

COUNTY OF CLINTON
LOCK HAVEN, PENNSYLVANIA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

COUNTY OF CLINTON, PENNSYLVANIA
YEAR ENDED DECEMBER 31, 2022

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	19
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	20
Statement of Fiduciary Net Position - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	22
Combining Statement of Net Position – Discretely Presented Component Units	23
Combining Statement of Activities – Discretely Presented Component Units	24
Notes to Financial Statements	25-60
Required Supplemental Information	
Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios – Last 10 Years	62
Schedule of Employer Contributions – Last 10 Years	63
Schedule of Investment Returns – Last 10 Years	64
Budgetary Comparison Schedule – General Fund	65
Budgetary Comparison Schedule – Children and Youth	66



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INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Clinton
Lock Haven, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clinton, Pennsylvania (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the discretely presented component unit financial statements of the Clinton County Solid Waste Authority and the Clinton County Sewer Authority, which represent 100 percent, 100 percent and 65.74 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Clinton County Solid Waste Authority and the Clinton County Sewer Authority is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. The financial statements of the Susque-View Home, Inc. and the Clinton County Solid Waste Authority were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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County Commissioners
County of Clinton
Lock Haven, Pennsylvania
Page 2

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Adoption of Governmental Accounting Standards Board Pronouncements

As described in Note 1 to the financial statements, in 2022 the County adopted the provisions of GASB Statement No. 87, "Leases", No. 91, "Conduit Debt Obligations", No. 92, "Omnibus 2020", certain provisions of Statement No. 93, "Replacement of Interbank Offered Rates", and certain provisions of Statement No. 99, "Omnibus 2022". Our opinion is not modified with respect to these matters.



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County Commissioners
County of Clinton
Lock Haven, Pennsylvania
Page 3

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension (asset) liability and related ratios, schedule of employer contributions, schedule of investment returns and budgetary comparison information on pages 4 through 14 and 62 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Zelenkofske Axlerod LLC

ZELENKOFSKE AXELROD LLC

Harrisburg, Pennsylvania
September 28, 2023

County of Clinton
Management Discussion and Analysis

The County of Clinton, Pennsylvania, hereafter referred to as the "County", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (hereafter "GASB 34") and related standards. GASB 34 enhances information provided to the users of the County's financial statements. This section of the financial statements presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2022. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements to obtain an understanding of the County's financial condition at December 31, 2022.

Financial Highlights

- The County's net position of its governmental activities increased by \$15,217,228. The unrestricted net position of its governmental activities at December 31, 2022, was \$16,219,832.
- The County's General Fund balance at December 31, 2022, was \$19,995,573, an increase of \$10,106,247 from the prior year.
- The County's total long-term general obligation debt outstanding decreased by \$1,801,485 to \$18,089,620 at December 31, 2022, exclusive of bond discounts.
- The County's estimated net pension liability at December 31, 2022, was \$5,834,483, a decrease of \$10,914,566 from December 31, 2021. Refer to Note 9 for additional information.

Overview of the Financial Statements

The financial section of this report consists of three parts:

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

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the County's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided that includes a budget to actual comparison for the County's General and Children and Youth Funds, a schedule of changes in net pension liability and related ratios, a schedule of employer contributions and a schedule of investment returns.

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

- *Government-wide financial statements*, the first two statements, provide information about the County's overall financial status.
- *Fund financial statements*, the remaining statements, focus on individual parts of the County's government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
 - *Governmental funds statements* show how general government services such as public safety, human services, public works, and conservation and development were financed in the short term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activity the County operates like a business. (The County's primary government had no proprietary funds at December 31, 2022.)

County of Clinton
Management Discussion and Analysis

- *Fiduciary funds statements* reflect activities involving resources that are held by the County as a trustee or agent for the benefit of others, including employees of the County, like the pension plan. Fiduciary funds are not reflected in the government-wide statements because the assets cannot be used to support the County's programs.

Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1
Required Components of the County of Clinton, Pennsylvania's
Financial Report

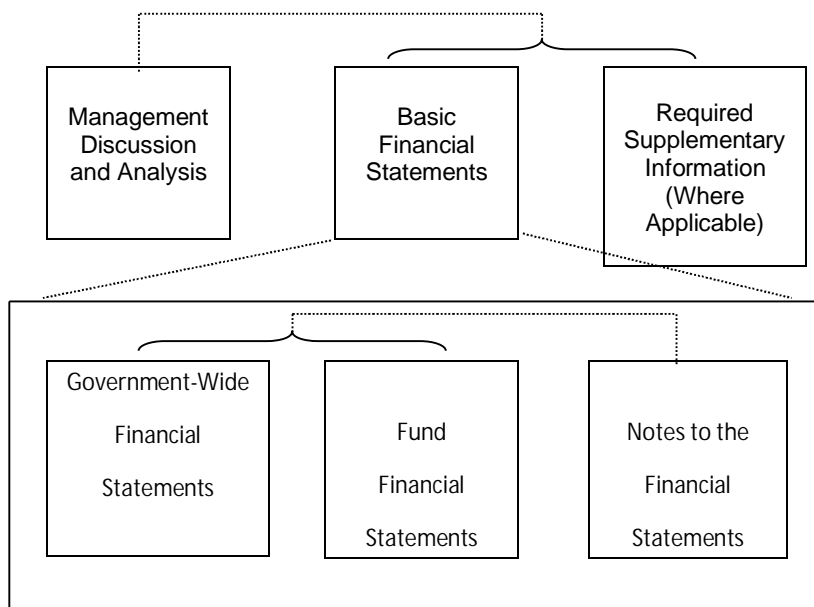


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities it covers and the types of information contained.

Table A-2
Major Features of the County of Clinton, Pennsylvania
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire County (except fiduciary funds)	The day-to-day operating activities of the County, such as general administration, judicial, public safety, etc.	Instances in which the County is the trustee or agent to someone else's resources - Pension Trust Fund
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus

County of Clinton
Management Discussion and Analysis

	Fund Statements		
	Government-Wide Statements	Governmental Funds	Fiduciary Funds
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

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

Government-Wide Financial Statements

Government-wide financial statements report information about the County using accounting methods similar to those used by private-sector companies:

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

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

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

The activities of the primary government:

- *Governmental activities* include the County's basic services such as general government, judicial, public safety, human services, public works, and conservation and development.

County of Clinton
Management Discussion and Analysis

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt, compensated absences, and the net pension liability as liabilities.
- Report deferred inflow and outflows of resources
- Depreciate capital assets and allocate the depreciation to the proper program/activities.
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position have constraints placed on their use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
 - Unrestricted net position does not meet any of the above restrictions.

Fund Financial Statements

Fund financial statements provide more detailed information on the County's most significant funds, not the County as a whole. Funds are accounting devices, i.e., a group of related accounts, the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board ("GASB") for governments.

The County has two kinds of funds:

- **Governmental funds** include most of the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available.

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

County of Clinton
Management Discussion and Analysis

The County adopts an annual budget for the General Fund and the Children and Youth Fund as required by state law. A budgetary comparison of the County's General Fund is presented on page 65 and a budgetary comparison of the County's Children and Youth Fund is presented on page 66.

- **Fiduciary funds** are those funds for which the County is the trustee or fiduciary. These include the Employee Retirement Plan and certain custodial funds, or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Government-Wide Financial Statements

The County's total assets and deferred outflow of resources were \$65,476,489 at December 31, 2022 and \$53,994,230 at December 31, 2021. Of these amounts, \$24,422,984 and \$22,777,129, respectively, were capital assets.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activity's column of the government-wide financial statements, but allowed infrastructure to be added over several years. The County adopted the provisions of GASB 34 related to infrastructure on a retroactive basis. As a result, for the years ended December 31, 2022 and 2021, the County has included all of its infrastructure assets that required capitalization in the County's financial statements.

Table A-3
Condensed Statement of Net Position
(In Thousands)

	Governmental Activities	
	2022	2021
Current and other assets	\$ 36,046	\$ 31,029
Capital assets, net	24,423	22,777
Total assets	60,469	53,806
Deferred outflows of resources	5,007	188
Total assets and deferred outflows of resources	65,476	53,994
Long-term liabilities	25,605	21,614
Other liabilities	3,899	6,019
Total liabilities	29,504	27,633
Deferred inflows of resources	1,146	6,751
Net position:		
Net investment in capital assets	9,733	6,871
Restricted net position	8,874	14,745
Unrestricted net position (deficit)	16,220	(2,006)
Total net position	\$ 34,827	\$ 19,610

County of Clinton
Management Discussion and Analysis

Change in Net Position

The following statement of activities represents changes in net position for the years ended December 31, 2022 and 2021. It shows revenues by source and expenses by function for the government as a whole.

Table A-4
Condensed Statement of Activities
(In Thousands)

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 8,890	\$ 5,061
Grants and contributions	18,035	17,216
General revenues:		
Property and other taxes	13,446	13,379
Payments in lieu of taxes	652	675
Unrestricted investment earnings	324	2,570
Miscellaneous	697	1,723
Gain on Sale of Assets	63	
Proceeds of Sale of Nursing Home	9,657	56
Total revenues	<u>51,764</u>	<u>40,680</u>
Expenses:		
General government	7,553	7,195
Judicial	4,083	4,822
Public safety	10,271	10,697
Public works	493	93
Human services	10,375	6,993
Culture and recreation	872	580
Conservation and development	2,300	2,292
Debt service	600	753
Total expenses	<u>36,547</u>	<u>33,425</u>
Change in net position	15,217	7,255
Net Position, January 1	<u>19,610</u>	<u>12,355</u>
Net Position, December 31	<u><u>\$ 34,827</u></u>	<u><u>\$ 19,610</u></u>

In 2022, charges for services increased based on receiving the Opioid Misuse Addiction Settlement and the close out of receivables from the sale of the Nursing Home. Grants and contributions increased due to the American Rescue Plan Act and the Emergency Rental Assistance Program. The decrease in Unrestricted Investment Earnings was related to the deferred inflows and outflows of the Net Pension Assets. The Gain of assets was due to the sale of the Nursing Home.

The increase in General Government and decrease in Judicial was due to a reclass of functions from 2021 to 2022. Public Safety decreased due to the shortage of full-time employees. The Emergency Rental Assistance Program funds increased expenditures in Human Services programs, along with the loan write-off from the sale of the Nursing Home. Conservation and Development funding remained level from the Community Development Block Grants.

County of Clinton
Management Discussion and Analysis

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. Table A-5 depicts the net program expenses for the years ended December 31, 2022 and 2021.

Table A-5
Net Cost of Governmental and Business-Type Activity
(In Thousands)

	Total		Net Expense (Revenue)	
	Cost of Services		Cost of Services	
	2022	2021	2022	2021
Program:				
General government	\$ 7,553	\$ 7,195	\$ 682	\$ 3,371
Judicial	4,083	4,822	2,288	2,773
Public safety	10,271	10,697	5,108	5,924
Public works	493	93	(2,144)	(1,124)
Human services	10,375	6,993	2,663	666
Culture and recreation	872	580	628	580
Conservation and development	2,300	2,292	(203)	(1,795)
Debt service	600	753	600	753
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ 36,547	\$ 33,425	\$ 9,622	\$ 11,148

The County relied on property taxes and other general revenues to fund 26 percent of its governmental activities in 2022.

Capital Assets

The County's investment in capital assets at December 31, 2022 and 2021, net of accumulated depreciation, was \$24,422,984 and \$22,777,129, respectively. Some amounts were reclassified due to the implementation of GASB 87. Capital assets consist primarily of land, buildings, equipment and infrastructure. The following is a summary of capital assets at December 31, 2022 and 2021:

Table A-6
Capital Assets, Governmental Activities
December 31, 2022

	Cost	Accumulated Depreciation	Cost Less Accumulated Depreciation
Governmental Activities:			
Land	\$ 1,038,497	\$ -	\$ 1,038,497
Buildings and improvements	32,595,916	18,771,711	13,824,205
Equipment and vehicles	11,630,739	9,220,121	2,410,618
Agricultural easements	859,017	282,469	598,025
Infrastructure	4,872,461	185,465	4,686,996
Right-to-Use	336,180	189,203	146,977
Construction in progress	1,739,143	-	1,739,143
	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	\$ 53,071,953	\$ 28,648,969	\$ 24,422,984

County of Clinton
Management Discussion and Analysis

Table A-6
Capital Assets, Governmental Activities
December 31, 2021

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost Less Accumulated Depreciation</u>
Governmental Activities:			
Land	\$ 869,732	\$ -	\$ 869,732
Buildings and improvements	32,092,242	17,846,673	14,245,569
Equipment and vehicles	10,482,892	8,467,347	2,015,545
Agricultural easements	859,017	260,992	598,025
Infrastructure	740,009	143,741	596,268
Construction-in-process	4,451,990	-	4,451,990
	<u>\$ 49,495,882</u>	<u>\$ 26,718,753</u>	<u>\$ 22,777,129</u>

Due to the implementation of GASB 87, the amounts recorded in the 2021 table do not reflect that implementation. Detailed information about the County's capital assets can be found in Note 7 within the accompanying notes to the financial statements.

