

**County of Washington,  
Pennsylvania**

Single Audit

2011

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## 2011 SINGLE AUDIT

### DIRECTORY

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## 2011 SINGLE AUDIT

### DIRECTORY

(Continued)

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## Independent Auditor's Report

Board of County Commissioners  
County Controller  
County of Washington, Pennsylvania

We have audited the accompanying primary government financial statements (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, 2011, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units would have been reported as \$130,624,695, \$115,785,014, \$14,839,681, \$2,439,453 and \$1,808,749 respectively. In our opinion, because of the omission of the discretely presented component unit, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of the County, as of December 31, 2011, or the changes in financial position thereof for the year then ended.

Further, in our opinion, the financial statements referred to previously 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 for the primary government of the County, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Health Choices, Mental Health/Mental Retardation, and Human Services Special Revenue Funds, and Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2012 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension information, and OPEB information on pages i through xi and 56 through 60, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. Supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 financial statements. Similarly, the accompanying schedule of Department of Public Welfare expenditures is presented for purposes of additional analysis as required by the Commonwealth of Pennsylvania Department of Public Welfare and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Maker Duessel*

Pittsburgh, Pennsylvania  
August 15, 2012

## **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, 2011. 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 \$19,784,459, a decrease of \$207,904 from 2010.

The County had \$48,837,131 of general obligation debt as of December 31, 2011. This represents a decrease of \$1,375,238 from 2010.

The County had \$16.7 million in unrestricted net assets as of December 31, 2011, a decrease of \$2.9 million from the previous year.

The County established a trust fund for other post-employment benefits. The balance of the trust fund at December 31, 2011 was \$4,370,189.

The County has a bond rating of A+ from 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 primary government 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 Assets 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 Assets presents all of the County's assets and liabilities, recording the difference between the two as net assets. Over time, increases or decreases in net assets measure whether the County's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during 2011. 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 assets 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 and 911 operations 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  
Health Choices Fund  
Mental Health/Mental Retardation Fund  
Human Services Fund  
Debt Service Fund

These have been identified as major funds based on criteria set forth in Government 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 and 911 operations 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 Assets and a Statement of Changes in Fiduciary Net Assets. All fiduciary activities are excluded from the County's governmentwide financial statements because the assets of these funds are not available to support County programs.

Notes to the Primary Government Financial Statements: Notes to the primary government 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 17 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 Assets**

The following table summarizes the Statements of Net Assets as of December 31, 2011 and compares it to 2010.

	<b>Summary of Net Assets</b>			
	<b>Government Activities</b>		<b>Business-type Activities</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Assets:</b>				
Current and other assets	\$ 49,188,799	\$ 45,414,153	\$ 10,465,946	\$ 10,837,015
Capital assets	<u>60,886,609</u>	<u>57,945,718</u>	<u>12,494,674</u>	<u>12,440,833</u>
<b>Total Assets</b>	<b><u>\$ 110,075,408</u></b>	<b><u>\$ 103,359,871</u></b>	<b><u>\$ 22,960,620</u></b>	<b><u>\$ 23,277,848</u></b>
<b>Liabilities:</b>				
Current liabilities	\$ 25,276,107	\$ 21,656,812	\$ 4,734,607	\$ 7,021,478
Other liabilities	<u>45,203,016</u>	<u>46,311,864</u>	<u>235,000</u>	<u>460,000</u>
<b>Total Liabilities</b>	<b><u>70,479,123</u></b>	<b><u>67,968,676</u></b>	<b><u>4,969,607</u></b>	<b><u>7,481,478</u></b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	15,663,957	11,756,579	12,034,674	11,765,833
Restricted	7,228,399	4,029,078	-	-
Unrestricted	<u>16,703,929</u>	<u>19,605,538</u>	<u>5,956,339</u>	<u>4,030,537</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 110,075,408</u></b>	<b><u>\$ 103,359,871</u></b>	<b><u>\$ 22,960,620</u></b>	<b><u>\$ 23,277,848</u></b>

## **Net Assets**

For 2011, net assets of government activities increased by \$4,205,090 to \$39,596,285. Unrestricted net assets, funds available for operations or payment of long-term debt, decreased by \$2,901,609.

## **Infrastructure Assets**

The County's total assets at December 31, 2011, were \$133,036,028. Of this amount, \$73,381,283 is in capital assets, which includes infrastructure. Historically, infrastructure has not been reported or depreciated in the government-wide financial statements.

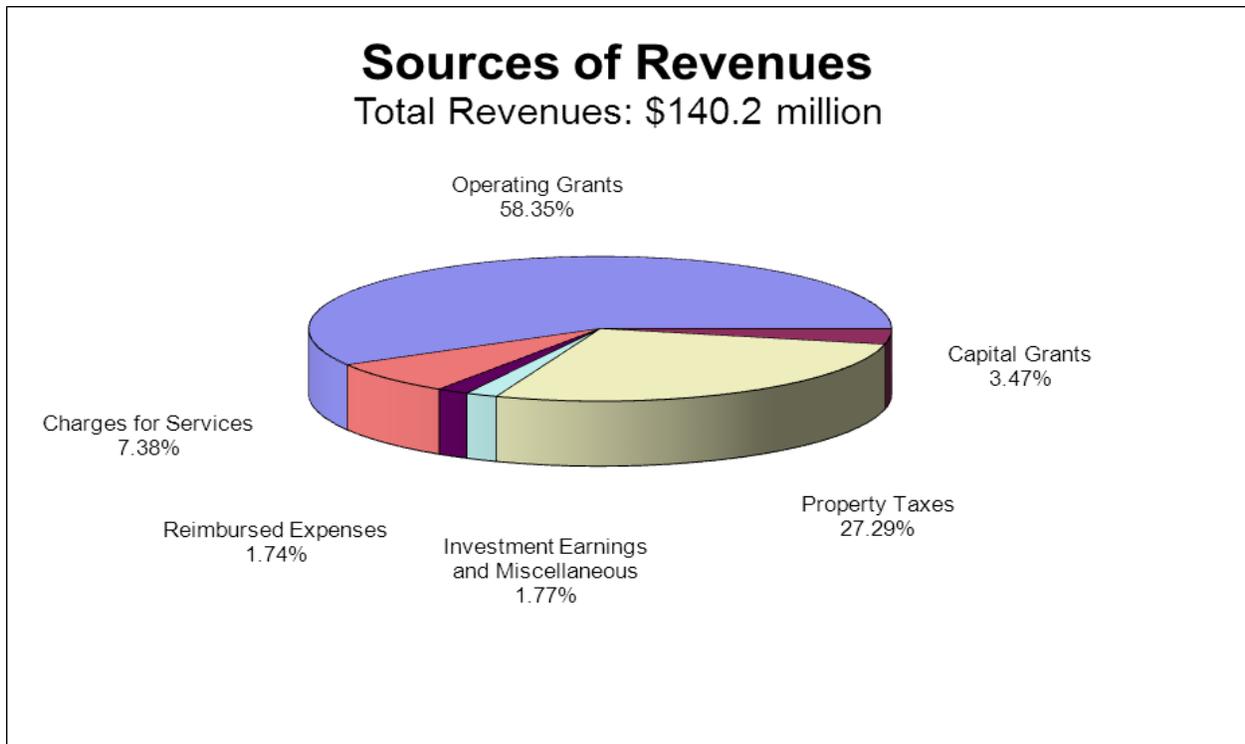
GASB Statement No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the governmentwide financial statement. This statement does permit reporting in two stages. Prospective reporting of infrastructure (Stage #1) is required 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 Assets  
Years Ended December 31, 2011 and 2010**

	<u>Government Activities</u>		<u>Business-type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 10,345,172	\$ 10,582,770	\$ 28,450,653	\$ 27,434,442
Operating grants and contributions	81,791,640	82,459,766	1,927,864	637,424
Capital grants and contributions	4,857,760	1,676,822	2,631,471	2,195,519
General revenues:				
Property taxes	38,253,161	37,661,517	-	-
Investment earnings	161,806	281,783	14,029	24,285
Reimbursed expenses	2,444,725	1,974,781	-	-
Miscellaneous	2,314,353	3,716,566	-	-
<b>Total Revenues</b>	<u>140,168,617</u>	<u>138,354,005</u>	<u>33,024,017</u>	<u>30,291,670</u>
<b>Expenses:</b>				
General government	21,229,327	19,610,066	-	-
Judicial government	13,538,054	14,041,582	-	-
Public safety	15,007,774	15,817,893	4,772,691	4,729,603
Public works	2,947,938	1,775,961	-	-
Human services	78,989,716	80,204,904	26,506,683	26,411,477
Culture and recreation	860,985	619,154	-	-
Conservation and development	212,359	196,840	-	-
Interest on long-term debt	2,727,374	2,584,843	-	-
<b>Total Expenses</b>	<u>135,513,527</u>	<u>134,851,243</u>	<u>31,279,374</u>	<u>31,141,080</u>
<b>Excess (Deficiency) of Revenues over Expenses Before Transfers</b>	4,655,090	3,502,762	1,744,643	(849,410)
Transfers	<u>(450,000)</u>	<u>(500,000)</u>	<u>450,000</u>	<u>500,000</u>
<b>Change in Net Assets</b>	4,205,090	3,002,762	2,194,643	(349,410)
Net Assets - Beginning	<u>35,391,195</u>	<u>32,388,433</u>	<u>15,796,370</u>	<u>16,145,780</u>
Net Assets - Ending	<u>\$ 39,596,285</u>	<u>\$ 35,391,195</u>	<u>\$ 17,991,013</u>	<u>\$ 15,796,370</u>

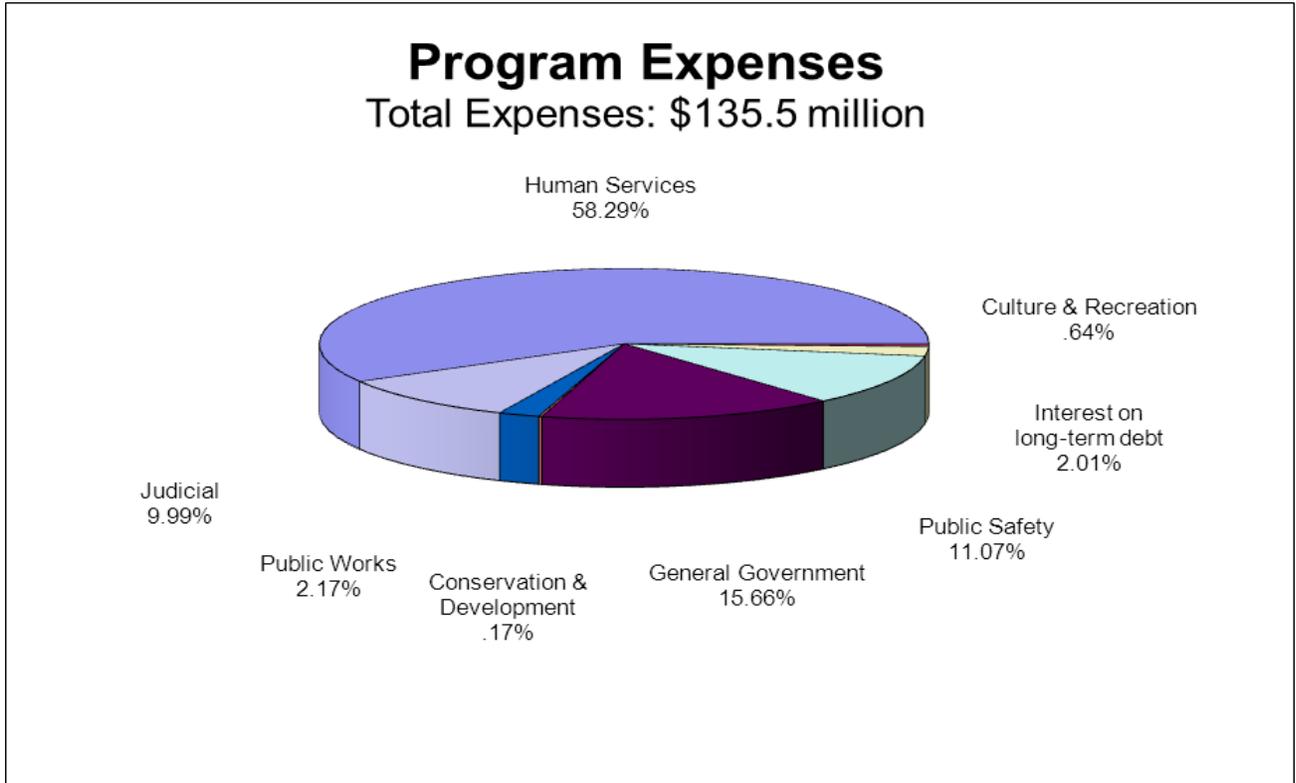
## Governmental Activities

The following chart shows the composition of revenues for the year ended December 31, 2011:



Total government-wide revenues of \$140.2 million were derived primarily from program-based operating grants, representing 58.35% of the total. Real estate taxes made up the second largest source of revenue at 27.29%.

The following chart graphically depicts the government-wide program expenses for the year ended December 31, 2011:



## **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 \$135.5 million with a net cost of services of \$38.5 million.

### **Net Cost of the County's Governmental Activities Years Ended December 31, 2011 and 2010**

	Expenses		Program Revenues		Net Cost of Services	
	2011	2010	2011	2010	2011	2010
General Government	\$ 21,229,327	\$ 19,610,066	\$ 4,150,014	\$ 3,744,434	\$ 17,079,313	\$ 15,865,632
Judicial	13,538,054	14,041,582	6,359,772	6,842,156	7,178,282	7,199,426
Public Safety	15,007,774	15,817,893	2,008,762	1,668,655	12,999,012	14,149,238
Public Works	2,947,938	1,775,961	3,426,502	1,255,084	(478,564)	520,877
Human Services	78,989,716	80,204,904	79,639,274	81,343,705	(649,558)	(1,138,801)
Culture and Recreation	860,985	619,154	79,267	246,775	781,718	372,379
Conservation and Development	212,359	196,840	1,330,981	325,482	(1,118,622)	(128,642)
Debt service	<u>2,727,374</u>	<u>2,584,843</u>	<u>-</u>	<u>-</u>	<u>2,727,374</u>	<u>2,584,843</u>
Total	<u>\$ 135,513,527</u>	<u>\$ 134,851,243</u>	<u>\$ 96,994,572</u>	<u>\$ 95,426,291</u>	<u>\$ 38,518,955</u>	<u>\$ 39,424,952</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, 2011, the County had combined ending fund balances of \$29,005,710, an increase of \$233,433 from 2010.

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 2011, the total General Fund balance was \$19,784,459, a decrease of \$207,904 from 2010. An increase in expenditures related to the establishment of a trust fund for other post-employment benefits was the reason for the decrease in fund balance.

General Fund revenues decreased by \$5,848 during 2011, from \$67,371,605 to \$67,365,757, while expenditures in the fund increased from \$58,893,372 to \$64,953,077. Health insurance and pension-related costs were the two largest increases.

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 balance of \$3,894,571, an increase of \$581,545 from 2010.

The Mental Health/Mental Retardation Fund had a year-end balance of \$0. All funds received were expended to provide services to MH/MR clients. Revenues in this fund increased to \$11,669,903 from \$11,854,326 and expenditures decreased from \$12,224,326 to \$12,039,903. Beginning with fiscal year 2009-2010, the Pennsylvania Department of Public Welfare stopped allocating Mental Retardation waiver funds to the counties and began making direct payments to providers.

The Human Services Fund provides social services to eligible County residents and is funded by state and federal grants. The 2011 fund balance increased by \$322,600 to \$1,038,652.

The Debt Service Fund is used for the payment of long-term debt not associated with the proprietary funds. The year-end fund balance decreased by \$67,807 to \$1,655,130.

### **Proprietary Fund**

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

Total net assets of the Washington County Health Center at December 31, 2011, were \$12,850,230, an increase of \$2,913,932 from 2010. The facility had operating income of \$532,270 for 2011. The occupancy rate was over 95% in the 288-bed facility.

Total net assets of Emergency Communication 911 operations were \$5,140,783, a decrease of \$719,289 from 2010. The decrease was a result of a significant reduction in grant funds from the previous year.

## **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 which 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, \$511,000 was allocated to departments anticipated to exceed their original budgets. Of this amount, the largest adjustment was for interfund transfers. The overall variance between the actual expenditures and the final budget was a negative variance of \$227,487.

### **Revenue Variances**

Variances between actual revenue and budgeted revenue for the year reflected a positive variance in the amount of \$1,559,392. This was due to increases in real estate tax collections and charges for services.

### **Capital Assets and Debt Administration**

The County's investment in capital assets, net of accumulated depreciation, amounted to \$73,381,283 as of December 31, 2011.

#### **Summary of Capital Assets Years Ended December 31, 2011 and 2010**

	Governmental Activities		Business-type Activities		Balances as of December 31	
	2011	2010	2011	2010	2011	2010
Land and improvements	\$ 4,889,030	\$ 3,759,301	\$ -	\$ -	\$ 4,889,030	\$ 3,759,301
Buildings and improvements	24,619,007	25,683,780	5,935,650	4,834,525	30,554,657	30,518,305
Furniture, fixtures, and equipment	5,447,019	5,615,064	6,477,607	6,884,579	11,924,626	12,499,643
Infrastructure	20,745,432	21,244,098	-	-	20,745,432	21,244,098
Construction in progress	5,186,121	1,643,475	81,417	721,729	5,267,538	2,365,204
Total	<u>\$ 60,886,609</u>	<u>\$ 57,945,718</u>	<u>\$ 12,494,674</u>	<u>\$ 12,440,833</u>	<u>\$ 73,381,283</u>	<u>\$ 70,386,551</u>

Highlights of amounts expended in 2011 for major capital assets include:

- \$440,000 for development at the County Airport.
- \$1,300,000 for renovations to County Buildings.
- \$800,000 for improvements to the County Parks.
- \$2,100,000 for improvements to County Bridges.

