County of Centre

PENNSYLVANIA

2012 Comprehensive Annual Financial Report

Year ended December 31, 2012

Prepared by the Office of the Controller
Charles L. Witmer, Controller

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COUNTY OF CENTRE

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June 24, 2013

To the Citizens of the County of Centre Pennsylvania

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Centre for the year ended December 31, 2012. This report consists of the County management's representations concerning the finances of Centre County Government. The County assumes full responsibility for the completeness and fairness of all the information presented in this report. To provide the basis for making these representations, the management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile reliable information for the preparation of the Centre County Government's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

This CAFR was prepared by the Controller's Office and the financial statements were audited by the independent certified public accounting firm of ParenteBeard LLC, whose opinion accompanies the financial statements contained in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the County's financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the year ended December 31, 2012 are fairly presented in conformity with GAAP.

The independent audit of the financial statements was part of a broader, federal mandated "Single Audit" designed to meet special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls over compliance and compliance with legal requirements, with special emphasis on the administration of federal grant awards. These reports are available in the County's separately issued Single Audit Report.

The County is subject to Governmental Accounting Standards Board (GASB) Statement 34 (GASB 34). GASB 34 is a reporting model designed to provide the primary users of the government's financial statements – legislators, creditors and citizens – with information that will help them assess accountability, stability, and plan for the future. This CAFR presents "government-wide" financial statements, designed to provide an economic (long-term) focus on its net position and activities, using full-accrual accounting and reporting found in the commercial sector. GASB 34 requires the County to continue presenting the traditional fund accounting statements, which will remain on a spendable financial resources (short-term) focus.

The Management's Discussion and Analysis ("MD&A") is a narrative introduction, overview, and analysis of the accompanying basic financial statements. This letter of transmittal is designed to complement the MD&A. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Centre County, a fourth class county, was created by an act of the State Legislature in February 1800, and is located at the exact geographic center of Pennsylvania. A three member Board of County Commissioners performs all of the County's legislative and executive functions. The Controller is elected as the County's Chief Financial Officer and supervises the fiscal affairs of the County. The Treasurer is elected to receive all monies due or accruing to the County, including the deposit and investing of surplus funds. The Court of Common Pleas is part of the Unified Judicial System provided by the Pennsylvania Constitution. Court related row offices include the Coroner, Prothonotary/Clerk of Courts, District Attorney, Recorder of Deeds, Register of Wills, Sheriff, and two Jury Commissioners.

Consistent with budgetary constraints and Pennsylvania County Code, the County Board of Commissioners decides the best means of providing a variety of services. The County provides a broad range of services including judicial, public safety, corrections, public works, human services, culture and recreation, conservation and development, elections, and the County nursing home.

This CAFR includes all funds of Centre County as well as all of its component units. The Centre County Conservation District and the Centre County Solid Waste Authority are reported as discretely presented component units. Component units are legally separate entities for which Centre County is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements in order to emphasize that they are legally separate from the County and to show their financial position, results of operations and cash flows.

Information Useful in Assessing the County's Economic Condition Local economy

Centre County is home to one of the nation's largest universities, The Pennsylvania State University ("Penn State"). Penn State has over forty thousand students at its main campus located in Centre County. The County's key industries include tourism, retail, agriculture, electronics, chromatography, information technology, printing and publishing, wood manufacturing, and education.

Long-term financial planning

The County's Comprehensive Plan, Phase I includes an historical background of Centre County, a current profile, and will serve as a blueprint for the next ten to twenty years. Phase II will focus on growth management and development strategies in the County. Consistent with the Comprehensive Plan, the Board of Commissioners initiated an Affordable Housing Needs Assessment to identify the County's critical housing needs and to provide information that can be used to address those needs within the County over the next ten years.

Passed in 1992, Pennsylvania Law (Act 137) allows counties to establish an Affordable Housing Fund to collect fees through its Recorder of Deeds ("ROD") offices to support affordable housing projects. In 1993, the Commissioners adopted an ordinance to enact Act 137 and to create a Centre County Affordable Housing Fund. On average, $115,000 is collected annually by the ROD on behalf of the Fund. In 1996, the County implemented the First Time Home Buyer Program. The program provides down-payment loans (the lesser of $10,000 or 10% of the purchase price) to qualified county residences. The amount provided is a zero percent-deferred loan, secured by a second mortgage.

Internal audits

The Controller's internal audit function conducts financial and compliance audits of County departments, agencies, row offices, and grant-funded programs to ensure that the County government is efficient, effective, and compliant. The function issued 16 audit, reviews, and special reports during 2012.

Awards and Acknowledgements

Certificate of achievement for excellence in financial reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Centre for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011. This is the eleventh consecutive year the County has received this certificate. The Certificate of Achievement is a prestigious international award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements, and have submitted it to the GFOA to determine its eligibility for another certificate.

Award for distinguished budget presentation

For the fourteenth consecutive year, the County of Centre received GFOA's Award for Distinguished Budget Presentation for its 2012 appropriation budget. The Board of Commissioners' staff prepares the budget document.

Acknowledgements

This report provides an all-inclusive picture of the financial position of the County. To strengthen our financial position during the year covered, County officials have undertaken a unified effort to improve management and organizational effectiveness, administrative and operating systems, and productivity. The County continues to follow prudent fiscal policies and management programs in order to provide vital government services to its citizens.