Long-Term Liabilities

At December 31, 2022, the County had \$18,089,620 of debt outstanding, including general obligation bonds, and notes excluding premiums and discounts. Debt decreased 9.05 percent from the previous year. The following is a summary of general obligation bonds, notes, capital assets and compensated absences for the 2022 year:

Table A-7
Statement of Long-Term Liability Activity

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Long-term debt, net	\$ 19,953,889	\$ -	\$ 1,808,461	\$ 18,145,428
Lease liability	214,900	-	77,625	137,275
Compensated absences	1,566,124	-	78,090	1,488,034
Net pension liability	(5,080,083)	10,914,566	-	5,834,483
	<u>\$ 16,654,830</u>	<u>\$ 10,914,566</u>	<u>\$ 1,964,176</u>	<u>\$ 26,605,220</u>

Detailed information about the County's long-term debt can be found in Note 10, information about lease liability can be found in Note 11, and information about the compensated absences can be found in Note 12 in the accompanying notes to the financial statements.

Fund Financial Statements

Governmental Funds

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

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. Such information is useful in assessing the County's financing

County of Clinton
Management Discussion and Analysis

requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The County's governmental funds include the General Fund, various special revenue funds, and the Capital Project Fund. The General Fund is the chief operating fund for the County. Special revenue funds are restricted to specific legislated use. The Capital Project Fund account for the proceeds of bonds issued in connection with major capital undertakings. The major funds are identified as such on the statement of revenues, expenditures and changes in fund balances in the financial statements.

Governmental Fund Revenues

Governmental fund revenues by source at December 31, 2022 and 2021 were as follows:

Table A-8
Revenues by Source, Governmental Funds

	2022	2021	Changes from 2022 to 2021
Revenues:			
Taxes	\$ 14,033,657	\$ 14,092,818	\$ (59,161)
Intergovernmental revenues	18,034,523	17,215,753	818,770
Charges for services	7,728,010	5,061,177	2,666,833
Interest, rents and royalties	324,346	104,339	220,007
Other	697,222	1,723,046	(1,025,824)
Refunds/proceeds from sale of assets	9,720,126	55,652	9,664,474
Transfers in	21,638,321	7,184,879	14,453,442
Total revenues	<u>\$ 72,176,205</u>	<u>\$ 45,437,664</u>	<u>\$ 26,738,541</u>

The \$800,000 increase in Intergovernmental revenues is largely attributable to the American Rescue Plan Act and Emergency Rental Assistance Program.

Charges for services increased based on receiving the Opioid Misuse Addiction Settlement and the close out of receivables from the sale of the Nursing Home.

Interest income increased due to the rise in interest rates.

There were no new borrowings or refunding of bond obligations in 2022.

The County periodically makes transfers to and from its General Fund to finance the operations of other governmental fund types. In 2022, additional transfers were made from the ARPA Fund, Children and Youth Services and the creation of new funds due to the sale of the Nursing Home. Additional information on inter-fund activity may be found in Note 14.

County of Clinton
Management Discussion and Analysis

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2022 and 2021 were as follows:

Table A-9
Expenditures by Functions, Governmental Funds

	2022	2021	Changes from 2022 to 2021
Expenditures:			
General government	\$ 7,159,377	\$ 6,562,583	\$ 596,794
Judicial	3,964,539	4,715,009	(750,470)
Public safety	9,105,009	9,608,053	(503,044)
Public works	478,242	84,870	63,372
Human services	10,337,528	6,957,031	3,380,497
Culture and recreation	842,662	550,784	625,250
Conservation and development	2,267,696	2,276,767	(9,071)
Debt service and issuance costs	2,502,779	2,446,124	56,655
Capital outlay	3,477,323	4,179,759	(702,436)
Transfer out	21,638,321	7,184,879	14,453,442
Total expenditures	\$ 61,773,476	\$ 44,565,859	\$ 17,207,617

General government expenditures increased and Judicial expenditures decreased due to accounts being reclassified to a different function. Public Safety decreased because of the shortage of full-time employees at the Correctional facility and 911. The Human Services increase was related to the Emergency Rental Assistance Program and the debt write-off of the Nursing Home. Culture and Recreation increased due to the improvements of the trails. Conservation and Development remained at the at the same level of funding for Community Development Block Grants. Debt Service and issuance costs decreased because there was no refunding of bond obligations and no new borrowing. Capital outlay decrease was attributed to the prior year county projects being finished.

Transfers were increased by \$ 14 million because the County needed additional funding for its operations. In addition, the County created additional Funds from the sale of the Nursing Home and creation of the Woodard Escrow Account which required additional transfers.

Governmental Fund Balances

Ending balances for governmental funds at December 31, 2022 were as follows:

Table A-10
Ending Fund Balances, Governmental Funds

Fund	Governmental Funds
General Fund	\$ 19,995,573
Revolving Loan Fund	3,594,037
Human Services Fund	132,911
Non-major Governmental Funds	6,234,592
Total	\$ 29,957,113

County of Clinton
Management Discussion and Analysis

Economic Condition, Outlook and Next Year's Budget

The County continues to monitor its spending and services throughout all levels of operations. The monitoring of cash flow and capital project planning has been considered in preparing the County's 2024 budget. In addition, the federal and state budget issues will continue to be a hurdle all counties must grapple with as program service levels increase and the potential for funding sources decrease.

The federal government passed the American Rescue Plan Act (ARPA) on March 11, 2021, to respond to the COVID-19 Public Health Emergency and its negative economic impacts. Clinton County has received a total of \$7.4 million from this resource. In 2022, it had received 50 percent, or \$3.7 million, like the amount received in 2021. These funds are to cover costs incurred by December 31, 2024.

General Fund Budget

The County adopts an annual operating budget for its General, Children and Youth, and other County Funds in accordance with the provisions of the Commonwealth of Pennsylvania County Code. A schedule showing the County's original and final budget amounts compared with actual results for the current year is provided on page 65 and 66.

The County's actual revenues for the General Fund for the year ended December 31, 2022 were \$2,647,894 higher than the final budget.

The County's actual expenditures for the year ended December 31, 2022 were \$2,401,549 more than was anticipated in the final budget.

Contacting the County's Financial Management

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

County of Clinton, Pennsylvania
Clinton County Government Center
Commissioner's Office
2 Piper Way, Suite 300
Lock Haven, Pennsylvania 17745
Telephone: 570-893-4000

COUNTY OF CLINTON
STATEMENT OF NET POSITION
DECEMBER 31, 2022

<u>Assets</u>	<u>Governmental Activities</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$ 17,680,729	\$ 5,129,526
Investments	5,789,315	76,791
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):		
Taxes	763,432	-
Accounts, Net	2,128,974	-
Leases	581,785	-
Loans	2,506,235	-
Notes, Net	315,312	83,758
Other, Net	-	1,319,097
Due from Other Governments	2,006,092	-
Inventories	-	700,430
Prepaid Expenses and Other Assets	33,662	704,554
Assets Whose Use is Limited	-	-
Restricted Assets:		
Restricted Cash	4,240,480	1,142,066
Capital Assets, Not Being Depreciated	2,777,640	3,821,557
Capital Assets Being Depreciated, Net	21,645,344	35,116,879
Intangible Assets	-	184,376
Total Assets	<u>60,469,000</u>	<u>48,279,034</u>
<u>Deferred Outflows of Resources</u>		
Pension	5,007,489	-
Total Deferred Outflows of Resources	<u>5,007,489</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 65,476,489</u>	<u>\$ 48,279,034</u>
<u>Liabilities</u>		
Accounts Payable	\$ 2,020,731	\$ 483,131
Accrued Liabilities	681,561	1,091,224
Unearned Revenue	1,151,048	38,400
Accrued Interest Payable	45,225	-
Long Term Liabilities:		
Due within one year	1,948,834	886,376
Due in more than one year	23,656,386	20,673,552
Total Liabilities	<u>29,503,785</u>	<u>23,172,683</u>
<u>Deferred Inflows of Resources</u>		
Pension	573,825	-
Leases	571,945	-
Total Deferred Inflows of Resources	<u>1,145,770</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,649,555</u>	<u>23,172,683</u>
<u>Net Position</u>		
Net Investment in Capital Assets	9,733,364	35,890,285
Restricted for:		
Program Purposes	8,873,738	-
Debt Retirement and Capital Projects	-	1,142,066
Unrestricted	16,219,832	(11,926,000)
Total Net Position	<u>34,826,934</u>	<u>25,106,351</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 65,476,489</u>	<u>\$ 48,279,034</u>

The accompanying notes are an integral part of the financial statements

COUNTY OF CLINTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary government:						
Governmental Activities:						
General Government - Administration	\$ 7,553,045	\$ 1,337,932	\$ 5,526,126	\$ 6,646	\$ (682,341)	
Judicial	4,082,760	732,339	1,062,429	-	(2,287,992)	
Public Safety	10,271,404	3,585,973	1,557,371	19,622	(5,108,438)	
Public Works	492,992	949	2,192,990	443,657	2,144,604	
Human Services	10,374,718	2,992,253	4,719,627	-	(2,662,838)	
Culture and Recreation	872,421	-	244,608	-	(627,813)	
Conservation and Development	2,299,566	240,791	1,799,537	461,910	202,672	
Interest on Long-Term Debt	599,747	-	-	-	(599,747)	
Total Governmental Activities	36,546,653	8,890,237	17,102,688	931,835	(9,621,893)	
Component Units:						
Clinton County Solid Waste Authority	\$ 18,541,003	\$ 20,236,729	\$ -	\$ -		\$ 1,695,726
Clinton County Sewer Authority	228,542	180,936	-	-		(47,606)
Susque-View Home, Inc.	15,213,445	8,727,966	-	-		(6,485,479)
Total Component Units	\$ 33,982,990	\$ 29,145,631	\$ -	\$ -		(4,837,359)
General Revenues:						
Taxes:						
					13,097,981	-
					347,866	-
					324,346	150,538
					651,580	-
					697,222	2,147,807
					62,763	-
					9,657,363	-
					24,839,121	2,298,345
					15,217,228	(2,539,014)
					19,609,706	27,645,365
					\$ 34,826,934	\$ 25,106,351

The accompanying notes are an integral part of the financial statements

COUNTY OF CLINTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

<u>Assets</u>	<u>General</u>	<u>Revolving Loan</u>	<u>Children and Youth</u>	<u>Capital Projects</u>	<u>Human Services Fund</u>	<u>COVID-19 American Rescue Plan</u>	<u>COVID-19 Emergency Rental Assistance Plan</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 14,242,281	\$ -	\$ -	\$ -	\$ -	\$ 1,034,465	\$ 344,047	\$ 2,059,936	\$ 17,680,729
Restricted Cash	-	1,087,802	52,668	-	123,536	-	-	2,976,474	4,240,480
Investments	2,953,610	-	-	-	-	1,720,753	-	1,114,952	5,789,315
Receivables:									
Taxes, Net	763,432	-	-	-	-	-	-	-	763,432
Accounts	861,233	-	-	-	1,241,765	-	-	25,976	2,128,974
Leases	581,785	-	-	-	-	-	-	-	581,785
Notes, Net	315,312	-	-	-	-	-	-	-	315,312
Loans	-	2,506,235	-	-	-	-	-	-	2,506,235
Prepays and Other Assets	33,662	-	-	-	-	-	-	-	33,662
Due from Other Funds	4,546,684	-	-	-	-	-	-	553,137	5,099,821
Due from Other Governments	95,380	-	1,278,819	-	83,081	-	-	548,812	2,006,092
Total Assets	\$ 24,393,379	\$ 3,594,037	\$ 1,331,487	\$ -	\$ 1,448,382	\$ 2,755,218	\$ 344,047	\$ 7,279,287	\$ 41,145,837
<u>Liabilities</u>									
Accounts Payable	\$ 1,583,585	\$ -	\$ 126,296	\$ -	\$ 87,051	\$ -	\$ -	\$ 223,799	\$ 2,020,731
Due to Other Funds	1,229,548	-	1,005,963	-	-	2,157,000	-	707,310	5,099,821
Accrued Liabilities	450,043	-	144,332	-	-	-	-	87,186	681,561
Unearned Revenues	61,294	-	54,896	-	66,193	598,218	344,047	26,400	1,151,048
Total Liabilities	3,324,470	-	1,331,487	-	153,244	2,755,218	344,047	1,044,695	8,953,161
<u>Deferred Inflow of Resources</u>									
Unavailable Revenue - Property Taxes	501,391	-	-	-	-	-	-	-	501,391
Leases	571,945	-	-	-	-	-	-	-	571,945
Opioid Settlement	-	-	-	-	1,162,227	-	-	-	1,162,227
Total Deferred Inflows of Resources	1,073,336	-	-	-	1,162,227	-	-	-	2,235,563
<u>Fund Balances</u>									
Fund Balances									
Nonspendable:									
Notes Receivable and Prepays	348,974	-	-	-	-	-	-	-	348,974
Restricted:									
Program Purposes	-	2,506,235	-	-	132,911	-	-	6,234,592	8,873,738
Capital Projects	-	-	-	-	-	-	-	-	-
Assigned:									
Capital Projects	2,518,697	-	-	-	-	-	-	-	2,518,697
Medical Savings	1,288,518	-	-	-	-	-	-	-	1,288,518
Unassigned:	15,839,384	1,087,802	-	-	-	-	-	-	16,927,186
Total Fund Balances	19,995,573	3,594,037	-	-	132,911	-	-	6,234,592	29,957,113
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 24,393,379	\$ 3,594,037	\$ 1,331,487	\$ -	\$ 1,448,382	\$ 2,755,218	\$ 344,047	\$ 7,279,287	\$ 41,145,837

