance	462,312	-	12,585	9,163,986	(2,748,701)	6,890,182
Fund Balance:						
Beginning of year	19,477,004	-	1,064,907	9,150,874	7,837,047	37,529,832
End of year	<u>\$ 19,939,316</u>	<u>\$ -</u>	<u>\$ 1,077,492</u>	<u>\$ 18,314,860</u>	<u>\$ 5,088,346</u>	<u>\$ 44,420,014</u>

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

COUNTY OF WASHINGTON, PENNSYLVANIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

Net Change in Fund Balance - Governmental Funds \$ 6,890,182

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

	Capital outlays (net of deletions)	\$ 8,487,922	
	Less: Depreciation expense	<u>(3,411,432)</u>	5,076,490

Some taxes will not be collected for several months after the County of Washington's year-end; they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount during the year. (297,977)

Loan repayments that will be collected in future years and, therefore, are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount during the year. (1,010,913)

The issuance of long-term obligations (e.g., bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items. 1,431,059

Liabilities incurred for post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds. (1,613,453)

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in accrued interest is shown here. 211,991

Change in Net Position of Governmental Activities \$ 10,687,379

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

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 35,380,202	\$ 35,380,202	\$ 36,191,820	\$ 811,618
Intergovernmental	18,994,183	18,994,183	20,806,443	1,812,260
Charges for services	9,795,000	10,030,000	10,133,865	103,865
Fines and forfeits	120,000	120,000	188,800	68,800
Interest	125,000	125,000	29,414	(95,586)
Other	2,924,500	2,666,865	2,151,112	(515,753)
Total revenues	67,338,885	67,316,250	69,501,454	2,185,204
Expenditures:				
Current:				
General government - administration	11,267,850	11,207,659	10,843,553	364,106
General government - judicial	12,011,661	11,837,389	11,391,442	445,947
Public safety	16,827,735	17,054,663	16,405,766	648,897
Human services	19,261,185	19,246,085	18,587,722	658,363
Culture and recreation	205,493	205,493	205,343	150
Conservation and development	333,038	333,038	323,036	10,002
Other	9,052,704	9,052,704	8,285,361	767,343
Total expenditures	68,959,666	68,937,031	66,042,223	2,894,808
Excess (Deficiency) of Revenues Over Expenditures	(1,620,781)	(1,620,781)	3,459,231	5,080,012
Other Financing Sources (Uses):				
Sale of capital assets	6,000	6,000	3,270	(2,730)
Real estate refunds	(200,000)	(200,000)	(178,222)	21,778
Transfers in	-	-	3,058	3,058
Transfers out	(2,500,000)	(2,500,000)	(2,825,025)	(325,025)
Total other financing sources (uses)	(2,694,000)	(2,694,000)	(2,996,919)	(302,919)
Net Change in Fund Balance	\$ (4,314,781)	\$ (4,314,781)	\$ 462,312	\$ 4,777,093

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	\$ 10,049,018	\$ 8,990,737	\$ (1,058,281)
Charges for services	1,065,000	992,462	(72,538)
Interest	16,500	852	(15,648)
Total revenues	11,130,518	9,984,051	(1,146,467)
Expenditures:			
Human services	11,553,383	10,384,051	1,169,332
Excess (Deficiency) of Revenues Over Expenditures	(422,865)	(400,000)	22,865
Other Financing Sources (Uses):			
Transfer in	400,000	400,000	-
Net Change in Fund Balance	\$ (22,865)	\$ -	\$ 22,865

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

COUNTY OF WASHINGTON, PENNSYLVANIA

HUMAN SERVICES SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:			
Federal grant - CCIS daycare	\$ 3,396,378	\$ 5,898,211	\$ 2,501,833
Federal grants - other human services	2,922,187	2,718,638	(203,549)
State grants - transportation	1,426,369	1,096,980	(329,389)
State grant - HSDF	219,003	219,003	-
State grant - CCIS daycare	3,679,409	3,364,335	(315,074)
State grants - other human services	787,966	637,869	(150,097)
Total intergovernmental	12,431,312	13,935,036	1,503,724
Interest	4,915	3,161	(1,754)
Other	10,000	9,424	(576)
Total revenues	12,446,227	13,947,621	1,501,394
Expenditures:			
Human services:			
CCIS daycare	7,089,409	9,156,960	(2,067,551)
Transportation	2,743,018	2,368,783	374,235
HSDF	219,003	199,780	19,223
Other	2,404,584	2,209,513	195,071
Total expenditures	12,456,014	13,935,036	(1,479,022)
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,787)	\$ 12,585	\$ 22,372

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	\$ -	\$ 7,776,880	\$ 7,776,880
Charges for service	-	86,364	86,364
Leases and royalties	900,000	7,692,624	6,792,624
Interest	15,000	15,976	976
Other	50,000	134,477	84,477
Total revenues	965,000	15,706,321	14,741,321
Expenditures:			
Current:			
Capital projects	7,110,000	6,611,827	498,173
Excess (Deficiency) of Revenues Over Expenditures			
	(6,145,000)	9,094,494	15,239,494
Other Financing Sources (Uses):			
Bonds issued	600,000	-	(600,000)
Transfers in	500,000	500,000	-
Transfers out	(30,000)	(430,508)	(400,508)
Total other financing sources (uses)	1,070,000	69,492	(1,000,508)
Net Change in Fund Balance	\$ (5,075,000)	\$ 9,163,986	\$ 14,238,986

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2013

Assets	Business-type Activities - Enterprise Funds			
	Washington County Health Center	Emergency Communication 911	Health Choices	Total
Current assets:				
Cash and cash equivalents	\$ 1,659,825	\$ 725,374	\$ 133,964	\$ 2,519,163
Residents' and other restricted funds	137,858	-	689,146	827,004
Receivables due from other funds	217,183	-	-	217,183
Receivables due from other governments	3,536,597	257,944	-	3,794,541
Receivables - other	1,715,683	170,225	3,733,718	5,619,626
Prepaid assets and other	51,957	3,966	113,531	169,454
Total current assets	7,319,103	1,157,509	4,670,359	13,146,971
Non-current assets:				
Capital assets not being depreciated	290,180	-	-	290,180
Capital assets, net of accumulated depreciation	7,395,645	3,399,011	-	10,794,656
Total Assets	15,004,928	4,556,520	4,670,359	24,231,807
Liabilities				
Current liabilities:				
Accounts payable	1,226,083	29,623	918,903	2,174,609
Accrued payroll and related liabilities	1,310,112	163,356	-	1,473,468
Due to other funds	342,682	527	-	343,209
Unearned revenue	182,583	-	-	182,583
Residents' and other restricted funds	137,858	-	-	137,858
Total current liabilities	3,199,318	193,506	918,903	4,311,727
Long-term liabilities:				
Net other post-employment benefits obligation	3,293,793	447,504	-	3,741,297
Total Liabilities	6,493,111	641,010	918,903	8,053,024
Net Position				
Net investment in capital assets	7,685,825	3,399,011	-	11,084,836
Restricted for:				
Health Choices	-	-	3,751,456	3,751,456
Unrestricted	825,992	516,499	-	1,342,491
Total Net Position	\$ 8,511,817	\$ 3,915,510	\$ 3,751,456	\$ 16,178,783

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

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Washington County Health Center	Emergency Communication 911	Health Choices	Total
Operating Revenues:				
Charges for services and fees	\$ 27,474,182	\$ 1,341,910	\$ -	\$ 28,816,092
Charges for patient/client services	-	-	35,983,307	35,983,307
Total operating revenues	27,474,182	1,341,910	35,983,307	64,799,399
Operating Expenses:				
Patient/client services	28,924,221	-	36,087,807	65,012,028
Public safety	-	2,165,809	-	2,165,809
Depreciation	651,386	823,002	-	1,474,388
Total operating expenses	29,575,607	2,988,811	36,087,807	68,652,225
Operating Income (Loss)	(2,101,425)	(1,646,901)	(104,500)	(3,852,826)
Non-Operating Revenues (Expenses):				
Wireless 911 grant revenue	-	1,672,512	-	1,672,512
Wireless 911 grant expenses	-	(1,672,512)	-	(1,672,512)
Capital asset expenses	(10,153)	-	-	(10,153)
Loss on disposal of capital assets	(6,952)	-	-	(6,952)
State grant revenue	39,465	-	-	39,465
Interest income	3,196	898	3,695	7,789
Total non-operating revenues (expenses)	25,556	898	3,695	30,149
Income (Loss) Before Fund Transfers	(2,075,869)	(1,646,003)	(100,805)	(3,822,677)
Capital contributions	-	342,742	-	342,742
Fund transfers in	402,649	700,000	3,852,261	4,954,910
Change in Net Position	(1,673,220)	(603,261)	3,751,456	1,474,975
Net Position:				
Beginning of year	10,185,037	4,518,771	-	14,703,808
End of year	<u>\$ 8,511,817</u>	<u>\$ 3,915,510</u>	<u>\$ 3,751,456</u>	<u>\$ 16,178,783</u>

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Washington County Health Center	Emergency Communication 911	Health Choices	Total
Cash Flows From Operating Activities:				
Cash received from customers	\$ 26,505,029	\$ 1,364,457	\$ 35,311,085	\$ 63,180,571
Cash payments for patient and client services	(27,851,326)	(2,136,532)	(35,672,377)	(65,660,235)
Net cash provided by (used in) operating activities	(1,346,297)	(772,075)	(361,292)	(2,479,664)
Cash Flows From Capital and Related Financing Activities:				
Purchases of capital assets	(722,899)	-	-	(722,899)
Grant revenue	182,583	-	-	182,583
Principal payments on bonds	(235,000)	-	-	(235,000)
Net cash provided by (used in) capital and related financing activities	(775,316)	-	-	(775,316)
Cash Flows From Non-Capital Financing Activities:				
Payments for wireless expenses	-	(1,672,512)	-	(1,672,512)
Receipt of wireless grant revenue	-	1,672,512	-	1,672,512
Transfers in	402,649	700,000	1,180,707	2,283,356
Net cash provided by (used in) non-capital financing activities	402,649	700,000	1,180,707	2,283,356
Cash Flows From Investing Activities:				
Interest received on investments	3,196	898	3,695	7,789
Net Increase (Decrease) in Cash and Cash Equivalents	(1,715,768)	(71,177)	823,110	(963,835)
Cash and Cash Equivalents:				
Beginning of year	3,375,593	796,551	-	4,172,144
End of year	\$ 1,659,825	\$ 725,374	\$ 823,110	\$ 3,208,309
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (2,101,425)	\$ (1,646,901)	\$ (104,500)	\$ (3,852,826)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	651,386	823,002	-	1,474,388
Change in:				
Accounts receivable	(316,805)	7,927	(672,222)	(981,100)
Due from other governments	(435,165)	14,620	-	(420,545)
Other current assets	30,496	72,843	6,789	110,128
Accounts payable	149,305	(167,455)	408,641	390,491
Due from other funds	(217,183)	-	-	(217,183)
Due to other funds	88,039	(715)	-	87,324
Net other post-employment benefits obligation	729,779	108,488	-	838,267
Accrued salaries/benefits	75,276	16,116	-	91,392
Net cash provided by (used in) operating activities	\$ (1,346,297)	\$ (772,075)	\$ (361,292)	\$ (2,479,664)

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Employees' Retirement Plan	OPEB Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 3,871,534	\$ -	\$ 8,436,548
Investments (at fair value):			
U.S. government and related obligations	15,100,244	-	-
Common stock	56,455,843	-	-
Mutual funds - equity	39,945,706	4,247,058	-
Corporate debt	13,444,919	1,501,826	-
Mortgage and other asset-backed securities	5,542,799	-	-
Receivables:			
Interest	315,361	-	-
	134,676,406	5,748,884	8,436,548
Liabilities			
Accounts payable	107,505	-	-
Due to other funds	-	-	1,490,828
Due to other governments	-	-	2,131,959
Escrow liability	-	-	4,813,761
	107,505	-	8,436,548
Net Position			
Net Position Held in Trust for:			
Pension benefits	134,568,901	-	-
OPEB	-	5,748,884	-
	\$ 134,568,901	\$ 5,748,884	\$ -

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Employees' Retirement Plan	OPEB Trust Fund
Additions:		
<hr/>		
Contributions:		
Employer	\$ 4,059,517	\$ -
Employee	3,240,267	-
Total contributions	7,299,784	-
Investment income:		
Net increase in fair value of investments	18,717,416	729,665
Interest and dividends	3,473,774	112,095
Total investment income	22,191,190	841,760
Investment expense	(513,858)	-
Net investment income	21,677,332	841,760
Total additions	28,977,116	841,760
Deductions:		
<hr/>		
Benefits	5,488,433	-
Refunds of contributions	1,349,718	-
Administrative expense	3,847	-
Total deductions	6,841,998	-
Change in Net Position	22,135,118	841,760
Net Position - beginning of year	112,433,783	4,907,124
Net Position - end of year	\$ 134,568,901	\$ 5,748,884

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

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Washington (County), a fourth class County, originally founded in 1781, is located in western Pennsylvania, to the south of the City of Pittsburgh. The County, operating under an elected three-member Board of Commissioners (Commissioners), provides services in many areas to its residents, including various general government, public safety, and health and welfare services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

The reporting entity for the County includes the accounts of all County operations, including administrative and judicial government, corrections, and health and welfare.

Management has evaluated all potential component units, and has determined the County has no component units that will be included. Consistent with applicable guidance, the criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the County reviews the applicability of the following criteria:

1. Organizations that make up the legal County entity.
2. Legally separate organizations if the Commissioners appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
 - a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.
4. In management's judgment, exclusion of the component unit would render the financial statements misleading.

Related Organizations:

Following are organizations that have the majority of their governing board appointed by the County Commissioners, without the County being financially accountable for the organization:

Washington County Authority

The Authority was created, pursuant to the Municipality Authorities Act of 1945, primarily as a financing vehicle for County projects. The Authority's officers are appointed by the Commissioners. Debt issued by the Authority on behalf of the County is subject to guarantee by the County. Payments equal to related debt service are made by the County under the terms of a lease agreement. Separately issued audited financial statements of the Authority are available through the Authority's administrative offices. The County does not feel the exclusion of the Authority as a component unit would render the financial statements misleading and therefore, has chosen not to include as a component unit.

Washington County Tourist Promotion Agency

The Washington County Tourist Promotion Agency (Agency) was designed to stimulate and increase the volume of tourism within the County. The Agency's Board is appointed by the Commissioners. The Agency operates autonomously from the County and is responsible for the designation of management. Debt issued by the Agency on behalf of the County is subject to guarantee by the County. Separately issued financial statements are available through the Agency's administrative offices.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Washington County Housing Authority

The Washington County Housing Authority (Housing County) administers HUD's Section 8 housing program for the County and is funded through federal grants. The Housing Authority's Board is appointed by the County Commissioners and operates independently of any ongoing involvement of the County. The County must approve the concept of any major capital expansion project, but is not financially accountable for the Housing Authority.