### **Long-Term Debt**

As of December 31, 2011, the County had outstanding debt of \$48,837,331. This was a decrease of \$1,375,238 from the previous year.

**Outstanding Debt as of December 31, 2011 and 2010**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 39,022,307	\$ 39,601,647	\$ 460,000	\$ 675,000	\$ 39,482,307	\$ 40,276,647
Lease rental debt	9,354,824	9,935,722	-	-	9,354,824	9,935,722
Total	<u>\$ 48,377,131</u>	<u>\$ 49,537,369</u>	<u>\$ 460,000</u>	<u>\$ 675,000</u>	<u>\$ 48,837,131</u>	<u>\$ 50,212,369</u>

**Economic Factors and the 2012 Budget**

The real estate tax rate for 2012 remained at 24.9 mills.

The County’s 2012 annual required contribution to the Retirement Fund is \$3,503,988.

The \$182 million consolidated budget for 2012 remains the same as 2011.

**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**

Primary Government  
Financial Statements

# COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2011

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF NET ASSETS

DECEMBER 31, 2011

Assets	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 32,591,373	\$ 4,707,823	\$ 37,299,196
Residents' and other restricted funds	-	162,097	162,097
Receivables:			
Taxes receivable, net of allowance	2,149,959	-	2,149,959
Internal balances	259,881	(259,881)	-
Due from other governments	9,057,806	4,171,308	13,229,114
Interest and other	2,305,789	1,620,500	3,926,289
Loans receivable	2,197,091	-	2,197,091
Prepaid assets and other	214,383	64,099	278,482
Fixed assets not being depreciated	1,330,271	81,417	1,411,688
Fixed assets, net of accumulated depreciation	35,379,701	12,413,257	47,792,958
Infrastructure assets not being depreciated	4,264,150	-	4,264,150
Infrastructure assets, net of accumulated depreciation	19,912,487	-	19,912,487
Deferred bond issue costs	412,517	-	412,517
<b>Total Assets</b>	<b>110,075,408</b>	<b>22,960,620</b>	<b>133,036,028</b>
<b>Liabilities</b>			
Accounts payable	9,581,983	1,172,344	10,754,327
Accrued payroll and related liabilities	1,996,211	1,227,381	3,223,592
Accrued interest payable	509,244	-	509,244
Unearned revenue	3,826,334	39,465	3,865,799
Net other post-employment benefits obligation	3,579,116	1,908,320	5,487,436
Residents' and other restricted funds	-	162,097	162,097
Derivative liability	2,594,712	-	2,594,712
Borrowing payable - swaption	1,068,507	-	1,068,507
Bonds payable:			
Amount due within one year	2,120,000	225,000	2,345,000
Amount due in more than one year	46,257,331	235,000	46,492,331
Net discount on bonds	(7,013)	-	(7,013)
Deferred refunding loss	(1,047,302)	-	(1,047,302)
Net bonds payable	47,323,016	460,000	47,783,016
<b>Total Liabilities</b>	<b>70,479,123</b>	<b>4,969,607</b>	<b>75,448,730</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	15,663,957	12,034,674	27,698,631
Restricted for:			
Debt Service	1,655,130	-	1,655,130
Health Choices	3,894,571	-	3,894,571
Human services	1,038,652	-	1,038,652
Liquid fuels	640,046	-	640,046
Unrestricted	16,703,929	5,956,339	22,660,268
<b>Total Net Assets</b>	<b>\$ 39,596,285</b>	<b>\$ 17,991,013</b>	<b>\$ 57,587,298</b>

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
<b>Primary Government:</b>							
Governmental activities:							
General government - administration	\$ 21,229,327	\$ 3,514,443	\$ 392,743	\$ 242,828	\$ (17,079,313)	\$ -	\$ (17,079,313)
General government - judicial	13,538,054	4,409,757	1,950,015	-	(7,178,282)	-	(7,178,282)
Public safety	15,007,774	1,004,168	1,004,594	-	(12,999,012)	-	(12,999,012)
Public works and enterprises	2,947,938	161,301	-	3,265,201	478,564	-	478,564
Human services	78,989,716	1,194,986	78,444,288	-	649,558	-	649,558
Culture and recreation	860,985	60,517	-	18,750	(781,718)	-	(781,718)
Conservation and development	212,359	-	-	1,330,981	1,118,622	-	1,118,622
Interest on long-term debt	2,727,374	-	-	-	(2,727,374)	-	(2,727,374)
Total governmental activities	135,513,527	10,345,172	81,791,640	4,857,760	(38,518,955)	-	(38,518,955)
Business-type activities:							
Washington County Health Center	26,506,683	27,004,049	1,735,714	668,630	-	2,901,710	2,901,710
Emergency Communication 911	4,772,691	1,446,604	192,150	1,962,841	-	(1,171,096)	(1,171,096)
Total business-type activities	31,279,374	28,450,653	1,927,864	2,631,471	-	1,730,614	1,730,614
<b>Total Primary Government</b>	<b>\$ 166,792,901</b>	<b>\$ 38,795,825</b>	<b>\$ 83,719,504</b>	<b>\$ 7,489,231</b>	<b>(38,518,955)</b>	<b>1,730,614</b>	<b>(36,788,341)</b>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net of uncollectibles					38,253,161	-	38,253,161
Hotel tax					1,326,141	-	1,326,141
Interest					161,806	14,029	175,835
Rents and royalties					2,123,805	-	2,123,805
Payments in lieu of taxes					148,411	-	148,411
Investment gain (loss) on swaption					(1,773,017)	-	(1,773,017)
Reimbursed expenses					2,444,725	-	2,444,725
Miscellaneous					489,013	-	489,013
Transfers					(450,000)	450,000	-
Total general revenues					42,724,045	464,029	43,188,074
<b>Change in Net Assets</b>					4,205,090	2,194,643	6,399,733
<b>Net Assets:</b>							
Beginning of year					35,391,195	15,796,370	51,187,565
End of year					\$ 39,596,285	\$ 17,991,013	\$ 57,587,298

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	General	Health Choices	Mental Health/ Mental Retardation	Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 18,178,593	\$ 4,240,241	\$ 4,741,325	\$ 1,046,692	\$ 1,571,277	\$ 2,813,245	\$ 32,591,373
Receivables:							
Taxes receivable, net of allowance	1,971,116	-	-	-	178,843	-	2,149,959
Due from other governments	4,950,033	-	397,685	1,512,325	75,000	1,112,464	8,047,507
Interest and other	1,308,864	-	359,288	891	-	636,746	2,305,789
Loans receivable	-	-	-	-	2,197,091	-	2,197,091
Total receivables	<u>8,230,013</u>	<u>-</u>	<u>756,973</u>	<u>1,513,216</u>	<u>2,450,934</u>	<u>1,749,210</u>	<u>14,700,346</u>
Due from other funds	1,279,604	-	-	-	-	37,376	1,316,980
Prepays and other	150,631	-	-	-	-	63,752	214,383
Interfund advances receivable	493,787	-	-	-	-	-	493,787
<b>Total Assets</b>	<b><u>\$ 28,332,628</u></b>	<b><u>\$ 4,240,241</u></b>	<b><u>\$ 5,498,298</u></b>	<b><u>\$ 2,559,908</u></b>	<b><u>\$ 4,022,211</u></b>	<b><u>\$ 4,663,583</u></b>	<b><u>\$ 49,316,869</u></b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 4,627,529	\$ 345,670	\$ 1,746,726	\$ 1,483,217	\$ -	\$ 1,378,841	\$ 9,581,983
Accrued payroll and related liabilities	1,794,709	-	42,539	17,524	-	141,439	1,996,211
Deferred revenue	2,088,555	-	3,708,595	20,479	2,367,081	7,668	8,192,378
Due to other funds	37,376	-	438	36	-	8,950	46,800
Advances due to other funds	-	-	-	-	-	493,787	493,787
Total Liabilities	<u>8,548,169</u>	<u>345,670</u>	<u>5,498,298</u>	<u>1,521,256</u>	<u>2,367,081</u>	<u>2,030,685</u>	<u>20,311,159</u>
<b>Fund Balance:</b>							
<b>Nonspendable:</b>							
Inventories and prepaids	150,631	-	-	-	-	63,752	214,383
Advances	493,787	-	-	-	-	(493,787)	-
<b>Restricted for:</b>							
Debt service	-	-	-	-	1,655,130	-	1,655,130
Health Choices	-	3,894,571	-	-	-	-	3,894,571
Human services	-	-	-	1,038,652	-	-	1,038,652
Liquid fuels	-	-	-	-	-	640,046	640,046
<b>Committed for:</b>							
Capital projects	-	-	-	-	-	1,847,231	1,847,231
Hazardous materials	-	-	-	-	-	183,409	183,409
Airport operations	-	-	-	-	-	22,283	22,283
<b>Assigned for:</b>							
Encumbrances	78,192	-	-	-	-	91,155	169,347
Unassigned	19,061,849	-	-	-	-	278,809	19,340,658
<b>Total Fund Balance</b>	<b><u>19,784,459</u></b>	<b><u>3,894,571</u></b>	<b><u>-</u></b>	<b><u>1,038,652</u></b>	<b><u>1,655,130</u></b>	<b><u>2,632,898</u></b>	<b><u>29,005,710</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 28,332,628</u></b>	<b><u>\$ 4,240,241</u></b>	<b><u>\$ 5,498,298</u></b>	<b><u>\$ 2,559,908</u></b>	<b><u>\$ 4,022,211</u></b>	<b><u>\$ 4,663,583</u></b>	<b><u>\$ 49,316,869</u></b>

The notes to the primary government 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 ASSETS

DECEMBER 31, 2011

**Total Fund Balance - Governmental Funds** \$ 29,005,710

Amounts reported for governmental activities in the statement of net assets 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 \$100,069,698 and the accumulated depreciation is \$39,183,089. 60,886,609

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 deferred in the funds. 2,168,953

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 deferred in the funds. 2,197,091

Government funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets. 1,466,832

The statement of net assets reports the effect of derivative instruments at fair value, whereas these amounts are not recorded in the government funds. (3,663,219)

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	\$ (48,377,331)	
Accrued interest on bonds	(509,244)	
Net post-employment benefits obligation	(3,579,116)	(52,465,691)

**Total Net Assets - Governmental Activities** \$ 39,596,285

The notes to the primary 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, 2011

	General	Health Choices	Mental Health/ Mental Retardation	Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 35,095,089	\$ -	\$ -	\$ -	\$ 3,086,089	\$ -	\$ 38,181,178
Intergovernmental	19,118,856	36,696,322	10,698,462	14,417,461	-	6,702,032	87,633,133
Charges for services	9,924,859	-	954,261	-	-	384,894	11,264,014
Fines and forfeits	126,234	-	-	-	-	-	126,234
Interest	117,254	19,793	3,100	8,939	626	12,394	162,106
Other	2,983,465	-	14,080	8,865	402,674	1,013,324	4,422,408
<b>Total revenues</b>	<b>67,365,757</b>	<b>36,716,115</b>	<b>11,669,903</b>	<b>14,435,265</b>	<b>3,489,389</b>	<b>8,112,644</b>	<b>141,789,073</b>
<b>Expenditures:</b>							
Current:							
General government - administration	9,958,468	-	-	-	-	-	9,958,468
General government - judicial	11,190,269	-	-	-	-	2,658,336	13,848,605
Public safety	14,977,362	-	-	-	-	94,473	15,071,835
Public works and enterprises	-	-	-	-	-	2,932,225	2,932,225
Human services	16,378,447	36,134,570	12,039,903	14,112,665	-	-	78,665,585
Culture and recreation	199,362	-	-	-	-	-	199,362
Conservation and development	315,667	-	-	-	-	-	315,667
Other	11,933,502	-	-	-	-	-	11,933,502
Debt service:							
Principal	-	-	-	-	2,045,000	-	2,045,000
Interest and fiscal charges	-	-	-	-	1,708,809	-	1,708,809
Capital projects	-	-	-	-	-	4,472,611	4,472,611
<b>Total expenditures</b>	<b>64,953,077</b>	<b>36,134,570</b>	<b>12,039,903</b>	<b>14,112,665</b>	<b>3,753,809</b>	<b>10,157,645</b>	<b>141,151,669</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,412,680</b>	<b>581,545</b>	<b>(370,000)</b>	<b>322,600</b>	<b>(264,420)</b>	<b>(2,045,001)</b>	<b>637,404</b>
<b>Other Financing Sources (Uses):</b>							
Sale of capital assets	5,578	-	-	-	-	-	5,578
Real estate refunds	(156,162)	-	-	-	-	-	(156,162)
Loan repayment	-	-	-	-	196,613	-	196,613
Operating transfers in	-	-	370,000	-	-	1,661,101	2,031,101
Operating transfers out	(2,470,000)	-	-	-	-	(11,101)	(2,481,101)
<b>Total other financing sources (uses)</b>	<b>(2,620,584)</b>	<b>-</b>	<b>370,000</b>	<b>-</b>	<b>196,613</b>	<b>1,650,000</b>	<b>(403,971)</b>
<b>Net Change in Fund Balance</b>	<b>(207,904)</b>	<b>581,545</b>	<b>-</b>	<b>322,600</b>	<b>(67,807)</b>	<b>(395,001)</b>	<b>233,433</b>
<b>Fund Balance:</b>							
Beginning of year	19,992,363	3,313,026	-	716,052	1,722,937	3,027,899	28,772,277
End of year	<u>\$ 19,784,459</u>	<u>\$ 3,894,571</u>	<u>\$ -</u>	<u>\$ 1,038,652</u>	<u>\$ 1,655,130</u>	<u>\$ 2,632,898</u>	<u>\$ 29,005,710</u>

The notes to the primary 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, 2011

**Net Change in Fund Balance - Governmental Funds** \$ 233,433

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)	\$ 5,956,195	
Less: Depreciation expense	<u>(3,015,304)</u>	2,940,891

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. Deferred revenues increased by this amount during the year. 146,983

Loan repayments that will be collected in future years and, therefore, are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year. (93,305)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and 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. 1,052,816

Investment income and loss related to derivative instruments is recognized within the statement of activities. This amount represents the change in the investment in derivative instruments during the year. (1,806,376)

Liabilities incurred for post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds. 1,723,670

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. 6,978

**Change in Net Assets of Governmental Activities** \$ 4,205,090

The notes to the primary 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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 34,513,236	\$ 34,513,236	\$ 35,095,089	\$ 581,853
Intergovernmental	19,681,629	19,681,629	19,118,856	(562,773)
Charges for services	8,850,500	8,850,500	9,924,859	1,074,359
Fines and forfeits	120,000	120,000	126,234	6,234
Interest	200,500	200,500	117,254	(83,246)
Other	2,440,500	2,440,500	2,983,465	542,965
Total revenues	<u>65,806,365</u>	<u>65,806,365</u>	<u>67,365,757</u>	<u>1,559,392</u>
<b>Expenditures:</b>				
Current:				
General government - administration	10,747,117	10,747,117	9,958,468	788,649
General government - judicial	11,373,345	11,373,345	11,190,269	183,076
Public safety	16,214,939	16,214,939	14,977,362	1,237,577
Human services	17,156,076	17,156,076	16,378,447	777,629
Culture and recreation	199,512	199,512	199,362	150
Conservation and development	325,668	325,668	315,667	10,001
Other	8,708,933	8,708,933	11,933,502	(3,224,569)
Total expenditures	<u>64,725,590</u>	<u>64,725,590</u>	<u>64,953,077</u>	<u>(227,487)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,080,775</u>	<u>1,080,775</u>	<u>2,412,680</u>	<u>1,331,905</u>
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	6,000	6,000	5,578	(422)
Real estate refunds	(200,000)	(200,000)	(156,162)	43,838
Operating transfers out	(2,270,000)	(2,270,000)	(2,470,000)	(200,000)
Total other financing sources (uses)	<u>(2,464,000)</u>	<u>(2,464,000)</u>	<u>(2,620,584)</u>	<u>(156,584)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,383,225)</u>	<u>\$ (1,383,225)</u>	<u>\$ (207,904)</u>	<u>\$ 1,175,321</u>

The notes to the primary 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 HEALTH CHOICES SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
<b>Revenues:</b>			
Intergovernmental:			
State grant	\$ 36,900,000	\$ 35,597,124	\$ (1,302,876)
Reinvestment	900,000	1,099,198	199,198
Interest	44,200	19,793	(24,407)
Total revenues	<u>37,844,200</u>	<u>36,716,115</u>	<u>(1,128,085)</u>
<b>Expenditures:</b>			
Human services	<u>36,704,669</u>	<u>36,134,570</u>	<u>570,099</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ 1,139,531</u>	<u>\$ 581,545</u>	<u>\$ (557,986)</u>

The notes to the primary 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 MENTAL HEALTH/MENTAL RETARDATION SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Intergovernmental	\$ 12,353,586	\$ 10,698,462	\$ (1,655,124)
Charges for services	1,205,000	954,261	(250,739)
Interest	15,000	3,100	(11,900)
Other	-	14,080	14,080
Total revenues	<u>13,573,586</u>	<u>11,669,903</u>	<u>(1,903,683)</u>
<b>Expenditures:</b>			
Human services	<u>13,906,464</u>	<u>12,039,903</u>	<u>1,866,561</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(332,878)</u>	<u>(370,000)</u>	<u>(37,122)</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfer in	<u>370,000</u>	<u>370,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 37,122</u>	<u>\$ -</u>	<u>\$ (37,122)</u>