The preparation of this CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Controller's Office. I would like to express my sincere thanks and appreciation to the staff and to all members of the departments who assisted and contributed to its preparation. I would also like to thank the Board of Commissioners and their staff for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

Charles L. Witmer

Charles L. Witmer
Controller

Mission

Centre County Government

The business of Centre County Government is
to provide high quality services to county residents in an efficient and cost effective manner. Citizens have repeatedly said that maintaining the quality of life in Centre County needs to be a top priority. The services provided by county government, as well as by municipalities and school districts, are an important component of the quality of life in Centre County.

Controller's Office

The mission of the Centre County Controller's Office is
to improve the quality of life of the citizens of Centre County.
We accomplish our mission by helping the various County departments, offices and agencies successfully administer the financial resources within their control.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Centre Pennsylvania

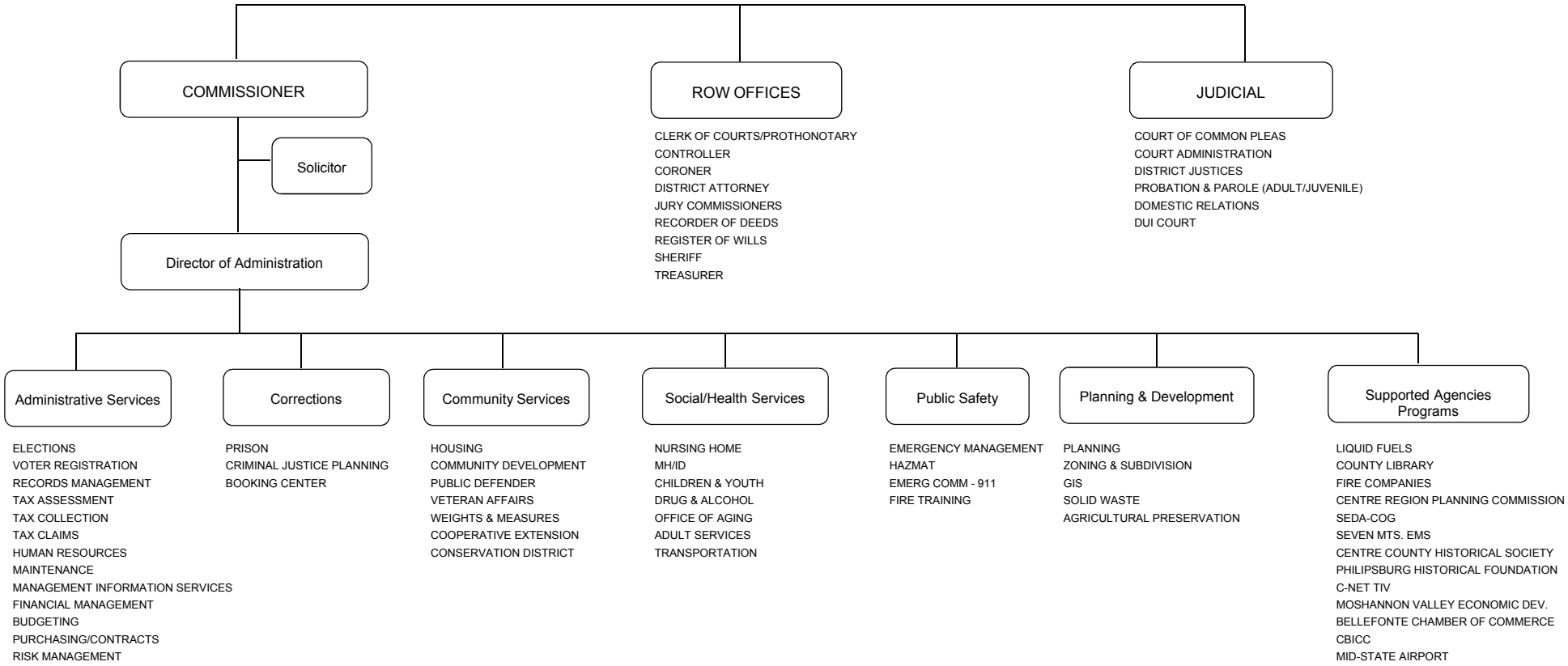
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CENTRE COUNTY GOVERNMENT
ORGANIZATIONAL CHART



County of Centre

Principal Officials

December 31, 2012

Board of Commissioners
Steven Dershem, Chair
C. Chris Exarchos
Michael Pipe

Controller
Charles L. Witmer

District Attorney
Stacy Parks Miller

Recorder of Deeds
Joseph Davidson

Sheriff
Dennis Nau

Jury Commissioners
Ruth Luse
Hope Miller

Court of Common Pleas
Thomas King Kistler, President Judge
Pamela Ruest, Judge
Jonathan Grine, Judge
Bradley Lunsford, Judge
Charles C. Brown, Senior Judge
David E. Grine, Senior Judge