Washington County Industrial Development Authority

The Washington County Industrial Development Authority (IDA) issues low interest, tax-exempt bonds and uses the proceeds to finance projects intended to stimulate economic growth in the County. The IDA's Board is appointed by the County Commissioners and the IDA operates independently of any ongoing involvement of the County. The County must approve the concept of any major bond issue of the IDA but only in relation to the benefit to the County of the projects that will be funded through the debt proceeds. The County has no legal responsibility for IDA debt.

Washington County Redevelopment Authority

The Washington County Redevelopment Authority (RDA) administers state and federal grant programs intended to stimulate urban revitalization and growth in the County. The RDA's Board is appointed by the County Commissioners and the RDA operates independently of any ongoing involvement of the County except that the County is a contractual recipient of federal financial assistance under agreements with the U.S. Department of Housing and Urban Development (HUD). The County has authorized HUD to transmit funds under these programs directly to the RDA. HUD recognizes RDA as the representative agency with program oversight responsibility. During 2011, the RDA took over operations for the Washington County Airport. These transactions do not meet the criteria for inclusion in the County's financial statements.

Washington County Hospital Authority

The Washington County Hospital Authority (Hospital Authority) issues low interest, tax-exempt bonds to enable capital financing for hospitals and nursing homes. The five members of the Hospital Authority's Board are appointed by the County Commissioners. The Hospital Authority operates independently of any ongoing involvement of the County. The County must approve the concept of any major

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

project of the Hospital Authority, but are not financially accountable for the Hospital Authority. The County has no legal responsibility for Hospital Authority debt.

Washington County Conservation District

The Washington County Conservation District (Conservation District), whose Board is appointed by the County Commissioners, provides services and programs intended to address the conservation of the County's natural resources. The Conservation District operates independently of any ongoing involvement of the County.

Washington County Drug and Alcohol Program - Single County

The Washington County Drug and Alcohol Program - Single County (D&A Program) was established to provide treatment services through federal and state funded programs to eligible residents of the County. The D&A Program Board of Directors is comprised of eleven members. The County does not exercise significant control over the D&A Program, and the D&A Program is independent of the County regarding fiscal accountability, scope of public service, and financial assistance program relationships.

Washington/Greene County Job Training Agency

The Washington/Greene County Job Training Agency (Training Agency) was established as a separate non-profit entity as of September 1, 1995 to provide job-training services through federal and state funded programs to eligible residents of Washington and Greene Counties. The Training Agency's Board of Directors is comprised of seventeen members, all of whom are subject to final approval prior to appointment, by the Commissioners of the participating counties. No one County exercises significant control over the Training Agency and the Training Agency is independent of the counties regarding fiscal accountability, scope of public service, and financial assistance program relationships. The Training Agency remains independent of the County.

Washington County Fair Board

The Washington County Fair Board (Fair Board) is an eleven-member Board elected from the general membership of the Washington County Agriculture Fair, Inc. The Fair Board manages the annual agriculture fair as well as the maintenance and upkeep of the grounds and facilities under a lease agreement with the County.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Southwest Behavioral Health Management, Inc.

Southwest Behavioral Health Management, Inc. (SBHM) is a private, non-profit corporation incorporated for the purpose of monitoring the behavioral health services of the Health Choices program. SBHM operates primarily under funding administered through six counties, one of which is the County, that jointly formed the corporation.

Washington County Transportation Authority

The Washington County Transportation Authority (Transportation Authority) was created in November 2001, pursuant to the Municipality Authorities Act of 1945, to oversee County transportation operations. The Authority assumed responsibility for services previously provided by the Human Services Authority and the County. The Transportation Authority's Board is appointed by the Commissioners and one commissioner serves as an advisory member of the Board. The Transportation Authority's Board operates autonomously from the County and is responsible for the designation of management.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. Expenses reported for functional activities include allocated indirect expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Property taxes are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met. All other revenue items are considered to be measurable and available only when cash is received by the County.

Deferred inflows of resources reported on the governmental funds balance sheet arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.

Unearned revenues arise when resources are received by the County before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the County has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Washington County Health Center Enterprise Fund are patient charges, the principal operating revenues of Health Choices is patient and client services and the Emergency Communications 911 Enterprise Fund is funded from charges to customers for services. Operating expenses for the Enterprise Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The accounts of the County are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

The County reports the following major governmental funds:

The *General Fund* is the principal operating fund of the County, which is used to account for all financial transactions except those required to be accounted for in other funds.

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

The *Human Services Special Revenue Fund* accounts for the provision of various social services to eligible County residents. These services are funded by various federal and state grants.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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

The County reports the following major proprietary funds:

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

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

The *Health Choices Fund* accounts for expenditures and reimbursement of Commonwealth of Pennsylvania Medical Assistance revenue related to the provision of a mandatory Behavioral Managed Care Program. During 2013, this fund was reclassified from a Special Revenue Fund to a Proprietary Fund in accordance with guidance received from the Commonwealth of Pennsylvania Department of Public Welfare. The County showed the reclassification as a transfer in the current year.

The County also reports the following other governmental funds:

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds utilized to account for those financial activities include:

- The *Airport Operating Fund* accounts for the operation of the County Airport. During 2011, operations of the fund were taken over by the RDA.
- The *Liquid Fuels Fund* accounts for state aid revenues used for building and improving roads and bridges.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

- The *Hazardous Materials Emergency Response Fund* accounts for funds earmarked for the handling of emergency situations involving hazardous materials.
- The *Domestic Relations Fund* accounts for expenditures and reimbursement of revenue related to the operation of the County's child support enforcement program, which is funded by federal and County funds.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Capital Projects Funds utilized by the County include:

- The *Airport Capital Projects Fund* accounts for construction and renovation projects to the County Airport.

Debt Service Fund

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

Additionally, the County reports the following fund types:

Fiduciary and Agency Funds

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. These include the Employees' Retirement Plan, Other Post-Employment Benefits (OPEB) Trust Fund, and Agency Funds.

The *Employees' Retirement Plan* is used to account for the pension plan for County employees. The plan is accounted for in essentially the same manner as a proprietary fund, since capital maintenance is critical.

The *OPEB Trust Fund* is used to account for the funding of the County's other post-employment benefit obligations. The fund is an OPEB trust fund and is accounted for in essentially the same manner as a proprietary fund, since capital maintenance is critical.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds are used to account for cash collected by elected row officers (Recorder of Deeds, Register of Wills, Prothonotary, Clerk of Courts, and Sheriff) and other County offices that are subsequently disbursed to the County General Fund, other governments, or individuals for whom it was collected.

D. Deposits and Investments

For the purposes of the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value.

E. Interfund Transactions

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

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. These costs are charged to operations when incurred.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	5 - 50 years
Buildings and improvements	10 - 40 years
Infrastructure (bridges)	60 years
Infrastructure (other)	50 years
Furniture and equipment	5 - 20 years

Inventories, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2013 is not significant.

H. Long-Term Liabilities

In the government-wide statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statements of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issue costs during the current period. The face amount of debt proceeds 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.

I. Compensated Absences

Accumulated unpaid vacation pay is generally earned in the year prior to use. The amount of accumulated vacation expected to be paid within twelve months is recorded as a fund liability. The County converts unpaid accumulated sick leave to a termination benefit provided certain restrictive criteria are met. The ultimate amounts to be paid have not been determined; however, such payments have been, and are

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

expected to continue to be, immaterial. Accordingly, no liability for accumulated sick leave has been recorded.

J. Fund Equity

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. The levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as advances, prepaid expenditures, and inventory.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are restricted for capital projects, debt service, human services, and liquid fuels expenditures.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by elected Commissioners. Such a commitment is made via formal action of the County Board of Commissioners and must be made prior to the end of the fiscal year. Removal of this commitment also requires the same formal action that imposed the constraint. Committed funds include funds for capital projects, hazardous materials, airport operations, and domestic relations.
- Assigned – This category represents intentions of the County to use the funds for specific purposes. The County Board of Commissioners has delegated the authority to make assignments to the County's Finance Director. This category includes encumbrances.
- Unassigned – This category represents all other funds not otherwise defined.

The County's policy is to use funds in the order of the most restricted to the least restricted.

K. Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable
-

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

- Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

L. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all governmental funds of the County. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During August and September, the department/agency management uses current financial status reports to develop financial projections for their programs for the ensuing year, which are then reviewed with the budget staff.
 2. The Commissioners then review the submitted budgets with management.
 3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable financing method.
 4. Subsequently, the finance department assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned Commissioners' review.
-

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

5. By early December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
6. After the 20-day inspection period, but no later than December 31, the Commissioners adopt the final budget by enacting an appropriate resolution.

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The legal level of required Commissioner approval of budget amendments is the individual fund level. The Commissioners made several supplementary budgetary appropriations throughout the year. These budget changes are reflected in the applicable budget to actual statements in the final budget amounts.

The Human Services Fund, Airport Operating Special Revenue Fund and Airport Capital Projects Fund incurred actual expenditures that exceeded budgeted appropriations. The excess appropriations were funded primarily by surplus revenue and then by available fund balance.

M. Encumbrance Accounting

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

N. Health Choices Reinvestment Reserves

In accordance with Department of Public Welfare (DPW) regulations, capitation revenues in excess of distributions and expenses may be used for reinvestment planning or risk and contingency. These funds must be segregated from other capitation funds and each kept in a separate account. The balance in the reinvestment account at December 31, 2013 is \$689,146.

The County, along with Armstrong, Butler, Indiana, Lawrence, and Westmoreland Counties (SW-6 Counties), are the contractors with the Pennsylvania Department of Public Welfare (DPW) for providing services under the Health Choices Program. Health Choices is Pennsylvania's managed care program for adults and children on

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Medical Assistance. Value Behavioral Health of Pennsylvania (VBH-PA) was selected as the Behavioral Health Managed Care Organization (BHMCO) for the SW-6 Counties. In addition, the SW-6 Counties formed a private non-profit, Southwest Behavioral Health Management, Inc. (Corporation) for the purpose of monitoring the behavioral health services of the Health Choices Program.

During 2012, the SW-6 Counties entered into an intergovernmental agreement for the purpose of authorizing the transfer of funds designated for risk and contingency and for medical funding to the Corporation. The County currently has a receivable recorded in the amount of \$3,175,228 in the Health Choices Fund. The receivable represents the amount of cash held by the Corporation on behalf of the County at December 31, 2013. In the agreement effective January 1, 2013, the SW-6 Counties met the equity and insolvency requirements imposed by DPW using risk and contingency dollars held by the Corporation and allowable financial instruments. VBH-PA now has an administrative services relationship with the SW-6 Counties as opposed to the 2012 and earlier risk sharing relationship.

O. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ than those estimates.

P. Adoption of Accounting Pronouncement

The County has adopted GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities.”* This statement reclassifies certain items that were reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. As a result of this statement, net position as of December 31, 2012 was reduced to \$44,120,099 by a restatement of \$381,483, to remove bond issue costs that were previously considered assets.

Q. Pending Pronouncements

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

GASB has issued Statement No. 67, *“Financial Reporting for Pension Plans,”* effective for financial statements for periods beginning after June 15, 2013 (the

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County's financial statements for the year ending December 31, 2014), and has also issued Statement No. 68, "*Accounting and Financial Reporting for Pensions*," effective for fiscal years beginning after June 15, 2014 (the County's financial statements for the year ending December 31, 2015). These statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits.

GASB has issued Statement No. 69, "*Government Combinations and Disposals of Government Operations*," effective for financial statements for periods beginning after December 15, 2013 (the County's financial statements for the year ending December 31, 2014). This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

GASB has issued Statement No. 70, "*Accounting and Financial Reporting for Non-exchange Financial Guarantees*," effective for financial statements for periods beginning after June 15, 2013 (the County's financial statements for the year ending December 31, 2014). This statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

GASB has issued Statement No. 71, "Pension Transition for Contributions made to the Measurement Date – an Amendment of GASB Statement No. 68," effective for financial statement periods beginning after June 15, 2013 (The County's financial statements for the year ending December 31, 2014). The objective of this statement is to address an issue regarding applications of the transition provision of Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

R. Subsequent Events

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

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2. DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

The deposit and investment policy of the County adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits, savings accounts, and/or certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the County.

GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," requires disclosures related to the following deposits and investment risks: credit risks (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the County's deposit and investment risk:

Custodial Credit Risk - For a deposit, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2013, \$1,500,000 of the County's \$42,624,047 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$41,124,047 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$41,024,066 as of December 31, 2013 and are classified as cash and cash equivalents in the statement of net position.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The County does not have a formal investment policy for custodial credit risk.

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The County uses an external investment pool to ensure safety and maximize efficiency, liquidity, and yield for County funds. These funds are invested in the Pennsylvania Local Government Investment Trust (PLGIT), and INVEST, which separately issues audited financial statements that are available to the public. The fair value of the County's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. As of December 31, 2013, the bank balances of the investments in PLGIT and INVEST are \$8,121,531 and \$201,065, respectively. The carrying value of the investments in PLGIT and INVEST of \$8,121,531 and \$201,065, respectively, is considered to be a cash equivalent for presentation on the statement of net position and governmental fund balance sheet.

In addition, included in cash and cash equivalents, the County also has money market investments with a carrying amount of \$1,979,575, which are invested in short-term U.S. treasury instruments and government agencies. The bank balance of the investments in money market funds is \$1,979,572, which is not exposed to custodial credit risk.

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2013, the County's investments in PLGIT and INVEST have received an AAAM rating from Standard & Poor's.

Interest Rate Risk - The County has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments in PLGIT, INVEST and money market accounts have an average maturity of less than one year.

Agency Funds

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net position. Receipts and disbursements for these programs were \$51,807,569 and \$49,754,139, respectively, for the year December 31, 2013. The carrying amount of deposits for the row offices and other County offices was \$8,436,548 and the bank balance was \$8,746,402. Of the bank balance, \$251,256 was covered by federal depository insurance. The remaining balance of \$8,495,146 was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the

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institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

Employees' Pension Plan

The Employees' Pension Plan (Plan) investments are held separately from those of other County Funds. Investments were consistent with those authorized.