The accompanying notes are an integral part of the financial statements

COUNTY OF CLINTON
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2022

Total fund balances of governmental funds \$ 29,957,113

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position. The cost of assets is \$53,071,953 and the accumulated depreciation is \$28,648,969. 24,422,984

Other assets are not available to pay for current period expenditures and, therefore, are deferred in funds

Unavailable Real Estate Taxes 501,391
 Opioid Settlement 1,162,227

Deferred outflows related to the net pension liability are not reported in the governmental funds, however, are reported in the statement of net position. 5,007,489

Deferred inflows related to the net pension liability and opioid settlement are not reported in the governmental funds, however, are reported in the statement of net position. (573,825)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term, are reported in the statement of net position. Balances at December 31, 2022 are:

General Obligation Debt	(18,089,620)	
Bond Premium/Discount, net	(55,808)	
Leases Liability	(137,275)	
Compensated Absences	(1,488,034)	
Net Pension Liability	(5,834,483)	
Accrued Interest Payable	(45,225)	
	(25,650,445)	(25,650,445)

Total Net Position of Governmental Activities \$ 34,826,934

COUNTY OF CLINTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Revolving Loan	Children and Youth	Capital Projects	Human Services Fund	COVID-19 American Rescue Plan	COVID-19 Emergency Rental Assistance Plan	Non-Major Governmental Funds	Total Governmental Funds
Revenues									
Taxes:									
Property Taxes	\$ 13,034,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,034,211
Payments in Lieu of Taxes	651,580	-	-	-	-	-	-	-	651,580
Hotel Taxes	347,866	-	-	-	-	-	-	-	347,866
Intergovernmental Revenues	1,343,472	-	4,660,868	-	605,551	4,824,990	2,192,990	4,406,652	18,034,523
Charges for Services	7,193,580	-	24,087	-	132,911	-	-	377,432	7,728,010
Interest and Rents	112,087	72,605	-	13	-	59,387	12,210	68,044	324,346
Other	697,222	-	-	-	-	-	-	-	697,222
Total Revenues	23,380,018	72,605	4,684,955	13	738,462	4,884,377	2,205,200	4,852,128	40,817,758
Expenditures									
Current:									
General Government - Administrative	5,899,166	-	-	-	-	1,038,547	-	221,664	7,159,377
Judicial	2,896,918	-	-	-	-	-	-	1,067,621	3,964,539
Public Safety	7,828,488	-	-	-	-	-	-	1,276,521	9,105,009
Public Works	96,432	-	-	-	-	-	-	381,810	478,242
Human Services	3,114,090	-	4,957,319	-	53,759	-	2,189,200	23,160	10,337,528
Culture and Recreation	520,651	-	-	-	-	-	-	322,011	842,662
Conservation and Development	602,354	14,142	-	-	544,411	-	-	1,106,789	2,267,696
Debt Service:									
Principal	1,847,915	-	29,111	-	-	-	-	2,084	1,879,110
Interest	616,242	-	7,255	-	-	-	-	172	623,669
Capital Outlay	2,440,104	-	-	174,010	-	249,389	-	613,820	3,477,323
Total Expenditures	25,862,360	14,142	4,993,685	174,010	598,170	1,287,936	2,189,200	5,015,652	40,135,155
Excess of Revenues Over (Under) Expenditures	(2,482,342)	58,463	(308,730)	(173,997)	140,292	3,596,441	16,000	(163,524)	682,603
Other Financing Sources (Uses)									
Operating Transfer In	18,677,960	-	865,241	-	-	-	-	2,095,120	21,638,321
Operating Transfer Out	(15,778,134)	-	(556,511)	-	(7,381)	(3,596,441)	(16,000)	(1,683,854)	(21,638,321)
Proceeds from Sale of Assets	31,400	-	-	-	-	-	-	31,363	62,763
Proceeds From Sale of Nursing Home	9,657,363	-	-	-	-	-	-	-	9,657,363
Total Other Financing Sources(Uses)	12,588,589	-	308,730	-	(7,381)	(3,596,441)	(16,000)	442,629	9,720,126
Net Change in Fund Balances	10,106,247	58,463	-	(173,997)	132,911	-	-	279,105	10,402,729
Fund Balances - Beginning of Year	9,889,326	3,535,574	-	173,997	-	-	-	5,955,487	19,554,384
Fund Balances - End of Year	\$ 19,995,573	\$ 3,594,037	\$ -	\$ -	\$ 132,911	\$ -	\$ -	\$ 6,234,592	\$ 29,957,113

The accompanying notes are in integral part of the financial statements

COUNTY OF CLINTON
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2022

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

Net change in fund balances - total governmental funds	\$	10,402,729
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$3,477,323 exceeded depreciation, \$1,952,339, in the current period.</p>		
		1,524,984
<p>Under the modified accrual basis of accounting used in governmental funds, revenues are deferred until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available.</p>		
Real Estate Taxes		63,770
Opioid Revenue		1,162,227
<p>The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the government-wide net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. During the year ended December 31, 2022, the following transactions factor into this reconciliation:</p>		
Repayment of Principal	1,801,485	
Lease Payments	77,625	
Bond Premium/Discount, Net	6,976	
		1,886,086
<p>Certain compensated absences are considered long-term in nature, and are not reported as liabilities within the governmental funds. Such liabilities are reported within the statement of net position, and changes in these liabilities are reflected within the statement of activities. This amount represents the change in long-term compensated absences payable during 2022.</p>		
		78,090
<p>Net pension liability and the deferred inflows and outflows related to pension are considered long-term in nature, and is not reported as an asset within the governmental funds. Such an asset is, however, reported within the statement of net position, and changes in the asset are reflected within the statement of activities. This amount represents the change in the net pension asset and related deferred inflows of resources</p>		
		82,396
<p>Interest on long-term debt 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 additional amount due over the interest accrued in the statement of activities is shown here.</p>		
		16,946
Net Change in Governmental Activities Net Position	\$	15,217,228

The accompanying notes are an integral part of the financial statements

COUNTY OF CLINTON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Component Unit			
<u>Assets</u>	Employee Retirement Fund	<u>Custodial Funds</u>	<u>Totals</u>	
Cash and Cash Equivalents	\$ 1,964,631	\$ 1,503,476	\$ 3,468,107	
Investments				
Certificates of Deposits	836,203	-	836,203	
U.S. Government Obligations	10,447,921	-	10,447,921	
Bonds	5,741,490	-	5,741,490	
Common Stocks	23,152,801	-	23,152,801	
Mutual Funds	8,352,227	-	8,352,227	
Employer Contribution Receivable	991,431	-	991,431	
Accrued Income	108,773	-	108,773	
	<u>51,595,477</u>	<u>1,503,476</u>	<u>53,098,953</u>	
Total Assets	<u>51,595,477</u>	<u>1,503,476</u>	<u>53,098,953</u>	
<u>Liabilities</u>				
Due to Other Governments	-	57,450	57,450	
Due to Individuals and Private Organizations	-	818,442	818,442	
Due to Tax Authorities	-	610,448	610,448	
Other Liabilities	-	17,136	17,136	
	<u>-</u>	<u>1,503,476</u>	<u>1,503,476</u>	
Total Liabilities	<u>-</u>	<u>1,503,476</u>	<u>1,503,476</u>	
<u>Net Position</u>				
Held in Trust for Pension Benefits	<u>\$ 51,595,477</u>	<u>\$ -</u>	<u>\$ 51,595,477</u>	

The accompanying notes are an integral part of the financial statements

COUNTY OF CLINTON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2022

	Component Unit Employee Retirement Fund	Custodial Funds
Additions:		
Contributions:		
Employer	\$ 991,431	\$ -
Plan Members	1,161,513	-
Total Contributions	2,152,944	-
Investment Income:		
Net Increase (Decrease) in Fair Value of Investments	(8,300,690)	-
Interest	485,235	-
Dividends	602,800	-
Total Investment Income	(7,212,655)	-
Less: Investment Expense	218,893	-
Net Investment Income	(7,431,548)	-
Collections:		
Real Estate Tax Collected	-	2,970,641
Sheriff Fees Collected	-	548,075
Treasurer's Fees Collected	-	103,674
Register and Recorder Fees Collected	-	2,069,103
Inmated Account Collections	-	491,283
Interest and Dividends	-	15,189
Costs and Fines Collected	-	243,169
Miscellaneous Collections	-	9,987
Total Contributions	-	6,451,121
Total Additions	(5,278,604)	6,451,121
Deductions:		
Benefits	2,869,090	-
Refunds of Contributions	925,713	-
Administrative Expenses	46,850	-
Payments of Real Estate Tax	-	2,980,001
Payments of Sheriff Fees	-	548,747
Payments of Treasurer's Fees	-	103,674
Inmate Disbursements	-	493,675
Payments of Fines and Costs	-	243,169
Payments of Fees to individuals and other organizations	-	2,071,470
Miscellaneous Payments	-	10,385
Total Deductions	3,841,653	6,451,121
Change in Net Position	(9,120,257)	-
Net Position-Beginning	60,715,734	-
Net Position-End	\$ 51,595,477	\$ -

The accompanying notes are an integral part of the financial statements

COUNTY OF CLINTON
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2022

	Clinton County Solid Waste Authority	Susque-View Home, Inc.	Clinton County Sewer Authority	Total Component Units
<u>Assets</u>				
Cash and Cash Equivalents	\$ 4,932,202	\$ -	\$ 197,324	\$ 5,129,526
Investments	76,791	-	-	76,791
Receivables:				
Notes	-	-	83,758	83,758
Other, Net	1,305,763	-	13,334	1,319,097
Inventories	700,430	-	-	700,430
Prepaid Expenses and Other Assets	704,554	-	-	704,554
Assets Whose Use is Limited	-	-	-	-
Restricted Cash	1,142,066	-	-	1,142,066
Intangible Asset	184,376	-	-	184,376
Capital Assets, Not Being Depreciated	3,709,192	-	112,365	3,821,557
Capital Assets Being Depreciated, Net	32,179,126	-	2,937,753	35,116,879
	<u>\$ 44,934,500</u>	<u>\$ -</u>	<u>\$ 3,344,534</u>	<u>\$ 48,279,034</u>
<u>Liabilities</u>				
Accounts Payable	\$ 482,787	\$ -	\$ 344	\$ 483,131
Accrued Liabilities	1,091,224	-	-	1,091,224
Unearned revenue	-	-	38,400	38,400
Long Term Liabilities:				
Due Within One Year	821,024	-	65,352	886,376
Due After One Year	19,795,620	-	877,932	20,673,552
	<u>22,190,655</u>	<u>-</u>	<u>982,028</u>	<u>23,172,683</u>
<u>Net Position</u>				
Net Investment in Capital Assets	33,699,693	-	2,190,592	35,890,285
Restricted For:				
Debt Retirement and Capital Projects	1,142,066	-	-	1,142,066
Unrestricted	(12,097,914)	-	171,914	(11,926,000)
	<u>22,743,845</u>	<u>-</u>	<u>2,362,506</u>	<u>25,106,351</u>
Total Liabilities and Net Position	<u>\$ 44,934,500</u>	<u>\$ -</u>	<u>\$ 3,344,534</u>	<u>\$ 48,279,034</u>

COUNTY OF CLINTON
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTLY COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Clinton County Solid Waste Authority	Susque-View Home, Inc.	Clinton County Sewer Authority	Total Component Units
Revenues				
Charges for Services	\$ 20,236,729	\$ 8,727,966	\$ 180,936	\$ 29,145,631
Interest, Rents and Royalties	124,130	23,740	2,668	150,538
Other	64,500	2,021,307	62,000	2,147,807
Total Revenues	<u>20,425,359</u>	<u>10,773,013</u>	<u>245,604</u>	<u>31,443,976</u>
Expenditures				
Current:				
Solid Waste	17,994,377	-	217,820	18,212,197
Human Services	-	12,887,903	-	12,887,903
Interest and Other Charges	546,626	2,325,542	10,722	2,882,890
Total Expenditures	<u>18,541,003</u>	<u>15,213,445</u>	<u>228,542</u>	<u>33,982,990</u>
Net Change in Net Position	<u>1,884,356</u>	<u>(4,440,432)</u>	<u>17,062</u>	<u>(2,539,014)</u>
Net Position - Beginning	<u>20,859,489</u>	<u>4,440,432</u>	<u>2,345,444</u>	<u>27,645,365</u>
Net Position - Ending	<u>\$ 22,743,845</u>	<u>\$ -</u>	<u>\$ 2,362,506</u>	<u>\$ 25,106,351</u>

COUNTY OF CLINTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

The County of Clinton, located in Central Pennsylvania, was formed in 1839. The County operates under an elected three-member Board of Commissioners (the "Commissioners"), and provides the following services: general administrative services, judicial, public safety, public works, human services, culture and recreation, conservation and development.

The financial statements of the County of Clinton include the accounts of all County operations. The County's major operations include administrative, judicial, public safety, public works, human services, culture and recreation and conservation and development. In addition, the County owns and operates the County Prison.

The accounting methods and procedures adopted by the County of Clinton, (the "County") conform to accounting principles generally accepted in the United States of America ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

The following notes to the financial statements are an integral part of the County's financial statements:

A) Reporting Entity

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

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria, but do not meet the criteria for blending (a blended component unit's governing body is the same or substantially the same as the primary government, or provides services entirely to the primary government).