The notes to the primary 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 HUMAN SERVICES SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Intergovernmental:			
Federal grant - CCIS daycare	\$ 4,166,598	\$ 3,935,941	\$ (230,657)
Federal grants - other human services	3,846,090	3,801,569	(44,521)
State grants - transportation	1,861,616	1,737,749	(123,867)
State grant - HSDF	388,862	316,322	(72,540)
State grant - CCIS daycare	3,846,090	3,707,326	(138,764)
State grants - other human services	885,781	918,554	32,773
Total intergovernmental	14,995,037	14,417,461	(577,576)
Interest	6,500	8,939	2,439
Other	920	8,865	7,945
Total revenues	15,002,457	14,435,265	(567,192)
<b>Expenditures:</b>			
Human services:			
CCIS daycare	8,031,169	7,664,423	366,746
Transportation	3,512,483	3,383,417	129,066
HSDF	380,562	305,192	75,370
Other	3,094,804	2,759,633	335,171
Total expenditures	15,019,018	14,112,665	906,353
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (16,561)</b>	<b>\$ 322,600</b>	<b>\$ 339,161</b>

The notes to the primary 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 - DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Taxes	\$ 2,978,212	\$ 3,086,089	\$ 107,877
Interest	20,000	626	(19,374)
Other	767,673	402,674	(364,999)
Total revenues	<u>3,765,885</u>	<u>3,489,389</u>	<u>(276,496)</u>
<b>Expenditures:</b>			
Debt service:			
Principal	2,260,000	2,045,000	215,000
Interest and fiscal charges	1,733,842	1,708,809	25,033
Total expenditures	<u>3,993,842</u>	<u>3,753,809</u>	<u>240,033</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(227,957)</u>	<u>(264,420)</u>	<u>(36,463)</u>
<b>Other Financing Sources (Uses):</b>			
Loan repayment	<u>247,875</u>	<u>196,613</u>	<u>(51,262)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 19,918</u>	<u>\$ (67,807)</u>	<u>\$ (87,725)</u>

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2011

<b>Assets</b>	Business-type Activities - Enterprise Funds		
	Washington County Health Center	Emergency Communication 911	Total
Current assets:			
Cash and cash equivalents	\$ 3,982,390	\$ 725,433	\$ 4,707,823
Residents' and other restricted funds	162,097	-	162,097
Receivables due from other governments	4,061,019	110,289	4,171,308
Receivables - other	1,484,912	135,588	1,620,500
Prepaid assets and other	62,648	1,451	64,099
Total current assets	9,753,066	972,761	10,725,827
Fixed assets not being depreciated	81,417	-	81,417
Fixed assets, net of accumulated depreciation	7,773,103	4,640,154	12,413,257
<b>Total Assets</b>	<b>17,607,586</b>	<b>5,612,915</b>	<b>23,220,501</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,067,792	104,552	1,172,344
Accrued payroll and related liabilities	1,096,263	131,118	1,227,381
Due to other funds	257,795	2,086	259,881
Deferred revenue	39,465	-	39,465
Residents' and other restricted funds	162,097	-	162,097
Current portion of long-term debt	225,000	-	225,000
Total current liabilities	2,848,412	237,756	3,086,168
Long-term liabilities:			
Net other post-employment benefits obligation	1,673,944	234,376	1,908,320
Long-term debt	235,000	-	235,000
Total long-term liabilities	1,908,944	234,376	2,143,320
<b>Total Liabilities</b>	<b>4,757,356</b>	<b>472,132</b>	<b>5,229,488</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	7,394,520	4,640,154	12,034,674
Unrestricted	5,455,710	500,629	5,956,339
<b>Total Net Assets</b>	<b>\$ 12,850,230</b>	<b>\$ 5,140,783</b>	<b>\$ 17,991,013</b>

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Washington County Health Center	Emergency Communication 911	Total
<b>Operating Revenues:</b>			
Charges for services and fees	\$ 27,004,049	\$ 1,446,604	\$ 28,450,653
<b>Operating Expenses:</b>			
Patient/client services	25,898,193	-	25,898,193
Public safety	-	1,888,887	1,888,887
Depreciation	573,586	1,243,258	1,816,844
Total operating expenses	26,471,779	3,132,145	29,603,924
<b>Operating Income (Loss)</b>	532,270	(1,685,541)	(1,153,271)
<b>Non-Operating Revenues (Expenses):</b>			
Wireless 911 grant revenue	-	1,948,851	1,948,851
Wireless 911 grant expenses	-	(1,612,241)	(1,612,241)
Contribution	1,377,000	192,150	1,569,150
Loss on disposal of fixed assets	(5,432)	(28,305)	(33,737)
State grant revenue	1,027,344	-	1,027,344
Interest expense	(29,472)	-	(29,472)
Interest income	12,222	1,807	14,029
Total non-operating revenues (expenses)	2,381,662	502,262	2,883,924
<b>Income (Loss) Before Fund Transfers</b>	2,913,932	(1,183,279)	1,730,653
Capital contributions	-	13,990	13,990
Fund transfers in	700,000	450,000	1,150,000
Fund transfers out	(700,000)	-	(700,000)
<b>Change in Net Assets</b>	2,913,932	(719,289)	2,194,643
<b>Net Assets:</b>			
Beginning of year	9,936,298	5,860,072	15,796,370
End of year	\$ 12,850,230	\$ 5,140,783	\$ 17,991,013

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Washington County Health Center	Emergency Communication 911	Total
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 26,480,552	\$ 1,343,754	\$ 27,824,306
Cash payments for patient and client services	(26,882,466)	(2,012,194)	(28,894,660)
Net cash provided by (used in) operating activities	(401,914)	(668,440)	(1,070,354)
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchases of fixed assets	(1,495,272)	(395,160)	(1,890,432)
Grant revenue	348,179	(294,177)	54,002
Interest payments on bonds	(29,472)	-	(29,472)
Principal payments on bonds	(215,000)	-	(215,000)
Net cash provided by (used in) capital and related financing activities	(1,391,565)	(689,337)	(2,080,902)
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Payments for wireless expenses	-	(1,612,241)	(1,612,241)
Receipt of wireless grant revenue	-	1,948,851	1,948,851
Contribution	1,377,000	192,150	1,569,150
Operating transfers in	700,000	450,000	1,150,000
Operating transfers out	(700,000)	-	(700,000)
Net cash provided by (used in) non-capital financing activities	1,377,000	978,760	2,355,760
<b>Cash Flows From Investing Activities:</b>			
Interest received on investments	12,222	1,807	14,029
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(404,257)	(377,210)	(781,467)
<b>Cash and Cash Equivalents:</b>			
Beginning of year	4,386,647	1,102,643	5,489,290
End of year	\$ 3,982,390	\$ 725,433	\$ 4,707,823
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating income (loss)	\$ 532,270	\$ (1,685,541)	\$ (1,153,271)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	573,586	1,243,258	1,816,844
Change in:			
Accounts receivable	(223,607)	7,439	(216,168)
Due from other governments	(313,653)	(110,289)	(423,942)
Other current assets	(10,704)	126	(10,578)
Accounts payable	(231,150)	487	(230,663)
Due from other funds	13,763	-	13,763
Due to other funds	232,919	(104)	232,815
Net other post-employment benefits obligation	(959,140)	(112,671)	(1,071,811)
Accrued salaries/benefits	(16,198)	(11,145)	(27,343)
Net cash provided by (used in) operating activities	\$ (401,914)	\$ (668,440)	\$ (1,070,354)

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 6,332,105
Investments (at fair value):			
U.S. government and related obligations	17,550,729	-	-
Common stock and other	69,180,657	2,706,927	-
Corporate debt	10,494,723	1,663,262	-
Mortgage and other asset-backed securities	1,463,404	-	-
Receivables:			
Interest	301,827	-	-
<b>Total Assets</b>	<b>98,991,340</b>	<b>4,370,189</b>	<b>6,332,105</b>
<b>Liabilities</b>			
Accounts payable	73,493	-	-
Due to other funds	-	-	1,010,299
Due to other governments	-	-	1,870,811
Escrow liability	-	-	3,450,995
<b>Total Liabilities</b>	<b>73,493</b>	<b>-</b>	<b>6,332,105</b>
<b>Net Assets</b>			
Net Assets Held in Trust for:			
Pension Benefits	98,917,847	-	-
OPEB	-	4,370,189	-
<b>Total Net Assets</b>	<b>\$ 98,917,847</b>	<b>\$ 4,370,189</b>	<b>\$ -</b>

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Pension Trust Fund	OPEB Trust Fund
<b>Additions:</b>		
<hr/>		
Contributions:		
Employer	\$ 3,750,515	\$ 4,500,000
Employee	2,981,011	-
Total contributions	6,731,526	4,500,000
Investment income:		
Net appreciation in fair value of investments	(2,709,262)	(200,100)
Interest and dividends	2,412,782	70,289
Total investment income	(296,480)	(129,811)
Investment expense	(424,632)	-
Net investment income	(721,112)	(129,811)
Total additions	6,010,414	4,370,189
<b>Deductions:</b>		
<hr/>		
Benefits	4,910,686	-
Refunds of contributions	1,177,486	-
Administrative expense	2,250	-
Total deductions	6,090,422	-
<b>Change in Plan Net Assets</b>	(80,008)	4,370,189
<b>Fund Balance - Reserved for Employees'</b>		
<b>Pension Benefits (Plan Net Assets):</b>		
<hr/>		
Beginning of year	98,997,855	-
End of year	\$ 98,917,847	\$ 4,370,189

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 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 primary government financial statements (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. These financial statements include the Primary Government (the County, a general purpose local government, and all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the County) and do not reflect all component units that meet the criteria for inclusion under GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units.*"

Consistent with applicable guidance, the criteria used by the County to evaluate the inclusion of potential component units within its reporting entity are financial accountability and the nature and significance of the relationship. The County is financially accountable for:

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.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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- 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 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.

### **Component Units:**

The following separately administered organizations meet the criteria for inclusion in the County's reporting entity. However, as described in Note 1, these financial statements include only the primary government.

#### 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.

#### 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.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### **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 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 are 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. These transactions do not meet the criteria for inclusion in the County's financial statements.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 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 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.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 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.

### 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 assets 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

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 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.

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.

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.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 *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.

The *Mental Health/Mental Retardation Fund* accounts for expenditures and reimbursement of revenue related to providing treatment services to individuals who suffer from mental disabilities.

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

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

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

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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phone user charges, County contributions, and State reimbursement for wireless expenses.

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.
- 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.
- The *Capital Expenditures Fund* accounts for capital projects funded by the County's General Fund and bond proceeds.

Additionally, the County reports the following fund types:

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### Trust 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 Fund, Other Post-Employment Benefits (OPEB) Trust Fund, and Agency Funds.

The *Employees' Retirement Fund* is used to account for the pension plan for County employees. The fund is a Pension Trust Fund and 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.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

### D. Revenue Classification on Government-Wide Statement of Activities

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include real estate taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 is patient charges and the Emergency Communications 911 Enterprise Fund is funded from charges to customers for services and State grants. 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.

### E. 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.

### F. Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Non-current portions of long-term interfund loans receivable (reported as "Interfund advances receivable" in the General Fund) are equally offset by a fund balance reserve account, which indicates that they do not constitute "available spendable resources" because they are not a component of net current assets.

### G. 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.

### H. 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

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## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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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.

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, 2011 is not significant.

### I. 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, as a well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In accordance with GASB Statement No. 23, *“Accounting and Reporting for Refunding of Debt for Proprietary Activities,”* the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a reduction to long-term debt on the statement of net assets and amortized over the shorter of the term of the refunding issue or refunded bonds.

In accordance with GASB Statement No. 53, *“Accounting and Financial Reporting for Derivative Instruments,”* the County's swaption contract did not qualify for hedge accounting and is recorded at fair market value in the government wide statements as

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## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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an investment. Current period changes in fair market value are recorded as investment gain/loss.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, bond issue costs, and swaption agreements 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.

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

### K. 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 debt service, Health Choices, 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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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imposed the constraint. Committed funds include funds for capital projects, hazardous materials, and airport operations.

- 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.

### L. Net Assets

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

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component of net assets consists of constraints placed on net asset use through external restrictions.
- Unrestricted - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### M. 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.
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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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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.
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 Health Choices Special Revenue Fund and Human Services Special Revenue Fund incurred actual expenditures that exceeded budgeted appropriations. The excess appropriations were funded primarily by surplus revenue and then by available fund balance. Miscellaneous other expenditures in the General Fund exceeded budgeted appropriations. The excess appropriations were funded by surplus revenues and prior year fund balance of the General Fund.

### N. 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.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

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### O. 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, 2011 is \$1,475,006. The balance in the Risk and Contingency account at December 31, 2011 is \$2,248,477.

### P. 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.

### Q. Adoption of Accounting Pronouncement

In February 2009, GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to financial statements. The requirements of this Statement are effective (and were adopted) for the County's 2011 financial statements.

### R. 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 Statement No. 61, "*The Financial Reporting Entity*." The objective of this Statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting, and disclosing information about

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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component units and equity interest transactions of a financial reporting entity. This Statement will become effective for the December 31, 2013 year-end.

GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" The objective of this Statement is to codify into the GASB standards guidance located in FASB and AICPA pronouncements. This Statement will become effective for the December 31, 2012 year-end.

GASB has issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,*" effective for the year ending December 31, 2012. This statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

### S. 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.

## 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.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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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, 2011, \$1,377,908 of the County’s \$33,406,135 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$32,028,227 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 \$32,011,476 as of December 31, 2011 and are classified as cash and cash equivalents in the statement of net assets.

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.

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, 2011, the bank balances of the investments in PLGIT and INVEST are \$4,108,820 and \$200,841, respectively. The carrying value of the investments in PLGIT and INVEST of \$4,108,826 and \$200,842, respectively, is considered to be a cash equivalent for presentation on the statement of net assets 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 \$978,052 which are invested in short term U.S. treasury instruments and government agencies. The bank balance

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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of the investments in money market funds is \$978,048, which are 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, 2011, the County's investments in PLGIT and INVEST have received an AAA 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 assets. Receipts and disbursements for these programs were \$51,696,854 and \$51,646,371, respectively, for the year December 31, 2011. The carrying amount of deposits for the row offices and other County offices was \$6,332,105 and the bank balance was \$6,713,869. Of the bank balance, \$123,347 was covered by federal depository insurance. The remaining balance of \$6,590,522 was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

### Pension Trust Fund

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

As of December 31, 2011, the County had the following cash equivalents and investments in its Pension Trust Funds:

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2011				
		Less than 1 year	1-5 Years	6-10 Years	11-15 Years	16 or more Years
U.S. government and related obligations	\$ 17,550,729	\$ 1,444,601	\$ 6,797,201	\$ 4,330,862	\$ 3,064,308	\$ 1,913,757
Corporate debt	10,494,723	153,957	3,704,724	6,192,872	443,170	-
Mortgage and other asset-backed securities	1,463,404	-	206,881	553,075	171,099	532,349
Total debt securities	29,508,856	\$ 1,598,558	\$ 10,708,806	\$ 11,076,809	\$ 3,678,577	\$ 2,446,106
Common stock	44,023,119					
Mutual funds	25,157,538					
<b>Total cash and investments reported on statement of fiduciary net assets</b>	<b>\$ 98,689,513</b>					

The following is a description of the Pension Trust 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 Pension Trust 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, 2011, the Pension Trust 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	Aaa	\$ 13,684,346	46.4%
Fixed Income Bonds	Aa1	213,038	0.7%
Fixed Income Bonds	Aa2	1,383,524	4.7%
Fixed Income Bonds	Aa3	1,363,296	4.6%
Fixed Income Bonds	Unrated	12,864,652	43.6%
		<b>\$ 29,508,856</b>	<b>100%</b>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust 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 Pension Trust Funds do not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2011, the County's pension investment balance, excluding mutual funds, of

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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\$77,515,660 (bank and book balance), was exposed to custodial credit risk. Pension Trust Funds' 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 County may invest in any one issuer. At December 31, 2011, the Fund had 12.20% of Pension Trust Funds invested in the American New Perspective Fund, with a market value of \$12,038,441.

*Interest Rate Risk* - The Pension Trust 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.

### 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, 2011, the County had the following investments in its OPEB Funds:

<u>Cash or Investment Type</u>	<u>Fair Market Value</u>
Corporate debt	\$ 1,663,262
Total debt securities	1,663,262
Common stock	2,706,927
<b>Total cash and investments reported on statement of fiduciary net assets</b>	<b>\$ 4,370,189</b>

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,

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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2011, the OPEB Funds' investments in fixed income bonds have received the following ratings from Moody's:

### 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 Pension Trust Fund Bonds</u>
Fixed Income Bonds	B2	<u>\$ 1,663,262</u>	<u>100.0%</u>

*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, 2011, the County's pension investment balance, of \$4,370,189 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, 2011, the County had 13.27% of OPEB Funds invested in the Vanguard Fixed Income Securities FD Inc Inflation-Protected Securities FD Admiral Fund with a market value of \$580,033, and 24.79% of OPEB Funds invested in the Vanguard Total Bond Market Index Signal Fund with a market value of \$1,083,230.

*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.

As further described in Note 12, the County has a derivative instrument that is accounted for as an investment. Credit and interest rate risks related to this investment are described in Note 12.