As of December 31, 2013, the County had the following cash equivalents and investments in its Plan:

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2013				
		Less than 1 year	1-5 Years	6-10 Years	11-15 Years	16 or more Years
U.S. government and related obligations	\$ 15,100,244	\$ 793,471	\$ 9,403,011	\$ 2,639,916	\$ 1,011,322	\$ 1,252,524
Corporate debt	13,444,919	615,964	7,422,297	5,063,115	240,800	102,743
Mortgage and other asset-backed securities	5,542,799	214,549	3,546,775	728,866	-	1,052,609
Total debt securities	34,087,962	\$ 1,623,984	\$ 20,372,083	\$ 8,431,897	\$ 1,252,122	\$ 2,407,876
Cash and cash equivalents	3,871,534					
Common stock	56,455,843					
Mutual funds - equity	39,945,706					
Total cash and investments reported on statement of net position - fiduciary funds	\$ 134,361,045					

The following is a description of the Plan deposit and investment risks:

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Plan's formal investment policy states the average quality of fixed income securities purchased by any deposit administrator shall equal or exceed A₂, the third broad investment grade as determined by Moody's. As of December 31, 2013, the Plan investments in fixed income bonds have received the following ratings from Moody's:

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Credit Quality Distribution for Securities with Credit Exposure

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>Market Value</u>	<u>Percentage of Total Plan Bonds</u>
Fixed Income Bonds	Aaa	\$ 12,574,331	36.9%
Fixed Income Bonds	Aa1	362,288	1.1%
Fixed Income Bonds	Aa2	1,005,279	2.9%
Fixed Income Bonds	Aa3	799,053	2.3%
Fixed Income Bonds	Unrated	19,347,011	56.8%
		<u>\$ 34,087,962</u>	<u>100%</u>

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Plan will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The Plan does not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2013, the Plan investment balance, excluding mutual funds, of \$39,945,706 (bank and book balance), was exposed to custodial credit risk. Plan investments in mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk - The County places no limit on the amount the Plan may invest in any one issuer. At December 31, 2013, the Plan had 6.01% invested in the Dodge & Cox International Fund, with a market value of \$8,071,007, and 14.31% invested in the American New Perspective Fund, with a market value of \$19,231,292.

Interest Rate Risk - The Plan does not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Other Post-Employment Benefits (OPEB)

The OPEB investments are held separately from those of other County Funds. Investments were consistent with those authorized.

As of December 31, 2013, the County had the following investments in its OPEB Funds:

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Cash or Investment Type	Fair Market Value
Corporate debt	\$ 1,501,826
Common stock	4,247,058
Total cash and investments reported on statement of net position - fiduciary funds	\$ 5,748,884

The following is a description of the OPEB Funds' deposit and investment risks:

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The OPEB Funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2013, the OPEB Funds' investments in fixed income bonds have received the following ratings from Moody's:

Credit Quality Distribution for Securities with Credit Exposure

Investment Type	Moody's Rating	Market Value	Percentage of Total Pension Trust Fund Bonds
Fixed Income Bonds	B2	\$ 1,501,826	100.0%

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the OPEB Funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The OPEB Funds do not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2013, the County's OPEB investment balance of \$5,748,884 was exposed to custodial credit risk.

Concentration of Credit Risk - The County places no limit on the amount the County may invest in any one issuer. At December 31, 2013, the County had 6.92% of OPEB Funds invested in the Vanguard Fixed Income Securities FD Inc Inflation-Protected Securities FD Admiral Fund with a market value of \$397,536, and 19.21% of OPEB Funds invested in the Vanguard Total Bond Market Index Signal Fund with a market value of \$1,104,290.

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Interest Rate Risk - The OPEB Funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The General Fund is reimbursed by other funds for expenses paid on behalf of the other funds by the General Fund. The due from/to balances at year-end represent payments not yet made. All balances are expected to be paid within one year.

Transfers out of the General Fund represent local share of costs paid to other funds. The Health Choices transfer in represents the fund being reclassified from a Special Revenue to Enterprise Fund.

Individual funds receivable and payable balances at year-end and transfers at December 31, 2013 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 1,650,825	\$ 3,259,836
Human Services	-	376
Washington County Health Center	217,183	342,682
Capital Expenditures	3,444,235	217,981
BHDS	-	180
Emergency Communication 911	-	527
Other governmental funds	224	57
Fiduciary Funds	-	1,490,828
	\$ 5,312,467	\$ 5,312,467

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Fund	Transfer In	Transfer Out
Major Funds:		
General	\$ 3,058	\$ 2,825,025
Health Choices	3,852,261	-
BHDS	400,000	-
Washington County Health Center	402,649	-
Capital Expenditures	500,000	430,508
Emergency Communication 911	700,000	-
Other governmental funds	1,252,884	3,852,261
Agency Funds	-	3,058
	<u>\$ 7,110,852</u>	<u>\$ 7,110,852</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance at January 1, 2013	Increases	Decreases	Balance at December 31, 2013
Governmental Activities:				
Land and improvements	\$ 11,605,174	\$ 2,515,545	\$ 6,023	\$ 14,114,696
Buildings and improvements	46,300,392	381,800	67,042	46,615,150
Infrastructure	29,668,895	-	-	29,668,895
Furniture and equipment	14,135,742	1,119,753	209,184	15,046,311
Construction in progress	3,336,351	4,627,768	-	7,964,119
	<u>105,046,554</u>	<u>8,644,866</u>	<u>282,249</u>	<u>113,409,171</u>
Less accumulated depreciation for:				
Land and improvements	5,497,179	648,321	2,861	6,142,639
Buildings and improvements	22,332,817	1,102,914	35,404	23,400,327
Infrastructure	6,204,687	564,024	-	6,768,711
Furniture and equipment	8,252,870	1,096,173	87,040	9,262,003
	<u>42,287,553</u>	<u>3,411,432</u>	<u>125,305</u>	<u>45,573,680</u>
Governmental activities capital assets, net	<u>\$ 62,759,001</u>	<u>\$ 5,233,434</u>	<u>\$ 156,944</u>	<u>\$ 67,835,491</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

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	Balance at January 1, 2013	Increases	Decreases	Balance at December 31, 2013
Business-type Activities:				
Buildings and improvements - Health Center	\$ 14,084,639	\$ 138,250	\$ -	\$ 14,222,889
Permanent fixtures - Health Center	1,256,613	161,895	90,075	1,328,433
Movable equipment - Health Center	4,084,287	226,137	170,556	4,139,868
Emergency management building	489,688	-	-	489,688
Emergency management equipment	11,435,350	342,742	-	11,778,092
Construction in progress	103,716	290,180	103,716	290,180
	<u>31,454,293</u>	<u>1,159,204</u>	<u>364,347</u>	<u>32,249,150</u>
Less accumulated depreciation for:				
Buildings and improvements - Health Center	8,511,878	406,854	89,025	8,829,707
Movable equipment - Health Center	3,385,960	244,532	164,654	3,465,838
Emergency management	8,045,767	823,002	-	8,868,769
	<u>19,943,605</u>	<u>1,474,388</u>	<u>253,679</u>	<u>21,164,314</u>
Business-type activities capital assets, net	<u>\$ 11,510,688</u>	<u>\$ (315,184)</u>	<u>\$ 110,668</u>	<u>\$ 11,084,836</u>

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

Governmental Activities:

General government - administration	\$ 1,681,471
General government - judicial	456,776
Public safety	579,685
Public works and enterprises	630,021
Human services	37,263
Culture and recreation	26,216
	<u>26,216</u>
Total depreciation expense - governmental activities	<u>\$ 3,411,432</u>

Business-type Activities:

Washington County Health Center	\$ 651,386
Emergency Communication 911	823,002
	<u>823,002</u>
Total depreciation expense - business-type activities	<u>\$ 1,474,388</u>

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5. WASHINGTON COUNTY EMPLOYEES' RETIREMENT PLAN

Plan Description

The Washington County Retirement Plan (plan) is a single employer defined benefit pension plan governed by the County Pension Law Act 96 of 1971 (Act), as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. All County employees become eligible to become plan participants immediately upon becoming an employee. Membership in the plan is optional for elected officials. The plan requires each member to contribute a percentage of their salary to the plan. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Washington County Employees' Retirement Board. Separate stand-alone financial statements are issued for the plan and may be obtained from the County Controller's Office.

At January 1, 2013, the date of the most recent valuation, participants in the plan were as follows:

Participants:	
Retirees and beneficiaries	601
Deferred vested	59
Active plan members:	
Vested	672
Nonvested	385
Total	<u>1,717</u>

Summary of Significant Accounting Policies

Financial information of the County's plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the individual plan.

Investments of the plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange

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rates. Investments that do not have an established market are reported at estimated fair value.

The actuarial value of assets equals the market value of assets adjusted for unrecognized gains and losses from prior years. Gains and losses are determined by calculating the expected asset return based on Fund assumptions and subtracting the actual fund return. Gains and losses are phased in 20% per year over a 5 year period. The actuarial value of assets is adjusted, if necessary to fall within a corridor of 80% to 120% of market value of assets.

Contributions and Funding Policy

The plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates is determined using the entry age actuarial funding method and the same actuarial assumptions used to calculate the pension benefit calculation.

As a condition of participation, employees are to contribute between 7% and 17% (currently 7%) of their salary as stipulated in the Act. Interest is credited to employee accounts each year at the annual rate of 5.5% as voted upon by the County Retirement Board.

Administrative expenses generally are to be paid from the County's General Fund and not from plan assets. However, administrative expenses may be paid from the Plan from year to year, unless it is determined from the actuary that such payment will impair the actuarial soundness of the Plan.

The County's annual required contribution to the Plan for 2013 was \$4,059,517.

The County's annual pension cost and related information for the Plan is as follows:

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Annual pension cost	\$ 4,059,517
Contributions made	\$ 4,059,517
Actuarial valuation date	1/1/2013
Amortization method	Level Percentage Closed
Amortization period	30 years Closed
Actuarial cost method	Entry Age
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	3.50%
Underlying inflation rate	3.00%

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/11	\$ 3,750,578	100.0%	\$ -
12/31/12	3,503,986	100.0%	-
12/31/13	4,059,517	100.0%	-

Funded Status

The County's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2013, is as follows:

COUNTY OF WASHINGTON, PENNSYLVANIA

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Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
\$ 108,742,525	\$ 131,437,552	\$ (22,695,027)	82.73%	\$ 43,872,991	(51.73)%

The required schedule of funding progress, included as required supplementary information, immediately follows the notes to financial statements and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Plan is invested in various types of financial instruments. This diversification of the investment portfolio serves to assist in mitigating the various types of risks associated with different types of financial instruments. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur and that such a change could materially affect the amount reported on the statement of fiduciary net position.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 5, the County provides post-retirement health care benefits to certain retired employees, in accordance with the various union contracts and other employment agreements. The benefit limits, funding policy, and employee and employer contributions are established and amended through union contracts or the County's Board of Commissioners. The post-employment benefit plan (plan) is accounted for as a trust fund and an irrevocable trust has been established; however, the plan does not issue a separate report.

Plan Description. The County's plan is a single-employer defined benefit healthcare plan that covers all employees of the County whose employment commenced before April 1, 2004. The plan provides healthcare coverage to plan members and their spouses.

Funding Policy. The County's contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2013, total cash disbursements for other post-retirement benefit for current retirees or their dependents totaled \$2,875,381. Active employees' contributions for medical, dental, or vision insurances vary per contract and position.

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

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

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

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

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Annual required contribution	\$ 5,406,704
Interest on net OPEB obligation	617,141
Adjustment to annual required contribution	<u>(696,744)</u>
Annual OPEB cost	5,327,101
Benefits paid	<u>(2,875,381)</u>
Increase (decrease) in net OPEB obligation	2,451,720
Net OPEB obligation (asset), beginning of year	<u>8,228,543</u>
Net OPEB obligation (asset), end of year	<u><u>\$ 10,680,263</u></u>

Actuarial valuation date	1/1/2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open
Asset valuation method	Market Value
Remaining amortization period	30 years
Actuarial assumptions:	
Projected salary inflation *	N/A
Investment rate of return *	7.5%
Health care inflation rates	6.2% initial, 3.8% ultimate
* Includes inflation at	3.0%

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

The schedule of funding progress as of the latest actuarial valuation date, January 1, 2012, for the post-employment healthcare benefits is as follows:

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
\$ 4,370,190	\$ 54,645,928	\$ 50,275,738	8.0%	\$ 42,103,161	119.4%

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2013	\$ 5,327,101	54%	\$ 10,680,263
December 31, 2012	5,352,702	51%	8,228,543
December 31, 2011	4,312,648	165%	5,487,436

7. REAL ESTATE TAXES

The County's property tax is levied each January 1 on the assessed values as of the prior November 15 for all real property located in the County. The assessed value at December 2012, upon which the 2013 levy was based, was \$1,588,003,984.

The County is limited by the laws of the Commonwealth of Pennsylvania to levy taxes up to \$25.00 per \$1,000 of assessed valuation for General Government Services, and limited to \$10.00 per \$1,000 of valuation for payment of rentals to any municipality and is unlimited for the payment of principal and interest on long-term debt. The tax rate to finance General Government Services other than the payment of principal and interest on long-term debt for the year ended December 31, 2013, was 22.85 mills per \$1,000. The tax rate to finance the payment of principal and interest on long-term debt for the year ended December 31, 2013 was 2.05 mills per \$1,000.

Taxes for 2013 were billed in January 2013 and were due on the following schedule: at two percent discount if paid by March 31, 2013; at face value if paid between April 1, 2013 and June 30, 2013; and at 10 percent penalty if paid between July 1, 2013 and January 15, 2014. The County placed liens on all property for which the 2013 tax was not paid by January 15, 2014. Current tax collections for the year ended December 31, 2013 were approximately 97 percent of the tax levy.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Taxes receivable are reflected on the statement of net position of \$1,864,183, which is net of an allowance for doubtful accounts of \$622,487.

8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2013:

	Balance at December 31, 2012	Additions and Accretion	Refundings	Payments	Balance at December 31, 2013	Due within one year
Governmental Activities:						
Guaranteed Lease Revenue Bonds, Series of 1992	\$ 5,526,362	\$ 385,221	\$ -	\$ -	\$ 5,911,583	\$ -
General Obligation Bonds, Series of 1998*	(235,000)	-	-	(235,000)	-	-
General Obligation Bonds, Series of 2003	4,750,000	-	4,700,000	50,000	-	-
General Obligation Bonds, Series of 2003A	4,130,000	-	3,495,000	635,000	-	-
General Obligation Bonds, Series of 2007A	14,729,067	132,509	-	110,000	14,751,576	90,000
General Obligation Bonds, Series of 2007B	3,275,000	-	-	175,000	3,100,000	175,000
General Obligation Bonds, Series of 2012A	3,595,000	-	-	1,415,000	2,180,000	1,465,000
General Obligation Bonds, Series of 2012B	18,990,000	-	-	-	18,990,000	-
General Obligation Bonds, Series of 2013	-	7,980,000	-	-	7,980,000	290,000
Total Long-Term Debt	<u>\$ 54,760,429</u>	<u>\$ 8,497,730</u>	<u>\$ 8,195,000</u>	<u>\$ 2,150,000</u>	<u>\$ 52,913,159</u>	<u>\$ 2,020,000</u>
Business-type Activities:						
General Obligation Bonds, Series of 1998*	<u>\$ 235,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,000</u>	<u>\$ -</u>	<u>\$ -</u>

* The refunding of the General Obligation Bonds, Series of 1998 was applied against the governmental activities portion of the debt as payment terms from the Washington County Health Center to the County remained unchanged as a result of the County's refunding payments. These excess amounts were applied by the County to other debt service.