The component units that are discretely presented in the County's report are presented below:

- Susque-View Home, Inc. ("Home") is a separate legal entity. The three members of the governing board of the Home are Clinton County Commissioners. The County is ultimately responsible for the funding of operating deficits incurred by the Home. In addition, the County has advanced funds to the Home for which the Home is providing repayment. Operations for the Home were discontinued by the County in 2022, and it has a December 1 period-end for its final year with the County. Complete financial statements for the Home can be obtained from the Clinton County Commissioners Office.

COUNTY OF CLINTON
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2022

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

A) Reporting Entity (Continued)

- Clinton County Solid Waste Authority (the "Authority") is a separate legal entity, formed in March 1972 pursuant to the Municipality Authorities Act of 1945, as amended, by the County Commissioners. The Authority's primary function is to provide solid waste storage, collection, transportation, processing and disposal for Clinton County, Pennsylvania. During 2018, the Authority issued its Guaranteed Revenue Bonds, Series of 2018, which the County guaranteed in full. The Authority has a December 31 year-end. Complete financial statements for the Authority can be obtained from the Clinton County Commissioners Office.
- Clinton County Sewer Authority (the "Sewer Authority") is a separate legal entity, formed in 2006 pursuant to a resolution of the Clinton County Board of Commissioners. The purpose of the Sewer Authority is to have powers enumerated under the Municipal Authorities Act of 1945, as amended, and in particular to plan, regulate and operate certain, but not all, sewage collection, transportation, storage, processing and disposal systems within the County. During 2019, the Authority issued its Guaranteed Revenue Bonds, Series of 2019, which the County guaranteed in full. The Authority has a December 31 year-end. Complete financial statements for the Authority can be obtained from the Clinton County Commissioners Office.

Blended Component Unit

Some component units, despite being legally separate from the County, are so intertwined with the primary government that they are, in substance, the same as the primary government, and are reported as part of the primary government.

The component unit reported in this way is:

- The Clinton County Conservation District (the "District") is a legally separate entity, formed to promote protection, conservation, and sustainable use of natural resources. The County Commissioners appoint all District board members and the District is fiscally dependent upon the County. Separately issued financial statements are available through the District office.
- In accordance with the guidance contained in GASB Statement No. 84, "Fiduciary Activities", the County has determined the Clinton County Employee Retirement Fund ("Fund") to be a fiduciary component unit. The Fund was established to provide retirement, disability and death benefits to eligible retirees of the County. The Fund is included in the financial reporting entity as a fiduciary fund because the plan is (1) considered to be a separate legal entity, (2) the County appoints a voting majority of the governing board, and (3) the Fund imposes a financial burden to the County as it is legally obligated to make contributions to the plan.

Joint ventures

The County is a participant along with the County of Lycoming, Pennsylvania for the provision of Mental Health/Intellectual Disability services. The governing board consists of the six County Commissioners involved in the Joinder Agreement. This board, on an annual basis, sets the amount of the contribution required from each participating county, but the County of Clinton, Pennsylvania otherwise has no financial interest in the Joinder. For the fiscal year 2021-2022, Clinton County contributed \$104,821 to the operations of the Joinder.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

A) Reporting Entity (Continued)

Condensed financial information for the Joinder as of and for the year ended June 30, 2022, is as follows:

Assets	<u>\$ 27,006,222</u>
Liabilities	<u>\$ 27,400,806</u>
Net Position	<u>\$ (394,584)</u>
Revenues	<u>\$ 81,565,233</u>
Expenditures	<u>\$ 81,699,080</u>
Net Loss	<u>\$ (133,847)</u>

Complete and more detailed financial information is available by contacting Lycoming-Clinton Joinder Board, Sharwell Building, 200 East Street, Williamsport, PA 17701.

Related Organizations

The following organizations are considered to be related organizations of the County because of their relationship and mutual interest. Although the County appoints a voting majority of the organizations' governing boards in most instances, the County does not impose its will or have significant financial accountability for these organizations. The related organizations are as follows:

- Clinton County Housing Authority
- Clinton County Redevelopment Authority
- Clinton County Industrial Development Authority
- Chestnut Grove Recreational Authority
- Clinton County Recreational Authority
- Western Clinton County Recreational Authority

The statement of net position and statement of activities display information about the County as a whole. They include all funds of the County except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

B) Government-Wide and Fund Financial Statements

Fund financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

The funds of the County are described below:

General Fund

The General Fund is the primary operating fund of the County and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund, including operation of general County government, boards, commissions, the court system, and health and welfare services.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County.

The Piper Revolving Loan Fund (a major fund) is used to account for financial resources to be used to provide and collect low interest loans from local small businesses.

The Children and Youth Services Fund (a major fund) is used to account for amounts received from various federal, state and local sources. These funds are restricted to provide support services to at-risk juveniles.

The Human Services Fund (a major fund) is used to account for amounts received from the federal government related to the certain County human services operations.

The COVID-19 American Rescue Plan Fund (a major fund) is used to account for amounts received from the federal government related to the American Rescue Plan Act.

The COVID-19 Emergency Rental Assistance Plan Fund (a major fund) is used to account for amounts received from the federal government related to the Emergency Rental Assistance Plan.

Capital Projects Funds

The Capital Project Fund (the County considers this a major fund) is used to account for resources restricted, committed, or assigned for the acquisition or construction, acquisition or renovation of specific capital projects or items.

Fiduciary Funds

Pension Trust Fund

Pension trust funds are used to report the resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans. The County maintains one single-employer defined benefit pension trust fund, the Clinton County Employees' Retirement Fund.

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

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

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

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense/expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expense/expenditure within the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resource 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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Licenses, permits, and fines and costs are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Interest earnings are recorded as earned.

Under the current financial resources measurement focus, only current financial assets and liabilities are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Amounts expended to acquire capital assets are recorded as expenditures in the year the resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than a fund liability. However, debt service expenditures are recorded only when payment is due.

Amounts reported as program revenues include charges to citizens, customers or applicants for goods, services, or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Adoption of Governmental Accounting Standards Board Statements

In June 2017, the GASB issued Statement No. 87, "Leases". The adoption of this statement resulted in the recording of leases receivable and payable and a deferred inflow of resources-leases and a modification of the footnotes.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations". The adoption of this statement had no effect on previously reported amounts.

In January 2020, the GASB issued Statement No. 92, "Omnibus 2020". The adoption of this statement had no effect on previously reported amounts.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

Adoption of Governmental Accounting Standards Board Statements (continued)

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates." The partial adoption of this statement had no effect on previously reported amounts.

The County adopted certain provisions of GASB Statement No. 99, "Omnibus 2022". The partial adoption of this statement had no effect on previously reported amounts.

Pending Changes in Accounting Principles

In March 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The County is required to adopt Statement No. 94 for its calendar year 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements." The County is required to adopt Statement No. 96 for its calendar year 2023 financial statements.

In April 2022, the GASB issued Statement No. 99, "Omnibus 2022". The County is required to adopt the provisions related to leases, PPP's, and SBITA's of Statement No. 99 for its calendar year 2023 financial statements and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 of Statement No. 99 for its calendar year 2024 financial statements.

In June 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB 62". The County is required to adopt statement No.100 for its calendar year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences". The County is required to adopt statement No. 101 for its calendar year 2024 financial statements.

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

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

1. Cash and Cash Equivalents

The County considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

The County's governmental fund investments consist of deposits with the Pennsylvania Local Government Investment Trust ("PLGIT"), a non-taxable investment fund established for local governments and school districts in Pennsylvania, which are carried at fair value. In addition, the County also has certain money market funds, which it classifies as investments, and which are carried at fair value.

Investments of the Pension Trust Fund are stated at fair value for both reporting and actuarial purposes. 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 generally reported at cost which is not expected to be materially different from fair value.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

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

2. Investments

The County's investments in its Pension Trust Fund are comprised of a variety of financial instruments and are managed by an external investment advisor. The fair values reported in the statement of fiduciary net position are exposed to various risks, including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

3. Interfund Receivables and Payables.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

4. Capital Assets

Capital assets include buildings, improvements, furniture, equipment, and vehicles, which are reported in the government-wide financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and \$1,000 for the County and Authority, respectively, and estimated useful lives in excess of one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated costs if purchased or constructed (except for intangible right-to-use lease assets, the measurement is discussed in Note D. 8 below). Donated capital assets are recorded at acquisition 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 its useful life are not capitalized.

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position, as described above. Infrastructure assets acquired since January 1, 2003, are recorded at cost.

Government-Wide Statements

Depreciation of all exhaustible capital is allocated to the related functional expense category within the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Estimated useful lives (in years) for each capital asset category of capital assets are as follows:

	<u>Governmental Activities</u>	<u>Component Units</u>
Buildings and Improvements	20-40	5-40
Equipment and Vehicles	5-10	2-30
Leasehold Assets	5	-
Right-to-Use	5	-
Agricultural Easements	40	-
Infrastructure	40	40

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

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

4. Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. Compensated Absences

All compensated absences are accrued when incurred in the government-wide and enterprise fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Vacation Pay - Time accrues at various rates based on length of service. Employees are encouraged to utilize earned vacation time by December 31 of each period; however, current practice allows for the carryover of 187.5 hours or 25 days to the subsequent calendar year.

Sick Pay - Employees earn various sick days per year based on length of service. Accrued unused sick time will be paid to the employee for the time earned not to exceed 70 days.

6. Unearned Revenues

Unearned revenues reported in government-wide financial statements will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent revenues, which are measurable but not available and in accordance with the modified accrual basis of accounting are reported as unearned revenues.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. The deferred outflow for pensions reported in the government-wide statement of net position. A deferred outflow for pensions results from a difference between projected and actual investment earnings on investments, changes in assumptions, and contributions subsequent to the measurement date. These amounts are deferred and amortized over a closed period beginning in the year in which the difference occurs (current year) except contributions subsequent to the measurement date which are fully recognized in the next year.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

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

7. Deferred Outflows/Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has four items that qualify for reporting in this category. One item is unavailable revenue, reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. The second item is a deferred inflow for opioid settlement, reported only in the governmental funds balance sheet, which will be reduced by received payments. The third item is a deferred inflow for leases, reported in both the governmental funds balance sheet and government-wide statement of net position, which is amortized over the life of the leases. The fourth item is a deferred inflow for pensions reported in the government-wide statement of net position. A deferred inflow for pensions results from a difference between expected and actual experience on investments, net difference between projected and actual earnings on investments, and changes in assumptions. These amounts are deferred and amortized over a closed period beginning in the year the difference occurs (current year).

8. Leases

The County is a lessee for a noncancellable leases of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstance that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

COUNTY OF CLINTON
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2022

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

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

9. Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or; (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other components of net position that do not meet the definition of "restricted" or "net investment in capital assets".

It is the County's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental Fund Balance Classification/Policies and Procedures

Governmental fund equity is classified as fund balance.

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies its governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints, such as inventory, notes receivable, or prepaid expenses
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County through formal action of the County's "highest level of decision-making authority"
 - The Board of Commissioners of the County is its highest level of decision-making authority, and
 - The Board of Commissioners commits funds through ordinances.
- Assigned - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County
 - The Board of Commissioners authorized the County Chief Clerk to assign funds to specific purposes.

COUNTY OF CLINTON
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2022

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

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

9. Equity Classification

- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the County's policy is generally to first apply the expenditure toward restricted resources and then to unrestricted resources. When an expenditure is incurred that can be paid using either committed, assigned, or unassigned amounts, the County's policy is generally to apply the expenditure to committed resources, assigned and then to unassigned resources.

9. Interfund Transactions

As a result of its operations, the County affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2022, appropriate interfund receivables or payables have been established. To the extent practical, the effect of interfund activity has been eliminated from the government-wide financial statements.

10. Revenues, Expenditures and Expenses

Program Revenues

In the Statement of Activities, revenues that are derived from each activity or from parties outside the County's taxpayers are reported as program revenues. The County has the following program revenues in each activity:

<u>Activity</u>	<u>Program Revenues</u>
General government (administrative)	Departmental charges, program fees, operating grants, licenses and permits
Judicial	Fines, fees, operating grants
Public safety	Fines, fees, operating grants
Public works	Capital grants, departmental charges
Human services	Operating grants, departmental charges
Culture and recreation	Operating grants
Conservation and development	Departmental charges, capital and operating grants

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

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

10. Revenues, Expenditures and Expenses (continued)

Operating Revenues and Expenses

Operating revenues and expenses for the discretely presented component unit result from providing services (nursing facilities). They also include all revenues and expenses not related to capital and related financing, noncapital financing of investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

11. Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E) Component Units – Summary of Significant Accounting

1. Cash and Cash Equivalents (Authority and Sewer Authority)

Cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding assets whose use is limited and investments.

2. Accounts Receivable and Allowance for Doubtful Accounts (Authority)

Accounts receivable are recorded net of an allowance for doubtful accounts. Interest is charged on past due accounts. The accounts receivable consist of weekly billings for tipping fees and methane gas sales. All accounts receivable are uncollateralized. The allowance is estimated based on management's experience and evaluation of outstanding accounts receivable. Periodically, management evaluates the accounts and writes off any amount considered uncollectible. Allowance for doubtful accounts is approximately \$74,400 and a total bad debt write off is approximately \$12,500 at December 31, 2022.