Coroner
Scott Sayers

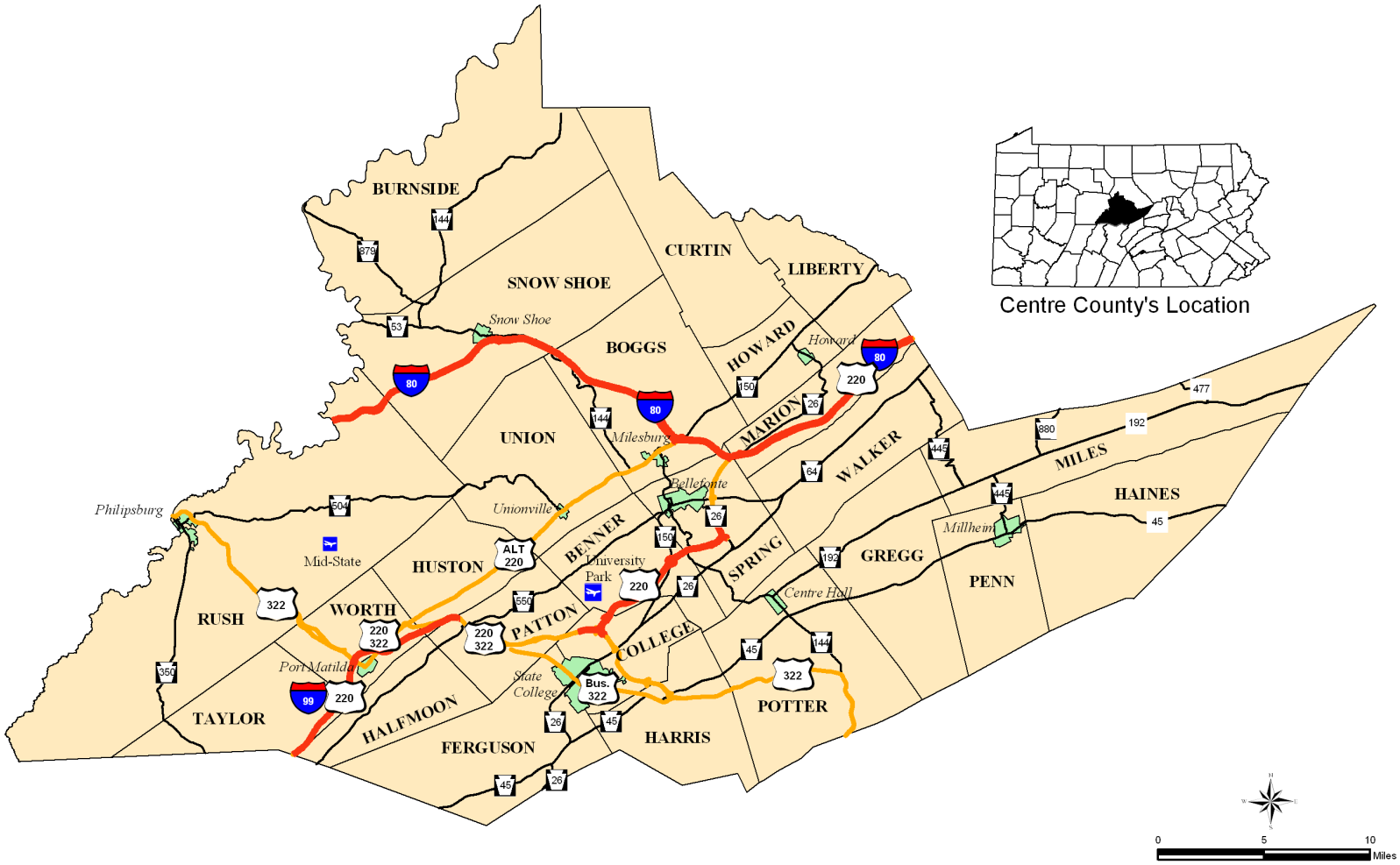
Prothonotary/Clerk of Courts
Debra Immel

Register of Wills/Clerk of Orphans Court
Kimberly Barton

Treasurer
Richard Fornicola

District Justices
Vacant, Bellefonte
Thomas Jordan, Centre Hall
Leslie Dutchcot, Centre Region
Allen W. Sinclair, Philipsburg
Carmine Prestia, State College I
Vacant, State College II

Centre County, Pennsylvania



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ParenteBeard

Independent Auditors' Report

Board of Commissioners
County of Centre, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Centre, Pennsylvania (the "County") as of December 31, 2012, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Centre, Pennsylvania as of December 31, 2012, and the respective changes in net position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Mental Health/Intellectual Disabilities, and Children and Youth funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management Discussion and Analysis ("MD&A") on pages 17 through 30 and the supplementary pension trend information on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* ("GASB") 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 evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements, the budgetary comparison schedules, and the schedule of changes in capital assets by function on pages 75 through 101, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section on pages 5 through 14, and statistical section on pages 103 through 123 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 24, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

ParenteBeard LLC

State College, Pennsylvania
June 24, 2013

COUNTY OF CENTRE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the County of Centre for the year ended December 31, 2012. The County's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. Additional information is provided in the Transmittal Letter, which can be found on pages 5-8 of this report. This discussion focuses on the County's primary government. Component units, unless otherwise noted, are not included in this discussion.