General obligation debt payable at December 31, 2013 is composed of the following individual issues:

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Guaranteed Lease Revenue Bonds, Series of 1992

The County has guaranteed the Series of 1992 Revenue Bonds (1992 Authority Bonds) of the Washington County Authority (Authority), with an original principal amount of \$17,162,970. These 1992 Authority Bonds were issued primarily to finance capital projects. Portions of the 1992 Authority Bonds were refunded by the Guaranteed Lease Revenue Refunding Bonds, Series A of 1993, which were later retired, and by the General Obligation Bonds, Series 2002A, which were retired in 2012. Another portion of the bonds, \$4,777,357, was advance refunded with the General Obligation Bonds, Series 2007A. In 2012, another portion of the bonds, \$2,843,681, was advance refunded with the General Obligation Bonds, Series 2012B. After consideration of the refundings, the 1992 Authority Bonds consist currently of Capital Appreciation Bonds with an aggregate original issuance amount of \$7,790,000 with maturity values of \$840,000 to \$1,390,000 annually through 2020 issued to yield rates from 6.35% to 6.85%. The Capital Appreciation Bonds accrue and compound interest on a semi-annual basis and are carried at cost plus accrued interest. Total maturity value of the Capital Appreciation Bonds is \$7,790,000.

General Obligation Bonds, Series of 2003

On March 15, 2003, the County issued \$8,125,000 of General Obligation Bonds, Series of 2003 (2003 Bonds). The proceeds of the 2003 Bonds were used to currently refund the County's Guaranteed Lease Revenue Refunding Bonds, Series A of 1993. A portion of the 2003 Bonds, \$825,000, was advance refunded with the General Obligation Bonds, Series 2007C. The outstanding balance of the 2003 bonds was currently refunded with the General Obligation Bonds, Series 2013.

General Obligation Bonds, Series of 2003A

On July 1, 2003, the County issued \$8,305,000 of General Obligation Bonds (2003A Bonds). The proceeds of the 2003A Bonds were used to advance refund \$7,400,000 principal amount of the County's 1998 Bonds. The outstanding balance of the 2003A bonds was currently refunded with the General Obligation Bonds, Series 2013.

Washington County Note Payable

The County borrowed \$6 million from the Authority out of the proceeds of the Authority's Series 1999 Capital Funding Revenue Bonds (Authority Bonds) for the purpose of creating a pool of funds for various local municipalities' infrastructure projects within the County. A portion of the note was repaid with proceeds from the

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

General Obligation Bonds, Series 2007B, and the remaining balance was paid in full during 2008.

During 2007, a sinking fund was established by the County related to loans previously reported in the County loan pool. Monthly principal and interest payments made by the local municipalities are deposited into the County's sinking fund, the balance of which, together with any investment earnings, is used to pay amounts due on the General Obligation Bonds, Series 2007B. The sinking fund balance at December 31, 2013 totaled \$1,979,575 and is reported as cash and cash equivalents on the balance sheet.

General Obligation Bonds, Series of 2007A, B, and C

On May 17, 2007, the County issued \$18,630,219 in General Obligation Bonds and \$1,080,000 in General Obligation Taxable Bonds to advance refund portions of the 1992, 2002A, and 2003 bond issuances, to current refund a portion of the 1998 bond issuance, to fund a capitalized interest deposit, to pay off a portion of the loan pool discussed above, and to fund various capital projects. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 4.00% to 5.29% until maturity.

A portion of the Series 2007A Bonds consist of Capital Appreciation Bonds with an aggregate original issuance amount of \$2,215,220 with maturity values of \$3,475,000 and \$3,425,000 which mature in 2031 and 2032, respectively, issued to yield rates of 4.65% and 4.66%, respectively. The Capital Appreciation Bonds accrue and compound interest on a semi-annual basis and are carried at cost plus accrued interest. The 2007C Series was paid in full during 2008.

General Obligation Bonds, Series of 2012 A

On June 20, 2012, the County issued \$3,595,000 in General Obligation Bonds to fund the termination of a swap related to the 2002A bond issuance.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 1.11% to 1.51% until maturity. The 2012 A Bonds have a final maturity date on September 1, 2015.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

General Obligation Bonds, Series of 2012 B

On June 20, 2012, the County issued \$18,990,000 in General Obligation Bonds to advance refund a portion of the 1992 bond issuance, to currently refund the 2002A bond issuance, and to fund various capital projects.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 1.50% to 4.00% until maturity. The 2012B Bonds that mature on and after September 1, 2023 are subject to redemption prior to maturity, at the option of the County, on September 1, 2022 or on any date thereafter, as specified in the 2012 Bonds issuance offering statement. The 2012 B Bonds have a final maturity date on September 1, 2033.

General Obligation Bonds, Series of 2013

During September 2013, the County issued \$7,980,000 in General Obligation Bonds to currently refund the outstanding balances of the Series 2003 and 2003A General Obligation Bonds.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from .300% to 4.00% until maturity. The 2013 Bonds are not subject to optional redemption or mandatory redemption prior to their stated dates of maturity. The 2013 Bonds have a final maturity date on September 1, 2022. The cash flow savings and economic benefit from the refunding was approximately \$789,000.

Annual debt service requirements are as follows:

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Years	Governmental Activities	
	Principal	Interest
2014	\$ 2,020,000	\$ 1,552,981
2015	2,015,000	1,547,493
2016	2,385,000	1,524,697
2017	2,410,000	1,495,947
2018	2,435,000	1,468,925
2019-2023	12,850,000	6,676,479
2024-2028	15,810,000	4,524,358
2029-2033	14,135,220	5,959,872
	54,060,220	24,750,752
Accreted interest	(1,147,061)	1,147,061
	<u>\$ 52,913,159</u>	<u>\$ 25,897,813</u>

At December 31, 2013, the County has \$3,670,000 of defeased debt outstanding relating to the various debt issuances.

9. CONTINGENCIES

At year-end, various claims have been paid and closed where others are outstanding relating to workers' compensation injuries under existing insurance policies. Provisions are recorded in the General and Enterprise funds for benefit claims incurred but unpaid at December 31, 2013. For one particular claim the county has accrued a liability of \$1 million, which represents the full amount of the County's insurance deductible, due to the probability of loss on the claim. As of December 31, 2013, \$926,876 remains of the \$1 million accrued.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County was ordered by the court to conduct a reassessment of properties as a result of a filing by local school districts. In the fall of 2013, the County entered into a contract with Tyler Technologies, Inc. to conduct the reassessment and is using

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

fund balance to cover the total costs. The cost of the reassessment is expected to exceed \$7,000,000 with the project to be completed in the summer of 2016. A total of \$1,369,000 was spent in 2013. The reassessment is projected to be completed during the summer of 2016.

There are various other matters of pending litigation in which the County is involved. The County believes it has meritorious defenses and intends to contest these matters. The amount of liability, if any, related to these matters is not subject to determination. Accordingly, the financial statements do not include any adjustment for possible effects.

10. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There have been no significant changes in insurance coverage in any of the past three years.

11. GUARANTEE OF DEBT

The County guarantees the debt service payments of the Fair Board bank loan. The original amount borrowed by the Fair Board was \$600,000. For the year ended December 31, 2013, principal and interest payments totaled \$50,032. The principal balance outstanding was approximately \$126,140 at December 31, 2013, with an interest rate of 3.3%. During 2013, the County made no contributions to the Fair Board. County management does not anticipate any contributions being required in the future. The loan has a maturity date of September 1, 2016.

**Required Supplementary
Information**

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS FOR THE EMPLOYEES' RETIREMENT PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess (Deficiency) of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
1/1/2013	\$ 108,742,525	\$ 131,437,552	\$ (22,695,027)	82.73%	\$ 43,872,991	(51.73%)
1/1/2012	104,740,018	124,145,038	(19,405,020)	84.37%	42,103,161	(46.09%)
1/1/2011	95,337,039	118,310,447	(22,973,408)	80.58%	40,421,525	(56.83%)
1/1/2010	90,805,227	112,823,135	(22,017,908)	80.48%	40,609,970	(54.22%)
1/1/2009	95,604,856	107,377,133	(11,772,277)	89.04%	40,348,624	(29.18%)
1/1/2008	109,901,392	101,474,649	8,426,743	108.30%	38,272,892	(22.02%)

Source: Actuarial reports

Note - Effective January 1, 2012, the asset valuation method has been changed from a five year smoothing method based on the ratio of market to cost value of assets to a five year smoothing method based on an increasing percentage of recognized gains and losses relative to expected return. The effect of this change is that the actuarial value of assets has increased by \$9,722,741.

Note - Effective January 1, 2010, the salary assumption was changed. The effect of changing the salary assumption from 4.0% to 3.5% is that the actuarial accrued liability decreased by \$1,578,169.

See accompanying notes to supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES FOR THE EMPLOYEES' RETIREMENT PLAN

<u>Calendar Year</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2008	\$ 91,925	100%
2009	2,407,359	100%
2010	3,581,228	100%
2011	3,750,578	100%
2012	3,503,986	100%
2013	4,059,517	100%

The information presented above was determined as part of the actuarial valuations for the dates indicated.

See accompanying notes to supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFIT PLANS

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Asset</u>	<u>(b) Actuarial Accrued Liability</u>	<u>(Overfunded) Unfunded Actuarial Accrued Liability</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>(Overfunded)/Unfunded Actuarial Accrued Liability (b-a) as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/2012	\$ 4,370,190	\$ 54,645,928	\$ 50,275,738	8.0%	\$ 42,103,161	119.4%
1/1/2010	-	42,360,865	42,360,865	0.0%	40,609,970	104.3%
1/1/2008	-	40,769,744	40,769,744	0.0%	38,272,892	106.5%

Note: During 2012, the County established an OPEB trust fund to account for future costs.

Actuarial valuation as of 01/01/08 represents the initial valuation for the plan as required under GASB Statement No. 45 (implemented in 2008).

Actuarial valuation reports are only performed on a biennial basis for other post-employment benefit plans.

See accompanying notes to supplementary schedules.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013

1. PENSION INFORMATION

The information presented in the required supplementary pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	1/1/2013
Actuarial cost method	Entry Age
Amortization method	Level Percentage Closed
Amortization period	30 years Closed
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	3.50%
Underlying inflation rate	3.00%

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013

2. OPEB INFORMATION

The information presented in the required supplementary OPEB schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial Data:

Valuation date:	1/1/2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar, open
Amortization period:	30 years
Asset valuation method	Market Value

Economic Assumptions:

Projected salary inflation *	N/A
Investment rate of return *	7.50%
Health care inflation rates	6.2% initial, 3.8% ultimate
* Includes inflation at	3.00%

Supplementary Information

**County of Washington,
Pennsylvania**

Combining and Individual Fund
Financial Statements

Year Ended December 31, 2013

COUNTY OF WASHINGTON, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2013

	Special Revenue Funds					Capital Projects Funds		Total Other Governmental Funds	
	Airport Operating	Health Choices	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Total	Airport Capital Projects		Debt Service
Assets									
Cash and cash equivalents	\$ 18,999	\$ -	\$ 551,048	\$ 253,006	\$ 96,192	\$ 919,245	\$ 24,590	\$ 3,663,977	\$ 4,607,812
Taxes receivable, net of allowance	-	-	-	-	-	-	-	152,339	152,339
Due from other governments	-	-	656,646	19,857	426,617	1,103,120	289,073	75,000	1,467,193
Interest and other	10,236	-	134,023	500	68,749	213,508	256	-	213,764
Loan receivable	-	-	-	-	-	-	-	149,931	149,931
Due from other funds	-	-	-	-	224	224	-	-	224
Total Assets	\$ 29,235	\$ -	\$ 1,341,717	\$ 273,363	\$ 591,782	\$ 2,236,097	\$ 313,919	\$ 4,041,247	\$ 6,591,263
Liabilities and Fund Balance									
Liabilities:									
Accounts payable	\$ 469	\$ -	\$ 700,574	\$ 1,670	\$ 10,313	\$ 713,026	\$ 313,919	\$ -	\$ 1,026,945
Accrued payroll and other expenses	-	-	31,769	1,826	135,474	169,069	-	-	169,069
Unearned revenue	-	-	-	-	-	-	-	12,083	12,083
Due to other funds	-	-	6	-	51	57	-	-	57
Total Liabilities	469	-	732,349	3,496	145,838	882,152	313,919	12,083	1,208,154
Deferred Inflows of Resources:									
Unavailable revenue - loan repayment	-	-	-	-	-	-	-	149,931	149,931
Unavailable revenue - real estate taxes	-	-	-	-	-	-	-	144,832	144,832
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	294,763	294,763
Fund Balance:									
Restricted for:									
Debt service	-	-	-	-	-	-	-	3,734,401	3,734,401
Liquid fuels	-	-	595,488	-	-	595,488	-	-	595,488
Committed for:									
Hazardous materials	-	-	-	269,867	-	269,867	-	-	269,867
Airport operations	27,344	-	-	-	-	27,344	-	-	27,344
Domestic relations	-	-	-	-	445,944	445,944	-	-	445,944
Assigned for:									
Encumbrances	1,422	-	13,880	-	-	15,302	-	-	15,302
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balance	28,766	-	609,368	269,867	445,944	1,353,945	-	3,734,401	5,088,346
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 29,235	\$ -	\$ 1,341,717	\$ 273,363	\$ 591,782	\$ 2,236,097	\$ 313,919	\$ 4,041,247	\$ 6,591,263

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds					Total	Capital Projects Funds	Debt Service Fund	Total Other Governmental Funds
	Airport Operating	Health Choices	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations		Airport Capital Projects	Debt Service	
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,186,928	\$ 3,186,928
Intergovernmental	-	-	3,333,535	17,664	1,951,107	5,302,306	972,037	-	6,274,343
Charges for services	-	-	-	70,636	93,999	164,635	-	-	164,635
Interest	-	-	134,942	326	-	135,268	-	976	136,244
Other	2,607	-	-	13,700	29,115	45,422	-	394,858	440,280
Total revenues	2,607	-	3,468,477	102,326	2,074,221	5,647,631	972,037	3,582,762	10,202,430
Expenditures:									
Current:									
General government - judicial	-	-	-	-	3,057,776	3,057,776	-	-	3,057,776
Public safety	-	-	-	82,659	-	82,659	-	-	82,659
Public works and enterprises	98,599	-	3,379,124	-	-	3,477,723	-	-	3,477,723
Debt service:									
Principal	-	-	-	-	-	-	-	2,150,000	2,150,000
Interest and fiscal charges	-	-	-	-	-	-	-	1,603,073	1,603,073
Bond issue costs	-	-	-	-	-	-	-	139,886	139,886
Capital projects	-	-	-	-	-	-	999,896	-	999,896
Total expenditures	98,599	-	3,379,124	82,659	3,057,776	6,618,158	999,896	3,892,959	11,511,013
Excess (Deficiency) of Revenues Over Expenditures	(95,992)	-	89,353	19,667	(983,555)	(970,527)	(27,859)	(310,197)	(1,308,583)
Other Financing Sources (Uses):									
Refunding bonds issued	-	-	-	-	-	-	-	7,980,000	7,980,000
Bond premium	-	-	-	-	-	-	-	485,551	485,551
Payments to refunded bonds escrow agent	-	-	-	-	-	-	-	(8,325,665)	(8,325,665)
Loan repayments	-	-	-	-	-	-	-	1,019,373	1,019,373
Transfers in	100,000	-	-	-	1,125,025	1,225,025	27,859	-	1,252,884
Transfers out	-	(3,852,261)	-	-	-	(3,852,261)	-	-	(3,852,261)
Total financing sources (uses)	100,000	(3,852,261)	-	-	1,125,025	(2,627,236)	27,859	1,159,259	(1,440,118)
Net Change in Fund Balance	4,008	(3,852,261)	89,353	19,667	141,470	(3,597,763)	-	849,062	(2,748,701)
Fund Balance:									
Beginning of year	24,758	3,852,261	520,015	250,200	304,474	4,951,708	-	2,885,339	7,837,047
End of year	\$ 28,766	\$ -	\$ 609,368	\$ 269,867	\$ 445,944	\$ 1,353,945	\$ -	\$ 3,734,401	\$ 5,088,346