3. Inventory (Authority)

Inventories are stated at the lower of cost, determined by the first-in, first-out (FIFO) method, or market. Inventory consists principally of shop parts for repairs, diesel fuel and gasoline which are used for the Authority's equipment. Inventory totaled \$700,430 for the year ended December 31, 2022.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

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

E) Component Units – Summary of Significant Accounting

4. Compensated Absences (Authority)

Employees of the Authority are entitled to accumulate unused sick a within certain limitations. Accumulated sick leave is payable to employees upon termination or retirement at the pay rate on that date and based on a percentage related to years of service. The employees also incur an additional eight hours of paid time off if a holiday occurs on the weened with prior approval from management but will expire 90 days after acquisition. Accrued sick leave and floating paid time off in the amount of \$219,765.

The Authority accrued compensated absences from accrued vacation pay totals \$13,732.

5. Net Resident Service Revenues (Home)

Net resident service revenues are reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Amounts realized from third-party payors were \$3,319,275 less than customary charges for the period ended December 1, 2022.

The Home has agreements with third-party payors that provide for payment to the Home at amounts different from its established rates. A significant portion of the Home's net resident service revenues is derived from these third-party payer programs. A summary of the principal payment arrangements with third party payors follows:

Medical Assistance: Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. For the year ended December 31, 2022, approximately (56) percent of net resident service revenues were earned from services provided to Medical Assistance program beneficiaries.

Medicare: Nursing and ancillary services rendered to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

The Home is reimbursed for therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Home's clinical assessment of its residents. The Home is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare program.

Net patient service revenues for the Home include revenue resulting from the settlement of prior-year Medicare and Medical Assistance cost reports received from the Medical Assistance program related to prior year services.

COUNTY OF CLINTON
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2022

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

E) Component Units – Summary of Significant Accounting (Continued)

6. Funding Agreement (Home)

In accordance with the provision of a funding agreement between Clinton County, Pennsylvania (the "County") and the Home, the County is ultimately responsible for the funding of any operating deficits incurred by the Home so long as the Home continues to be a nonprofit corporation and is acting as the operator of the County's long-term care nursing facility. Any operating income shall be maintained by the Home to the extent that the County is refunded its annual contribution to the Home under the Medical Assistance funding agreement

7. Income Taxes (Home)

The Home is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

NOTE 2: BUDGETARY DATA

Commonwealth of Pennsylvania statutes require that all County Governments establish budgetary systems and approve annual operating budgets. The County's annual budget relates to the General Fund and its Children and Youth special revenue fund, and is based on estimates of revenues and expenditures approved by the Board of County Commissioners and serves as a management control. All budgets are adopted on a basis consistent with GAAP. The appropriated budget is prepared by fund, function, and department. Expenditures cannot legally exceed budgeted appropriations at the individual fund level. Additionally, management cannot revise the total budget obligation at the fund level without the approval of the Board of County Commissioners. The County's department heads may make transfers of appropriations within their departments. Although not legally obligated to do so, for management control purposes, the Commissioners review and approve interdepartmental budget transfers. All annual appropriations lapse at fiscal year end.

At December 31, 2022, the County has presented budgetary comparison information within the accompanying financial statements for its General Fund and Children and Youth Fund. No annual operating budgets are adopted for the County's Revolving Loan Fund, the COVID-19 American Rescue Plan or the COVID-19 Emergency Rental Assistance Plan. The County's Capital Project Fund implements multi-year, project budgets.

The County follows these procedures in establishing the budgetary data reported in the financial statements:

- During the fall, preliminary individual budgets are prepared by each department or agency and are reviewed by the Commissioners.
- During November, the County Commissioners, or their designee, meet with the head of each department and agency to review proposed changes to the preliminary budget.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 2: BUDGETARY DATA (CONTINUED)

- The Commissioners' Office then reassembles the preliminary budget data and prepares a final budget draft including all proposed expenditures and the financing plan, incorporating any revisions or adjustments evolving from the departmental meetings.
- In early December, the final budget is presented as a public Commissioners' meeting. In accordance with statutes contained in the County Code, public notice is given that the proposed budget is available for inspection for a twenty-day period.
- Prior to December 31, after the 20-day inspection period, but before December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.
- Formal budgeting integration is employed as a planning device. The budget adopted is on the modified accrual basis. Budget amounts are as originally adopted, or as amended by the County Commissioners.

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue sources may arise. As a result, funds are occasionally transferred between line items of the department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners. Financial analysis is provided monthly to management showing spending levels in comparison to the current budget.

NOTE 3: DEPOSIT AND INVESTMENT RISK

Under Section 1706 of the County Code of the Commonwealth of Pennsylvania, the County is authorized to invest in the following:

- A. United States Treasury bills.
- B. Short-term obligations of the United States government or its agencies or instrumentalities.
- C. Savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania ("Commonwealth") and insured by the Federal Deposit Insurance Corporation ("FDIC").
- D. Obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States, the Commonwealth, or of any agencies or instrumentalities backed by the full faith and credit of the Commonwealth or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. The County may also invest in shares of a registered investment company under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- E. Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth, which are insured by federal agencies. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposit may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets net of its liabilities.
- F. "Commercial paper" and "prime commercial paper" meeting certain requirements.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Pension or retirement funds may be invested by the County according to the "Prudent Man Rule" as defined by the Decedents, Estates, and Fiduciaries Act, 20 PA C.S.CH.73, which is referred to in the County Code.

The deposit and investment policy of the County adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits or pooled for investment purposes in certificates of deposit. The deposits and investments of the pension trust fund are administered by trustees and are held separately from those of other County funds.

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires disclosures related to the following deposit and investment risks; credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The following is a description of the County's deposit and investment risks.

Deposits with Financial Institutions

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County will not recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2022, the aggregate bank balance of bank deposits was \$24,078,578 of which \$1,002,727 was covered by federal depository insurance, and the uninsured remaining bank deposits of \$23,075,851 were covered by pledged pools of assets maintained in accordance with Act 72 of the Pennsylvania General Assembly that requires the institution pool collateral for all governmental deposits. The carrying amount of these bank deposits which include governmental activities and custodial funds was \$23,424,685 at December 31, 2022.

Investments, Governmental Funds/Activities

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similar to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in PLGIT, which invests the proceeds in: obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. Shares may be withdrawn at any time, in any amount, with no liquidity fee or redemption gates. PLGIT/PLGIT PLUS have received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. At December 31, 2022, the carrying amount and bank balances of the County's deposits with PLGIT were \$4,411,571.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The County's blended component unit, Clinton County Conservation District (a non-major governmental fund type), held shares in the Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits ("INVEST") at December 31, 2022. INVEST functions similar to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in INVEST, which invests the proceeds in: obligations of the United States Government; repurchase agreements with bank and non-bank financial institutions; and other debt instruments of banks, financial institutions, and non-financial institutions authorized for the shareholder by Commonwealth of Pennsylvania Statute (this would include certificates of deposit and money market funds). Deposits held by INVEST are not insured by the Federal Depository Insurance Corporation; however, deposits are collateralized with securities held by the pledging institution, but not in the participant's name. INVEST has received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. Due to the short-term nature and liquidity of the investments held within this pool, the fair value of the underlying investments approximates amortized cost. Shares with INVEST may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. At December 31, 2022, the carrying value (fair value) of these funds with INVEST were \$363,740.

In addition, the County treats \$1,014,004 in cash held for long-term investment purposes as an investment for reporting purposes.

Investments, Pension Trust Fund

The County's Pension Trust Fund's investments are held separately from those of other County funds. Assets in the Pension Trust Fund are stated at fair value. The Clinton County Retirement Board utilizes the County Pension Law, Act 96 of August 31, 1971, for determining appropriate investments, as described above.

Interest Rate Risk – Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy is to invest funds to meet its projected cash flow requirements. Investments of the General Fund and Special Revenue Funds are made at the discretion of the County Commissioners, as long as such investments are made at financial institutions approved by the County Commissioners, and are fully collateralized by securities with a fair value equal to or exceeding the cost of the investment.

The County's Retirement Plan Investment Policy states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from the Retirement Plan when due. Fixed income investment allocation is targeted to 35 percent (with an allowable range of +/-10 percent) of the portfolio. As of December 31, 2022, the County had the following debt investments and maturities within its Retirement Fund accounts:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Government Agencies	\$ 10,447,921	\$ -	\$ 1,716,718	\$ 2,473,831	\$ 6,257,372
Certificates of Deposit	836,203	-	836,203	-	-
Corporate Bonds	5,741,490	117,632	3,617,636	1,116,130	890,092
Total	\$ 17,025,614	\$ 117,632	\$ 6,170,557	\$ 3,589,961	\$ 7,147,464

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized rating organization. The County's investment policy limits operating investments in federal agency securities that carry direct or implied guarantees of the U.S. Government. The County's Retirement Investment Policy states fixed income securities must be rated as investment grade by Moody's and/or Standard and Poor's at the time of purchase.

As of December 31, 2022, the County's credit quality distribution of securities as a percentage of total investments is as follows:

Credit Quality Distribution of Securities with Credit
Exposure as a Percentage of Total Investments

Security Type	Credit Rating	% of Security Type
U.S. Government Agencies	AA+	41
U.S. Government Agencies	Not Rated	59
Corporate and Foreign Bonds	AAA	4
Corporate and Foreign Bonds	AA+	4
Corporate and Foreign Bonds	AA	8
Corporate and Foreign Bonds	AA-	1
Corporate and Foreign Bonds	A+	9
Corporate and Foreign Bonds	A	5
Corporate and Foreign Bonds	A-	15
Corporate and Foreign Bonds	BBB+	18
Corporate and Foreign Bonds	BBB	15
Corporate and Foreign Bonds	BBB-	4
Corporate and Foreign Bonds	Not Rated	17

Custodial Credit Risk - 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 party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the County, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the County. All investments of the Pension Trust Fund are held in trust in the name of the County at Wilmington Trust Company as December 31, 2022.

Foreign Currency Risk - Foreign currency risk is the risk that changes in the foreign exchange rate will adversely affect the fair value of an investment. There are currently no investments in securities exchanged in foreign denominations. The County does not have a formal policy for foreign currency risk.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy for operating funds is to invest in U.S. Government or Federal agency securities for which there is no limit to the investment amount.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Custodial Credit Risk (Authority)

The Authority does not have a formal deposit policy for custodial credit risk. Of the Authority's \$6,074,268 in cash and restricted cash, \$1,000,000 was covered by federal depository insurance, and the uninsured remaining bank deposits of \$5,074,268 were covered by pledged pools of assets maintained in accordance with Act 72 of the Pennsylvania General Assembly.

NOTE 4: PROPERTY TAXES

Real Estate Property Taxes

Real estate taxes are levied on March 1 and are payable on the following terms: 2 percent discount March 1 through April 30, face amount May 1 through June 30; and 5 percent penalty after June 30. The County bills these taxes, which are collected by elected tax collectors, and revenues are recognized in the period in which they are collected (pursuant to the modified cash basis of accounting). The County collects delinquent real estate taxes for itself and for other taxing authorities.

The County is permitted by the County Code to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes, exclusive of the requirements for the payment of interest and principal on funded debt. Assessed values of real property are generally 40 percent of the market value as determined by the Clinton County Bureau of Assessment in 1995. The total 2022 real estate taxes levied was \$13,136,722 based on a total county assessed valuation of \$2,118,826,096. The County levy for 2022 was 6.2 mills for general County purposes, meaning that a property owner would pay \$6.20 per \$1,000 of assessed valuation.

Delinquent real estate taxes receivable at December 31, 2022 were \$848,258. The amount of delinquent taxes receivable is reported net of an allowance for doubtful accounts of \$84,826.

Tax Abatement Programs

The County provides three property tax abatement programs to eligible tax payers: "Clean and Green", "Local Economic Revitalization Tax Assistance Program (LERTA)", and "Tax Increment Financing Program (TIF)."

Clean and Green is a preferential tax assessment program that bases property taxes on use values rather than fair market values. This ordinarily results in a tax savings for landowners. The Pennsylvania General Assembly enacted the program in 1974 as a tool to encourage protection of the Commonwealth's valuable farmland, forestland and open spaces. A property must be ten acres in size, and in Agricultural Use, Agricultural Reserve, or Forest Reserve. Agricultural Use applications may be less than 10 acres in size if the property is capable of generating at least \$2,000 annually in fair income. The total amount of taxes abated under the Clean and Green Program during the year ended December 31, 2022 amounted to approximately \$1,845,911.

The LERTA program provides property tax abatements to provide a tax break to new commercial properties in certain sections of the County as a way to stimulate business and economic growth. The abatements apply to the assessed value of improvements to a property. For the first year, 100 percent of the improvements are abated and decreases by 10 percent through to the end. The total amount of taxes abated under the LERTA program during the year ended December 31, 2022 amount to approximately \$137,531.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 4: PROPERTY TAXES (CONTINUED)

The TIF is a method of reallocating property tax revenues which are produced as a result of an increase in taxable valuation above a "base valuation" figure within a tax increment. Commencing in the calendar year 2008 and continuing through and including calendar year 2024, or the first calendar year in which the Notes are no longer outstanding, 4.3 mills for each property under the TIF will be paid by the County to an escrow agent. The total amount of taxes abated under the TIF program during the year ended December 31, 2022 amounts to approximately \$43,229.

NOTE 5: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose have been classified as "Restricted" in the Financial Statements. \$1,087,802 is restricted cash in the Revolving Loan Fund. \$52,668 is restricted cash in the Children, Youth, and Families Fund. \$123,536 is restricted cash in the Human Services Fund. \$2,976,474 is restricted cash in the Non-Major Governmental Funds. These funds are restricted for program purposes.