FINANCIAL HIGHLIGHTS

- The County's total net position increased by $3,881,000. Net position related to governmental activities increased by $3,940,000, and net position of the County's business-type activities decreased by $60,000.
- As of December 31, 2012, $13,278,000 of unrestricted net position was available to meet the County's ongoing obligations of the governmental activities to citizens and creditors.
- The unassigned fund balance for the General Fund was $6,598,000 or 20.6 percent of total General Fund expenditures.
- Total bond indebtedness on December 31, 2012 was $43,497,000, an increase of $13,538,000 from the beginning of the year. The County's 2012 total governmental debt service payments of $2,186,000 (principal & interest) represented 3.3 percent of the County's total governmental expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent financial year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include administration, judicial, public safety, public works, human services, culture and recreation, and conservation and development. The business-type activities of the County are a County Nursing Home and a 911 emergency communications center.

The government-wide financial statements include not only the County itself (known as the primary government) but also a legally separate Solid Waste Authority and a legally separate Conservation District for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 31-32 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Children & Youth Fund, Mental Health/Intellectual Disability Fund, Debt Service and Capital Projects Fund, all of which are considered major funds.

Data from the other seven governmental funds are combined into a single, aggregated presentation captioned "other non-major governmental funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 33-37 of this report.

PROPRIETARY FUNDS

The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its County Nursing Home and Emergency Communications 911. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Transportation department and Management Information System department. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 41-42 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-73 of this report.

OTHER INFORMATION

The combining statements referred to earlier in connection with government fund types, proprietary fund types, fiduciary fund types and component units are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 75-102 of this report. The statistical section begins on page 103.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities at the close of December 31, 2012 by $34,440,000 an increase of $3,881,000 from the beginning of the year.

The County's net position reflected in investment in capital assets (e.g. land, buildings and equipment), are presented net of any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The County's investment in its capital assets reported net of related debt as related to its governmental activities was $14,892,000 at year-end. The County's investment in its capital assets reported net of related debt as related to its business-type activities was $(1,525,000) at year-end. This deficit balance is attributable to the operation of the County's 911 operation; the long-term debt incurred in financing the capital assets of the County's 911 Fund is greater than the carrying value of the associated assets.

CONDENSED STATEMENT OF NET POSITION
December 31, 2012 and 2011
Primary Government
(in millions)

	Total Governmental Activities		Business-type Activities Enterprise Funds		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$45.4	$26.3	$ 4.6	$ 5.1	$50.0	$31.4
Capital assets	37.3	33.3	7.1	7.3	44.4	40.6
Total assets	82.7	59.6	11.7	12.4	94.4	72.0
Other liabilities	9.5	6.0	1.5	1.4	11.0	7.4
Long-term liabilities	39.4	23.7	9.6	10.3	49.0	34.0
Total liabilities	48.9	29.7	11.1	11.7	60.0	41.4
Invested in capital assets, net of related debt	14.9	12.0	(1.5)	(1.7)	13.4	10.3
Restricted	5.6	4.8			5.6	4.8
Unrestricted	13.3	13.1	2.1	2.4	15.4	15.5
Total net position	$33.8	$ 29.9	$ 0.6	$ 0.7	$34.4	$30.6

At December 31, 2012, the restricted portion of the County's net position, $5.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance includes $13.4 million of equity related to capital assets and $15.4 million in unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors. During 2012, current assets increased by $18.6 million and capital assets increased by $3.8 million.

CONDENSED STATEMENT OF ACTIVITIES

December 31, 2012 and 2011

(in millions)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2012	2011	2012	2011	2012	2011
REVENUES:						
Program revenues:						
Charges for services	$ 13.4	$ 12.4	$ 18.6	$ 19.0	$ 32.0	$ 31.4
Operating grants and contributions	24.6	24.6			24.6	24.6
Capital grants and contributions	4.4	0.2			4.4	0.2
General revenues:						
Property taxes	25.4	25.1			25.4	25.1
Unrestricted investment earnings	0.3	0.3	-	-	0.3	0.3
Total revenues	68.1	62.6	18.6	19.0	86.7	81.6
EXPENSES:						
General government:	20.2	18.9			20.2	18.9
Public safety	13.9	11.5			13.9	11.5
Public works	0.3	0.3			0.3	0.3
Human services	24.3	24.0			24.3	24.0
Culture and recreation	0.6	0.7			0.6	0.7
Conservation and development	1.4	1.5			1.4	1.5
Interest on long-term debt	1.0	0.8			1.0	0.8
Nursing home			18.9	18.5	18.9	18.5
911 emergency response	-	-	2.3	2.4	2.3	2.4
Total expenses	61.7	57.7	21.2	20.9	82.9	78.6
Increase (decrease) in net position						
Before transfers	6.4	4.9	(2.6)	(1.9)	3.8	3.0
Transfers	(2.5)	(1.9)	2.5	1.9	-	-
Change in net position	3.9	3.0	(0.1)	0.0	3.8	3.0
Net position – beginning	29.9	26.9	0.7	0.7	30.6	27.6
Net position – ending	$ 33.8	$ 29.9	$ 0.6	$ 0.7	$ 34.4	$ 30.6

At the end of 2012, the County is able to report a positive balance of $34.4 million in total net position. The County's overall financial position increased as reflected in the $3.8 million increase in total net position. See below for detailed explanation of change in total net position.