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

AIRPORT OPERATING FUND

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

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Charges for services	\$ -	\$ -	\$ -
Other	-	2,607	2,607
Total revenues	-	2,607	2,607
Expenditures:			
Public works and enterprises	100,000	98,599	1,401
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(95,992)	4,008
Other Financing Sources (Uses):			
Transfer in	100,000	100,000	-
Net Change in Fund Balance	\$ -	\$ 4,008	\$ 4,008

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

LIQUID FUELS FUND

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

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Intergovernmental:			
State liquid fuels tax	\$ 4,415,000	\$ 3,333,535	\$ (1,081,465)
Interest	2,000	134,942	132,942
	<u>4,417,000</u>	<u>3,468,477</u>	<u>(948,523)</u>
Expenditures:			
Public works and enterprises:			
Highways and bridges	<u>4,415,159</u>	<u>3,379,124</u>	<u>1,036,035</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,841</u>	<u>\$ 89,353</u>	<u>\$ 87,512</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

HAZARDOUS MATERIALS EMERGENCY RESPONSE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:			
Federal grant	\$ 22,503	\$ 17,664	\$ (4,839)
State grant	30,680	-	(30,680)
Charges for services	105,000	70,636	(34,364)
Interest	1,000	326	(674)
Other	8,000	13,700	5,700
	<u>167,183</u>	<u>102,326</u>	<u>(64,857)</u>
Expenditures:			
Public safety	<u>115,392</u>	<u>82,659</u>	<u>32,733</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 51,791</u>	<u>\$ 19,667</u>	<u>\$ (32,124)</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

SPECIAL REVENUE FUNDS

DOMESTIC RELATIONS FUND

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

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:			
Department of Public Welfare - IV-D funds	\$ 1,780,000	\$ 1,685,739	\$ (94,261)
Department of Public Welfare - incentive	275,000	265,368	(9,632)
Charges for services	129,300	93,999	(35,301)
Other	40,500	29,115	(11,385)
Total revenues	<u>2,224,800</u>	<u>2,074,221</u>	<u>(150,579)</u>
Expenditures:			
General government - judicial	<u>3,130,176</u>	<u>3,057,776</u>	<u>72,400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(905,376)</u>	<u>(983,555)</u>	<u>(78,179)</u>
Other Financing Sources (Uses):			
Transfer in	<u>800,000</u>	<u>1,125,025</u>	<u>325,025</u>
Net Change in Fund Balance	<u>\$ (105,376)</u>	<u>\$ 141,470</u>	<u>\$ 246,846</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

CAPITAL PROJECTS FUNDS

AIRPORT CAPITAL PROJECTS FUND

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

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental:			
Federal grant	\$ 200,000	\$ 972,037	\$ 772,037
Expenditures:			
Capital projects	250,000	999,896	(749,896)
Excess (Deficiency) of Revenues Over Expenditures	(50,000)	(27,859)	22,141
Other Financing Sources (Uses):			
Transfer in	30,000	27,859	(2,141)
Net Change in Fund Balance	\$ (20,000)	\$ -	\$ 20,000

COUNTY OF WASHINGTON, PENNSYLVANIA

DEBT SERVICE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Taxes	\$ 3,035,226	\$ 3,186,928	\$ 151,702
Interest	10,000	976	(9,024)
Other	851,714	394,858	(456,856)
Total revenues	<u>3,896,940</u>	<u>3,582,762</u>	<u>(314,178)</u>
Expenditures:			
Debt service:			
Principal	2,385,000	2,150,000	235,000
Interest and fiscal charges	1,734,634	1,603,073	131,561
Bond issue costs	-	139,886	(139,886)
Total expenditures	<u>4,119,634</u>	<u>3,892,959</u>	<u>226,675</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(222,694)</u>	<u>(310,197)</u>	<u>(87,503)</u>
Other Financing Sources (Uses):			
Proceeds of refunding bonds	-	7,980,000	7,980,000
Loan repayment	-	1,019,373	1,019,373
Payments to refunded bonds escrow agent	-	(8,325,665)	(8,325,665)
Bond premium	-	485,551	485,551
Total other financing sources (uses)	<u>-</u>	<u>1,159,259</u>	<u>1,159,259</u>
Net Change in Fund Balance	<u>\$ (222,694)</u>	<u>\$ 849,062</u>	<u>\$ 1,071,756</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2013

	Treasurer	Recorder of Deeds	Register of Wills	Prothonotary	Clerk of Courts	Court Administrator - Supervision Fees
<hr/> Assets <hr/>						
Cash and cash equivalents	\$ 85,647	\$ 1,701,818	\$ 175,192	\$ 1,939,471	\$ 732,261	\$ 1,472,097
<hr/> Liabilities <hr/>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,472,097
Due to other governments	85,647	1,701,818	175,192	-	-	-
Escrow liability	-	-	-	1,939,471	732,261	-
Total Liabilities	\$ 85,647	\$ 1,701,818	\$ 175,192	\$ 1,939,471	\$ 732,261	\$ 1,472,097
<hr/>						
	CYS Services	Tax Claim	Domestic Relations	Prison Commissary	Sheriff's Office	Total
<hr/> Assets <hr/>						
Cash and cash equivalents	\$ 16,544	\$ 1,549,646	\$ 59,806	\$ 397,163	\$ 306,903	\$ 8,436,548
<hr/> Liabilities <hr/>						
Due to other funds	\$ -	\$ 18,731	\$ -	\$ -	\$ -	\$ 1,490,828
Due to other governments	-	169,302	-	-	-	2,131,959
Escrow liability	16,544	1,361,613	59,806	397,163	306,903	4,813,761
Total Liabilities	\$ 16,544	\$ 1,549,646	\$ 59,806	\$ 397,163	\$ 306,903	\$ 8,436,548

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2013

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
Treasurer:				
Assets				
Cash and cash equivalents	\$ 63,780	\$ 380,387	\$ 358,520	\$ 85,647
Liabilities				
Due to other governments	\$ 63,780	\$ 380,387	\$ 358,520	\$ 85,647
Recorder of Deeds:				
Assets				
Cash and cash equivalents	\$ 1,416,734	\$ 19,048,167	\$ 18,763,083	\$ 1,701,818
Liabilities				
Due to other governments	\$ 1,416,734	\$ 19,048,167	\$ 18,763,083	\$ 1,701,818
Register of Wills:				
Assets				
Cash and cash equivalents	\$ 166,348	\$ 11,699,071	\$ 11,690,227	\$ 175,192
Liabilities				
Due to other governments	\$ 166,348	\$ 11,699,071	\$ 11,690,227	\$ 175,192

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2013

(Continued)

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
Prothonotary:				
<hr/>				
Assets				
<hr/>				
Cash and cash equivalents	\$ 575,354	\$ 2,177,413	\$ 813,296	\$ 1,939,471
<hr/>				
Liabilities				
<hr/>				
Escrow liability	\$ 575,354	\$ 2,177,413	\$ 813,296	\$ 1,939,471
<hr/>				
Clerk of Courts:				
<hr/>				
Assets				
<hr/>				
Cash and cash equivalents	\$ 650,874	\$ 3,844,222	\$ 3,762,835	\$ 732,261
<hr/>				
Liabilities				
<hr/>				
Escrow liability	\$ 650,874	\$ 3,844,222	\$ 3,762,835	\$ 732,261
<hr/>				
Court Administrator - Supervision Fees:				
<hr/>				
Assets				
<hr/>				
Cash and cash equivalents	\$ 1,422,547	\$ 1,459,550	\$ 1,410,000	\$ 1,472,097
<hr/>				
Liabilities				
<hr/>				
Due to other funds	\$ 1,422,547	\$ 1,459,550	\$ 1,410,000	\$ 1,472,097

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2013

(Continued)

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
CYS Services:				
Assets				
Cash and cash equivalents	\$ 19,375	\$ 8,859	\$ 11,690	\$ 16,544
Liabilities				
Escrow liability	\$ 19,375	\$ 8,859	\$ 11,690	\$ 16,544
Tax Claim:				
Assets				
Cash and cash equivalents	\$ 1,343,175	\$ 9,778,901	\$ 9,572,430	\$ 1,549,646
Liabilities				
Due to other funds	\$ 29,195	\$ 2,223,817	\$ 2,234,281	\$ 18,731
Due to other governments	204,658	7,268,740	7,304,096	169,302
Escrow liability	1,109,322	286,344	34,053	1,361,613
	\$ 1,343,175	\$ 9,778,901	\$ 9,572,430	\$ 1,549,646
Domestic Relations:				
Assets				
Cash and cash equivalents	\$ 25,929	\$ 1,409,122	\$ 1,375,245	\$ 59,806
Liabilities				
Escrow liability	\$ 25,929	\$ 1,409,122	\$ 1,375,245	\$ 59,806

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

FIDUCIARY FUNDS

ALL AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2013

(Continued)

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
Prison Commissary:				
<hr/>				
Assets				
<hr/>				
Cash and cash equivalents	\$ 384,271	\$ 389,133	\$ 376,241	\$ 397,163
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<hr/>				
Liabilities				
<hr/>				
Escrow liability	\$ 384,271	\$ 389,133	\$ 376,241	\$ 397,163
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sheriff's Office:				
<hr/>				
Assets				
<hr/>				
Cash and cash equivalents	\$ 314,731	\$ 1,612,744	\$ 1,620,572	\$ 306,903
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<hr/>				
Liabilities				
<hr/>				
Escrow liability	\$ 314,731	\$ 1,612,744	\$ 1,620,572	\$ 306,903
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(Concluded)

**County of Washington,
Pennsylvania**

Schedule of Expenditures of Federal Awards
and Schedule of Department of
Public Welfare Financial Assistance

Year Ended December 31, 2013

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Payments Received</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Pennsylvania Department of Public Welfare:				
Guardianship Assistance	93.090		\$ 54,747	\$ 54,747
Temporary Assistance for Needy Families	93.558			671,771
Temporary Assistance for Needy Families - CCIS Day Care	93.558	DC08-639992		150,066
Subtotal 93.558			770,094	<u>821,837</u>
Child Support Enforcement	93.563	ME 3332114063		1,574,904
Child Support Enforcement - Incentive on Welfare Collections	93.563	001-021-684-6-1140-20211-632		265,368
Child Support Enforcement - Title IV (D) Adjustment	93.563			4,246
Child Support Enforcement - Foster Care - Title IV-E	93.563			131,459
Child Support Enforcement - Incentive on Welfare Collections (Bonus Incentive)	93.563			89,685
Subtotal 93.563			1,549,452	<u>2,065,662</u>
Stephanie Tubbs Jones Child Welfare Services Program - Title IV (B) - Children and Youth	93.645		47,479	48,202
Foster Care - Title IV-E - Children and Youth	93.658			2,111,618
Foster Care - Title IV-E - SPLC	93.658			50,242
Foster Care - Title IV-E - Children and Youth - JPO	93.658			128,764
Subtotal 93.658			2,290,272	<u>2,290,624</u>
Adoption Assistance	93.659		1,521,695	1,218,592
Social Services Block Grant - Title XX - Children and Youth	93.667			166,755
Social Services Block Grant - Medicaid - Children and Youth	93.667			10,218
Social Services Block Grant - Mental Health/Intellectual Disabilities	93.667			149,596
Social Services Block Grant - CCIS Day Care	93.667	ME 9992-21670 and ME 9992-31670		663,671
Subtotal 93.667			967,885	<u>990,240</u>
Child Care and Development Block Grant	93.575	DC08-639992	2,151,358	2,222,352
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DC08-639992	2,619,449	2,854,042
Subtotal CCDF Cluster			4,770,807	<u>5,076,394</u>
Chafee Foster Care Independence Program	93.674		105,256	60,072
Medical Assistance Transportation Program	93.778	ME 6300229863		985,916
Medical Assistance Program - Mental Health/Intellectual Disabilities	93.778			124,390
Subtotal 93.778			1,100,528	<u>1,110,306</u>
Block Grants for Community Mental Health Services	93.958	70167	423,232	458,695
Total U.S. Department of Health and Human Services			<u>13,601,447</u>	<u>14,195,371</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Pennsylvania Department of Community and Economic Development:				
Emergency Solutions Grant Program	14.231	E11UC420011, E13UC420011		194,541
Emergency Solutions Grant Program	14.231	E12UC420011		205,252
Subtotal 14.231			53,161	<u>399,793</u>
Community Development Block Grants/Entitlement Grants - HUD - Prescription Assist.	14.218	CD09-33		1,110
Community Development Block Grants/Entitlement Grants	14.218	B11UC420101, B12UC420101		4,587,857
Subtotal 14.218				<u>4,588,967</u>
Supportive Housing Program - HUD SNAPS XV	14.235	PA0277B3E010802 / PA0282B3E010802 / PA0300B3E010802 / PA0294B3E010802 / PA0295B3E010802 / PA0277B3E011003 / PA0282B3E011003 / PA0300B3E011003 / PA0294B3E011003		84,481
Supportive Housing Program - HUD SNAPS XVI	14.235	PA0296C3E011003 / PA0277B3E011104, PA0282B3E011104, PA0300B3E011104,		32,713
Supportive Housing Program - HUD SNAPS XVII	14.235	PA0294B3E011104, PA0277L3E011205, PA0282L3E011205, PA0300L3E011205,		573,685
Supportive Housing Program - HUD SNAPS XVIII	14.235	PA0294L3E011205,		626,295
Subtotal 14.235				<u>1,317,174</u>
HOME Investment Partnerships Program	14.239	M08-UC420505, M09-UC420505, M10- UC420505, M11-UC420505, M12- UC420505, M13-UC420505		735,158
Passed Through Pennsylvania Department of Community and Economic Development:				
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	C000046183		5,585
Total U.S. Department of Housing and Urban Development				<u>7,046,677</u>

See notes to schedule of expenditures of federal awards.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

(Continued)