NOTE 6: LINE OF CREDIT

Component Unit – Line of Credit (Authority)

The Authority has a line of credit with First National Bank of Pennsylvania effective January 2022 with a maximum available balance of \$5,000. Interest on the used portion is payable monthly at 2.5% at December 31, 2022. The line of credit is unsecured. The agreement is automatically renewed annually as outstanding borrowings are due on demand. The unused portion of this line of credit is \$5,000 at December 31, 2022.

NOTE 7: CAPITAL ASSETS

A summary of changes in the County's governmental activities capital assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 869,732	\$ 168,765	\$ -	\$ 1,038,497
Construction-in-progress	4,451,990	595,207	(3,308,054)	1,739,143
Total capital assets, not being depreciated :	<u>5,321,722</u>	<u>763,972</u>	<u>(3,308,054)</u>	<u>2,777,640</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 32,092,242	503,674	-	32,595,916
Equipment and Vehicles	10,267,583	1,385,279	(22,123)	11,630,739
Easements	859,017	-	-	859,017
Right-to-Use	336,180	-	-	336,180
Infrastructure	740,009	4,132,452	-	4,872,461
Total Capital Assets, Being Depreciated:	<u>44,295,031</u>	<u>6,021,405</u>	<u>(22,123)</u>	<u>50,294,313</u>
Less: Accumulated Depreciation For:				
Buildings and Improvements	17,846,673	925,038	-	18,771,711
Equipment and Vehicles	8,353,648	888,596	(22,123)	9,220,121
Easements	260,992	21,477	-	282,469
Right-to-Use	113,699	75,504	-	189,203
Infrastructure	143,741	41,724	-	185,465
Total Accumulated Depreciation	<u>26,718,753</u>	<u>1,952,339</u>	<u>(22,123)</u>	<u>28,648,969</u>
Total Capital Assets, Being Depreciated, Net	<u>17,576,278</u>	<u>4,069,066</u>	<u>-</u>	<u>21,645,344</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,898,000</u>	<u>\$ 4,833,038</u>	<u>\$ (3,308,054)</u>	<u>\$ 24,422,984</u>

*Some beginning balances were adjusted for the adoption of GASB 87.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 7: CAPITAL ASSETS (CONTINUED)

Depreciation expense, which amounted to \$1,952,339 for the year ended December 31, 2022, was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government-Administration	\$	554,154
Judicial		118,221
Public Safety		1,166,395
Public Works		14,750
Human Services		37,190
Conservation and Development		29,759
Culture & Recreation		31,870
		<u>1,952,339</u>
	<u>\$</u>	<u>1,952,339</u>

Component Units

Property and equipment and accumulated depreciation as of December 31, 2022, are as follows:

	<u>Authority</u>	<u>Sewer Authority</u>	<u>Total</u>
Capital Assets, Not Being Depreciated:			
Land	\$ 3,709,192	\$ 95,000	\$ 3,804,192
Construction-In- Progress	-	17,365	17,365
Total Capital Assets, Not Being Depreciated	3,709,192	112,365	3,821,557
Capital Assets, Being Depreciated:			
Buildings	14,870,439	-	14,870,439
Equipment	36,388,114	-	36,388,114
Vehicles	-	-	-
Sewer System and Plant	-	4,288,407	4,288,407
Other Improvements	47,230,506	-	47,230,506
Total Capital Assets, Being Depreciated	98,489,059	4,288,407	102,777,466
Less: Accumulated Depreciation	<u>(66,309,933)</u>	<u>(1,350,654)</u>	<u>(67,660,587)</u>
Total Capital Assets, Net	<u>\$ 35,888,318</u>	<u>\$ 3,050,118</u>	<u>\$ 38,938,436</u>

Depreciation expense for the year ended December 31, 2022, was \$3,497,647 and \$124,206 for the Authority and Sewer Authority, respectively.

NOTE 8: LOANS AND NOTES RECEIVABLE

The County's Piper Revolving Loan Fund (the "Fund") accounts for the proceeds received from Piper Aircraft, Inc. The Fund provides loan-rate financing to industries and businesses within the community. The loans range from 1 to 15 year periods with interest rates at 4 percent per annum. At December 31, 2022, \$2,506,235 in loan balances are outstanding from community businesses.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 8: LOANS AND NOTES RECEIVABLE (CONTINUED)

In 2012, the County issued its General Obligation Bonds, Series of 2012 in the original principal amount of \$6,305,000. In September 2012, the County and Woodward Township (the "Township") formalized a General Obligation Note, Series of 2012 whereby the County loaned a portion of the proceeds of its General Obligation Bonds, Series of 2012 (\$3,745,000) to the Township for planning, designing, purchasing, acquiring, constructing and equipping sewage and waste water facilities within the Township. The agreement between the County and the Township states that the Township is to pay the debt service on the Township's portion of the proceeds pursuant to the County's bond agreement. The General Fund will utilize the funds received from the agreement with the Township for debt service. As of December 31, 2022, the Township has repaid the amount in full and the current outstanding balance is \$0.

In September 2009, the County issued its Guaranteed Revenue Bonds, Series of 2009. The proceeds were to be used for the Flemington and Bald Eagle Township's Sanitary Sewage Collection and Transportation System Improvements and Extensions Project. The agreement between the County and the Townships states that the Townships are to pay the debt service on the Townships' portion of the proceeds. The General Fund will utilize the funds received from the repayment agreement with the Townships for debt service. As of December 31, 2022, the Townships have made payments amounting to \$444,886 to the County and the current outstanding balance is \$315,312.

NOTE 9: EMPLOYEE RETIREMENT TRUST FUND

Plan Description

The Clinton County Employees' Retirement System (the "Plan") is a contributory defined benefit single employer retirement plan covering all County employees, and part-time employees of the County who work 1,000 or more hours per year. The Plan is included in the accompanying financial statements of the County as a pension trust fund and does not issue a separate plan financial statement.

The financial statements of the Pension Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The County Retirement Board, comprised of the three Commissioners, Treasurer and Chief Clerk, manages and governs the Plan.

Administrative costs of the Plan are financed through an addition to the Actuarially Determined Employer Contribution. Investment expenses may be financed through investment earnings. The County does not issue a separate financial report for the Plan.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 9: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Benefits Provided

The Plan provides retirement, disability and death benefits for normal retirement at age 60 (or 55 with 20 years of service) based on a formula including the highest 3-year average salary and years of credited service, in addition to the member's accumulated contribution to the Plan. Early retirement is available upon 20 years of service or after eight years, if involuntary termination occurs. Members become vested after 8 years of service. County employees who terminate prior to entitlement to plan benefits will receive their accumulated contributions with interest. Benefits are determined pursuant to Commonwealth of Pennsylvania Act 96 of 1971, as amended, commonly referred to as the County Pension Law. All plan members are eligible for disability benefits after 5 years of service if disabled while in service. Disability retirement benefits are equal to 25 percent of final average salary at time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. Cost of living adjustments are provided at the discretion of the County Retirement Board.

Funding Policy and Contributions

Employees are required to contribute a portion of their salaries (9 percent for members in the 1/60th class and 8 percent for members in the 1/70th class of earnings in 2022) to the Plan and employees can elect to contribute up to an additional 10 percent of their salaries. Per Act 96 of 1971, contribution requirements of the plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. During 2022, the County contributed \$991,431.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the entry age normal actuarial cost funding method.

The annual required contribution was determined based on the most recent annual actuarial valuation dated January 1, 2022. The entry age normal actuarial cost method of funding was used in the valuation, which does not identify or separately amortize unfunded actuarial liabilities. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.00 percent per year compounded annually; (b) projected salary increases of 4.50 percent compounded annually; and (c) no postretirement benefit increases. Both (a) and (b) include an inflation component of 2.50 percent. The method used to determine the actuarial value of assets is market value adjusted for unrecognized gains and losses from prior years.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 9: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Plan ReportingNet Pension (Asset) Liability of the County

The components of the net pension (asset) liability of the Plan as of December 31, 2022, were as follows:

Total pension liability	\$ 57,429,960
Plan fiduciary net position	51,595,477
County's net pension (asset) liability	<u>\$ 5,834,483</u>

Plan fiduciary net position as a percentage of the total pension liability	<u>89.84%</u>
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Changes in the County's net pension (asset) liability for the plan for the year ended December 31, 2022, were as follows:

	Increase(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at January 1, 2022	\$ 55,635,651	\$ 60,715,734	\$ (5,080,083)
Service Cost	1,239,869	-	1,239,869
Interest Cost	3,881,229	-	3,881,229
Changes in Experience	468,014	-	468,014
Changes in Actuarial Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Employer Contributions	-	991,431	(991,431)
Employee Contributions	-	1,161,513	(1,161,513)
Net Investment Income	-	(7,431,548)	7,431,548
Benefit Payments, including Refunds of Member Contributions	(3,794,803)	(3,794,803)	-
Administrative Expenses	-	(46,850)	46,850
Net Changes	<u>1,794,309</u>	<u>(9,120,257)</u>	<u>10,914,566</u>
Balances at December 31, 2022	<u>\$ 57,429,960</u>	<u>\$ 51,595,477</u>	<u>\$ 5,834,483</u>

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 9: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Deferred Outflows and Inflows of Resources

The total pension expense recognized in 2022 for the plan was \$909,035. At December 31, 2022, the County reported deferred outflows and inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 445,114	\$ (379,191)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,562,375	-
Change in Assumption	<u>-</u>	<u>(194,634)</u>
Total	<u>\$ 5,007,489</u>	<u>\$ (573,825)</u>

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

Year Ended December 31:	
2023	(187,197)
2024	929,770
2025	1,292,684
2026	<u>2,398,407</u>
Total	<u>\$ 4,433,664</u>

Plan Actuarial Methods and Assumptions

Actuarial assumptions. The total pension (asset) liability above was determined by an actuarial valuation performed as of January 1, 2022, and update procedures were used to rollforward the total pension (asset) liability to the December 31, 2022, measurement date using the following actuarial methods and assumptions:

Inflation	2.50%
Salary increases	4.50%
Investment rate of return	7.00% including inflation

Mortality rates were based on the Pub-2010 Mortality Tables for males and females, projected using Scale RP-2019. The actuarial assumptions used in the January 1, 2022, valuation were based on past experience under the Plan and reasonable future expectations which represent a best estimate of anticipated experience under the Plan.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 9: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Investment policy. The Plan allows funds to be invested pursuant to a strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of asset classes, as approved by the Retirement Board, and established the following target allocation across asset categories:

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation for the 2022 measurement period are listed in the table above.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	50.00%	6.70%
International Equity	20.00%	7.00%
Fixed Income	30.00%	2.50%
Total	100.00%	16.20%

Discount rate. The discount rate used to measure the total pension (asset) liability for the Plan was 7.00 percent, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

Sensitivity of the net pension (asset) liability to changes in the discount rate. The following is a sensitivity analysis of the net pension (asset) liability to changes in the discount rate. The table below presents the pension (asset) liability of the Plan calculated using the discount rate of 7.00 percent as well as what the net pension (asset) liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net pension (asset) liability	\$ 13,042,930	\$ 5,834,483	\$ (110,420)

Rate of return. For the year ended December 31, 2022, the annual money-weighted rate of return (loss) on pension plan investments, net of Plan investment expense, was (12.48) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 9: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Component Unit – Retirement Plan (Authority)

The Authority maintains a Section 457(b) plan to all eligible employees. The Authority has elected to match the employee contributions up to 6 percent of employee compensation. In 2021, employees are eligible to contribute up to \$20,500 (\$27,000 if the age of 50 or more) into the Section 457(b) plan. Section 457(b) contributions amounted to \$225,769 during the year ended December 31, 2022, of which \$24,305 was capitalized.

NOTE 10: LONG-TERM OBLIGATIONS

At December 31, 2022, the County's long-term debt consisted of the following:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation debt	\$ 19,891,105	\$ -	\$ 1,801,485	\$ 18,089,620	\$ 1,872,425
Unamortized bond premium/discount	62,784	-	6,976	55,808	6,976
Net pension liability	(5,080,083)	10,914,566	-	5,834,483	-
Compensated absences	1,566,124	-	78,090	1,488,034	-
Lease liability	214,900	-	77,625	137,275	69,433
	<u>\$ 16,654,830</u>	<u>\$ 10,914,566</u>	<u>\$ 1,964,176</u>	<u>\$ 25,605,220</u>	<u>\$ 1,948,834</u>

Compensated absences and the net pension liability are liquidated by the general fund, children and youth fund and certain other nonmajor funds.

Specific information on each debt instrument is as follows:

In 2004, the County issued its \$3,313,000 General Obligation Note, Series A of 2004, due in varying installments including interest at a fixed rate (2.16% at December 31, 2018) equal to Manufacturers and Traders Trust Company Two and One Half Years Costs of Funds plus a margin of 1.2% (the "reset interest rate"), through July 16, 2019, at which time the rate will be reset. The proceeds of the Bond were used to fund the actuarial accrued pension liability.

Balance

\$ 690,000

In 2008, the County issued its \$825,000 General Obligation Note, Series of 2008, due in varying semi-annual installments including interest at 2.66% per annum with final maturity scheduled for December 2028. The proceeds of the Note were used for the Storage Building Project, the Centre County Youth Center's Water Main Project and the costs of issuance. The Water Main project is an undertaking of the Counties of Centre (33.23%), Clearfield (14.54%), Clinton (25.55%), Huntingdon (7.03%), and Mifflin (19.65%). Clinton County issued the debt and the other involved Counties will be making payments for their share of the annual costs and expenses in accordance with their supplemental agreement.