GOVERNMENTAL ACTIVITIES

Governmental activities *increased* the County's net position by $3.8 million. Key elements of this increase include:

- The County's ability to apply for capital improvement grants and solicit additional funding contributions for the 911 capital improvement upgrade to the communication systems and facility.
- The County's real estate market is slowly turning around from its 2010-2011 levels; as reflected in the real estate revenues received. The County has not imposed any real estate tax increases since 2010, when a 1.5 mil increase was imposed. Subsequently, in 2011, the County reduced real estate taxes by .25 mills; this shows that in 2012 the real estate market is making a comeback.

BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the County's net position by $60,000. The County nursing home's change in net position was a negative $367,000. This is due to a shortened transfer of cash from the general fund in 2012; the general fund did not fill in the operating loss. The 911 System's on-going deficit, $2.3 million on December 31, 2012, is a result of the fee structure not covering the depreciation, costs of capital assets, and debt service payments.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the County's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On December 31, 2012, the County's governmental funds reported combined ending fund balances of $32,392,000 an increase of $15,828,000 compared to the prior year.

Proprietary funds The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the County's Enterprise funds at the end of the year amounted to $2,151,000 and those for the Internal Service funds amounted to $2,500,000. The total decreases in net position for the Enterprise funds were $60,000. The total decrease in net position, for the Internal Service funds; were $29,000. Other factors concerning the finances of the Enterprise funds have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final expenditure budget for fiscal year 2012 was approximately $33.4 million. This was an increase of $1,782,000 over the previous year amended budget, which represents a 5.6 percent increase.

The General Fund Budget complied with financial policies approved by the County Board of Commissioners. The 2012 original revenue budget was increased by $1,371,000 and the expenditure budget increased by $1,609,000 from its original.

FINANCIAL ANALYSIS OF THE MAJOR FUNDS

GENERAL FUND

The General Fund is the primary operating fund of the County. On December 31, 2012, the unassigned fund balance of the General Fund was $6,598,000 while total fund balance equaled $9,460,000. The total fund balance of the County's General Fund decreased by $1,350,000; during 2012. As a measure of the General Fund's liquidity, the unassigned fund balance represents 16.9 percent of the total general fund expenditures, net of inter-fund transfers, or 62 days.

Revenues of the General Fund totaled $37,669,000 for the year ended, December 31, 2012, which represents an increase of $1,944,000 or 5.4 percent expansion from 2011 levels. The following represents a summary of general fund revenue with budget comparison by source (in thousands):

	2012			2011		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Real estate taxes	$21,544	$21,602	$ 58	$21,039	$21,373	$ 334
Grants, fits and payments in lieu	3,632	3,947	315	2,772	2,330	(442)
Court costs	1,499	1,500	1	1,426	1,439	13
Fines and forfeits	208	209	1	226	198	(28)
Interest and rents	275	194	(81)	253	280	27
Charges for services	9,761	9,992	231	9,974	9,997	23
Contributions and other revenues	28	225	197	28	108	80
Total revenues	$36,947	$37,669	$722	$35,718	$35,725	$ 7

The $315,000 positive budget variance in *Grants, gifts and payments in lieu* is attributed increased dollar amounts received for several grants. In 2011, the $442,000 negative budget variance in *Grants, gifts and payments in lieu* is due to a reduction in the dollar amount received for several grants. Increased fees for Recorder of Deeds, Probation, Prison and Central Booking Center attributed to the 2012 positive $231,000 variance in budgeted revenue. The $197,000 positive variance in contributions and other revenues was due to the County being reimbursed for court cost associated with a high profile trial along with multiple drug forfeiture cases that occurred in 2012.

General Fund expenditures totaled $31,991,000 which represents an increase of $1,887,000 or 6.3 percent from 2011. The following represents a summary of General Fund expenditures with budget comparison for the year ended December 31, 2012 (in thousands).

	2012			2011		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:						
General government:						
Administration	$10,652	$10,382	$270	$ 9,707	$ 9,111	$ 596
Judicial	8,244	7,715	529	7,806	7,733	73
Public safety	11,983	11,671	312	11,526	11,039	487
Public works	111	111	-	70	-	70
Human services	134	127	7	135	131	4
Culture and recreation	545	545	-	545	545	-
Conservation & Development	1,760	1,440	320	1,858	1,545	313
Total expenditures	$33,429	$31,991	$1,438	$31,647	$30,104	$1,543

The major elements of the $270,000 positive budget variance in *Administration* relate to a reduction in contracted technical services, and utilities throughout the year. The major elements of the $529,000 positive budget variance in *Judicial* relate to contracted professional services not being utilized at the levels budgeted for throughout the year. The major elements of the $312,000 positive budget variance in *Public Safety* relate to a reduction in grants received. The major elements of the $320,000 positive budget variance for *Conservation & Development* relate to a reduction in purchased client services and construction projects. In 2011, the major elements of the $596,000 positive budget variance in *Administration* relate to a reduction in salaries and benefits, contracted technical services, and utilities throughout the year. The major elements of the $487,000 positive budget variance in *Public Safety* relate to a reduction in grants received and purchased client services. The major elements of the $313,000 positive budget variance in *Conservation & Development* relate to a reduction in purchased client services and construction projects.

General Fund original and final amended budget

The final amended budgeted revenues in 2012 were $36,948,000 compared to the original budgeted revenues of $35,576,000. The $1,372,000 positive budget variance in the final amended budgeted revenues is related to grants that were awarded after the original budget was completed. The final amended budgeted expenses in 2012 were $33,429,000 compared to the original budgeted expenses of $31,820,000. The major elements of the $1,609,000 negative budget variance relate to the expenses related to grants that were awarded after the original budget was completed.