<u>Federal Grantor/Program Title (continued)</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Payments Received</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>				
(Continued)				
Passed Through the Pennsylvania Department of Public Welfare: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DC-08-639992	7,835	8,080
Passed Through Pennsylvania Department of Agriculture: Emergency Food Assistance Program (Administrative Costs)	10.568	ME 4100036582	2,533	9,060
Emergency Food Assistance Program (Food Commodities)	10.569	8-04-63-131	51,700	<u>93,760</u>
Total Emergency Food Assistance Program Cluster				<u>102,820</u>
Total U.S. Department of Agriculture				<u>110,900</u>
<u>U.S. Department of Transportation</u>				
Passed Through the Pennsylvania Department of Transportation: Highway Planning and Construction	20.205		1,095,797	1,095,797
Airport Improvement Program	20.106		545,141	<u>548,258</u>
Total U.S. Department of Transportation				<u>1,644,055</u>
<u>U.S. Department of Justice</u>				
Passed Through the Pennsylvania Commission on Crime and Delinquency: Juvenile Justice and Delinquency Prevention - Allocation to States - Preadjudication Diversionary Job Training Program	16.540	2009/2010-J-04-22408	35,922	23,762
STOP Loss Grant	16.558	2012-VA-01/02/03 23834		73,750
Crime Victim Assistance	16.575	2012/2013/2014-VF-05-24182		18,323
Crime Victim Assistance - VOCA - Juvenile	16.575	2011/2012-VF-05-22240		<u>29,018</u>
Subtotal 16.575			38,643	<u>47,341</u>
Edward Byrne Memorial Justice Assistance Grant Program - PCCD - CJAB	16.738	2005-JG-05-18050-2/2006-JG-05-18050-		1,000
Edward Byrne Memorial Justice Assistance Grant Program - JAG - Grant #0741	16.738	2012-DJ-BX-0741		<u>9,459</u>
Subtotal 16.575				<u>10,459</u>
ARRA - JAG - Grant #0082	16.804	2009-AJ-06-23893	2,316	<u>2,316</u>
Total U.S. Department of Justice				<u>157,628</u>
<u>U.S. Federal Emergency Management Agency</u>				
Passed Through the Pennsylvania Emergency Management Agency (PEMA): Emergency Management Performance Grants	97.042		134,878	<u>98,579</u>
Total U.S. Federal Emergency Management Agency				<u>98,579</u>
<u>U.S. Department of Education</u>				
Passed Through the Pennsylvania Department of Public Welfare: Special Education - Grants for Infants and Families - ID Early Intervention	84.181	70170	121,655	<u>121,655</u>
Total U.S. Department of Education				<u>121,655</u>
<u>U.S. General Services Administration</u>				
Passed Through the Pennsylvania Emergency Management Agency (PEMA): Donation of Federal Surplus Personal Property	39.003			<u>342,742</u>
Total U.S. General Services Administration				<u>342,742</u>
<u>U.S. Election Assistance Commission</u>				
Passed through Pennsylvania Department of State: Help America Vote Act Requirements Payments	90.401		159,647	<u>159,647</u>
Total Expenditures of Federal Awards per the County of Washington's primary government financial statements				<u>\$ 23,877,254</u>
				(Concluded)

See notes to schedule of expenditures of federal awards.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

- (1) The County of Washington, Pennsylvania (County) is a contractual recipient of federal financial awards under agreements with the U.S. Department of Housing and Urban Development (HUD). The County has authorized HUD to transmit funds under these agreements directly to the Washington County Redevelopment Authority (RDA), which is the representative agency with program oversight responsibility. This information is included in the County's schedule of expenditures of federal awards for informational purposes. The RDA has submitted, for their fiscal year ending June 30, 2013, a Single Audit Report to the County covering \$2,573,532 of the expenditures shown on the previous pages. The remaining \$2,749,483 of expenditures, representing the period July 1, 2013 through December 31, 2013, will be covered in the RDA's Single Audit Report of June 30, 2014.

During the year ended December 31, 2013, the County received \$180,606 passed through the Pennsylvania Department of Community and Economic Development (DCED) funds under CFDA Number 14.228. These funds are passed onto the RDA after receipt. The County has not presented this amount on the schedule of expenditures of federal awards as they have no authority over how the funds are spent, nor do they have any reporting or oversight responsibility for the federal funds.

- (2) This schedule is prepared in accordance with the modified accrual basis of accounting.

- (3) By program, the following amounts were passed through to subrecipients:

<u>Program</u>	<u>CFDA</u>	<u>\$ Passed Through</u>
Emergency Solutions Grant Program	14.231	\$ 363,464
Supportive Housing Program - HUD SNAPS XV	14.235	84,481
Supportive Housing Program - HUD SNAPS XVI	14.235	139,299
Supportive Housing Program - HUD SNAPS XVII	14.235	438,829
Supportive Housing Program - HUD SNAPS XVIII	14.235	578,367
Temporary Assistance for Needy Families	93.558	671,771
Temporary Emergency Food Assistance Program - Administrative	10.568	10,632
Foster Care - Title IV-E / Adoption Assistance	93.658/93.659	2,501,130
Medical Assistance Program	93.778	1,109,008
CDBG/Entitlement Grants - HUD	14.218	1,110
ARRA - DCED - HPRP	14.257	5,585

- (4) Cash receipts are shown on the schedule on the cash basis of accounting as required by the Pennsylvania Department of Public Welfare and the Department of Community and Economic Development.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF DEPARTMENT OF PUBLIC WELFARE FINANCIAL ASSISTANCE

DECEMBER 31, 2013

Program	Combined Federal/ State Expenditures
Child Support Enforcement Program	\$ 1,934,203 *
County Children and Youth Programs	16,044,052 *
Medical Assistance Transportation Program	2,082,896
Human Services Development Fund	219,003
County Child Care Information Services for Subsidized Child Day Care	9,262,546 *
Mental Health	8,990,737 *
Combined Homeless Assistance Programs:	
Social Services Block Grant - Emergency Shelter Program	96,975
Bridge Housing Program	21,587
Housing Assistance Program	50,767
Case Management Program for the Homeless	55,172
	\$ 38,757,938

* Denotes major programs for DPW testing purpose. The 2013 dollar threshold used to distinguish between type A and type B was \$716,318. The amount expended under major DPW programs for the year ended December 31, 2013 is \$36,231,538.

**County of Washington,
Pennsylvania**

DPW – Funded Financial Assistance
Program Exhibits

Independent Accountant’s Report on “Agreed-Upon Procedures” for Department of Public Welfare
Funded Financial Assistance Programs, Schedules, and Exhibits

Board of County Commissioners
County Controller
County of Washington, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Public Welfare (DPW), and the County of Washington solely to assist you with respect to the financial schedules and exhibits required by the DPW Single Audit Supplement. The County of Washington’s management is responsible for the financial schedules and exhibits. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DPW. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are as follows:

- a. We have verified by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DPW for fiscal year ended June 30, 2013, have been accurately compiled and reflect the audited books and records of the County of Washington. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DPW Single Audit Supplement pertaining to this period.

<u>Program Name</u>	<u>Exhibit Number</u>	<u>Referenced Schedules/Exhibits</u>
Child Support Enforcement	A-1 (a)	Comparison of Single Audit Expenditures with the Reported Expenditures
	A-1 (b)	PACSES OCSE 157 Data Reliability Validation
	A-1 (d)	Comparison of Federal Reimbursement and Incentive Payments Received to Title IV-D Account
Children and Youth Social Services	I	Fiscal Summary
Medical Assistance Transportation	III	Schedule of Revenues and Expenditures
Mental Health Services	IV (a) MH NBG	Schedule of Revenues, Expenditures, and Carryover Funds
	IV (b) MH NBG	Report of Income and Expenditures Single Audit Supplement
	IV (c) ID NBG	Schedule of Revenues, Expenditures, and Carryover Funds Single Audit Supplement

Board of County Commissioners
 County Controller
 County of Washington, Pennsylvania
 Independent Accountant’s Report on “Agreed-Upon Procedures”

	IV (d) ID NBG	Report of Income and Expenditures Single Audit Supplement
	V (a) EI	Schedule of Revenues, Expenditures, and Carryover Funds Single Audit Supplement
	V (b) EI	Report of Income and Expenditures Single Audit Supplement
CCIS	VIII (a) (b)	Schedule of Child Care Information Services Recap for Fiscal Year 2012- 2013

Combined Homeless Assistance Programs XIX (a) NBG Revenues and Expenses

- b. We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports, submitted to DPW for the period in question.
- c. The processes detailed in paragraphs (a) and (b) above disclosed no adjustments and/or findings.
- d. As outlined in the DPW Single Audit Supplement (July 2013), we also performed agreed-upon procedures regarding Child Support enforcement Program PACES OCSE 157 Data Reliability Validation as outlined on page 100. The results are on page 100.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

* * * * *

This report is intended solely for the use of the Department of Public Welfare and should not be used by those who have not agreed to the procedures, and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Maher Duessel

Pittsburgh, Pennsylvania
 July 24, 2014

COUNTY OF WASHINGTON, PENNSYLVANIA
CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH THE REPORTED EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Exhibit A-1 (a)

	Single Audit Expenditures					Report Expenditures					Single Audit Over (Under) Reported				
	A.		C. Incentive Paid			A. Total		C. Incentive Paid			A. Total		C. Incentive		
	Total	B. Unallowable	Costs	Net (A-B-C)	Amt Paid	Total	B. Unallowable	Costs	Net (A-B-C)	Amt Paid	Total	B. Unallowable	Paid Costs	Net (A-B-C)	Amt Paid
Quarter Ending: 9/30/12															
1. Salary & Overhead	\$ 709,261	\$ 31,515	\$ 56,803	\$ 620,943	\$ 409,822	\$ 709,261	\$ 31,515	\$ 56,803	\$ 620,943	\$ 409,822	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	22,436	1,003	-	21,433	14,146	22,436	1,003	-	21,433	14,146	-	-	-	-	-
4. Genetic Testing Fees	1,120	-	-	1,120	739	1,120	-	-	1,120	739	-	-	-	-	-
5. Subtotal (1-2-3-4)	685,705	30,512	56,803	598,390	394,937	685,705	30,512	56,803	598,390	394,937	-	-	-	-	-
6. Genetic Testing Costs	2,112	-	-	2,112	1,394	2,112	-	-	2,112	1,394	-	-	-	-	-
7. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (5+6+7)	\$ 687,817	\$ 30,512	\$ 56,803	\$ 600,502	\$ 396,331	\$ 687,817	\$ 30,512	\$ 56,803	\$ 600,502	\$ 396,331	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 12/31/12															
1. Salary & Overhead	\$ 701,154	\$ 31,892	\$ 58,430	\$ 610,832	\$ 403,149	\$ 701,154	\$ 31,892	\$ 58,430	\$ 610,832	\$ 403,149	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	31,392	1,442	-	29,950	19,767	31,392	1,442	-	29,950	19,767	-	-	-	-	-
4. Genetic Testing Fees	1,876	-	-	1,876	1,238	1,876	-	-	1,876	1,238	-	-	-	-	-
5. Subtotal (1-2-3-4)	667,886	30,450	58,430	579,006	382,144	667,886	30,450	58,430	579,006	382,144	-	-	-	-	-
6. Genetic Testing Costs	2,592	-	-	2,592	1,711	2,592	-	-	2,592	1,711	-	-	-	-	-
7. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (5+6+7)	\$ 670,478	\$ 30,450	\$ 58,430	\$ 581,598	\$ 383,855	\$ 670,478	\$ 30,450	\$ 58,430	\$ 581,598	\$ 383,855	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 3/31/13															
1. Salary & Overhead	\$ 767,844	\$ 34,143	\$ 158,194	\$ 575,507	\$ 379,835	\$ 767,844	\$ 34,143	\$ 158,194	\$ 575,507	\$ 379,835	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	27,347	1,232	-	26,115	17,236	27,347	1,232	-	26,115	17,236	-	-	-	-	-
4. Genetic Testing Fees	2,317	-	-	2,317	1,529	2,317	-	-	2,317	1,529	-	-	-	-	-
5. Subtotal (1-2-3-4)	738,180	32,911	158,194	547,075	361,070	738,180	32,911	158,194	547,075	361,070	-	-	-	-	-
6. Genetic Testing Costs	2,496	-	-	2,496	1,647	2,496	-	-	2,496	1,647	-	-	-	-	-
7. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (5+6+7)	\$ 740,676	\$ 32,911	\$ 158,194	\$ 549,571	\$ 362,717	\$ 740,676	\$ 32,911	\$ 158,194	\$ 549,571	\$ 362,717	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 6/30/13															
1. Salary & Overhead	\$ 700,174	\$ 31,668	\$ 68,144	\$ 600,362	\$ 396,239	\$ 700,174	\$ 31,668	\$ 68,144	\$ 600,362	\$ 396,239	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	47,791	2,178	-	45,613	30,105	47,791	2,178	-	45,613	30,105	-	-	-	-	-
4. Genetic Testing Fees	2,610	-	-	2,610	1,723	2,610	-	-	2,610	1,723	-	-	-	-	-
5. Subtotal (1-2-3-4)	649,773	29,490	68,144	552,139	364,411	649,773	29,490	68,144	552,139	364,411	-	-	-	-	-
6. Genetic Testing Costs	3,584	-	-	3,584	2,365	3,584	-	-	3,584	2,365	-	-	-	-	-
7. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (5+6+7)	\$ 653,357	\$ 29,490	\$ 68,144	\$ 555,723	\$ 366,776	\$ 653,357	\$ 29,490	\$ 68,144	\$ 555,723	\$ 366,776	\$ -	\$ -	\$ -	\$ -	\$ -

COUNTY OF WASHINGTON, PENNSYLVANIA

CHILD SUPPORT ENFORCEMENT PACSES OCSE 157 DATA RELIABILITY VALIDATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Exhibit A-1(b)

County: Washington

Year Ended: 6/30/13

OCSE 157 Report Line Number	Number of Cases Reviewed	Case Problems Found
Line #1 IV-D cases open at the end of the fiscal year.	4	0
Line #2 IV-D cases open at the end of the fiscal year with support orders established.	4	0
Line #5 Children in IV-D cases open at the end of the fiscal year that were born out of wedlock.	4	1 (a)
Line #6 Children in IV-D cases open at the end of the fiscal year who were born out of wedlock with paternity resolved.	4	0
Line #21 Cases open at the end of the fiscal year where medical support is ordered	4	0
Line #23 Cases open at the end of the fiscal year where health insurance is provided as ordered	4	3 (b)
Line #24 Total amount of current support due for the fiscal year for IV-D cases, excluding emancipated children	4	0
Line #25 Total amount of support disbursed as current support during the fiscal year for IV-D cases, excluding emancipated children	4	0
Line #28 Cases with arrears due during the fiscal year (10/01/02 - 9/30/13)	4	0
Line #29 Cases with disbursements on arrears during the fiscal year (10/01/12 - 9/30/13)	4	0

(a) The case file was not open at the end of the fiscal year.