### 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.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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Individual funds receivable and payable balances at year-end and transfers at December 31, 2011 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 1,279,604	\$ 37,376
Washington County Health Center	-	257,795
Human Services	-	36
MH/MR	-	438
Emergency Communication 911	-	2,086
Other governmental funds	37,376	8,950
Agency Funds	-	1,010,299
	\$ 1,316,980	\$ 1,316,980

Fund	Transfer In	Transfer Out
Major Funds:		
General	\$ -	\$ 2,470,000
Mental Health/Mental Retardation	370,000	-
Washington County Health Center	700,000	700,000
Emergency Communication 911	450,000	-
Other governmental funds	1,661,101	11,101
	\$ 3,181,101	\$ 3,181,101

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
<b>Governmental Activities:</b>				
Land and improvements	\$ 8,263,464	\$ 1,598,390	\$ 22,737	\$ 9,839,117
Buildings and improvements	45,882,637	-	-	45,882,637
Infrastructure	26,418,140	-	-	26,418,140
Furniture and equipment	11,740,156	816,864	(186,663)	12,743,683
Construction in progress	1,643,475	3,625,921	83,275	5,186,121
	93,947,872	6,041,175	(80,651)	100,069,698
Less accumulated depreciation for:				
Land and improvements	4,504,163	466,956	21,032	4,950,087
Buildings and improvements	20,198,857	1,064,773	-	21,263,630
Infrastructure	5,174,042	498,666	-	5,672,708
Furniture and equipment	6,125,092	984,909	(186,663)	7,296,664
	36,002,154	3,015,304	(165,631)	39,183,089
Governmental activities capital assets, net	\$ 57,945,718	\$ 3,025,871	\$ 84,980	\$ 60,886,609
	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
<b>Business-type Activities:</b>				
Buildings and improvements - Health Center	\$ 13,162,587	\$ 1,425,904	\$ 540,505	\$ 14,047,986
Permanent fixtures - Health Center	1,263,218	3,557	47,219	1,219,556
Movable equipment - Health Center	3,252,979	706,124	81,110	3,877,993
Emergency management building	489,688	-	-	489,688
Emergency management equipment	11,494,335	(63,850)	241,050	11,189,435
Construction in progress	721,729	-	640,312	81,417
	30,384,536	2,071,735	1,550,196	30,906,075
Less accumulated depreciation for:				
Buildings and improvements - Health Center	8,328,062	367,963	583,689	8,112,336
Movable equipment - Health Center	3,134,185	206,623	80,712	3,260,096
Emergency management	6,481,456	1,242,258	684,745	7,038,969
	17,943,703	1,816,844	1,349,146	18,411,401
Business-type activities capital assets, net	\$ 12,440,833	\$ 254,891	\$ 201,050	\$ 12,494,674

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

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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<u>Governmental Activities:</u>	
General government - administration	\$ 1,516,266
General government - judicial	351,353
Public safety	579,686
Public works and enterprises	504,292
Human services	37,634
Culture and recreation	<u>26,073</u>
Total depreciation expense - governmental activities	<u>\$ 3,015,304</u>
<u>Business-type Activities:</u>	
Washington County Health Center	\$ 573,586
Emergency Communication 911	<u>1,243,258</u>
Total depreciation expense - business-type activities	<u>\$ 1,816,844</u>

### 5. WASHINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

#### Plan Description

The Washington County Retirement System (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, 2012, the date of the most recent valuation, participants in the plan were as follows:

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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Participants:	
Retirees and beneficiaries	588
Deferred vested	54
Active plan members:	
Vested	666
Nonvested	<u>378</u>
Total	<u><u>1,686</u></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 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 are determined using the aggregate actuarial funding method and the same actuarial assumptions used to calculate the pension benefit calculation.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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As a condition of participation, employees are to contribute between 7% to 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.

The County's annual required contribution to the Fund for 2011 was \$3,750,578.

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

Annual pension cost	\$ 3,750,578
Contributions made	\$ 3,750,515
Actuarial valuation date	1/1/2012
Amortization method	Level Percentage Closed
Amortization period	30 years Closed
Actuarial cost method	Entry Age
Asset valuation method	Five-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>
12/31/2009	\$ 2,407,359	100.0%	\$ -
12/31/2010	3,581,228	100.0%	-
12/31/2011	3,750,578	100.0%	-

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### Funded Status

The County's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2012, is as follows:

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
\$104,740,018	\$ 124,145,038	\$ (19,405,020)	84.37%	\$42,103,161	(46.09)%

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.

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 pension trust funds are 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 assets.

### **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. During 2011, the County started an OPEB trust fund and contributed \$4.5 million. The post-

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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employment benefit plan (plan) is accounted for as a trust fund, an irrevocable trust has been established; however the plan does not issue a separate report. Current year contributions were paid out of the government funds.

*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 2011, total cash disbursements for other post-retirement benefit for current retirees or their dependents totaled \$7,108,129. Active employees' contributions for medical, dental, or vision insurances vary per contract and position.

*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 primary government 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

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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:

Annual required contribution	\$ 4,544,738
Interest on net OPEB obligation	372,723
Adjustment to annual required contribution	<u>(604,813)</u>
Annual OPEB cost	4,312,648
Benefits paid	(2,608,129)
Transfer to OPEB Trust	<u>(4,500,000)</u>
Increase (decrease) in net OPEB obligation	(2,795,481)
Net OPEB obligation (asset), beginning of year	<u>8,282,917</u>
Net OPEB obligation (asset), end of year	<u><u>\$ 5,487,436</u></u>

Actuarial valuation date	1/1/2010
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 *	4.5%
Health care inflation rates	12% initial, 5% ultimate
* Includes inflation at	3.0%

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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, 2010, for the post-employment healthcare benefits is as follows:

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)
\$ -	\$ 42,360,865	\$ 42,360,865	0.0%	\$ 40,609,970	104.3%

### 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, 2011	\$ 4,312,648	165%	\$ 5,487,436
December 31, 2010	4,445,542	50%	8,282,917
December 31, 2009	3,134,978	54%	4,639,539

## 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 2010, upon which the 2011 levy was based, was \$1,553,723,925.

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, 2011, 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, 2011 was 2.05 mills per \$1,000.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Taxes for 2011 were billed in January 2011 and were due on the following schedule: at two percent discount if paid by March 31, 2011; at face value if paid between April 1, 2011 and June 30, 2011; and at 10 percent penalty if paid between July 1, 2011 and January 15, 2012. The County placed liens on all property for which the 2011 tax was not paid by January 15, 2012. Current tax collections for the year ended December 31, 2011 were approximately 96 percent of the tax levy.

Taxes receivable are reflected on the statement of net assets net of an allowance for doubtful accounts of \$758,795.

### 8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2011:

	Balance at December 31, 2010	Additions and Accretion	Payments	Balance at December 31, 2011	Due within one year
<b>Governmental Activities:</b>					
Guaranteed Lease Revenue Bonds, Series of 1992	\$ 9,935,722	\$ 764,102	\$ 1,345,000	\$ 9,354,824	\$ 1,345,000
General Obligation Bonds, Series of 1998*	(675,000)	-	(215,000)	(460,000)	(175,000)
General Obligation Bonds, Series of 2002A	11,785,000	-	5,000	11,780,000	5,000
General Obligation Bonds, Series of 2003	4,845,000	-	45,000	4,800,000	50,000
General Obligation Bonds, Series of 2003A	5,345,000	-	600,000	4,745,000	615,000
General Obligation Bonds, Series of 2007A	14,686,647	120,860	100,000	14,707,507	105,000
General Obligation Bonds, Series of 2007B	3,615,000	-	165,000	3,450,000	175,000
Total Long-Term Debt	<u>\$ 49,537,369</u>	<u>\$ 884,962</u>	<u>\$ 2,045,000</u>	<u>\$ 48,377,331</u>	<u>\$ 2,120,000</u>
<b>Business-type Activities:</b>					
General Obligation Bonds, Series of 1998*	<u>\$ 675,000</u>	<u>\$ -</u>	<u>\$ 215,000</u>	<u>\$ 460,000</u>	<u>\$ 225,000</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 OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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County Health Center to the County remained unchanged as a result of the County's refunding payments. These excess amounts will be applied by the County to other debt service.

General obligation debt payable at December 31, 2011 is composed of the following individual issues:

### 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. Another portion of the bonds, \$4,777,357, was advance refunded with the General Obligation Bonds, Series 2007A. After consideration of the refundings, the 1992 Authority Bonds consist currently of Capital Appreciation Bonds with an aggregate original issuance amount of \$11,852,970 with maturity values of \$350,000 to \$1,865,000 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 \$29,190,000.

### General Obligation Bonds, Series of 1998

At December 31, 2011, the balance of the 1998 Bonds payable was \$0, as the bonds were currently refunded with the proceeds of General Obligation Bonds, Series 2007A.

### General Obligation Bonds, Series of 2002A

On March 1, 2002, the County issued General Obligation Bonds, Series of 2002A of \$13,925,000 for the purpose of providing funds for the advance refunding of the County's 1992 Bonds, a portion of the Guaranteed Lease Revenue Bonds, Series of 1992, and the 1998 Bonds, and to fund various capital projects. A portion of the 2002A Bonds, \$1,925,000, was advance refunded with the General Obligation Bonds, Series 2007A.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 4.70% to 5.125% until maturity on the general obligation bonds. The

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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2002 Bonds have a final maturity date on September 1, 2027. The 2002 Bonds that mature on and after September 1, 2013 are subject to redemption prior to maturity, at the option of the County, on September 1, 2012 or on any date thereafter, as specified in the 2002 Bonds issuance offering statement.

### 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.

Interest payments are payable semi-annually on June 1 and December 1 with rates ranging from 4% to 5% until maturity. The 2003 Bonds have a final maturity date on June 1, 2022. The 2003 Bonds that mature on and after June 1, 2022 are subject to redemption prior to maturity, at the option of the County, on December 1, 2013 or on any date thereafter, as specified in the 2003 Bonds issuance offering statement.

### 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.

Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 1.50% to 4.20% until maturity. The 2003A Bonds have a final maturity date on September 1, 2022. The 2003A Bonds that mature on and after September 1, 2014 are subject to redemption prior to maturity, at the option of the County, on September 1, 2013 or on any date thereafter.

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

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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, 2011 totaled \$978,052 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.

Annual debt service requirements are as follows:

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 2,120,000	\$ 1,704,779	\$ 225,000	\$ 22,663
2013	2,135,000	1,680,801	235,000	11,750
2014	2,185,000	1,646,379	-	-
2015	2,095,000	1,627,048	-	-
2016	2,105,000	1,600,488	-	-
2017-2021	11,025,000	7,491,841	-	-
2022-2026	12,855,000	5,346,083	-	-
2027-2031	15,857,441	4,003,361	-	-
2032	542,779	2,352,222	-	-
	<u>50,920,220</u>	<u>27,453,002</u>	<u>460,000</u>	<u>34,413</u>
Accreted interest	<u>(2,542,889)</u>	<u>2,542,889</u>	<u>-</u>	<u>-</u>
	<u>\$ 48,377,331</u>	<u>\$ 29,995,891</u>	<u>\$ 460,000</u>	<u>\$ 34,413</u>

At December 31, 2011, the County has \$11,875,000 of defeased debt outstanding relating to the various debt issuances.

In conjunction with their swaption transaction described in Note 12, the County received an up front cash payment. The upfront cash payment received by the County was considered to be a borrowing at a rate of 3.176%. As of December 31, 2011, the borrowing had an outstanding balance of \$1,068,507. No payments will be made on the borrowing until the swaption is exercised by the counterparty. If exercised, principal and interest payments will begin in March 2013 and will continue until the borrowing's final maturity in 2027, as summarized in the table below. Interest is currently being accreted to the principal amount annually. Accreted interest on the borrowing was \$202,507 at December 31, 2011.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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Year Ending December 31,	Principal	Interest	Total
2012	\$ -	\$ -	\$ -
2013	58,742	34,752	93,494
2014	60,622	32,872	93,494
2015	62,563	30,931	93,494
2016	64,566	28,928	93,494
2017-2021	355,186	112,284	467,470
2022-2026	415,796	51,674	467,470
2027	91,313	2,181	93,494
Total	<u>\$ 1,108,788</u>	<u>\$ 293,622</u>	<u>\$ 1,402,410</u>
Less: deferred interest	<u>(40,281)</u>		
	<u>\$ 1,068,507</u>		

Deferred interest represents interest not accreted as of year-end.

### 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, 2011. 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.

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 has been ordered by the court to conduct a reassessment of properties as a result of a filing by local school districts. Costs of complying with the court order are estimated to be as much as \$7 million. The County anticipates issuing debt in

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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order to conduct the reassessment. No deadline to comply with the court order was established.

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, 2011, principal and interest payments totaled \$50,032. The balance outstanding was approximately \$208,398 at December 31, 2011, with an interest rate of 6.0%. During 2011, 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.

### **12. SWAPTION**

In May 2005, the County entered into a swaption contract that provided the County an up-front payment of \$866,000. As a synthetic refunding of its 2002 General Obligation Bonds, this payment represents the present-value, risk-adjusted savings of a refunding as of June 1, 2012, without issuing refunding bonds at May 2005. The swaption gave the counterparty the option to make the County enter into a pay-fixed, receive-variable interest rate swap on the first day of each month during the period commencing on, and including, October 1, 2012 and terminating on, September 1, 2027. This contract was amended, effective September 21, 2006. It was amended a second time, effective May 16, 2007, due to issuance of the General Obligation Bonds 2007 Series.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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During 2007, the County paid a swap termination fee of \$200,500 in order to terminate the portion of the swap in conjunction with the General Obligation Bonds 2007 Series bond issue.

If the option is exercised, the County will current refund the existing 2002 General Obligation Bonds as of the exercise date and will issue Variable Rate Refunding Bonds (Refunding Bonds). The intention of the swap is to effectively change the County's variable interest rate on the Refunding Bonds to a synthetic fixed rate of 4.874%.

Per the amended swap agreement, the County would receive interest at the variable rate of 59.10% of the 10-year ISDA swap rate while paying a fixed rate of 4.874%. The 10-year ISDA swap rate is designed to approximate the 10 year LIBOR (London Interbank Offered Rate) rate. The interest payments are calculated based on a notional amount of \$11,775,000, which reduces beginning on September 1, 2012 so that the notional amount approximates the principal outstanding on the Refunding Bonds. The swap would expire on September 1, 2027 consistent with the last anticipated principal payment on the Refunding Bonds.

If the option is exercised, the County would make net swap payments as required by the terms of the contract, that is, receiving a variable rate as noted above for the term of the swap from the counterparty and making a fixed rate payment to the counterparty.

As of December 31, 2011, the swaption had a fair value of (\$2,594,712). As the swaption is considered to be an investment type derivative instrument per accounting standards, it is reported as a derivative liability on the statement of net assets. The changes in fair market value of (\$1,773,017) during fiscal year 2011 are recorded as a component of investment income on the statement of activities. The mark to market value is calculated using a combination of the zero-coupon method and an option pricing model.

A portion of the upfront cash payment received by the County at the time the swaption was entered into is considered to be a borrowing at a rate of 3.176%. As of December 31, 2011, the borrowing had an outstanding balance of \$1,068,507 and is disclosed in more detail in Note 8.

The swap agreement requires the County to post collateral in the event its credit rating falls below Baa1 as issued by Moody's Investors Service or BBB+ as issued by Standard & Poor's. If the County does not post collateral, the swap may be

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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terminated by the counterparty. The County's credit rating is A+; therefore, no collateral has been posted at December 31, 2011.

Through the use of derivative instruments such as this swaption, the County is exposed to a variety of risks, including credit risk and interest rate risk.

- Credit risk is the risk that a counterparty will not fulfill its obligations. Although the underlying swap exposes the County to credit risk should the swap be executed, the swaption itself does not expose the County to credit risk. On December 31, 2011, the swaption counterparty is rated Aa1 by Moody's Investors Services, Inc. and AA- by Standard & Poor's, nationally recognized statistical rating organizations. If the option was exercised and the counterparty failed to perform according to the terms of the swap agreement, there is some risk of loss to the County, up to the fair market value of the swaption. However, as of December 31, 2011, the swaption had a negative fair market value to the County and as such the County had no credit risk exposure related to this transaction. As of December 31, 2011, there is no collateral posted by the Counterparty related to this transaction, nor has there been any collateral posted since inception of the swaption.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the County's financial instruments or the County's cash flows. The County's swaption is exercisable by the counterparty beginning in October 2012. The swaption is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swaption's fair market value. If exercised, the resulting interest rate swap will have scheduled maturity dates beginning in fiscal year 2013 through 2027.

### **13. SUBSEQUENT EVENT**

During June of 2012, the County issued \$3,595,000 General Obligation Bonds, Federally Taxable Series A of 2012 and \$18,990,000 General Obligation Bonds, Series B of 2012.