HUMAN SERVICE – SPECIAL REVENUE FUNDS

The Children & Youth and the Mental Health/ Intellectual Disability funds' revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal grants, are restricted by law or other formal action to expenditures for specific purposes. The Children & Youth and Mental Health/ Intellectual Disability funds had a combined deficiency of revenues over expenditures of approximately $1,857,000 and $1,083,000 before transfers-in from the General Fund for the years ended December 31, 2012 and 2011, respectively. These transfers represent the local share (expenditures less grants and charges for services) of funding the operations of the Special Revenue funds. The net transfer, or local share, was $176,472 over the budgeted for the year ended December 31, 2012 and $13,666 less than budgeted for the year ended December 31, 2011. Management has made the decision not to fund the year end shortfall for MHID; which accounts for a negative ending fund balance of $443,863. These funds' financial statements are included with the statements on pages 33-34 of this report.

DEBT SERVICE

The Debt Service Fund's total fund balances at December 31, 2012 and 2011 were $2,395,000 and $1,790,000 respectively. The Debt Service Fund reported the issuance of refunding bonds in the amount of $13,590,000. The bond proceeds were used to advance refund the County's 2003 Bonds.

CAPITAL PROJECTS FUND

The County's Capital Projects Fund accounts for financial resources expended to acquire or construct property and capital assets. During the years ended December 31, 2012 and 2011, the County expended $7,615,000 and $205,000, respectively, for such projects. Capital Projects Fund's balance at year-end totaled $20,032,000; which is an increase of $16,925,000, compared to prior year. This increase is attributed to the issuance of 2012 Series B Bonds in the amount of $15,315,000 and the assignment of $3.0 million general fund monies for continuing expenditures being incurred for the Emergency Communication 911 capital improvement project along with the purposed future expansion of office space available the courts system.

OTHER GOVERNMENTAL – SPECIAL REVENUE FUNDS

The County maintains nine Special Revenue funds. Seven of these funds have been designated as *non-major funds*, which contain the following activities:

Fund	Activities
Domestic Relations	Judicial
Liquid Fuels	Public works
Agriculture Easement	Conservation
Hazardous Material	Public safety
Aging	Human services
Drug & Alcohol	Human services
Adult Services	Human services

Operating revenues and expenditures totaled $5,530,000 and $6,582,000 respectively for 2012, which represents a deficiency of $1,052,000, before transfers. Transfers from the General Fund totaled $1,144,000. The non-major financial statements can be found on pages 79-83.

Management feels that the restrictions, commitments and assignments of its fund balances does not significantly affect the resources available for future use of the County for ongoing operations.

PENSION TRUST FUND

The Centre County Employees' Retirement Trust Fund is a single employer defined benefit pension trust fund used to account for the Employee Retirement Plan contributions of the County and its employees and related benefit payments and other plan costs. The Pension Trust Fund had net position of $84,921,000 and $76,565,000, respectively, for the years ended December 31, 2012 and 2011. During the years ended December 31, 2012 and 2011, net position of the Pension Trust Fund balance increased by $8,356,000 (9.84%) and $987,000 (1.31%), respectively. The gain in 2012 and 2011 were primarily due to investment gains. The County transferred the Annual Required Contribution of $3,138,618 (2012) and $3,046,820 (2011) from the General Fund to the Retirement Trust fund. The plan is fully funded in accordance with the Annual Actuarial Valuation.

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities at December 31, 2012 and 2011 amounted to $44,370,020 and $40,627,498, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements.

December 31, 2012:	Governmental Activities	Business-type Activity	Total
Construction in progress	$4,738,135		$ 4,738,135
Buildings, land & improvements	29,385,701	$ 6,387,678	35,773,379
Furniture & equipment	2,642,445	703,070	3,345,515
Vehicles	512,991	-	512,991
	$37,279,272	$7,090,748	$44,370,020

December 31, 2011:	Governmental Activities	Business-type Activity	Total
Construction in progress		$ 169,316	$ 169,316
Buildings, land & improvements	$30,342,239	6,689,833	37,032,072
Furniture & equipment	2,362,600	450,744	2,813,344
Vehicles	612,766	-	612,766
	$33,317,605	$7,309,893	$40,627,498

As evidenced above, construction in progress related to the County's governmental activities increased by $4,738,000 during 2012. This increase is due to the County's upgrade to its 911 systems and facility that is currently in process and should be completed by the end of 2013. Buildings, land & improvements related to the County's governmental activities decreased by $956,000 during 2012. This decrease is due to the annual depreciation of capital assets. Furniture & equipment and vehicles related to the County's governmental activities decreased approximately $280,000 and $100,000 respectively, during 2012. This decrease is due to the annual depreciation of capital assets and the disposal of assets that have relinquished their useful life. The $302,000 decrease in Buildings, Land and Improvements, for the Business-type activity, relates to the annual depreciation of capital assets along with the disposal of assets that have exhausted their useful lives. See Note 10 on page 58 of this report for detailed information on capital asset activity.