179,303

COUNTY OF CLINTON
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2022

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

In 2009, the County issued its \$863,977 Guaranteed Revenue Bond, Series of 2009, due in monthly installments of principal and interest at 2.547% per annum through maturity in July 2031. The proceeds of the bond were used for the Sanitary Sewage Collection and Transportation System Improvements and Extensions. This project is an undertaking by the Townships of Bald Eagle and Flemington. Clinton County issued the debt and the other involved Townships will be making payments for their share of the annual debt service costs. (The County reports a receivable for the participating Counties/Townships share of this liability within notes receivable in the statement of net position and the governmental funds balance sheet.)

\$ 305,317

In 2015, the County issued its \$9,125,000 General Obligation Bonds, Series of 2015, due in varying semi-annual installments including interest at rates ranging between 2% to 3% per annum with final maturity scheduled for December 2031. The proceeds of the Bonds were used to currently refund the County's then outstanding General Obligation Note, Series of 2004, to currently refund the County's then outstanding General Obligation Bonds, Series A of 2010, to advance refund the County's then outstanding General Obligation Bonds, Series of 2011, and to pay the related costs of issuance.

3,325,000

In 2017, the County issued its \$4,115,000 General Obligation Bonds, Series A of 2017 (federally taxable), due in varying semi-annual installments including interest at rates ranging between 1.99% to 4.396% per annum with final maturity scheduled for December 2041. The proceeds of the Bonds were used to finance various capital additions and improvements to the County's prison, and to pay the related costs of issuance.

3,605,000

In 2017, the County issued its \$2,290,000 General Obligation Bonds, Series B of 2017, due in varying semi-annual installments including interest at rates ranging between 2% to 3.875% per annum with final maturity scheduled for December 2041. The proceeds of the Bonds were used to finance various capital projects of the County including but not limited to the planning, design, purchase, acquisition, construction, and installation of capital improvements, renovations and additions to the County's administrative office, County courthouse and other County buildings, and to pay the related costs of issuance.

1,990,000

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

In 2018, the County issued its \$3,700,000 General Obligation Bonds, Series of 2018 (federally taxable), due in varying semi-annual installments including interest at remaining rates ranging between 2.56% and 3.88% per annum with final maturity scheduled for 2030. The proceeds of the Bonds were used to refund a portion of the County's outstanding General Obligations Bonds, Series B of 2010 (federally taxable) and to pay the costs of issuance.

\$ 2,710,000

In 2020, the County issued its \$6,585,000 General Obligation Bonds and Notes, Series of 2020 (federally taxable), due in varying semi-annual installments including interest at remaining rates ranging between 1.73% and 4.00% per annum with final maturity scheduled for 2032. The proceeds of the Bonds were used to refund the County's outstanding General Obligations Bonds, Series of 2012, partially refund the General Obligation Bonds, Series of 2015 and to pay the costs of issuance.

5,285,000

18,089,620

Add: Unamortized bond premium/discount, net

55,808

Total

\$ 18,145,428

Interest paid on these bonds and notes during the year ended December 31, 2022, amounted to \$577,085.

Annual debt service requirements with respect to these issues are as follows:

	Principal	Interest	Total
2023	\$ 1,872,425	\$ 616,968	\$ 2,489,393
2024	1,948,389	538,802	2,487,191
2025	1,584,379	453,773	2,038,152
2026	1,605,393	407,448	2,012,841
2027	1,336,434	362,614	1,699,048
2028-2032	6,602,600	1,185,748	7,788,348
2033-2037	1,610,000	522,902	2,132,902
2038-2041	1,530,000	164,412	1,694,412
	<u>18,089,620</u>	<u>4,252,667</u>	<u>22,342,287</u>
Add: Unamortized bond premium\discount, net	55,808	-	55,808
Total	<u>\$ 18,145,428</u>	<u>\$ 4,252,667</u>	<u>\$ 22,398,095</u>

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Component Unit – Long-Term Debt (Authority and Sewer Authority)

The following is a summary of long-term debt for the discretely presented component units at December 31, 2022:

Clinton County Sewer Authority

Note payable due in monthly installments of \$1,687, including interest at 2.0% per annum through maturity in 2029, collateralized by the Authority's assets and revenues.	\$ 83,928
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Guaranteed Sewer Revenue Note, Series of 2019, due in 60 monthly payments of \$4,828 including interest at 1% followed by 180 monthly payments of \$5,083 including interest at 1.708%, through 2032.	859,356
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Total Clinton County Sewer Authority	<u>943,284</u>
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Clinton County Solid Waste Authority

Note payable to KS State Bank, payable \$4,728 monthly including interest at 2.770%, due March 2025, collateralized by equipment.	\$ 123,622
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Note payable to First Citizens Bank, payable \$3,957 monthly including interest at 2.750%, due June 2025, collateralized by equipment.	114,742
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Note Payable to KS State Bank, payable \$2,364 monthly including interest at 2.770%, due July 2025, collateralized by equipment.	70,645
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Note payable to KS State Bank, payable \$3,640 monthly including interest at 2.750%, due March 2027, collateralized by equipment.	173,743
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Note payable to Woodlands Bank, payable \$3,191 monthly including interest at 3.090%, due April 2027, collateralized by equipment.	154,976
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Guarantee Revenue Bonds, Series 2018, paid semi-annually through 2041 with interest ranging from 3.375% - 5%.	<u>12,700,000</u>
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Total Clinton County Solid Waste Authority	<u>13,337,728</u>
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Total Discretely Presented Component Units	<u>\$ 14,281,012</u>
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COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Component Unit – Long-Term Debt (Home, Authority and Sewer Authority)

Scheduled principal maturities of long-term debt of the discretely presented component units are summarized as follows:

Years Ending December 31,	Principal	Interest	Total
2023	\$ 500,352	\$ 554,183	\$ 1,054,535
2024	521,198	532,940	1,054,138
2025	544,679	494,708	1,039,387
2026	570,851	479,702	1,050,553
2027	649,050	450,536	1,099,586
2028-2032	3,308,557	1,474,300	4,782,857
2033-2037	4,013,446	882,667	4,896,113
2038-2041	4,172,879	324,980	4,497,859
Total	<u>\$ 14,281,012</u>	<u>\$ 5,194,016</u>	<u>\$ 19,475,028</u>

NOTE 11: LEASES

The County's capitalization threshold for leases was \$5,000 in 2022.

Pertinent information regarding leases is presented below.

Date of Issue	Initial Liability	Purpose	Outstanding Liability Balance 12/31/22	Asset Value 12/31/22	Accumulated Depreciation 12/31/22
Various	336,180	The County leases various machinery & equipment. The leases consist of copiers and other equipment rentals. Terms of each lease vary with yearly payments ranging from \$111 to \$10,869 and lease periods of 5 years. The County utilized an incremental borrowing rate of 4% for 2022.	\$ 137,275	\$ 336,180	\$ 189,127
	<u>\$336,180</u>		<u>\$ 137,275</u>	<u>\$ 336,180</u>	<u>\$ 189,127</u>

The future principal and interest payment at December 31, 2022 are as follows:

Year	Principal	Interest	Total
2023	\$ 69,433	\$ 10,098	\$ 79,531
2024	44,282	11,958	56,240
2025	16,314	443	16,757
2026	7,246	619	7,865
Totals	<u>\$ 137,275</u>	<u>\$ 23,118</u>	<u>\$ 160,393</u>

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 11: LEASES (CONTINUED)

The County, as the lessor, leases various space to its vendors. An initial lease receivable was recorded in the amount of \$638,103. There was no additional revenue for variable and other payments not included in the measurement of the lease receivable. As of December 31, 2022, the value of the lease receivable is \$581,785 and the related deferred inflow for future payments expected to be collected on the lease is \$571,945. The payment amounts are fixed monthly payments ranging from \$1,833 to \$39,980 with lease periods ranging from 4 years to 9 years. The leases have an interest rate of 4%. The County recognized lease revenue and interest of \$66,158 and \$17,768, respectively for the calendar year.

NOTE 12: COMPENSATED ABSENCES

The changes in the County's compensated absences in 2022 are summarized as follows:

Beginning Balance	\$ 1,566,124
Additions	-
Reductions	<u>78,090</u>
Ending Balance	<u>\$ 1,488,034</u>

NOTE 13: INTERFUND BALANCES

Individual fund receivable and payable amounts at December 31, 2022, were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 4,546,684	\$ 1,229,548
Children and Youth Fund	-	1,005,963
COVID-19 American Rescue Plan Fund	-	2,157,000
Other Governmental Funds	<u>553,137</u>	<u>707,310</u>
Total	<u>\$ 5,099,821</u>	<u>\$ 5,099,821</u>

The County utilizes a pooled operating fund to enhance investment return, therefore, interfund receivables and payables are recorded to recognize amounts held by the General Fund on behalf of other funds.

NOTE 14: INTERFUND OPERATING TRANSFERS

Interfund operating transfers are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 18,667,960	\$ 15,778,134
Children and Youth Fund	865,241	556,511
Human Services	-	7,381
COVID-19 American Rescue Plan Fund	-	3,596,441
COVID-19 Emergency Rental Assistance Plan	-	16,000
Other Governmental	<u>2,095,120</u>	<u>1,683,854</u>
Total	<u>\$ 21,628,321</u>	<u>\$ 21,638,321</u>

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 14: INTERFUND OPERATING TRANSFERS (CONTINUED)

Transfers are used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them; provide matching funds for grants; and use unrestricted General Fund revenues to finance activities which must be accounted for in another fund and to segregate money for anticipated capital projects.

NOTE 15: COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

In the normal course of business, the County may be subject to pending and threatened lawsuits in which claims for monetary damage could be asserted. In management's opinion, the County's financial position and results of operations would not be materially affected by the outcome of such legal proceedings.

Debt Guaranty Agreements

In March 2018, the County guaranteed the issuance of the Clinton County Solid Waste Authority's Guaranteed Revenue Bonds, Series of 2018, in the amount of \$14,455,000, whereby the County pledged its full faith, credit and taxing power as additional collateral to secure the Authority's bonds during the entire term of the bonds. The Authority used the Bonds to currently refund certain indebtedness of the Authority; to fund various capital projects of the Authority; to fund a deposit to the Debt Service Reserve Fund established under the Indenture; and, to pay related costs and expenses, including the costs of issuing the Bonds.

In April 2019, the County guaranteed the issuance of the Clinton County Sewer Authority's (the "Sewer Authority") Guaranteed Sewer Revenue Bond (PennVEST Loan #75340), in the amount of \$1,049,772, whereby the County agreed to include amounts payable under the loan (to a maximum of \$50,000 per year for a period of 20 years) within its annual budget and will appropriate from its general revenues for the payment of the principal and interest due and payable. The proceeds of the Bond will be used to replace a sewer force main under Bald Eagle Creek, along with other ancillary upgrades.

Component Units – Contingencies (Authority)

Concentration of Risk

The Authority receives waste from customers in Clinton County of approximately 18% for 2022. Approximately 82% in 2022 is received from others throughout Pennsylvania.

Related Party Transactions

The Authority conducts various related party transactions with members of the Board of Directors and Authority employees during 2022. Services provided totaled approximately \$251,618 and miscellaneous purchases totaled approximately \$12,994. Related party receivables are generally settled under normal trade terms within 30 days. Outstanding related party receivables totaled approximately \$81,565 at December 31, 2022.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 15: COMMITMENTS AND CONTINGENCIES (CONTINUED)

In 2013, the Authority entered into an agreement with the Host Community (Wayne Township) to provide fees in excess of the minimum fees pursuant to appropriate Pennsylvania statute requirements. The Authority agrees to provide a quarterly payment to the Host Community based on the tonnage of waste received at the site. The host community fees totaled approximately \$421,253 for the year ended December 31, 2022.

In 2013, the Authority entered into an agreement with the Commissioners of Clinton County. The Authority agrees to provide a quarterly payment to Clinton County based on the tonnage of waste received at the site, with the fee negotiated annually. The County fees totaled approximately \$506,850 for the year ended December 31, 2022.

NOTE 16: LANDFILL CLOSURE AND POST- CLOSURE CARE COST

Component Unit – Landfill Closure and Post-Closure Care Cost (Authority)

State and federal laws and regulations require the Authority to place a final cover on its operating landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the operating landfill stops accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of December 31, 2022. The \$6,324,126 reported as landfill closure and post-closure care liabilities at December 31, 2022, represents the cumulative amount reported to date based on the use of 41.8% of the estimated capacity of the operating landfill.

The Authority will recognize the remaining estimated cost of closure and post-closure care of \$8,824,775 for the landfill as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2022. This estimated useful life is based on annual studies of landfill utilization to date and average annual landfill space utilized. Management continues to have formal studies performed on an annual basis to evaluate remaining landfill over space due to improvements in the operations and compaction rates over the last several years. Actual cost of closure and post-closure care are estimated and may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state laws and regulations to obtain a bond to finance all closure costs and post-closure care for the landfill. The Authority is in compliance with these requirements, and, at December 31, 2022. The Authority expects that future inflation costs will be paid from subsequent annual contributions. However, if additional closure or post-closure care requirements are determined (due to changes in technology or applicable laws or regulations), these costs may need to be covered by charges to future users of the solid waste system.