(b) The case files did not contain documentation of health insurance coverage as specified in the order

COUNTY OF WASHINGTON, PENNSYLVANIA

CHILD SUPPORT ENFORCEMENT

COMPARISON OF FEDERAL REIMBURSEMENTS AND INCENTIVE PAYMENTS RECEIVED TO TITLE IV-D ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Exhibit A-1(d)

	<u>Federal Reimbursements</u>	<u>Title IV-D Account</u>
July 2012	\$ 132,660	\$ 132,660
August 2012	131,416	131,416
September 2012	132,255	132,255
October 2012	127,848	127,848
November 2012	123,988	123,988
December 2012	132,018	132,018
January 2013	161,523	161,523
February 2013	70,904	70,904
March 2013	130,288	130,288
April 2013	140,754	140,754
May 2013	130,803	130,803
June 2013	95,221	95,221
	<u>\$ 1,509,678</u>	<u>\$ 1,509,678</u>

<u>Month</u>	<u>Incentive Payments</u>	<u>Title IV-D Account</u>
July 2012	\$ -	\$ -
August 2012	56,803	56,803
September 2012	-	-
October 2012	-	-
November 2012	-	-
December 2012	58,430	58,430
January 2013	-	-
February 2013	89,685	89,685
March 2013	68,509	68,509
April 2013	-	-
May 2013	-	-
June 2013	68,144	68,144
	<u>\$ 341,571</u>	<u>\$ 341,571</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

COUNTY CHILDREN AND YOUTH SOCIAL SERVICE PROGRAMS

FISCAL SUMMARY

JULY 1, 2010 THROUGH JUNE 30, 2011

(CAPTURING ALL EXPENDITURES PAID THROUGH JUNE 30, 2013)

Exhibit I

	A	B	C	D	E	F	G	H	I	J	K
	Grand Total	Prog Inc	Title IV-E	TANF	Title XX	Title IV-B	Other Funding	Medical Assistance	Net Total	State Act 148	Local Share
Net Child Welfare Expend											
01. 100% Reimbursement	\$ 423,938	\$ -	\$ 65,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 358,165	\$ 358,165	\$ -
02. 90% Reimbursement	547,720	-	91,789	21,043	-	-	-	-	434,888	391,399	43,489
03. 80% Reimbursement	11,877,325	339,463	2,433,164	491,036	166,755	49,648	-	-	8,397,259	6,717,807	1,679,452
04. 60% Reimbursement	4,408,611	23,283	590,496	-	-	-	-	5,457	3,789,375	2,273,626	1,515,749
05. 50% Reimbursement	439,662	842	471	-	-	-	-	-	438,349	219,177	219,172
06. Total Child Welfare Exp.	17,697,256	363,588	3,181,693	512,079	166,755	49,648	-	5,457	13,418,036	9,960,174	3,457,862

YDC/YFC Placement Costs											
07. 60% DPW Participation	783,866	-	-						783,866	470,320	313,546

08. NON-Reimbursable Expenditures	285,654	-							285,654	-	285,654
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09. Total Expenditures	\$ 18,766,776	\$ 363,588	\$ 3,181,693	\$ 512,079	\$ 166,755	\$ 49,648	\$ -	\$ 5,457	\$ 14,487,556	\$ 10,430,494	\$ 4,057,062
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10. IL Grant Funds Reported

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11. Total HSDF used for Child Welfare	\$	175,072	12. Total Title IV-D Collections	\$	90,669	13. Title IV-D Collections for IV-E Eligible Children	\$	30,929
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14. State Act 148 - Line 6	\$	9,960,174	15. State Act 148 Allocation	\$	11,410,001	c. Adjusted State Share (Lower of 14 or 15)	\$	9,960,174
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Subsidized Permanent Legal Custodianship SPLC	Total Subsidies	Number of Days	Number of Children
	\$ 528,756	24,744	79

COUNTY OF WASHINGTON, PENNSYLVANIA

MEDICAL ASSISTANCE TRANSPORTATION PROGRAM SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit III

	<u>Reported</u>	<u>Actual</u>
<u>Service Data</u>		
Expenditures:		
Group I Clients	\$ 1,991,037	\$ 1,991,037
Group II Clients	284,066	284,066
	<u>2,275,103</u>	<u>2,275,103</u>
Total expenditures	<u>\$ 2,275,103</u>	<u>\$ 2,275,103</u>
<u>Allocation Data</u>		
Revenues:		
Department of Public Welfare	\$ 2,273,447	\$ 2,273,447
Interest income	1,656	1,656
	<u>2,275,103</u>	<u>2,275,103</u>
Total revenues	<u>2,275,103</u>	<u>2,275,103</u>
Funds Expended:		
Operating costs	2,045,677	2,045,677
Administrative costs	229,426	229,426
	<u>2,275,103</u>	<u>2,275,103</u>
Total funds expended	<u>2,275,103</u>	<u>2,275,103</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

NON BLOCK GRANT COUNTIES MENTAL HEALTH SERVICES

SCHEDULE OF REVENUES, EXPENDITURES, AND CARRYOVER FUNDS

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit IV (a) MH NBG

Source of DPW Funding	Appropriation	DPW Funds Available			Cost Eligible for DPW Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6)	TOTAL FUND BALANCE (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A. MH Services	10248	\$ 11	\$ 6,686,629	\$ 6,686,640	\$ 6,686,522	\$ 118	\$ -	\$ 118
B. OTHER STATE FUNDS								
1. Specialized Residences for the Mentally Ill	10258	-	-	-	-	-	-	-
2. Behavioral Health Services Initiative	10262	-	410,474	410,474	410,474	-	-	-
Subtotal Other State		-	410,474	410,474	410,474	-	-	-
C. SSBG	70135	-	62,162	62,162	62,162	-	-	-
D. CMHSBG	70167	-	564,310	564,310	564,310	-	-	-
E. OTHER FEDERAL FUNDS								
1. PATH Homeless Grant (Federal)	70154	-	-	-	-	-	-	-
2. Capitalization of POMS	70522	-	-	-	-	-	-	-
3. Mental Health Transformation Grant	70589	-	-	-	-	-	-	-
4. Youth Suicide Prevention	70651	-	-	-	-	-	-	-
5. Jail Diversion & Trauma Recovery	70747	-	-	-	-	-	-	-
6. Terrorism Related Disaster Relief Grant	80168	-	-	-	-	-	-	-
7. Hospital Prep Program - Crisis Counseling	80222	1,544	-	1,544	-	1,544	-	1,544
8. Bio-terrorism Hospital Preparedness Program	80343	16,946	-	16,946	-	16,946	-	16,946
9. CDC Bioterrorism - Pandemic Flu	80343	-	-	-	-	-	-	-
10. Intermediate Services Crisis Counseling Program Grant	82822	-	-	-	-	-	-	-
11. Disaster Case Management	70127	-	-	-	-	-	-	-
12. Peer Specialist Delivery of Employment Services Grant	70127	-	-	-	-	-	-	-
13. Wellness & Older Adult Peer Support Service Grant	82827	-	-	-	-	-	-	-
Subtotal Other Federal Funds		18,490	-	18,490	-	18,490	-	18,490
F. TOTAL		\$ 18,501	\$ 7,723,575	\$ 7,742,076	\$ 7,723,468	\$ 18,608	\$ -	\$ 18,608

COUNTY OF WASHINGTON, PENNSYLVANIA

NON BLOCK GRANT COUNTIES
MENTAL HEALTH SERVICES
REPORT OF INCOME AND EXPENDITURES
SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit IV (b) MH NBG

	Admin Office	Community Services	Targeted Case Management	Outpatient	Partial Hospitalization	Crisis Intervention	Comm Employ Svcs.
I. TOTAL ALLOCATION							
II. TOTAL EXPENDITURES	\$ 2,078,183	\$ 273,368	\$ 209,043	\$ 449,048	\$ 150,323	\$ 295,074	\$ 252,600
III. Costs Over Allocation							
A. County Funded Eligible	-	-	-	-	-	-	-
B. County Funded Ineligible	-	-	-	-	-	-	-
C. Other Eligible	-	2,236	5,232	29,851	-	-	-
D. Other Ineligible	-	1,068	-	101,258	-	926	-
Subtotal Costs over allocation	-	3,304	5,232	131,109	-	926	-
IV. REVENUES							
A. Program Service Fees	-	-	-	3,107	1,240	-	-
B. Private Insurance	-	-	-	54,474	-	88,720	-
C. Medical Assistance	-	-	14,352	274	-	6,882	-
D. Medical Assistance - Admin Claims	-	-	-	-	-	-	-
E. Room and Board	-	-	-	-	-	-	-
F. Earned Interest	1,549	-	-	-	-	-	217
G. Other	1,090,827	-	-	-	-	98,210	124,196
Subtotal Revenues	1,092,376	-	14,352	57,855	1,240	193,812	124,413
V. DPW REIMBURSEMENT							
A. Base Allocation 90%	454,749	12,650	-	58,955	-	-	26,268
B. Base Allocation 100%	-	-	130,409	-	149,083	100,336	-
C. DPW Categorical Funding 90%	-	-	-	-	-	-	-
D. DPW Categorical Funding 100%	307,100	242,169	59,050	130,178	-	-	99,000
E. SSBG 90%	-	-	-	-	-	-	-
F. SSBG 100%	-	-	-	-	-	-	-
G. CMHSBG Non-Categorical Funding 90%	-	-	-	-	-	-	-
H. CMHSBG Non-Categorical Funding 100%	173,430	13,839	-	64,400	-	-	-
I. CMHSBG Categorical Funding	-	-	-	-	-	-	-
Subtotal DPW Reimbursement	935,279	268,658	189,459	253,533	149,083	100,336	125,268
VI. COUNTY MATCH							
10% County Match	50,528	1,406	-	6,551	-	-	2,919
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	985,807	270,064	189,459	260,084	149,083	100,336	128,187
VIII. TOTAL CARRYOVER							

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

NON BLOCK GRANT COUNTIES MENTAL HEALTH PROGRAM REPORT OF INCOME AND EXPENDITURES SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit IV (b) MH NBG, Continued

	Vocational Rehab Svcs.	Social Rehab Services	Family Support Services	Comm Res Services	Fam Based Services	Admin Management	Emergency Services
I. TOTAL ALLOCATION							
II. TOTAL EXPENDITURES	\$ 5,658	\$ 357,824	\$ 10,402	\$ 3,382,396	\$ 40,260	\$ 987,777	\$ 384,468
III. Costs Over Allocation							
A. County Funded Eligible	-	-	-	-	-	-	-
B. County Funded Ineligible	-	-	-	-	-	-	-
C. Other Eligible	-	-	-	31,445	4,042	12,757	822
D. Other Ineligible	-	430	-	-	-	3,043	1,513
Subtotal Costs over allocation	-	430	-	31,445	4,042	15,800	2,335
IV. REVENUES							
A. Program Service Fees	-	1,056	-	-	-	14,591	-
B. Private Insurance	-	-	-	-	-	101,994	-
C. Medical Assistance	-	-	-	-	17,318	12,688	-
D. Medical Assistance - Admin Claims	-	-	-	-	-	-	-
E. Room and Board	-	-	-	440,299	-	-	-
F. Earned Interest	-	-	-	120	-	418	-
G. Other	-	14,021	-	72,114	-	106	63,120
Subtotal Revenues	-	15,077	-	512,533	17,318	129,797	63,120
V. DPW REIMBURSEMENT							
A. Base Allocation 90%	5,092	102,926	2,361	522,887	-	208,877	189,697
B. Base Allocation 100%	-	-	-	-	18,900	-	-
C. DPW Categorical Funding 90%	-	-	-	-	-	-	-
D. DPW Categorical Funding 100%	-	227,955	7,779	2,257,432	-	334,359	41,601
E. SSBG 90%	-	-	-	-	-	-	-
F. SSBG 100%	-	-	-	-	-	62,162	-
G. CMHSBG Non-Categorical Funding 90%	-	-	-	-	-	-	-
H. CMHSBG Non-Categorical Funding 100%	-	-	-	-	-	213,573	66,638
I. CMHSBG Categorical Funding	-	-	-	-	-	-	-
Subtotal DPW Reimbursement	5,092	330,881	10,140	2,780,319	18,900	818,971	297,936
VI. COUNTY MATCH							
10% County Match	566	11,436	262	58,099	-	23,209	21,077
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	5,658	342,317	10,402	2,838,418	18,900	842,180	319,013
VIII. TOTAL CARRYOVER							

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

NON BLOCK GRANT COUNTIES
MENTAL HEALTH PROGRAM
REPORT OF INCOME AND EXPENDITURES
SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit IV (b) MH NBG, Continued

	Housing Support Svcs.	ACT and CTT	Psych Rehab	Peer Support Services	Consumer Driven Svcs.	Trans. & Comm Svcs.	Total
I. TOTAL ALLOCATION							\$ 7,742,076
II. TOTAL EXPENDITURES	\$ 385,839	\$ 136,140	\$ 158,432	\$ 109,907	\$ 231,301	\$ 863,053	10,761,096
III. Costs Over Allocation							
A. County Funded Eligible	-	-	-	-	-	-	-
B. County Funded Ineligible	-	-	-	-	-	-	-
C. Other Eligible	-	-	-	-	-	-	86,385
D. Other Ineligible	822	-	-	-	-	1,957	111,017
Subtotal Costs over allocation	822	-	-	-	-	1,957	197,402
IV. REVENUES							
A. Program Service Fees	-	-	-	-	-	-	19,994
B. Private Insurance	-	-	71,402	-	-	10,731	327,321
C. Medical Assistance	-	-	-	-	-	217,872	269,386
D. Medical Assistance - Admin Claims	-	-	-	-	-	-	-
E. Room and Board	23,822	-	-	-	-	-	464,121
F. Earned Interest	-	-	-	-	-	-	2,304
G. Other	-	-	40,435	38,768	21,088	4,274	1,567,159
Subtotal Revenues	23,822	-	111,837	38,768	21,088	232,877	2,650,285
V. DPW REIMBURSEMENT							
A. Base Allocation 90%	124,991	-	-	-	-	-	1,709,453
B. Base Allocation 100%	-	-	3,577	28,767	80,861	183,322	695,255
C. DPW Categorical Funding 90%	-	-	-	-	-	-	-
D. DPW Categorical Funding 100%	222,316	136,140	43,018	42,372	129,352	412,467	4,692,288
E. SSBG 90%	-	-	-	-	-	-	-
F. SSBG 100%	-	-	-	-	-	-	62,162
G. CMHSBG Non-Categorical Funding 90%	-	-	-	-	-	-	-
H. CMHSBG Non-Categorical Funding 100%	-	-	-	-	-	32,430	564,310
I. CMHSBG Categorical Funding	-	-	-	-	-	-	-
Subtotal DPW Reimbursement	347,307	136,140	46,595	71,139	210,213	628,219	7,723,468
VI. COUNTY MATCH							
10% County Match	13,888	-	-	-	-	-	189,941
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	361,195	136,140	46,595	71,139	210,213	628,219	7,913,409
VIII. TOTAL CARRYOVER							18,608

(Concluded)