LONG TERM DEBT

The County's net general obligation bond debt of $43,497,034 at year-end was well below the legal limit of $144,220,647. Activity related to the County's long-term debt for the years ended December 31, 2012 and 2011 is as follows:

	Governmental Activities	Business-type Activity	Total
Bonds & notes payable at January 1, 2011	$22,809,484	$10,214,998	$33,024,482
Bonds & notes issued	9,175,000	-	9,175,000
Bonds & notes refinanced	(9,550,000)	-	(9,550,000)
Bond & notes payments	(1,835,022)	(855,733)	(2,690,755)
Bonds & notes payable at December 31, 2011	20,599,462	9,359,265	29,958,727
Bonds & notes issued	20,945,946	7,959,054	28,905,000
Bonds & notes refinanced	(5,452,778)	(7,707,222)	(13,160,000)
Bond & notes issued payments	(1,352,494)	(854,199)	(2,206,693)
Bonds payable at December 31, 2012	$34,740,136	$8,756,898	$43,497,034

In 2012 the County issued series A, B and C bonds; with Series A & C being issued to refinance the County's 2003 Bonds and Series B issued to fund capital improvement projects throughout the County: majority of the funding to be used on the County Emergency Communication System upgrade. The 2012 Series A Bonds issued $9,970,000 in general obligation bonds to advance refund $9,770,000 and the 2012 Series C Bonds issued $3,620,000 in general obligation bonds to advance refund $3,390,000 the 2003 Bonds at a lower interest rate. The 2012 Series B Bonds issued $15,315,000 in general obligation bonds for Capital Projects due in varying annual installments through 2026. In 2011, the County issued $9,175,000 in general obligation bonds to advance refund $9,550,000 of the 2006 bonds, at a lower interest rate. Additional information on the County's long-term debt can be found at Note 11 on page 59 of this report.

The County maintains an "AA" rating from Standards & Poor's Rating Services for general obligation debt.

ECONOMIC CONDITION AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate in Centre County was 6.0 percent at the end of 2012, which is a .60% increase from 2011 level of 5.4%. This compares favorably, however, with Pennsylvania's unemployment rate of 8.1 percent and the nation's rate of 7.8 percent at the end of 2012. The County is in a period of stability, yet slower than average growth.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, County of Centre, Willowbank Office Building, 420 Holmes Street, Bellefonte, PA 16823.

Complete financial statements for the individual component units can be obtained from their respective administrative offices as follows:

- Centre County Conservation District
  Willowbank Building
  Bellefonte, PA 16823

- Centre County Solid Waste Authority
  253 Transfer Road
  Bellefonte, PA 16823

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County of Centre, Pennsylvania

Statement of Net Position
December 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Conservation District	Solid Waste Authority
Assets					
Cash and cash equivalents	$ 22,285,549	$ 1,187,098	$ 23,472,647	$ 205,125	$ 2,927,373
Cash with fiscal agent	423,220		423,220		
Receivables (net of allowance for uncollectibles, as applicable):					
Taxes receivable	1,415,805		1,415,805		
Accounts	11,806	2,823,057	2,834,863	99,321	737,995
Grants receivable	1,967,809	311,259	2,279,068		530,000
Other receivables	2,992,116		2,992,116		
Loans receivable, net	1,040,125		1,040,125		
Prepaid items and inventory	220,905	38,288	259,193		97,082
Restricted cash, nursing home's trust accounts		168,702	168,702		
Restricted cash, bond proceeds	14,508,064		14,508,064		
Deferred charges	551,377	101,433	652,810		
Capital assets (net of accumulated depreciation):					
Construction in progress	4,738,135		4,738,135		
Land and improvements	1,719,563	2,612	1,722,175		8,271
Buildings and improvements	27,666,138	6,385,066	34,051,204		9,196,651
Furniture and equipment	2,642,445	703,070	3,345,515		546,050
Vehicles	512,991		512,991		461,101
Total assets	82,696,048	11,720,585	94,416,633	304,446	14,504,523
Liabilities					
Accounts payable and accrued expenses	5,193,702	534,842	5,728,544	105,298	924,389
Accrued interest payable	484,181	74,805	558,986		
Accrued payroll liabilities	1,228,940	641,681	1,870,621		
Unearned revenue	2,597,255		2,597,255	27,054	
Funds held as fiduciary		168,702	168,702		
Noncurrent liabilities:					
Portion due or payable within one year:					
Bonds and notes payable	1,646,097	1,246,590	2,892,687		425,242
Capital lease payable	18,350		18,350		
Compensated absences	107,307	61,963	169,270		
Portion due or payable after one year:					
Bonds and notes payable	35,211,920	7,368,678	42,580,598		2,622,324
Capital lease payable	19,451		19,451		
Compensated absences	2,038,827	671,239	2,710,066		
Other post-employment benefits liability	336,964	325,373	662,337		
Landfill post-closure liability					51,984
Total liabilities	48,882,994	11,093,873	59,976,867	132,352	4,023,939
Net Position					
Invested in capital assets, net of related debt	14,891,518	(1,524,520)	13,366,998		7,164,507
Restricted for:					
Judicial	477,413		477,413		
Public works	187,313		187,313		
Conservation and development	1,951,459		1,951,459		
Public safety	28,723		28,723		
Human services	63,806		63,806		
Debt service	2,394,631		2,394,631		
Records management & data automation	540,508		540,508		
Unrestricted	13,277,683	2,151,232	15,428,915	172,094	3,316,077
Total net position	$ 33,813,054	$ 626,712	$ 34,439,766	$ 172,094	$ 10,480,584