**Required Supplementary  
Information**

# COUNTY OF WASHINGTON, PENNSYLVANIA

## SCHEDULE OF FUNDING PROGRESS FOR THE PENSION TRUST FUND

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
1/1/2012	\$ 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%)

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 PENSION TRUST FUND

<u>Calendar Year</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2006	\$ 1,833,433	100%
2007	1,489,947	100%
2008	2,801,192	100%
2009	2,407,359	100%
2010	3,581,228	100%
2011	3,750,578	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

Actuarial Valuation Date	(a) Actuarial Value of Asset	(b) Actuarial Accrued Liability	(Overfunded) Unfunded Actuarial Accrued Liability	(a/b) Funded Ratio	(c) Covered Payroll	(Overfunded)/Unfunded Actuarial Accrued Liability (b-a) as a Percentage of Covered Payroll ((b-a)/c)
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: 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, 2011

---

### 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	1/1/2012
Actuarial cost method	Entry Age
Amortization method	Level Percentage Closed
Amortization period	30 years Closed
Asset valuation method	Five-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, 2011

---

### 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:	1/1/2010
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 *	4.50%
Health care inflation rates	12% initial, 5% ultimate
* Includes inflation at	3.00%

## **Supplementary Information**

**County of Washington,  
Pennsylvania**

Combining and Individual Fund  
Financial Statements

Year Ended December 31, 2011

# COUNTY OF WASHINGTON, PENNSYLVANIA

## OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2011

	Special Revenue Funds					Capital Projects Funds			Total Other Governmental Funds
	Airport Operating	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Total	Airport Capital Projects	Capital Expenditures	Total	
<b>Assets</b>									
Cash and cash equivalents	\$ 21,856	\$ 716,457	\$ 193,749	\$ 32,819	\$ 964,881	\$ -	\$ 1,848,364	\$ 1,848,364	\$ 2,813,245
Investments	-	-	-	-	-	-	-	-	-
Taxes receivable, net of allowance	-	-	-	-	-	-	-	-	-
Due from other governments	-	199,988	5,782	314,491	520,261	-	592,203	592,203	1,112,464
Interest and other	8,366	391	-	9,787	18,544	-	618,202	618,202	636,746
Loan receivable	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	37,376	37,376	-	-	-	37,376
Prepays and other	-	-	633	454	1,087	-	62,665	62,665	63,752
<b>Total Assets</b>	<b>\$ 30,222</b>	<b>\$ 916,836</b>	<b>\$ 200,164</b>	<b>\$ 394,927</b>	<b>\$ 1,542,149</b>	<b>\$ -</b>	<b>\$ 3,121,434</b>	<b>\$ 3,121,434</b>	<b>\$ 4,663,583</b>
<b>Liabilities and Fund Balance</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 338	\$ 243,367	\$ 5,945	\$ 13,361	\$ 263,011	\$ -	\$ 1,115,830	\$ 1,115,830	\$ 1,378,841
Accrued payroll and related liabilities	7,451	32,979	1,401	99,608	141,439	-	-	-	141,439
Deferred revenue	-	-	7,668	-	7,668	-	-	-	7,668
Due to other funds	150	444	77	-	671	-	8,279	8,279	8,950
Health Choices risk and contingency fund liability	-	-	-	-	-	-	-	-	-
Advances due to other funds	-	-	-	493,787	493,787	-	-	-	493,787
<b>Total Liabilities</b>	<b>7,939</b>	<b>276,790</b>	<b>15,091</b>	<b>606,756</b>	<b>906,576</b>	<b>-</b>	<b>1,124,109</b>	<b>1,124,109</b>	<b>2,030,685</b>
<b>Fund Balance:</b>									
<b>Nonspendable:</b>									
Inventories and prepaids	-	-	633	454	1,087	-	62,665	62,665	63,752
Advance	-	-	-	(493,787)	(493,787)	-	-	-	(493,787)
<b>Restricted for:</b>									
Liquid fuels	-	640,046	-	-	640,046	-	-	-	640,046
<b>Committed for:</b>									
Capital projects	-	-	-	-	-	-	1,847,231	1,847,231	1,847,231
Hazardous materials	-	-	183,409	-	183,409	-	-	-	183,409
Airport operations	22,283	-	-	-	22,283	-	-	-	22,283
<b>Assigned for:</b>									
Encumbrances	-	-	1,031	2,695	3,726	-	87,429	87,429	91,155
Unassigned	-	-	-	278,809	278,809	-	-	-	278,809
<b>Total Fund Balance</b>	<b>22,283</b>	<b>640,046</b>	<b>185,073</b>	<b>(211,829)</b>	<b>635,573</b>	<b>-</b>	<b>1,997,325</b>	<b>1,997,325</b>	<b>2,632,898</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 30,222</b>	<b>\$ 916,836</b>	<b>\$ 200,164</b>	<b>\$ 394,927</b>	<b>\$ 1,542,149</b>	<b>\$ -</b>	<b>\$ 3,121,434</b>	<b>\$ 3,121,434</b>	<b>\$ 4,663,583</b>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## OTHER GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds					Capital Projects Funds			Total Other Governmental Funds
	Airport Operating	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Total	Airport Capital Projects	Capital Expenditures	Total	
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	2,817,993	65,696	1,783,140	4,666,829	432,937	1,602,266	2,035,203	6,702,032
Charges for services	161,065	-	93,001	130,828	384,894	-	-	-	384,894
Interest	-	2,288	77	-	2,365	-	10,029	10,029	12,394
Other	66	-	4,653	7,389	12,108	-	1,001,216	1,001,216	1,013,324
Total revenues	161,131	2,820,281	163,427	1,921,357	5,066,196	432,937	2,613,511	3,046,448	8,112,644
<b>Expenditures:</b>									
Current:									
General government - judicial	-	-	-	2,658,336	2,658,336	-	-	-	2,658,336
Public safety	-	-	94,473	-	94,473	-	-	-	94,473
Public works and enterprises	162,843	2,769,382	-	-	2,932,225	-	-	-	2,932,225
Capital projects	-	-	-	-	-	444,038	4,028,573	4,472,611	4,472,611
Total expenditures	162,843	2,769,382	94,473	2,658,336	5,685,034	444,038	4,028,573	4,472,611	10,157,645
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,712)	50,899	68,954	(736,979)	(618,838)	(11,101)	(1,415,062)	(1,426,163)	(2,045,001)
<b>Other Financing Sources (Uses):</b>									
Operating transfers in	50,000	-	-	600,000	650,000	11,101	1,000,000	1,011,101	1,661,101
Operating transfers out	-	-	-	-	-	-	(11,101)	(11,101)	(11,101)
Total financing sources (uses)	50,000	-	-	600,000	650,000	11,101	988,899	1,000,000	1,650,000
<b>Net Change in Fund Balance</b>	48,288	50,899	68,954	(136,979)	31,162	-	(426,163)	(426,163)	(395,001)
<b>Fund Balance:</b>									
Beginning of year	(26,005)	589,147	116,119	(74,850)	604,411	-	2,423,488	2,423,488	3,027,899
End of year	\$ 22,283	\$ 640,046	\$ 185,073	\$ (211,829)	\$ 635,573	\$ -	\$ 1,997,325	\$ 1,997,325	\$ 2,632,898

# 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, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Charges for services	\$ -	\$ 161,065	\$ 161,065
Other	-	66	66
Total revenues	-	161,131	161,131
<b>Expenditures:</b>			
Public works and enterprises	-	162,843	(162,843)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(1,712)	(1,712)
<b>Other Financing Sources (Uses):</b>			
Operating transfer in	100,000	50,000	(50,000)
<b>Net Change in Fund Balance</b>	<u>\$ 100,000</u>	<u>\$ 48,288</u>	<u>\$ (51,712)</u>

# 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, 2011

	Original and Final Budgeted Amounts	Actual	Variance
<b>Revenues:</b>			
Intergovernmental:			
State liquid fuels tax	\$ 4,390,000	\$ 2,817,993	\$ (1,572,007)
Interest	5,000	2,288	(2,712)
Total revenues	<u>4,395,000</u>	<u>2,820,281</u>	<u>(1,574,719)</u>
<b>Expenditures:</b>			
Public works and enterprises:			
Highways and bridges	<u>4,409,988</u>	<u>2,769,382</u>	<u>1,640,606</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (14,988)</u>	<u>\$ 50,899</u>	<u>\$ 65,887</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, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
<hr/>			
Intergovernmental:			
Federal grant	\$ 21,895	\$ 46,943	\$ 25,048
State grant	27,748	18,753	(8,995)
Charges for services	86,000	93,001	7,001
Interest	250	77	(173)
Other	8,000	4,653	(3,347)
	<hr/>	<hr/>	<hr/>
Total revenues	143,893	163,427	19,534
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
<hr/>			
Public safety	107,093	94,473	12,620
	<hr/>	<hr/>	<hr/>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 36,800</b>	<b>\$ 68,954</b>	<b>\$ 32,154</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# 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, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Intergovernmental:			
Department of Public Welfare - IV-D funds	\$ 1,750,000	\$ 1,461,855	\$ (288,145)
Department of Public Welfare - incentive	275,000	321,285	46,285
Charges for services	200,000	130,828	(69,172)
Other	5,000	7,389	2,389
Total revenues	<u>2,230,000</u>	<u>1,921,357</u>	<u>(308,643)</u>
<b>Expenditures:</b>			
General government - judicial	<u>2,991,749</u>	<u>2,658,336</u>	<u>333,413</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(761,749)</u>	<u>(736,979)</u>	<u>24,770</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfer in	<u>600,000</u>	<u>600,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (161,749)</u>	<u>\$ (136,979)</u>	<u>\$ 24,770</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, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Intergovernmental:			
Federal grant	\$ 80,000	\$ 432,937	\$ 352,937
<b>Expenditures:</b>			
Capital projects	100,000	444,038	(344,038)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(20,000)	(11,101)	8,899
<b>Other Financing Sources (Uses):</b>			
Operating transfer in	20,000	11,101	(8,899)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## CAPITAL PROJECTS FUNDS

### CAPITAL EXPENDITURES FUND

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

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Intergovernmental	\$ 1,200,000	\$ 1,602,266	\$ 402,266
Interest	20,000	10,029	(9,971)
Other	300,000	1,001,216	701,216
Total revenues	1,520,000	2,613,511	1,093,511
<b>Expenditures:</b>			
Capital projects	7,478,250	4,028,573	3,449,677
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(5,958,250)</u>	<u>(1,415,062)</u>	<u>4,543,188</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	500,000	1,000,000	500,000
Operating transfers out	(20,000)	(11,101)	8,899
Total other financing sources (uses)	480,000	988,899	508,899
<b>Net Change in Fund Balance</b>	<u>\$ (5,478,250)</u>	<u>\$ (426,163)</u>	<u>\$ 5,052,087</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## FIDUCIARY FUNDS

### ALL AGENCY FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2011

	<u>Treasurer</u>	<u>Recorder of Deeds</u>	<u>Register of Wills</u>	<u>Prothonotary</u>	<u>Clerk of Courts</u>	<u>Court Administrator - Supervision Fees</u>
<hr/> <b>Assets</b> <hr/>						
Cash and cash equivalents	\$ 67,103	\$ 1,429,952	\$ 174,605	\$ 632,036	\$ 668,319	\$ 981,336
<hr/> <b>Liabilities</b> <hr/>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 981,336
Due to other governments	67,103	1,429,952	174,605	-	-	-
Escrow liability	-	-	-	632,036	668,319	-
<b>Total Liabilities</b>	<u>\$ 67,103</u>	<u>\$ 1,429,952</u>	<u>\$ 174,605</u>	<u>\$ 632,036</u>	<u>\$ 668,319</u>	<u>\$ 981,336</u>
<hr/>						
	<u>CYS Services</u>	<u>Tax Claim</u>	<u>Domestic Relations</u>	<u>Prison Commissary</u>	<u>Sheriff's Office</u>	<u>Total</u>
<hr/> <b>Assets</b> <hr/>						
Cash and cash equivalents	\$ 14,684	\$ 1,590,291	\$ 61,811	\$ 391,634	\$ 320,334	\$ 6,332,105
<hr/> <b>Liabilities</b> <hr/>						
Due to other funds	\$ -	\$ 28,963	\$ -	\$ -	\$ -	\$ 1,010,299
Due to other governments	-	199,151	-	-	-	1,870,811
Escrow liability	14,684	1,362,177	61,811	391,634	320,334	3,450,995
<b>Total Liabilities</b>	<u>\$ 14,684</u>	<u>\$ 1,590,291</u>	<u>\$ 61,811</u>	<u>\$ 391,634</u>	<u>\$ 320,334</u>	<u>\$ 6,332,105</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## FIDUCIARY FUNDS

### ALL AGENCY FUNDS

#### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2011

	Balance at January 1, 2011	Additions	Deletions	Balance at December 31, 2011
<b><u>Treasurer:</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	<u>\$ 70,673</u>	<u>\$ 375,277</u>	<u>\$ 378,847</u>	<u>\$ 67,103</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 70,673</u>	<u>\$ 375,277</u>	<u>\$ 378,847</u>	<u>\$ 67,103</u>
<b><u>Recorder of Deeds:</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	<u>\$ 1,144,959</u>	<u>\$ 16,992,249</u>	<u>\$ 16,707,256</u>	<u>\$ 1,429,952</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 1,144,959</u>	<u>\$ 16,992,249</u>	<u>\$ 16,707,256</u>	<u>\$ 1,429,952</u>
<b><u>Register of Wills:</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	<u>\$ 164,020</u>	<u>\$ 11,157,097</u>	<u>\$ 11,146,512</u>	<u>\$ 174,605</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 164,020</u>	<u>\$ 11,157,097</u>	<u>\$ 11,146,512</u>	<u>\$ 174,605</u>

(Continued)

# COUNTY OF WASHINGTON, PENNSYLVANIA

## FIDUCIARY FUNDS

### ALL AGENCY FUNDS

#### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2011

(Continued)

	<u>Balance at January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2011</u>
<b>Prothonotary:</b>				
<hr/>				
<b>Assets</b>				
<hr/>				
Cash and cash equivalents	\$ 994,922	\$ 4,542,806	\$ 4,905,692	\$ 632,036
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
<hr/>				
Escrow liability	\$ 994,922	\$ 4,542,806	\$ 4,905,692	\$ 632,036
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Clerk of Courts:</b>				
<hr/>				
<b>Assets</b>				
<hr/>				
Cash and cash equivalents	\$ 567,420	\$ 3,596,980	\$ 3,496,081	\$ 668,319
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
<hr/>				
Escrow liability	\$ 567,420	\$ 3,596,980	\$ 3,496,081	\$ 668,319
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Court Administrator - Supervision Fees:</b>				
<hr/>				
<b>Assets</b>				
<hr/>				
Cash and cash equivalents	\$ 743,273	\$ 473,063	\$ 235,000	\$ 981,336
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
<hr/>				
Due to other funds	\$ 743,273	\$ 473,063	\$ 235,000	\$ 981,336
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

(Continued)

# COUNTY OF WASHINGTON, PENNSYLVANIA

## FIDUCIARY FUNDS

### ALL AGENCY FUNDS

#### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2011

(Continued)

	Balance at January 1, 2011	Additions	Deletions	Balance at December 31, 2011
<b>CYS Services:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 13,489	\$ 13,198	\$ 12,003	\$ 14,684
<b>Liabilities</b>				
Escrow liability	\$ 13,489	\$ 13,198	\$ 12,003	\$ 14,684
<b>Tax Claim:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,675,727	\$ 10,330,783	\$ 10,416,219	\$ 1,590,291
<b>Liabilities</b>				
Due to other funds	\$ 25,257	\$ 2,146,893	\$ 2,143,187	\$ 28,963
Due to other governments	212,003	7,068,792	7,081,644	199,151
Escrow liability	1,438,467	1,115,098	1,191,388	1,362,177
	\$ 1,675,727	\$ 10,330,783	\$ 10,416,219	\$ 1,590,291
<b>Domestic Relations:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 59,893	\$ 1,661,516	\$ 1,659,598	\$ 61,811
<b>Liabilities</b>				
Escrow liability	\$ 59,893	\$ 1,661,516	\$ 1,659,598	\$ 61,811

(Continued)

# COUNTY OF WASHINGTON, PENNSYLVANIA

## FIDUCIARY FUNDS

### ALL AGENCY FUNDS

#### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

DECEMBER 31, 2011

(Continued)

	Balance at January 1, 2011	Additions	Deletions	Balance at December 31, 2011
<b>Prison Commissary:</b>				
<hr/>				
<b>Assets</b>				
<hr/>				
Cash and cash equivalents	\$ 342,987	\$ 364,742	\$ 316,095	\$ 391,634
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
<hr/>				
Escrow liability	\$ 342,987	\$ 364,742	\$ 316,095	\$ 391,634
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Sheriff's Office:</b>				
<hr/>				
<b>Assets</b>				
<hr/>				
Cash and cash equivalents	\$ 504,259	\$ 2,232,334	\$ 2,416,259	\$ 320,334
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
<hr/>				
Escrow liability	\$ 504,259	\$ 2,232,334	\$ 2,416,259	\$ 320,334
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

(Concluded)

**County of Washington,  
Pennsylvania**

Grant and Program Information

# COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2011

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# COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2011

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## AGING SERVICES

### SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL PROGRAM - FUNDED CONTRACTS

YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Personal Services:</b>			
Salaries	\$ 860,531	\$ 873,009	\$ (12,478)
Fringe benefits	414,650	420,320	(5,670)
Total personal services	<u>1,275,181</u>	<u>1,293,329</u>	<u>(18,148)</u>
<b>Operating:</b>			
Occupancy	103,021	94,819	8,202
Communications	37,000	30,082	6,918
Supplies	84,488	82,686	1,802
Transportation	46,400	47,263	(863)
Contracted services	5,500	5,500	-
Other	3,500	2,461	1,039
Total operating	<u>279,909</u>	<u>262,811</u>	<u>17,098</u>
<b>Total Expenditures</b>	<u>\$ 1,555,090</u>	<u>\$ 1,556,140</u>	<u>\$ (1,050)</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY - SERVICES TO VICTIMS OF JUVENILE OFFENDERS SUBGRANT NO. 2008-JG-07-22031

### SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

FOR THE PROGRAM YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<u>Federal</u>	<u>\$ 48,892</u>	<u>\$ 44,910</u>	<u>\$ (3,982)</u>
<b>Expenditures:</b>			
Personnel	32,291	33,080	(789)
Employee benefits	10,790	10,630	160
Travel	2,241	-	2,241
Supplies and other operating expenditures	1,272	1,200	72
Other	2,298	-	2,298
Total expenditures	<u>48,892</u>	<u>44,910</u>	<u>3,982</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY - VICTIM SERVICES WITHIN THE JUVENILE JUSTICE SYSTEM AND TO UNDERSERVED POPULATION

SUBGRANT NO. 2009/2010-VF-05-19976

### SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

FOR THE PROGRAM YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>			
Federal	\$ 113,936	\$ 113,936	\$ -
In-kind match	48,672	71,246	22,574
Total revenues	162,608	185,182	22,574
<b>Expenditures:</b>			
Personnel	126,612	134,968	(8,356)
Employee benefits	13,870	29,486	(15,616)
Travel	-	578	(578)
Supplies and other operating expenditures	2,066	2,475	(409)
Consultants	20,060	17,675	2,385
Total expenditures	162,608	185,182	(22,574)
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY - LICENSE TO CARRY SUBGRANT NO. 2009-LC-ST-21143

### SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

FOR THE PROGRAM YEAR ENDED MARCH 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<u>State</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Supplies and other operating expenditures	13,000	10,737	2,263
Consultants	<u>2,000</u>	<u>4,263</u>	<u>(2,263)</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY - OFFENDER DAY PARTIAL TREATMENT SUBGRANT NO. 2010-DA-ST-21485

### SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

FOR THE PROGRAM YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b><u>Revenues:</u></b>			
State	<u>\$ 327,273</u>	<u>\$ 303,964</u>	<u>\$ (23,309)</u>
<b><u>Expenditures:</u></b>			
Supplies and other operating expenditures	22,043	16,891	5,152
Consultants	<u>305,230</u>	<u>287,073</u>	<u>18,157</u>
Total expenditures	<u>327,273</u>	<u>303,964</u>	<u>23,309</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY - RIGHTS AND SERVICES FOR VICTIMS OF CRIME SUBGRANT NO. 2011-VS-ST-21853

### SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

FOR THE PROGRAM YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<u>State</u>	<u>\$ 213,553</u>	<u>\$ 105,825</u>	<u>\$ (107,728)</u>
<b>Expenditures:</b>			
Personnel	133,408	68,447	64,961
Employee benefits	48,426	30,531	17,895
Travel	6,178	247	5,931
Supplies and other operating expenditures	16,193	3,725	12,468
Other	9,348	2,875	6,473
Total expenditures	<u>213,553</u>	<u>105,825</u>	<u>107,728</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY - FAST TRACK/INTERMEDIATE PUNISHMENT PROGRAM SUBGRANT NO. 2009/2010/2011-IP-ST-20021

### SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

FOR THE PROGRAM YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>			
State	\$ 123,810	\$ 72,852	\$ (50,958)
New appropriation	<u>163,722</u>	<u>149,020</u>	<u>(14,702)</u>
Total revenues	<u>287,532</u>	<u>221,872</u>	<u>(65,660)</u>
<b>Expenditures:</b>			
Personnel	<u>287,532</u>	<u>114,918</u>	<u>172,614</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ 106,954</u>	<u>\$ 106,954</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY - FURLOUGH INTO SERVICE PROGRAM EXPANSION SUBGRANT NO. 2007-JG-04-18965-2

### SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

FOR THE PROGRAM YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<b>Revenues:</b>			
Federal	\$ 29,228	\$ 29,228	\$ -
New appropriation	29,229	31,362	2,133
Total revenues	<u>58,457</u>	<u>60,590</u>	<u>(2,133)</u>
<b>Expenditures:</b>			
Personnel	31,000	31,485	(485)
Employee benefits	9,762	15,036	(5,274)
Travel	2,000	3,431	(1,431)
Equipment	5,895	5,895	-
Supplies and other operating expenditures	8,300	3,625	4,675
Other	1,500	1,118	382
Total expenditures	<u>58,457</u>	<u>60,590</u>	<u>(2,133)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY - BYRNE JUSTICE ASSISTANCE GRANT PROGRAM SUBGRANT NO. 2008/2010-JG/MH-04/ST-19601-2

### SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

FOR THE PROGRAM YEAR ENDED SEPTEMBER 30, 2011

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>			
Federal	\$ 31,172	\$ 31,172	\$ -
State	93,514	93,514	-
In-kind match	124,686	142,230	17,544
	249,372	266,916	17,544
<b>Expenditures:</b>			
Personnel	166,000	170,320	(4,320)
Employee benefits	44,820	56,557	(11,737)
Travel	2,850	1,919	931
Supplies and other operating expenditures	30,752	33,241	(2,489)
Consultants	4,950	4,879	71
	249,372	266,916	(17,544)
<b>Excess of Revenues Over Expenditures</b>	\$ -	\$ -	\$ -

**COUNTY OF WASHINGTON, PENNSYLVANIA**

DPW - HEALTH CENTER FUND

GRANT NO. 4100046834

**SCHEDULE OF REVENUES AND EXPENDITURES**

FOR THE PROGRAM YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>
<b>Revenues:</b>		
<u>Pennsylvania Department of Public Welfare</u>	<u>\$ 1,200,000</u>	<u>\$ 781,773</u>
<b>Expenditures:</b>		
Subgrant services	1,182,634	781,773
Equipment	<u>17,366</u>	<u>-</u>
Total expenditures	<u>1,200,000</u>	<u>781,773</u>
<b>Excess of Revenues Over Expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**County of Washington,  
Pennsylvania**

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

Year Ended December 31, 2011

**COUNTY OF WASHINGTON, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Payments Received	Expenditures
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Pennsylvania Department of Public Welfare:				
Temporary Assistance for Needy Families	93.558		\$ 199,017	\$ 312,149
Temporary Assistance for Needy Families - CCIS Day Care	93.558	DC08-639992	66,279	64,612
Subtotal 93.558			<u>265,296</u>	<u>376,761</u>
Child Support Enforcement	93.563	ME 3332114063	986,237	1,437,412
Child Support Enforcement - Incentive on Welfare Collections	93.563	001-021-684-6-1140-20211-632	321,285	321,285
Subtotal 93.563			<u>1,307,522</u>	<u>1,758,697</u>
Child Welfare Services - State Grants - Title IV (B) - Children and Youth	93.645		49,648	42,562
Foster Care - Title IV-E - Children and Youth	93.658		1,637,030	1,369,157
Title IVE - SPLC	93.658		-	4,074
ARRA - Foster Care - Title IV-E - Children and Youth	93.658		80,382	48,999
Title IV (E) - Children and Youth - JPO	93.658		72,314	69,729
Subtotal 93.658			<u>1,789,726</u>	<u>1,491,959</u>
Adoption Assistance	93.659		1,215,091	1,239,053
ARRA - Adoption Assistance	93.659		54,023	22,501
Subtotal 93.659			<u>1,269,114</u>	<u>1,261,554</u>
Social Services Block Grant - Title XX - Children and Youth	93.667		166,755	166,755
Social Services Block Grant - Medicaid - Children and Youth	93.667		-	8,019
Social Services Block Grant - Mental Health/Mental Retardation	93.667		155,116	155,116
Social Services Block Grant - CCIS Day Care	93.667	ME 9992-21670 and ME 9992-31670	509,895	527,625
Subtotal 93.667			<u>831,766</u>	<u>857,515</u>
Child Care and Development Block Grant	93.575	DC08-639992	1,080,076	1,412,820
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DC08-639992	2,105,242	1,663,238
ARRA - Child Care and Development Block Grant	93.713		183,004	183,004
Subtotal CCDF Cluster			<u>3,368,322</u>	<u>3,259,062</u>
Chafee Foster Care Independence Program	93.674		72,420	80,638
Medical Assistance Transportation Program	93.778	ME 6300229863	882,389	1,373,855
Medical Assistance Program - Mental Health/Mental Retardation	93.778		99,365	120,276
ARRA - Medical Assistance Transportation Program	93.778	ME 6300229863	205,289	205,289
Subtotal 93.778			<u>1,187,043</u>	<u>1,699,420</u>
Block Grants for Community Mental Health Services	93.958		561,461	561,461
National Bioterrorism Hospital Preparedness Program	93.889		2,645	4,000
Passed Through the Pennsylvania Department of State: Voting Access for Individuals with Disabilities	93.617		1,245	-
Total U.S. Department of Health and Human Services			<u>10,706,208</u>	<u>11,393,629</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Pennsylvania Department of Community and Economic Development:				
Emergency Shelter Grants Program	14.231	C000029345	113,000	119,057
Emergency Shelter Grants Program	14.231	S10-UC-420011/Eii-UC-420011 S09-UC-420011		202,582
Community Development Block Grants/Entitlement Grants - HUD - Prescription Assist.	14.218	CD09-33		2,180
		PA0277B3E010802, PA0282B3E010802 PA0300B3E010802, PA0294B3E010802 PA0295B3E010802, PA0296C3E010802, PA0302B3E010802 PA0291B3E010802, PA0457C3E010900, PA0428B3E010901		638,107
HUD SNAPS XV	14.235	PA0277B3E010802, PA0282B3E010802 PA0300B3E010802, PA0294B3E010802 PA0296C3E011003, PA0302B3E011003 PA0291B3E011003, PA0428B3E011002		652,599
Subtotal 14.235				<u>1,290,706</u>
Passed Through Pennsylvania Department of Community and Economic Development:				
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	C000046183	70,348	59,665
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	S-09-UY-42-0011		531,297
Subtotal 14.257				<u>590,962</u>
Total U.S. Department of Housing and Urban Development				<u>2,205,487</u>
<u>U.S. Department of Agriculture</u>				
Passed Through the Pennsylvania Department of Public Welfare:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DC-08-639992	78,918	84,642
Passed Through Pennsylvania Department of Agriculture: Emergency Food Assistance Program (Administrative Costs)	10.568	ME 4100036582		16,937
Subtotal 10.568				<u>16,937</u>
Emergency Food Assistance Program (Food Commodities)	10.569	8-04-63-131		211,138
Total Emergency Food Assistance Program Cluster				<u>228,075</u>
Total U.S. Department of Agriculture				<u>312,717</u>

See notes to schedule of expenditures of federal awards.

(Continued)

**COUNTY OF WASHINGTON, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED DECEMBER 31, 2011

(Continued)

Federal Grantor/Program Title (continued)	Federal CFDA Number	Pass-Through Grantor's Number	Payments Received	Expenditures
<u>U.S. Department of Transportation</u>				
Passed Through the Pennsylvania Department of Transportation: Highway Planning and Construction	20.205			99,623
Total U.S. Department of Transportation				<u>99,623</u>
<u>U.S. Department of Justice</u>				
Passed Through the Pennsylvania Commission on Crime and Delinquency:				
Juvenile Justice	16.540			19,485
VOJO - Federal	16.540			10,711
Crime Victim Assistance	16.575	2006-VF-05-17804/2010-VF-05-19976		57,357
Byrne Formula Grant Program	16.579			23,160
Victims of Juvenile Offenders	16.738			28,019
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0861		65,364
ARRA - JAG - Grant #0861	16.738			3,798
Subtotal 16.738				<u>97,181</u>
Total JAG Program Cluster				<u>97,181</u>
Total U.S. Department of Justice				<u>207,894</u>
<u>U.S. Department of Homeland Security</u>				
Passed Through the Pennsylvania Emergency Management Agency (PEMA):				
Emergency Management Performance Grants	97.042			130,064
Total U.S. Department of Homeland Security				<u>130,064</u>
<u>U.S. Department of Energy</u>				
ARRA Energy Efficiency and Conservation Block Grant	81.128	DE-SC0001396		1,529,660
Total U.S. Department of Energy				<u>1,529,660</u>
<u>U.S. Department of Education</u>				
Passed Through the Pennsylvania Department of Public Welfare:				
Special Education - Grants for Infants and Families	84.181		127,526	133,397
ARRA - Special Education - Grants for Infants and Families	84.393		134,514	155,137
Subtotal Early Intervention (IDEA) Cluster				<u>288,534</u>
<u>U.S. Department of Transportation, Federal Aviation Administration</u>				
Passed Through the Pennsylvania Department of Transportation:				
Airport Improvement Program	20.106			421,836
Total U.S. Department of Transportation, Federal Aviation Administration				<u>421,836</u>
<u>U.S. General Services Administration</u>				
Passed Through the PA Department of State Election Reform Payments	39.011			122,543
Passed Through the Pennsylvania Emergency Management Agency (PEMA):				
Donated Federal Surplus Property	39.003			13,990
Total U.S. General Services Administration				<u>136,533</u>
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>				
Passed through Pennsylvania Department of State: Help America Vote Act Requirements Payments	90.401	4100033686		117,221
<b>Total Federal Financial Assistance per the County of Washington's primary government financial statements</b>				<b><u>16,843,198</u></b>
<u>U.S. Department of Housing and Urban Development</u>				
Direct federal payments to a subrecipient (See Note 1):				
Community Development Block Grants/ Entitlement Grants	14.218			4,844,201
ARRA - Community Development Block Grants/ Entitlement Grants	14.253	428155		509,255
HOME Investment Partnerships Program	14.239			460,198
Total U.S. Department of Housing and Urban Development				<u>5,813,654</u>
Total Federal Financial Assistance				<u>\$ 22,656,852</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, 2011

(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, although it has been excluded from the County's primary government financial statements (see Note 1 to the County's primary government financial statements). The RDA has submitted, for their fiscal year ending June 30, 2011, a Single Audit Report to the County covering \$3,222,833 of the expenditures shown on the previous pages. The remaining \$2,590,822 of expenditures, representing the period July 1, 2011 through December 31, 2011, will be covered in the RDA's Single Audit Report of June 30, 2012.

During the year ended December 31, 2011, the County received \$291,295 passed through the Pennsylvania Department of Community and Economic Development (DCED) under CFDA 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:

Program	CFDA	\$ Passed-through
Emergency Shelter Grants Program	14.231	\$ 119,057
Shelter Plus Care - HUD SNAPS VII (S+C II)	14.238	128,002
Supportive Housing Program - HUD SNAPS XV and XIII	14.235	1,071,721
Temporary Assistance for Needy Families	93.558	331,030
Temporary Emergency Food Assistance Program - Administrative	10.568	16,938
Emergency Food Assistance Program (Food Commodities)	10.569	7,576
Foster Care - Title IV-E/ Adoption Assistance	93.658/93.659	2,753,513
Medical Assistance Program	93.778	1,565,405
CDBG/Entitlement Grants - HUD	14.218	2,180
Emergency Shelter Grants Program - HUD SNAPS XIV	14.231	182,103
ARRA - HUD HPRP	14.257	515,558
ARRA - DCED - HPRP	14.257	59,665

(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, 2011

<u>Program</u>	<u>Combined Federal/ State Expenditures</u>
Child Support Enforcement Program	\$ 1,758,697
County Children and Youth Programs	14,308,919
Medical Assistance Transportation Program	3,316,893
Human Services Development Fund	316,322
County Child Care Information Services for Subsidized Child Day Care	7,643,267
Mental Health/Mental Retardation	10,897,460 *
Health Center - Rehabilitation Wing	668,630
Combined Homeless Assistance Programs:	
Social Services Block Grant - Emergency Shelter Program	237,892
Bridge Housing Program	22,363
Housing Assistance Program	47,698
Case Management Program for the Homeless	81,239
	<u>\$ 39,299,380</u>

\* Denotes major programs for DPW testing purpose. The 2011 dollar threshold used to distinguish between type A and type B was \$505,296. The amount expended under major DPW programs for the year ended December 31, 2011 is \$10,897,460.

**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 and exhibits listed below, which summarize amounts reported to DPW for fiscal year ended June 30, 2011, 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 and exhibits 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>
Title IV-D Child Support	A-1 (a)	Comparison of Single Audit Expenditures and Reported Expenditures
	A-1 (b)	Child Support Enforcement - PACSES OCSE 157 Data Reliability Validation
Children and Youth Social Services	I	Fiscal Summary
Medical Assistance Transportation	III	Schedule of Revenues and Expenditures
MH/MR	IV (a) MH	Schedule of Revenues, Expenditures, and Carryover Funds
	IV (b) MH	Report of Income and Expenditures Single Audit Supplement
	IV (c) MR	Schedule of Revenues, Expenditures, and Carryover Funds Single Audit Supplement
	IV (d) MR	Report of Income and Expenditures Single Audit Supplement

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

	V (a) EI	Schedule of Revenues, Expenditures, and Carryover Funds Single Audit Supplement
	V (b) EI	Report of Income and Expenditures Single Audit Supplement
Human Services Development Fund	X	Schedule of Revenues and Expenditures
CCIS Daycare	VIII (b)	Schedule of Child Care Information Services Recap for Fiscal Year 2011
Combined Homeless Assistance Programs	XIX	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.