COUNTY OF WASHINGTON, PENNSYLVANIA
NON BLOCK GRANT COUNTIES
INTELLECTUAL DISABILITIES SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CARRYOVER FUNDS
SINGLE AUDIT SUPPLEMENT
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit IV (c) ID NBG

Sources of DPW Funding	Appropriation	DPW Funds Available			Cost Eligible for DPW Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6)	Total Fund Balance (7)
		Carryover Funds (1)	Allotment (2)	Total Allocation (3)				
A. ID Services								
1. Community (Non-residential/Residential)	10255	\$ 119,825	\$ 615,764	\$ 735,589	\$ 368,219	\$ 370,410	\$ -	\$ 370,410
2. SSBG	70177	-	98,468	98,468	98,468	-	-	-
Subtotal ID Services		119,825	714,232	834,057	466,687	370,410	-	370,410
B. Waiver								
1. Waiver Administration	10255/70175	1,190	215,318	216,508	216,508	-	-	-
Subtotal Waiver		1,190	215,318	216,508	216,508	-	-	-
C. Other								
Subtotal Other		-	-	-	-	-	-	-
D. TOTAL		\$ 121,015	\$ 929,550	\$ 1,050,565	\$ 683,195	\$ 370,410	\$ -	\$ 370,410

COUNTY OF WASHINGTON, PENNSYLVANIA

NON BLOCK GRANT COUNTIES INTELLECTUAL DISABILITIES SERVICES REPORT OF INCOME AND EXPENDITURES SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit IV (d) ID NBG

	Administrator's Office	Case Management	Community Residential
I. TOTAL ALLOCATION			
II. TOTAL EXPENDITURES	\$ 365,546	\$ 79,283	\$ 210,543
III. Costs Over Allocation			
A. County Funded Eligible	-	-	-
B. County Funded Ineligible	-	-	-
C. Other Eligible	-	-	-
D. Other Ineligible	-	-	-
Subtotal Costs Over Allocation	-	-	-
IV. REVENUES			
A. Program Service Fees	-	-	-
B. Private Insurance	-	-	-
C. Medical Assistance	-	-	-
D. Medical Assistance-Admin Claims	4,805	-	-
E. Room and Board	-	-	-
F. Earned Interest	-	-	-
G. Other	10,152	-	-
Subtotal Revenues	14,957	-	-
V. DPW REIMBURSEMENT			
A. Base Allocation 90%	116,348	-	-
B. Base Allocation 100%	-	-	153,993
C. DPW Categorical Funding 90%	-	71,355	-
D. DPW Categorical Funding 100%	221,313	-	-
E. SSBG 90%	-	-	-
F. SSBG 100%	-	-	56,550
Subtotal Reimbursement	337,661	71,355	210,543
VI. COUNTY MATCH			
10% County Match	12,928	7,928	-
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	350,589	79,283	210,543
VIII. TOTAL CARRYOVER			

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

NON BLOCK GRANT COUNTIES INTELLECTUAL DISABILITIES SERVICES REPORT OF INCOME AND EXPENDITURES SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit IV (d) ID NBG, Continued

	Community Based Services	Other	Total
I. TOTAL ALLOCATION			\$ 1,050,565
II. TOTAL EXPENDITURES	\$ 81,563	\$ -	736,935
III. Costs Over Allocation			
A. County Funded Eligible	-	-	-
B. County Funded Ineligible	-	-	-
C. Other Eligible	-	-	-
D. Other Ineligible	-	-	-
Subtotal Costs Over Allocation	-	-	-
IV. REVENUES			
A. Program Service Fees	-	-	-
B. Private Insurance Fees	-	-	-
C. Medical Assistance	-	-	-
D. Medical Assistance-Administrative Claims	-	-	4,805
E. Room and Board	-	-	-
F. Interest	-	-	-
G. Other	14,500	-	24,652
Subtotal Revenues	14,500	-	29,457
V. DPW REIMBURSEMENT			
A. Base Allocation 90%	17,804	-	134,152
B. Base Allocation 100%	-	-	153,993
C. DPW Categorical Funding 90%	-	-	71,355
D. DPW Categorical Funding 100%	2,394	-	223,707
E. SSBG 90%	26,720	-	26,720
F. SSBG 100%	15,198	-	71,748
Subtotal Reimbursement	62,116	-	681,675
VI. COUNTY MATCH			
10% County Match	4,947	-	25,803
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	67,063	-	707,478
VIII. TOTAL CARRYOVER			\$ 368,890

(Concluded)

COUNTY OF WASHINGTON, PENNSYLVANIA

EARLY INTERVENTION SERVICES
 SCHEDULE OF REVENUES, EXPENDITURES, AND CARRYOVER FUNDS
 SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit V (a) EI

Sources of DPW Funding	Appropriation	DPW Funds Available			Cost Eligible for DPW Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6)	Total Fund Balance (7)
		Carryover Funds (1)	Allotment (2)	Total Allocation (3)				
A Early Intervention Services								
1. Early Intervention Services	10235	\$ 643	\$ 933,863	\$ 934,506	\$ 918,136	\$ 16,370	\$ -	\$ 16,370
2. Early Intervention Training	10235	-	6,283	6,283	6,060	223	-	223
3. Early Intervention Administration	10235	-	93,179	93,179	93,179	-	-	-
4. Infants & Toddlers w/ Disabilities (Part C)	70170	-	121,655	121,655	121,655	-	-	-
5. IT&F Waiver Administration	10235/70184	-	28,632	28,632	28,632	-	-	-
7 TOTAL EARLY INTERVENTION SERVICES		\$ 643	\$ 1,183,612	\$ 1,184,255	\$ 1,167,662	\$ 16,593	\$ -	\$ 16,593

COUNTY OF WASHINGTON, PENNSYLVANIA

EARLY INTERVENTION SERVICES REPORT OF INCOME AND EXPENDITURES SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit V (b) EI

	Administrator's Office	Early Intervention	Supports Coordination	Total
I. TOTAL ALLOCATION				\$ 1,184,255
II. TOTAL EXPENDITURES	\$ 132,699	\$ 984,825	\$ 413,244	1,530,768
III. Costs Over Allocation				
A. County Funded Eligible	535	-	-	535
B. County Funded Ineligible	-	-	-	-
C. Other Eligible	-	-	-	-
D. Other Ineligible	-	-	-	-
Subtotal Costs Over Allocation	535	-	-	535
IV. REVENUES				
A. Program Service Fees	-	-	-	-
B. Private Insurance	-	-	-	-
C. Medical Assistance	-	-	236,013	236,013
E. Earned Interest	-	-	-	-
F. Other	-	-	-	-
Subtotal Revenues	-	-	236,013	236,013
V. DPW REIMBURSEMENT				
C. DPW Categorical Funding 90%	93,179	886,343	159,508	1,139,030
D. DPW Categorical Funding 100%	28,632	-	-	28,632
Subtotal DPW Reimbursement	121,811	886,343	159,508	1,167,662
VI. 10% County Match	10,353	98,482	17,723	126,558
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	132,164	984,825	177,231	1,294,220
VIII. TOTAL CARRYOVER				\$ 16,593

COUNTY OF WASHINGTON, PENNSYLVANIA

CCIS RECAP RECAP FOR FISCAL YEAR 2012-2013

Exhibit VIII (a)

CONTRACTOR Washington County Commissioners
 FEDERAL ID NO: 25-60010430
 CONTRACT NO: DC-11-639992

COUNTY Washington
 PREPARED BY Gina Steranko
 PHONE NO.: 724-250-4010

	LOW INCOME		FORMER TANF		LI & FT TOTAL
	ADMIN	SERVICE	ADMIN	SERVICE	
REVENUE					
DPW Funds	\$ 454,922	\$ 4,650,410	\$ 121,051	\$ 780,720	\$ 6,007,103
Interest		1,091		191	1,282
Audit Adjustments	-		-		-
Other (e.g., Penalties)	940		-		940
		-		-	-
		-		-	-
		-		-	-
		-		-	-
		-		-	-
TOTAL REVENUE	\$ 455,862	\$ 4,651,501	\$ 121,051	\$ 780,911	\$ 6,009,325
EXPENDITURES					
Final Report Totals	\$ 511,796	\$ 4,648,243	\$ 131,239	\$ 776,367	\$ 6,067,645
		-		-	-
		-		-	-
		-		-	-
		-		-	-
		-		-	-
TOTAL EXPENDITURES	\$ 511,796	\$ 4,648,243	\$ 131,239	\$ 776,367	\$ 6,067,645
TOTAL DUE DPW	\$ (55,934)	\$ 3,258	\$ (10,188)	\$ 4,544	\$ (58,320)

(Continued)

COUNTY OF WASHINGTON, PENNSYLVANIA

CCIS RECAP RECAP FOR FISCAL YEAR 2012-2013

Exhibit VIII(b), Continued

CONTRACTOR Washington County Commissioners
 FEDERAL ID NO: 25-60010430
 CONTRACT NO: DC-11-639992

COUNTY Washington
 PREPARED BY Gina Steranko
 PHONE NO.: 724-250-4010

	TANF FSS	TANF Service		TANF TOTAL	STATE MOE/GA FSS	SERVICE		STATE MOE/GA TOTAL	SNAP			
		Training	Working			State Moe	Genl Assist/WS2		FSS	Service	Total	
REVENUE												
DPW Funds	\$ 66,204	\$ 142,305	\$ 80,544	\$ 289,053	\$ 10,791	\$ 30,070	\$ -	\$ 40,861	\$ 6,931	\$ 11,935	\$ 18,866	
Interest		41	27	68		8	1	9		4	4	
Audit Adjustments	-			-	-			-	-		-	
Other (e.g., Penalties)	-			-	-			-	-		-	
		-	-	-		-	-	-			-	
		-	-	-		-	-	-			-	
TOTAL REVENUE	\$ 66,204	\$ 142,346	\$ 80,571	\$ 289,121	\$ 10,791	\$ 30,078	\$ 1	\$ 40,870	\$ 6,931	\$ 11,939	\$ 18,870	
EXPENDITURES												
Final Report Totals	\$ 68,062	\$ 137,758	\$ 78,881	\$ 284,701	\$ 11,094	\$ 30,050	\$ -	\$ 41,144	\$ 7,126	\$ 11,421	\$ 18,547	
		-	-	-		-	-	-		-	-	
		-	-	-		-	-	-		-	-	
		-	-	-		-	-	-		-	-	
TOTAL EXPENDITURES	68,062	137,758	78,881	284,701	11,094	30,050	-	41,144	7,126	11,421	18,547	
TOTAL DUE DPW	\$ (1,858)	\$ 4,588	\$ 1,690	\$ 4,420	\$ (303)	\$ 28	\$ 1	\$ (274)	\$ (195)	\$ 518	\$ 323	

(Concluded)

COUNTY OF WASHINGTON, PENNSYLVANIA

NON BLOCK GRANT COUNTIES
COMBINED HOMELESS ASSISTANCE PROGRAM
REVENUES AND EXPENSES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2013

Exhibit XIX (a) NBG

	Administration	Bridge Housing	Case Management	Rental Assistance	Emergency Shelter	Other Housing Supports	Total
II Total Expenditures							
A. Personnel	\$ 12,934	\$ -	\$ 41,266	\$ -	\$ -	\$ -	\$ 54,200
B. Operating	9,516	-	-	-	-	-	9,516
C. Purchased Services	-	15,372	6,087	45,900	93,557	-	160,916
Subtotal of Total Expenditures	22,450	15,372	47,353	45,900	93,557	-	224,632
III. Revenues							
A. Client Fees	-	-	-	-	-	-	-
B. Fees	-	10	26	55	40	-	131
Subtotal Revenues	-	10	26	55	40	-	131
IV. DPW Reimbursement							
A. State HAP Funding	22,450	15,362	47,327	45,845	93,517	-	224,501
B. SSBG	-	-	-	-	-	-	-
C. SABG	-	-	-	-	-	-	-
Subtotal DPW Reimbursement	22,450	15,362	47,327	45,845	93,517	-	224,501
V. Unspent Allocation							\$ -

**County of Washington,
Pennsylvania**

Independent Auditor's Reports
Required by OMB Circular A-133

Year Ended December 31, 2013

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of County Commissioners
County Controller
County of Washington, Pennsylvania

We have audited, in accordance with the 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Washington, Pennsylvania (County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

Board of County Commissioners
County Controller
County of Washington, Pennsylvania
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mahe Duessel

Pittsburgh, Pennsylvania
July 24, 2014

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by OMB Circular A-133
and the DPW Compliance Supplement

Board of County Commissioners
County Controller
County of Washington, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the County of Washington's, Pennsylvania (County), compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the Pennsylvania Department of Public Welfare (DPW) *Compliance Supplement* that could have direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's major DPW programs are identified on the Schedule of DPW Financial Assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the DPW *Compliance Supplement*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on CFDA Number 93.563 Child Support Enforcement

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA Number 93.563 Child Support Enforcement as described in finding number 2013-001 for Reporting. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on CFDA Number 93.563 Child Support Enforcement

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA Number 93.563 Child Support Enforcement for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs and DPW programs identified on the Schedule of DPW Financial Assistance for the year ended December 31, 2013.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and DPW program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or DPW program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or DPW program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important

Board of County Commissioners
County Controller
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance

enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
July 24, 2014

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2013

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?
 yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?
 yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified for all major programs except for the Child Support Enforcement Program which was a qualified opinion

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

7. Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
90.401	Help America Vote Act Requirements Payments
93.563	Child Support Enforcement Program
	CCDF Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.659	Adoption Assistance
93.958	Block Grants for Community Mental Health Services
97.042	Emergency Management Performance Grants

8. Dollar threshold used to distinguish between type A and type B programs: \$716,318

9. Auditee qualified as low-risk auditee? yes no

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2013

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards and DPW awards.

FINDING: 2013-001 – Special Test and Provisions – PACSES Data Reliability

Federal Agency: Department of Health and Human Services

Program: Child Support Enforcement CFDA Number 93.563

Condition: During the case file review, we noted for Line 23 'Cases Open at the End of the Fiscal Year Where Health Insurance is Provided as Ordered' the case file did not include documentation of health insurance coverage as specified in the order for three out of the four case files selected. Also, we noted for Line 5 testing of 'Children in IV-D Cases Open at the End of the Fiscal Year That Were Born Out of Wedlock' that the case was not opened at the end of the fiscal year for one out of the four case files selected.

Criteria: Special Tests and Provisions under the Pennsylvania Department of Public Welfare (DPW) Single Audit Supplement for PACSES Data Reliability.

Effect: The County of Washington (County) is not in compliance with DPW requirements related to PACSES Data Reliability for the Child Support Enforcement Program.

Cause: The County did not ensure that the data posted to the PACSES is complete and reliable.

Recommendation: We recommend that the County ensure that all data posted to the PACSES is complete and reliable.

Questioned Costs: None.

Views of responsible officials and planned corrective actions: Management agrees; see separate corrective action plan.

COUNTY OF WASHINGTON, PENNSYLVANIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2013

NONE NOTED