The Authority's expansion project has increased the life of the landfill until its permit expires in 2036. The life of the landfill is expected to be beyond the year 2036, but the Authority will be required to apply for a renewal permit for any available capacity at such time. The current expansion has increased the total estimated capacity of the operating landfill by approximately 14 million cubic yards. The total estimated closure and post-closure care cost is approximately \$15.1 million based on the information provided by the Commonwealth of Pennsylvania Department of Environmental Protection Bureau of Waste Management's bonding summary cost worksheet.

NOTE 17: 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; injuries to employees; and natural disasters.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 17: RISK MANAGEMENT (CONTINUED)

Public Entity Risk Pools

The County participates in the Pennsylvania Counties Risk Pool ("PCoRP"), a public entity risk pool program of the County Commissioners Association of Pennsylvania ("CCAP"). The County pays an annual premium to PCoRP for its general insurance coverage. The agreement for the formation of PCoRP provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$250,000 for each insured event. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; however, this has not yet been necessary. PCoRP has published its own financial report for the year ended May 31, 2022, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769.

Commercial Insurance

The County has elected to self-insure its employee medical insurance plan. The County has limited this self-insurance liability through the purchase of catastrophic reinsurance coverage which will reimburse the County for any medical costs over \$50,000 per covered individual per year. The County believes that it has adequately provided for all asserted claims and has no knowledge of unasserted claims for which it has not provided. The cost of medical coverage for employees was approximately \$3,069,000 in 2022. The County carries commercial insurance for all other risks of loss, including health care and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 18: FAIR VALUE MEASUREMENT

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

	Level 1	Level 2	Level 3	Total Fair Value
Assets Reported at Fair Value:				
Investments:				
Certificates of Deposit	\$ -	\$ 836,203	\$ -	\$ 836,203
Common Stock	23,152,801	-	-	23,152,801
Mutual Funds	8,352,227	-	-	8,352,227
U.S. Government Obligations	-	10,447,921	-	10,447,921
Corporate Bonds	-	5,741,490	-	5,741,490
Total Investments/Assets By Valuation Hierarchy	<u>\$ 31,505,028</u>	<u>\$ 17,025,614</u>	<u>\$ -</u>	<u>\$ 48,530,642</u>

Common equity securities and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Long-term certificates of deposit, U.S. government and agency obligations and corporate bonds classified in Level 2 of the fair value hierarchy are valued using matrix pricing. The County held no investments classified as Level 3 at December 31, 2022.

COUNTY OF CLINTON
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 19: RISKS AND UNCERTAINTIES

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the County's operations and financial results are uncertain at this time.

NOTE 20: DISCONTINUED OPERATIONS

In January 2022, the Clinton County Commissioners approved the sale of the facility of Susque-View Home, Inc. for \$9,657,363 to Allaire Health Services. The settlement of the facility occurred on December 1, 2022. The proceeds of the sale are recorded in the General Fund.

NOTE 21: EXCESS EXPENDITURES OVER APPROPRIATION IN MAJOR FUND

The following major fund had an excess of actual expenditures over budget for the year ended December 31, 2022:

	<u>Appropriations</u>	<u>Expenditures</u>	Percentage of Excess over <u>Appropriations</u>
General Fund	\$ 23,460,811	\$ 25,862,360	10.2%

NOTE 22: SUBSEQUENT EVENT

The County has evaluated all subsequent events through report issue date of September 28, 2023, noting that no additional events have taken place that effect the financial statement or required disclosure.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

COUNTY OF CLINTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION (ASSET) LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service Cost	\$ 1,239,869	\$ 1,312,389	\$ 1,367,211	\$ 1,306,563	\$ 1,317,501	\$ 1,319,994	\$ 1,270,277	\$ 1,210,959	\$ 1,086,357
Interest	3,881,229	3,761,241	3,660,228	3,614,036	3,481,045	3,346,489	3,163,960	3,046,820	2,903,379
Differences between expected and actual experience	468,014	88,726	(864,840)	102,479	(948,056)	804,474	(2,850)	313,613	-
Changes of assumptions	-	-	(498,750)	-	-	1,336,859	-	-	-
Changes of plan benefits	-	-	313,726	-	-	383,045	-	-	-
Benefit payments, including refunds of employee contributions	(3,794,803)	(3,715,221)	(3,521,354)	(3,021,652)	(2,958,780)	(3,302,355)	(2,825,458)	(2,456,184)	(2,301,398)
Net change in total pension liability	1,794,309	1,447,135	456,221	2,001,426	891,710	3,888,506	1,605,929	2,115,208	1,688,338
Total pension liability - beginning	55,635,651	54,188,516	53,732,295	51,730,869	50,839,159	46,950,653	45,344,724	43,229,516	41,541,178
Total pension liability - ending (a)	<u>\$ 57,429,960</u>	<u>\$ 55,635,651</u>	<u>\$ 54,188,516</u>	<u>\$ 53,732,295</u>	<u>\$ 51,730,869</u>	<u>\$ 50,839,159</u>	<u>\$ 46,950,653</u>	<u>\$ 45,344,724</u>	<u>\$ 43,229,516</u>
Plan fiduciary net position									
Contributions - employer	\$ 991,431	\$ 1,000,000	\$ 900,000	\$ 893,030	\$ 829,300	\$ 842,384	\$ 800,000	\$ 500,000	\$ 435,000
Contributions - employee	1,161,513	1,274,954	1,213,961	1,242,348	1,247,758	1,194,204	1,131,808	979,411	1,029,813
Net investment income	(7,431,548)	9,377,720	4,031,348	8,313,197	(3,457,917)	6,217,821	2,854,698	(546,307)	1,963,230
Benefit payments, including refunds of employee contributions	(3,794,803)	(3,715,221)	(3,521,354)	(3,021,652)	(2,958,780)	(3,302,355)	(2,825,458)	(2,456,184)	(2,301,398)
Administrative expense	(46,850)	(32,400)	(30,050)	(32,250)	(41,800)	(32,350)	(46,800)	(34,700)	(33,025)
Net change in plan fiduciary position	(9,120,257)	7,905,053	2,593,905	7,394,673	(4,381,439)	4,919,704	1,914,248	(1,557,780)	1,093,620
Plan fiduciary net position - beginning	60,715,734	52,810,681	50,216,776	42,822,103	47,203,542	42,283,838	40,369,590	41,927,370	40,833,750
Plan fiduciary net position - ending (b)	<u>\$ 51,595,477</u>	<u>\$ 60,715,734</u>	<u>\$ 52,810,681</u>	<u>\$ 50,216,776</u>	<u>\$ 42,822,103</u>	<u>\$ 47,203,542</u>	<u>\$ 42,283,838</u>	<u>\$ 40,369,590</u>	<u>\$ 41,927,370</u>
County's net pension (asset) liability - ending (a) - (b)	<u>\$ 5,834,483</u>	<u>\$ (5,080,083)</u>	<u>\$ 1,377,835</u>	<u>\$ 3,515,519</u>	<u>\$ 8,908,766</u>	<u>\$ 3,635,617</u>	<u>\$ 4,666,815</u>	<u>\$ 4,975,134</u>	<u>\$ 1,302,146</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	<u>89.84%</u>	<u>109.13%</u>	<u>97.46%</u>	<u>93.46%</u>	<u>82.78%</u>	<u>92.85%</u>	<u>90.06%</u>	<u>89.03%</u>	<u>96.99%</u>
Covered payroll	<u>\$ 10,379,782</u>	<u>\$ 9,541,756</u>	<u>\$ 10,001,259</u>	<u>\$ 10,610,492</u>	<u>\$ 11,043,900</u>	<u>\$ 10,335,758</u>	<u>\$ 10,433,967</u>	<u>\$ 9,918,163</u>	<u>\$ 9,328,489</u>
County net pension (asset) liability as a percentage of covered payroll	<u>56.21%</u>	<u>-53.24%</u>	<u>13.78%</u>	<u>33.13%</u>	<u>80.67%</u>	<u>35.18%</u>	<u>44.73%</u>	<u>50.16%</u>	<u>13.96%</u>

Note to Schedule:

The County adopted GASB 67 on a prospective basis in 2014; therefore only nine years are present in the above schedule.

COUNTY OF CLINTON

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	\$ 816,057	\$ 991,431	\$ 1,100,623	\$ 1,092,325	\$ 893,030	\$ 1,129,300	\$ 842,384	\$ 803,278	\$ 667,125	\$ 652,018
Contributions in relation to the actuarially determined contribution	991,431	1,000,000	900,000	893,030	829,300	842,384	800,000	500,000	435,000	220,000
Contributions deficiency (excess)	<u>\$ (175,374)</u>	<u>\$ (8,569)</u>	<u>\$ 200,623</u>	<u>\$ 199,295</u>	<u>\$ 63,730</u>	<u>\$ 286,916</u>	<u>\$ 42,384</u>	<u>\$ 303,278</u>	<u>\$ 232,125</u>	<u>\$ 432,018</u>
Covered payroll	\$ 10,379,782	\$ 9,541,756	\$ 10,001,259	\$ 10,610,492	\$ 11,043,900	\$ 10,335,758	\$ 10,433,967	\$ 9,918,163	\$ 9,328,489	\$ 8,769,923
Employer contributions as a percentage of covered payroll	9.55%	10.48%	9.00%	8.42%	7.51%	8.15%	7.67%	5.04%	4.66%	2.51%

Notes to Schedule

Valuation date: January 1, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal Actuarial Cost Method
Amortization method	Level dollar, closed
Remaining amortization period	3 years
Asset valuation method	Five-year smoothed market
Inflation	2.50%
Salary increases	4.50%
Investment rate of return	7.00%
Retirement age	Plan members that have attained age 55 with 20 years service, or age 60, if earlier
Mortality	Mortality rates were based on the Pub-2010 with rates projected using Scale MP-2019.

COUNTY OF CLINTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-12.48%	18.14%	8.20%	19.77%	-7.42%	14.90%	7.16%	-1.32%	4.86%

Note to Schedule

The County adopted GASB 67 on a prospective basis in 2014; therefore only nine years are present in the above schedule.

COUNTY OF CLINTON
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property Taxes	\$ 13,052,804	\$ 13,052,804	\$ 13,034,211	\$ (18,593)
Payments in Lieu of Taxes	677,900	677,900	651,580	(26,320)
Hotel Taxes	300,000	300,000	347,866	47,866
Intergovernmental Revenues	896,419	896,419	1,343,472	447,053
Charges for Services	4,548,660	4,548,660	7,193,580	2,644,920
Interest and Rents	84,800	84,800	112,087	27,287
Other	1,171,541	1,171,541	697,222	(474,319)
Total Revenues	20,732,124	20,732,124	23,380,018	2,647,894
Expenditures				
Current:				
General Government - Administrative	6,050,885	6,057,195	5,899,166	158,029
General Government - Judicial	4,057,874	4,047,484	2,896,918	1,150,566
Public Safety	9,011,515	9,019,915	7,828,488	1,191,427
Public Works	115,322	115,322	96,432	18,890
Human Services	363,610	363,610	3,114,090	(2,750,480)
Culture and Recreation	475,700	475,700	520,651	(44,951)
Conservation and Development	636,960	631,460	602,354	29,106
Debt Service:				
Principal	1,580,001	1,765,001	1,847,915	(82,914)
Interest	615,558	681,171	616,242	64,929
Capital Outlay	296,063	303,953	2,440,104	(2,136,151)
Total Expenditures	23,203,488	23,460,811	25,862,360	(2,401,549)
Excess of Revenues Over Expenditures	(2,471,364)	(2,728,687)	(2,482,342)	246,345
Other Financing Sources (Uses)				
Operating Transfer In	4,367,755	4,367,755	18,677,960	14,310,205
Operating Transfer Out	(1,569,207)	(1,569,207)	(15,778,134)	(14,208,927)
Proceeds From Sale of County Property	30,000	30,000	9,657,363	9,627,363
Total Other Financing Uses	2,828,548	2,828,548	12,557,189	9,728,641
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	357,184	99,861	10,074,847	9,974,986
Fund Balance - Beginning of Year	-	-	9,889,326	9,889,326
Fund Balance - End of Year	\$ 357,184	\$ 99,861	\$ 19,964,173	\$ 19,864,312

COUNTY OF CLINTON
 BUDGETARY COMPARISON SCHEDULE
 CHILDREN AND YOUTH
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 5,200,969	\$ 5,200,969	\$ 4,660,868	\$ (540,101)
Charges for services	94,930	94,930	24,087	(70,843)
Other	805	805	-	(805)
Total Revenues	<u>5,296,704</u>	<u>5,296,704</u>	<u>4,684,955</u>	<u>(611,749)</u>
Expenditures				
Current:				
Human Services	6,232,094	6,232,094	4,957,319	1,274,775
Debt Service				
Principal	29,111	29,111	29,111	-
Interest	7,255	7,255	7,255	-
Total Expenditures	<u>6,268,460</u>	<u>6,268,460</u>	<u>4,993,685</u>	<u>1,274,775</u>
Excess of Revenues Under Expenditures	<u>(971,756)</u>	<u>(971,756)</u>	<u>(308,730)</u>	<u>663,026</u>
Other Financing Sources				
Operating Transfer In	971,756	971,756	865,241	(106,515)
Operating Transfer Out	-	-	(556,511)	(556,511)
Total Other Financing Sources	<u>971,756</u>	<u>971,756</u>	<u>308,730</u>	<u>(663,026)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>