We were not engaged to, and did not, perform an examination, 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  
 August 15, 2012

# COUNTY OF WASHINGTON, PENNSYLVANIA

## TITLE IV - D CHILD SUPPORT PROGRAM COMPARISON OF SINGLE AUDIT EXPENDITURES WITH THE REPORTED EXPENDITURES FOR THE FISCAL YEAR ENDED JUNE 30, 2011

### Exhibit A-1 (a)

	Single Audit Expenditures					Report Expenditures					Single Audit Over (Under) Reported				
	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt Paid
<b>Quarter Ending: 9/30/10</b>															
1. Salary & Overhead	\$ 578,309	\$ 23,089	\$ -	\$ 555,220	\$ 366,445	\$ 578,309	\$ 23,089	\$ -	\$ 555,220	\$ 366,445	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	29,579	1,203	-	28,376	18,728	29,579	1,203	-	28,376	18,728	-	-	-	-	-
4. Blood Testing Fees	1,753	-	-	1,753	1,157	1,753	-	-	1,753	1,157	-	-	-	-	-
5. Blood Testing Costs	1,792	-	-	1,792	1,183	1,792	-	-	1,792	1,183	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 548,769	\$ 21,886	\$ -	\$ 526,883	\$ 347,743	\$ 548,769	\$ 21,886	\$ -	\$ 526,883	\$ 347,743	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Quarter Ending: 12/31/10</b>															
1. Salary & Overhead	\$ 711,665	\$ 29,984	\$ 62,245	\$ 619,436	\$ 408,828	\$ 711,665	\$ 29,984	\$ 62,245	\$ 619,436	\$ 408,828	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	38,855	1,629	-	37,226	24,569	38,855	1,629	-	37,226	24,569	-	-	-	-	-
4. Blood Testing Fees	1,887	-	-	1,887	1,245	1,887	-	-	1,887	1,245	-	-	-	-	-
5. Blood Testing Costs	4,192	-	-	4,192	2,767	4,192	-	-	4,192	2,767	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 675,115	\$ 28,355	\$ 62,245	\$ 584,515	\$ 385,781	\$ 675,115	\$ 28,355	\$ 62,245	\$ 584,515	\$ 385,781	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Quarter Ending: 3/31/11</b>															
1. Salary & Overhead	\$ 652,463	\$ 26,669	\$ 72,067	\$ 553,727	\$ 365,460	\$ 652,463	\$ 26,669	\$ 72,067	\$ 553,727	\$ 365,460	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	29,807	1,246	-	28,561	18,850	29,807	1,246	-	28,561	18,850	-	-	-	-	-
4. Blood Testing Fees	1,237	-	-	1,237	816	1,237	-	-	1,237	816	-	-	-	-	-
5. Blood Testing Costs	2,304	-	-	2,304	1,521	2,304	-	-	2,304	1,521	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 623,723	\$ 25,423	\$ 72,067	\$ 526,233	\$ 347,315	\$ 623,723	\$ 25,423	\$ 72,067	\$ 526,233	\$ 347,315	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Quarter Ending: 6/30/11</b>															
1. Salary & Overhead	\$ 682,118	\$ 28,149	\$ 64,444	\$ 589,525	\$ 389,087	\$ 682,118	\$ 28,149	\$ 64,444	\$ 589,525	\$ 389,087	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	52,196	2,170	-	50,026	33,017	52,196	2,170	-	50,026	33,017	-	-	-	-	-
4. Blood Testing Fees	2,424	-	-	2,424	1,600	2,424	-	-	2,424	1,600	-	-	-	-	-
5. Blood Testing Costs	2,528	-	-	2,528	1,668	2,528	-	-	2,528	1,668	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 630,026	\$ 25,979	\$ 64,444	\$ 539,603	\$ 356,138	\$ 630,026	\$ 25,979	\$ 64,444	\$ 539,603	\$ 356,138	\$ -	\$ -	\$ -	\$ -	\$ -

# COUNTY OF WASHINGTON, PENNSYLVANIA

## TITLE IV-D CHILD SUPPORT PROGRAM - CHILD SUPPORT ENFORCEMENT PACSES OCSE 157 DATA RELIABILITY VALIDATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

### Exhibit A-1(b)

**County: Washington**

**Year Ended: 6/30/11**

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.	*	*
Line #2 IV-D cases open at the end of the fiscal year with support orders established.	*	*
Line #5 Children in IV-D cases open at the end of the fiscal year that were born out of wedlock.	*	*
Line #6 Children in IV-D cases open at the end of the fiscal year who were born out of wedlock with paternity resolved.	*	*
Line #21 Cases open at the end of the fiscal year in which medical support is ordered	*	*
Line #23 Cases open at the end of the fiscal year where health insurance is provided as ordered	*	*
Line #24 Total amount of current support due for the fiscal year for IV-D cases, excluding emancipated children	*	*
Line #25 Total amount of support disbursed as current support during the fiscal year for IV-D cases, excluding emancipated children	*	*
Line #28 Cases with arrears due during the fiscal year (10/01/09 - 9/30/10)	*	*
Line #29 Cases with disbursements on arrears during the fiscal year (10/01/09 - 9/30/10)	*	*

\* Domestic Relations was not audited as a major DPW program during the fiscal year.

**COUNTY OF WASHINGTON, PENNSYLVANIA**

**COUNTY CHILDREN AND YOUTH SOCIAL SERVICE PROGRAMS  
FISCAL SUMMARY**

FOR THE TWELVE-MONTH PERIOD ENDED JUNE 30, 2011

**Exhibit I**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>	<b>K</b>
	Grand Total	Fed Title XX	Fed Title IV-E	Fed Title IV-B	Fed Other	Fed TANF	MA	Prog Inc	Net Total	State Act 148	Local Share
Net Child Welfare Expend											
01 100% Reimbursement	\$ 423,938	\$ -	\$ 66,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,128	\$ 357,128	\$ -
02 90% Reimbursement	545,255	-	82,483	-	-	21,043	-	-	441,729	397,556	44,173
03 80% Reimbursement	11,862,474	166,755	2,445,356	49,648	-	491,036	-	339,463	8,370,216	6,696,174	1,674,042
04 60% Reimbursement	4,418,970	-	510,450	-	-	-	5,457	23,283	3,879,780	2,327,868	1,551,912
05 50% Reimbursement	439,662	-	478	-	-	-	-	842	438,342	219,173	219,169
06 Other Reimbursement	-	-	-	-	-	-	-	-	-	-	-
07 Total (Lines 1-6)	17,690,299	166,755	3,105,577	49,648	-	512,079	5,457	363,588	13,487,195	9,997,899	3,489,296
YDC/YFC Placement Costs											
08 80% DPW Participation	-	-	-	-	-	-	-	-	-	-	-
09 60% DPW Participation	783,866	-	-	-	-	-	-	-	783,866	470,320	313,546
10 Total YDC/YFC Cost	783,866	-	-	-	-	-	-	-	783,866	470,320	313,546
11 Reserved											
12 Non Allowable Expend	285,654	-	-	-	-	-	-	-	285,654	-	285,654
13 Total Expenditures	\$ 18,759,819	\$ 166,755	\$ 3,105,577	\$ 49,648	\$ -	\$ 512,079	\$ 5,457	\$ 363,588	\$ 14,556,715	\$ 10,468,219	\$ 4,088,496
14 Total HSDF Used for Child	\$ 175,072					\$ 90,669					\$ 30,929
a. Welfare State Act 148 - Line 7	\$ 9,997,899					\$ 11,410,001					\$ 997,899
15 Total Title IV-D											
b. Collections State Act 148											
16 Total Title IV-D/Title IV-E Collections											
c. Adjusted State Share (Lower of a or b)											

# COUNTY OF WASHINGTON, PENNSYLVANIA

## MEDICAL ASSISTANCE TRANSPORTATION PROGRAM SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

### Exhibit III

	<u>Reported</u>	<u>Actual</u>
<u>Service Data</u>		
Expenditures:		
Group I Clients	\$ 2,711,140	\$ 2,711,140
Group II Clients	737,409	737,409
	<u>3,448,549</u>	<u>3,448,549</u>
Total expenditures	<u>\$ 3,448,549</u>	<u>\$ 3,448,549</u>
<u>Allocation Data</u>		
Revenues:		
Department of Public Welfare	\$ 3,443,703	\$ 3,443,703
Interest income	4,846	4,846
	<u>3,448,549</u>	<u>3,448,549</u>
Total revenues	<u>3,448,549</u>	<u>3,448,549</u>
Funds Expended:		
Operating costs	3,176,376	3,176,376
Administrative costs	272,172	272,172
	<u>3,448,548</u>	<u>3,448,548</u>
Total funds expended	<u>3,448,548</u>	<u>3,448,548</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ 1</u>	<u>\$ 1</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## MENTAL HEALTH SERVICES SCHEDULE OF REVENUES, EXPENDITURES, AND CARRYOVER FUNDS

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

### Exhibit IV (a) MH

Source of DPW Funding	DPW Funds Available			Cost Eligible for DPW Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6A)	CSR State Grant Fund Adjustments (6B)	CSR - Promise Adjustments (6C)	TOTAL FUND BALANCE (7)
	Carryover (1)	Allotment (2)	Total Allocation (3)						
A. MH Services	\$ 40,235	\$ 7,221,836	\$ 7,262,071	\$ 7,260,854	\$ 1,217	\$ -	\$ -	\$ -	\$ 1,217
B. OTHER STATE FUNDS									
1. Spec. Res.	-	-	-	-	-	-	-	-	-
2. BH Initiative	-	497,134	497,134	497,134	-	-	-	-	-
3. New Directions	-	-	-	-	-	-	-	-	-
4. Personal Care Homes	-	-	-	-	-	-	-	-	-
5. County Assistance Offices	-	-	-	-	-	-	-	-	-
6. Autism Intervention Services	-	-	-	-	-	-	-	-	-
7. Facility and Services Enhancements	-	-	-	-	-	-	-	-	-
8. Reserved	-	-	-	-	-	-	-	-	-
9. Total Other State	-	497,134	497,134	497,134	-	-	-	-	-
C. SSBG	-	62,162	62,162	62,162	-	-	-	-	-
D. CMHSBG	-	561,461	561,461	561,461	-	-	-	-	-
E. OTHER FEDERAL FUNDS									
1. Maximizing Participation Project	41,395	3,634	45,029	941	44,088	-	-	-	44,088
2. Medical Assistance/TTI	-	-	-	-	-	-	-	-	-
3. PATH Homeless	-	-	-	-	-	-	-	-	-
4. Capitalization of POMS	-	-	-	-	-	-	-	-	-
5. MH Systems Transformation	-	-	-	-	-	-	-	-	-
6. Youth Suicide Prevention	-	-	-	-	-	-	-	-	-
7. Jail Diversion & Trauma Recovery	-	-	-	-	-	-	-	-	-
8. Terrorism Related Disaster Relief	-	-	-	-	-	-	-	-	-
9. Hospital Prep Prog - Cris Counseling	2,645	4,000	6,645	5,101	1,544	-	-	-	1,544
10. Biotersm Hosp Prep/Pub Hth Prep Resp	16,946	-	16,946	-	16,946	-	-	-	16,946
11. Reserved	-	-	-	-	-	-	-	-	-
12. Total Other Federal	60,986	7,634	68,620	6,042	62,578	-	-	-	62,578
F. TOTAL	\$ 101,221	\$ 8,350,227	\$ 8,451,448	\$ 8,387,653	\$ 63,795	\$ -	\$ -	\$ -	\$ 63,795

**COUNTY OF WASHINGTON, PENNSYLVANIA**

MENTAL HEALTH PROGRAM  
REPORT OF INCOME AND EXPENDITURES  
SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

**Exhibit IV (b) MH**

	Admin Management	Admin Office	Community Employ Svcs.	Crisis Intervention	Child Psych Rehab	Community Services	Comm Trtmnt Teams
I. TOTAL ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
II. TOTAL EXPENDITURES	1,298,331	1,951,179	175,212	1,334,869	-	681,684	115,940
III. Costs Over Allocation							
A. County Funded Eligible	-	-	-	-	-	-	-
B. County Funded Ineligible	-	-	-	-	-	-	-
C. Other Eligible	71,178	-	-	81,037	-	62,387	12,826
D. Other Ineligible	48,013	-	-	7,084	-	946	-
E. Total Costs Over Allocation	119,191	-	-	88,121	-	63,333	12,826
IV. REVENUES							
A. Program Service Fees	-	-	-	-	-	-	-
B. Private Insurance Fees	-	-	-	83,595	-	-	-
C. Medical Assistance	-	-	-	512,292	-	-	-
D. Medical Assistance - Administrative Claims	-	-	-	-	-	-	-
E. Room and Board	-	-	-	-	-	-	-
F. Earned Interest	1,661	60	498	-	-	-	-
G. Other	24,409	1,125,278	58,100	2,225	-	180	-
H. Total Revenue	26,070	1,125,338	58,598	598,112	-	180	-
V. DPW REIMBURSEMENT							
A. Base Allocation 90%	273,437	342,007	35,652	97,379	-	276,572	-
B. Base Allocation 100%	-	-	-	36,000	-	-	-
C. DPW Categorical Funding 90% Subtotal	-	-	-	-	-	-	-
D. DPW Categorical Funding 100% Subtotal	469,258	368,741	77,000	504,437	-	300,869	103,114
E. SSBG 90% Adult	-	-	-	-	-	-	-
SSBG 90% Child	-	-	-	-	-	-	-
SSBG 100% Adult	62,162	-	-	-	-	-	-
SSBG 100% Child	-	-	-	-	-	-	-
F. CMHSBG Non-Categorical Funding 90%	-	-	-	-	-	-	-
CMHSBG Non-Categorical Funding 100%	317,831	77,092	-	-	-	10,000	-
CMHSBG Categorical Funding	-	-	-	-	-	-	-
VI. COUNTY MATCH							
10% County Match	30,382	38,001	3,962	10,820	-	30,730	-
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	1,153,070	825,841	116,614	648,636	-	618,171	103,114
VIII. TOTAL CARRYOVER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**COUNTY OF WASHINGTON, PENNSYLVANIA**

MENTAL HEALTH PROGRAM  
REPORT OF INCOME AND EXPENDITURES  
SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

**Exhibit IV (b) MH, Continued**

	Day Treatment	Emergency Services	Fam Based Services	Fam Sup Services	Housing Sup Services	Int Case Mgmt
I. TOTAL ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
II. TOTAL EXPENDITURES	270,473	440,122	24,102	12,427	610,011	500,449
III. Costs Over Allocation						
A. County Funded Eligible	-	-	-	-	-	-
B. County Funded Ineligible	-	-	-	-	-	-
C. Other Eligible	3,445	8,109	-	18	7,430	258,757
D. Other Ineligible	-	949	-	-	200	-
E. Total Costs Over Allocation	3,445	9,058	-	18	7,630	258,757
IV. REVENUES						
A. Program Service Fees	2,246	-	-	-	-	-
B. Private Insurance Fees	135,284	-	-	-	-	-
C. Medical Assistance	4,662	-	2,921	-	-	28,805
D. Medical Assistance - MA 325	-	-	-	-	-	-
E. Room and Board	-	-	-	-	8,891	-
F. Earned Interest	-	5,035	-	-	-	-
G. Other	-	72,869	-	-	152,811	-
H. Total Revenue	142,192	77,904	2,921	-	161,702	28,805
V. DPW REIMBURSEMENT						
A. Base Allocation 90%	-	202,045	-	5,267	145,376	-
B. Base Allocation 100%	124,836	-	21,181	-	-	138,476
C. DPW Categorical Funding 90% Subtotal	-	-	-	-	-	-
D. DPW Categorical Funding 100% Subtotal	-	52,995	-	6,557	279,150	74,411
E. SSBG 90% Adult	-	-	-	-	-	-
SSBG 90% Child	-	-	-	-	-	-
SSBG 100% Adult	-	-	-	-	-	-
SSBG 100% Child	-	-	-	-	-	-
F. CMHSBG Non-Categorical Funding 90%	-	-	-	-	-	-
CMHSBG Non-Categorical Funding 100%	-	75,671	-	-	-	-
CMHSBG Categorical Funding	-	-	-	-	-	-
VI. COUNTY MATCH						
10% County Match	-	22,449	-	585	16,153	-
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	124,836	353,160	21,181	12,409	440,679	212,887
VIII. TOTAL CARRYOVER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**COUNTY OF WASHINGTON, PENNSYLVANIA**

MENTAL HEALTH PROGRAM  
REPORT OF INCOME AND EXPENDITURES  
SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

**Exhibit IV (b) MH, Continued**

	Outpatient	Psychiatric Rehab	Comm Res Services	Soc Rehab Services	Vocational Rehab	Total
I. TOTAL ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ -	8,451,448
II. TOTAL EXPENDITURES	824,998	472,591	3,318,783	376,458	94,407	6,944,821
III. Costs Over Allocation						
A. County Funded Eligible	-	-	-	-	-	-
B. County Funded Ineligible	-	-	-	-	-	-
C. Other Eligible	79,601	-	6,175	1,621	-	365,156
D. Other Ineligible	-	-	-	324	-	1,473
E. Total Costs Over Allocation	79,601	-	6,175	1,945	-	366,629
IV. REVENUES						
A. Program Service Fees	150,409	9,656	-	-	13	162,324
B. Private Insurance Fees	328,243	122,493	-	-	-	586,020
C. Medical Assistance	8,083	-	-	-	911	45,382
D. Medical Assistance - MA 325	-	-	-	-	-	-
E. Room and Board	-	-	328,674	-	359	337,924
F. Earned Interest	-	-	287	-	220	5,542
G. Other	-	4,730	1,494	30,409	24,900	287,213
H. Total Revenue	486,735	136,879	330,455	30,409	26,403	1,424,405
V. DPW REIMBURSEMENT						
A. Base Allocation 90%	53,531	-	559,743	61,703	31,504	1,059,169
B. Base Allocation 100%	-	138,333	-	-	-	422,826
C. DPW Categorical Funding 90% Subtotal	-	-	-	-	-	-
D. DPW Categorical Funding 100% Subtotal	118,316	197,379	2,360,216	275,545	33,000	3,397,569
E. SSBG 90% Adult	-	-	-	-	-	-
SSBG 90% Child	-	-	-	-	-	-
SSBG 100% Adult	-	-	-	-	-	-
SSBG 100% Child	-	-	-	-	-	-
F. CMHSBG Non-Categorical Funding 90%	-	-	-	-	-	-
CMHSBG Non-Categorical Funding 100%	80,867	-	-	-	-	156,538
CMHSBG Categorical Funding	-	-	-	-	-	-
VI. COUNTY MATCH						
10% County Match	5,948	-	62,194	6,856	3,500	117,685
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	258,662	335,712	2,982,153	344,104	68,004	5,153,787
VIII. TOTAL CARRYOVER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,795

(Concluded)

**COUNTY OF WASHINGTON, PENNSYLVANIA**

MENTAL RETARDATION SERVICES  
SCHEDULE OF REVENUES, EXPENDITURES, AND CARRYOVER FUNDS  
SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

**Exhibit IV (c) MR**

Sources of DPW Funding	DPW Funds Available			Cost Eligible for DPW Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6A)	CSR State Grant Fund Adjustments (6B)	CSR Promise Adjustments (6C)	Total Fund Balance (7)
	Carryover Funds (1)	Allotment (2)	Total Allocation (3)						
A. MR Services									
1. Community (NR/Res)	\$ 168,087	\$ 659,145	\$ 827,232	\$ 579,140	\$ 248,092	\$ -	\$ -	\$ -	\$ 248,092
2. SSBG	-	92,954	92,954	92,954	-	-	-	-	-
3. Reserved	-	-	-	-	-	-	-	-	-
4. Subtotal MR Services	168,087	752,099	920,186	672,094	248,092	-	-	-	248,092
B. Waiver									
1. Waiver Administration	26,412	215,044	241,456	227,492	13,964	-	-	-	13,964
2. Reserved	-	-	-	-	-	-	-	-	-
3. Subtotal Waiver	26,412	215,044	241,456	227,492	13,964	-	-	-	13,964
C. Other									
1. Elwyn	-	-	-	-	-	-	-	-	-
2. Money Follows the Person	-	-	-	-	-	-	-	-	-
3. Services for Individuals with Autism	-	-	-	-	-	-	-	-	-
4. Reserved	-	-	-	-	-	-	-	-	-
5. Subtotal Other	-	-	-	-	-	-	-	-	-
D. TOTAL	\$ 194,499	\$ 967,143	\$ 1,161,642	\$ 899,586	\$ 262,056	\$ -	\$ -	\$ -	\$ 262,056

# COUNTY OF WASHINGTON, PENNSYLVANIA

## MENTAL RETARDATION PROGRAM REPORT OF INCOME AND EXPENDITURES SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

### Exhibit IV (d) MR

	Administrator's Office	Community Habilitation	Community Residential
I. TOTAL ALLOCATION	\$ -	\$ -	\$ -
II. TOTAL EXPENDITURES	404,281	60,052	210,077
III. Costs Over Allocation			
A. County Funded Eligible	-	-	-
B. County Funded Ineligible	-	-	-
C. Other Eligible	-	-	-
D. Other Ineligible	-	-	-
E. Total Costs Over Allocation	-	-	-
IV. REVENUES			
A. Program Service Fees	-	-	-
B. Private Insurance Fees	-	-	-
C. Medical Assistance	-	-	-
D. Medical Assistance-Administrative Claims	5,336	-	-
E. Room and Board	-	-	16,546
F. Interest	-	-	-
G. Other	11,280	19,300	-
H. Total Revenue	16,616	19,300	16,546
V. DPW REIMBURSEMENT			
A. Base Allocation 90%	139,353	36,677	-
B. Base Allocation 100%	-	-	159,743
C. DPW Categorical Funding 90%	-	-	-
D. DPW Categorical Funding 100%	232,828	-	-
E. SSBG 90% Adult	-	-	-
SSBG 90% Child	-	-	-
SSBG 100 % Adult	-	-	33,788
SSBG 100% Child	-	-	-
F. CMHSBG 90% Non-Categorical Funding	-	-	-
CMHSBG 100% Non-Categorical Funding	-	-	-
CMHSBG Categorical Funding	-	-	-
VI. COUNTY MATCH			
10% County Match	15,484	4,075	-
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	387,665	40,752	193,531
VIII. TOTAL CARRYOVER	\$ -		\$ -

(Continued)

# COUNTY OF WASHINGTON, PENNSYLVANIA

## MENTAL RETARDATION PROGRAM REPORT OF INCOME AND EXPENDITURES SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

### Exhibit IV (d) MR, Continued

	FD/FS	Home & Community	Other	Pre-Vocational Services
I. TOTAL ALLOCATION	\$ -	\$ -	\$ -	\$ -
II. TOTAL EXPENDITURES	26,580	-	-	89,297
III. Costs Over Allocation				
A. County Funded Eligible	-	-	-	-
B. County Funded Ineligible	-	-	-	-
C. Other Eligible	-	-	-	-
D. Other Ineligible	-	-	-	-
E. Total Costs Over Allocation	-	-	-	-
IV. REVENUES				
A. Program Service Fees	-	-	-	-
B. Private Insurance Fees	-	-	-	-
C. Medical Assistance	-	-	-	-
D. Medical Assistance-Administrative Claims	-	-	-	-
E. Room and Board	-	-	-	-
F. Interest	-	-	-	-
G. Other	-	-	-	6,500
H. Total Revenue	-	-	-	6,500
V. DPW REIMBURSEMENT				
A. Base Allocation 90%	23,922	-	-	21,318
B. Base Allocation 100%	-	-	-	-
C. DPW Categorical Funding 90%	-	-	-	-
D. DPW Categorical Funding 100%	-	-	-	-
E. SSBG 90% Adult	-	-	-	21,206
SSBG 90% Child	-	-	-	-
SSBG 100% Adult	-	-	-	35,548
SSBG 100% Child	-	-	-	-
F. CMHSBG 90% Non-Categorical Funding	-	-	-	-
CMHSBG 100% Non-Categorical Funding	-	-	-	-
CMHSBG Categorical Funding	-	-	-	-
VI. COUNTY MATCH				
10% County Match	2,658	-	-	4,725
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	26,580	-	-	82,797
VIII. TOTAL CARRYOVER	\$ -	\$ -	\$ -	\$ -

(Continued)

**COUNTY OF WASHINGTON, PENNSYLVANIA**

MENTAL RETARDATION PROGRAM  
REPORT OF INCOME AND EXPENDITURES  
SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

**Exhibit IV (d) MR, Continued**

	Respite	Special Support	Supports Coordination	Transportation	Total
I. TOTAL ALLOCATION	\$ -	\$ -	\$ -	\$ -	\$ 1,161,642
II. TOTAL EXPENDITURES	-	416	605,623	5,412	1,401,738
III. Costs Over Allocation					
A. County Funded Eligible	-	-	-	-	-
B. County Funded Ineligible	-	-	-	-	-
C. Other Eligible	-	-	-	-	-
D. Other Ineligible	-	-	-	-	-
E. Total Costs Over Allocation	-	-	-	-	-
IV. REVENUES					
A. Program Service Fees	-	-	409	-	409
B. Private Insurance Fees	-	-	-	-	-
C. Medical Assistance	-	-	394,359	-	394,359
D. Medical Assistance-Administrative Claims	-	-	-	-	5,336
E. Room and Board	-	-	-	-	16,546
F. Interest	-	-	58	-	58
G. Other	-	-	-	-	37,080
H. Total Revenue	-	-	394,826	-	453,788
V. DPW REIMBURSEMENT					
A. Base Allocation 90%	-	374	71,801	2,700	296,145
B. Base Allocation 100%	-	-	-	-	159,743
C. DPW Categorical Funding 90%	-	-	117,916	-	117,916
D. DPW Categorical Funding 100%	-	-	-	-	232,828
E. SSBG 90% Adult	-	-	-	-	21,206
SSBG 90% Child	-	-	-	-	-
SSBG 100% Adult	-	-	-	2,412	71,748
SSBG 100% Child	-	-	-	-	-
F. CMHSBG 90% Non-Categorical Funding 0%	-	-	-	-	-
CMHSBG 100% Non-Categorical Funding 0%	-	-	-	-	-
CMHSBG Categorical Funding 0%	-	-	-	-	-
VI. COUNTY MATCH					
10% County Match	-	42	21,080	300	48,364
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	-	416	210,797	5,412	947,950
VIII. TOTAL CARRYOVER	\$ -	\$ -	\$ -	\$ -	\$ 262,056

(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, 2011

### Exhibit V (a) EI

Sources of DPW Funding	DPW Funds Available			Cost Eligible for DPW Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6A)	Total Fund Balance (7)
	Carryover Funds (1)	Allotment (2)	Total Allocation (3)				
A Early Intervention							
1. State Early Intervention	\$ 1,035,651	\$ 174,310	\$ 1,209,961	\$ 591,879	\$ 618,082	\$ -	\$ 618,082
2. State Early Intervention - Training	867	5,416	6,283	6,283	-	-	-
3. EI Administration	4,437	88,742	93,179	93,179	-	-	-
4. Infants & Toddlers w/ Disabilities (Part C)	-	133,285	133,285	133,285	-	-	-
5. IT&F Waiver Admin.	-	28,632	28,632	28,632	-	-	-
6. Infants & Toddlers w/ Disabilities (Part C) ARRA	-	94,090	94,090	94,090	-	-	-
7. Pelican Readiness - Admin (Part C) ARRS	-	11,000	11,000	11,000	-	-	-
8. Reserved	113,432	(113,432)	-	-	-	-	-
8 TOTAL	\$ 1,154,387	\$ 422,043	\$ 1,576,430	\$ 958,348	\$ 618,082	\$ -	\$ 618,082

# COUNTY OF WASHINGTON, PENNSYLVANIA

## EARLY INTERVENTION SERVICES REPORT OF INCOME AND EXPENDITURES SINGLE AUDIT SUPPLEMENT

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

### Exhibit V (b) EI

	Administrator's Office	Early Intervention	Supports Coordination	Totals
I. TOTAL ALLOCATION	\$ -	\$ -	\$ -	\$ -
II. TOTAL EXPENDITURES	143,164	1,602,260	437,308	2,182,732
III. Costs Over Allocation				
A. County Funded Eligible	-	-	-	-
B. County Funded Ineligible	-	-	-	-
C. Other Eligible	-	-	-	-
D. Other Ineligible	-	-	-	-
E. Total Costs Over Allocation	-	-	-	-
IV. REVENUES				
A. Program Service Fees	-	-	-	-
B. Private Insurance Fees	-	-	-	-
C. Medical Assistance - MA EI	-	850,785	281,975	1,132,760
D. Medical Assistance - Administrative Claims	-	-	-	-
E. Earned Interest	-	-	-	-
F. Other	-	-	-	-
G. Total Revenue	-	850,785	281,975	1,132,760
V. DPW REIMBURSEMENT				
A. Base Allocation 90%	-	-	-	-
B. Base Allocation 100%	-	-	-	-
C. DPW Categorical Funding 90%	93,179	591,647	139,800	824,626
D. DPW Categorical Funding 100%	39,632	94,090	-	133,722
VI. 10% County Match	10,353	65,738	15,533	91,624
VII. TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	143,164	751,475	155,333	1,049,972
VIII. TOTAL CARRYOVER	\$ -	\$ -	\$ -	\$ 618,082

# COUNTY OF WASHINGTON, PENNSYLVANIA

## HUMAN SERVICES DEVELOPMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

### Exhibit X

	<u>Budget</u>	<u>Actual</u>
<b>Revenues:</b>		
Pennsylvania Department of Public Welfare	\$ 388,862	\$ 388,862
Interest income	-	354
	<u>388,862</u>	<u>389,216</u>
<b>Expenditures:</b>		
Adult Services	31,052	32,896
Aging Services	57,973	61,879
Children and Youth Services	175,070	175,072
Mental Retardation Services	25,800	25,800
Generic Services	41,081	37,403
Specialized Services	10,000	10,000
Service Coordination	9,000	7,280
County Administration	38,886	38,886
	<u>388,862</u>	<u>389,216</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## CCIS DAYCARE SCHEDULE OF CHILD CARE INFORMATION SERVICES RECAP FOR FISCAL YEAR 2011

### Exhibit VIII (b)

CONTRACTOR Washington County Commissioners  
 FEDERAL ID NO: 25-60010430  
 CONTRACT NO: DC-09-639992

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	\$ 526,116	\$ 5,612,288	\$ 96,465	\$ 911,906	\$ 7,146,775
Interest		4,001		667	4,668
Audit Adjustments	-		-		-
Other (e.g., Penalties)	-		-		-
		-		-	-
		-		-	-
		-		-	-
		-		-	-
		-		-	-
<b>TOTAL REVENUE</b>	<b>\$ 526,116</b>	<b>\$ 5,616,289</b>	<b>\$ 96,465</b>	<b>\$ 912,573</b>	<b>\$ 7,151,443</b>
EXPENDITURES					
Final Report Totals	\$ 491,762	\$ 5,623,587	\$ 92,563	\$ 938,098	\$ 7,146,010
		-		-	-
		-		-	-
		-		-	-
		-		-	-
		-		-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 491,762</b>	<b>\$ 5,623,587</b>	<b>\$ 92,563</b>	<b>\$ 938,098</b>	<b>\$ 7,146,010</b>
<b>TOTAL DUE DPW</b>	<b>\$ 34,354</b>	<b>\$ (7,298)</b>	<b>\$ 3,902</b>	<b>\$ (25,525)</b>	<b>\$ 5,433</b>

**COUNTY OF WASHINGTON, PENNSYLVANIA**

CCIS DAYCARE  
SCHEDULE OF CHILD CARE INFORMATION SERVICES  
RECAP FOR FISCAL YEAR 2011

Exhibit VIII(b), Continued

CONTRACTOR Washington County Commissioners  
FEDERAL ID NO: 25-60010430  
CONTRACT NO: DC-09-639992

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

	TANF FSS	TANF				TANF TOTAL	STATE MOE/GA FSS	SERVICE		STATE MOE/GA TOTAL	FOOD STAMPS		
		Training	WS - Training	Working	WS-Working			State Moe	Genl Assist/WS2		FSS	Service	Total
<b>REVENUE</b>													
DPW Funds	\$ 89,109	\$ 198,000	\$ 30,903	\$ 83,739	\$ 1,530	\$ 403,281	\$ 25,473	\$ 80,753	\$ 538	\$ 106,764	\$ 43,228	\$ 121,500	\$ 164,728
Interest		205	26	51	21	303		51	5	56		103	\$ 103
Audit Adjustments	-					-				-			
Other (e.g., Penalties)	-					-				-			
		-	-	-	-	-		-	-	-			-
		-	-	-	-	-		-	-	-			-
<b>TOTAL REVENUE</b>	\$ 89,109	\$ 198,205	\$ 30,929	\$ 83,790	\$ 1,551	\$ 403,584	\$ 25,473	\$ 80,804	\$ 543	\$ 106,820	\$ 43,228	\$ 121,603	\$ 164,831
<b>EXPENDITURES</b>													
Final Report Totals	\$ 80,312	\$ 196,289	\$ 30,072	\$ 79,955	\$ 2,318	\$ 388,946	\$ 22,958	\$ 85,266	\$ 367	\$ 108,591	\$ 38,960	\$ 121,069	\$ 160,029
		-	-	-	-	-		-	-	-		-	-
		-	-	-	-	-		-	-	-		-	-
		-	-	-	-	-		-	-	-		-	-
		-	-	-	-	-		-	-	-		-	-
<b>TOTAL EXPENDITURES</b>	80,312	196,289	30,072	79,955	2,318	388,946	22,958	85,266	367	108,591	38,960	121,069	160,029
<b>TOTAL DUE DPW</b>	\$ 8,797	\$ 1,916	\$ 857	\$ 3,835	\$ (767)	\$ 14,638	\$ 2,515	\$ (4,462)	\$ 176	\$ (1,771)	\$ 4,268	\$ 534	\$ 4,802

(Concluded)

# COUNTY OF WASHINGTON, PENNSYLVANIA

## COMBINED HOMELESS ASSISTANCE PROGRAMS REVENUES AND EXPENSES

FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2011

### Exhibit XIX

I. SOURCES OF FUNDING	TOTAL AVAILABLE FUNDS
DPW Allocation	A \$ 274,393
Client Contributions	B -
Other	C -
Interest Earned	D 431
TOTAL HAP FUNDING (A+B+C+D=E)	E 274,824

II. EXPENSES	Bridge Housing	Case Management	Rental Assistance	Emergency Shelter	Innovative Supportive Housing Services	TOTAL EXPENSES
On Behalf of Clients	-	-	38,231	-	-	F 38,231
Personnel	-	56,912	18,698	-	-	G 75,610
Operating	18,788	1,465	3,071	112,254	-	H 135,578
Fixed Assets\Equipment	-	-	-	-	-	I -
SUBTOTAL	18,788	58,377	60,000	112,254	-	J 249,419

County Administration (Max Total 10% HAP Funding)	K 25,405
Total HAP Expenses (J+K=L)	L \$ 274,824
Total Unexpended Funds (E-L=)	\$ -

**County of Washington,  
Pennsylvania**

Independent Auditor's Reports in  
Accordance with OMB Circular A-133

Year Ended December 31, 2011

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

Board of County Commissioners  
County Controller  
County of Washington, Pennsylvania

We have audited the primary government financial statements (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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 15, 2012. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Board of Directors  
County of Washington  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Others Matters

\* \* \* \* \*

This report is intended solely for the information and use of the Board of County Commissioners, County Controller, audit committee, management, others within the County, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maier Duessel*

Pittsburgh, Pennsylvania  
August 15, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal and Pennsylvania Department of Public Welfare (DPW) Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the DPW Compliance Supplement

Board of County Commissioners  
County Controller  
County of Washington, Pennsylvania

Compliance

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 a direct and material effect on each of its major federal and DPW programs for the year ended December 31, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and DPW programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

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 major federal programs and DPW programs for the year ended December 31, 2011.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and DPW programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal and DPW program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular

Board of County Commissioners  
County Controller  
Independent Auditor's Report on Compliance with Requirements  
that Could Have a Direct and Material Effect on Each  
Major Federal and Pennsylvania DPW Program

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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

\* \* \* \* \*

This report is intended solely for the information and use of the Board of County Commissioners, County Controller, audit committee, management, others within the County, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maher Duessel*

Pittsburgh, Pennsylvania  
August 15, 2012

# COUNTY OF WASHINGTON, PENNSYLVANIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2011

### I. Summary of Audit Results

1. Type of auditor's report issued: Unqualified

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: Unqualified

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>
14.235	Supportive Housing Program - HUD SNAPS XV, XVI
14.257	ARRA Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)
20.106	Airport Improvement Program
81.128	ARRA Energy Efficiency and Conservation Block Grant
93.667	Social Services Block Grant

8. Dollar threshold used to distinguish between type A and type B programs: \$505,296

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

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.

**No matters were reported.**

**COUNTY OF WASHINGTON, PENNSYLVANIA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2011**

**NONE NOTED**