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

County of Centre, Pennsylvania

Statement of Activities
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Conservation District	Component Units: Solid Waste Authority
Primary Government									
Governmental activities:									
General government:									
Administrative	$ 11,685,010	$ 6,654,893	$ 1,284,353		$ (3,745,764)		$ (3,745,764)		
Judicial	8,580,813	2,832,072	1,588,885		(4,159,856)		(4,159,856)		
Public safety	13,936,814	3,294,665	582,729	$ 4,354,201	(5,705,219)		(5,705,219)		
Public works	299,827		321,464		21,637		21,637		
Human services	24,341,263	363,760	20,370,018	75,501	(3,531,984)		(3,531,984)		
Culture and recreation	545,460				(545,460)		(545,460)		
Conservation and development	1,417,968	245,937	461,840		(710,191)		(710,191)		
Interest on long-term debt	909,411				(909,411)		(909,411)		
Total governmental activities	61,716,566	13,391,327	24,609,289	4,429,702	(19,286,248)		(19,286,248)		
Business-type activities:									
Nursing home	18,913,839	16,908,014				$ (2,005,825)	(2,005,825)		
911 emergency response	2,302,393	1,707,096				(595,297)	(595,297)		
Total business-type activities	21,216,232	18,615,110	-	-	-	(2,601,122)	(2,601,122)		
Total primary government	$ 82,932,798	$ 32,006,437	$ 24,609,289	$ 4,429,702	(19,286,248)	(2,601,122)	(21,887,370)		
Component Units									
Conservation District	$ 504,360	$ 106,472	$ 426,549					$ 28,661	
Solid Waste Authority	10,056,321	9,373,731	444,567						$ (238,023)
Total component units	$ 10,560,681	$ 9,480,203	$ 871,116					28,661	(238,023)
General Revenues									
Property taxes, levied for general purposes					21,602,379		21,602,379		
Property taxes, levied for debt service					3,845,960		3,845,960		
Unrestricted investment earnings					289,105	30,661	319,766	122	4,239
Transfers					(2,510,932)	2,510,932			
Total general revenues and transfers					23,226,512	2,541,593	25,768,105	122	4,239
Change in net assets					3,940,264	(59,529)	3,880,735	28,783	(233,784)
Net Position - Beginning					29,872,790	686,241	30,559,031	143,311	10,714,368
Net Position - Ending					$ 33,813,054	$ 626,712	$ 34,439,766	$ 172,094	$ 10,480,584

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

County of Centre, Pennsylvania

Balance Sheet
Governmental Funds
December 31, 2012

	General	Special Revenue: Children & Youth	Special Revenue: MHID	Debt Service	Capital Projects	Other Non-Major Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 8,382,485	$ 350	$ 100	$ 1,887,896	$ 8,225,064	$ 1,174,026	$ 19,669,921
Cash with fiscal agent				423,220			423,220
Restricted cash, bond proceeds					14,508,064		14,508,064
Receivables:							
Taxes	1,199,227			216,578			1,415,805
Grants	376,331	1,017,150	145,738			428,588	1,967,807
Other	395,200	1,712	255,782		2,000,000	255,422	2,908,116
Due from other funds	568,706						568,706
Loans receivable (net of uncollectible)	1,040,125						1,040,125
Prepaid items and inventory	106,788		19,364			5,003	131,155
Total assets	$ 12,068,862	$ 1,019,212	$ 420,984	$ 2,527,694	$ 24,733,128	$ 1,863,039	$ 42,632,919
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accruals	$ 874,964	$ 483,519	$ 582,834	$ 230	2,701,081	$ 397,192	$ 5,039,820
Accrued payroll	870,052	100,352	124,103			128,926	1,223,433
Accrued payroll liabilities	5,507						5,507
Deferred revenue	858,567	89,487		132,833	2,000,000	322,102	3,402,989
Due to other fund		345,854	157,910			64,942	568,706
Total liabilities	2,609,090	1,019,212	864,847	133,063	4,701,081	913,162	10,240,455
Fund balances:							
Nonspendable	106,788					3,037	109,825
Restricted	2,302,382			2,394,631	14,508,064	946,840	20,151,917
Assigned	452,885				5,523,983		5,976,868
Unassigned	6,597,717		(443,863)				6,153,854
Total fund balances	9,459,772	-	(443,863)	2,394,631	20,032,047	949,877	32,392,464
Total liabilities and fund balances	$ 12,068,862	$ 1,019,212	$ 420,984	$ 2,527,694	$ 24,733,128	$ 1,863,039	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		37,279,272
Property taxes receivable will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.		862,818
Governmental funds report the effect of issuance costs, discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(1,566,504)
Internal service funds are used by management to charge the costs of transportation services and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,462,081
Accrued interest payable included on the statement of net position.		(484,181)
Long-term liabilities, including bonds and notes payable are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities consist of:		
Compensated absences	(2,055,796)	
Other post-employment benefits liability	(336,964)	
Bonds and notes payable	(34,740,136)	(37,132,896)
Net position of governmental activities		$ 33,813,054

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

County of Centre, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2012

	General	Special Revenue: Children & Youth	Special Revenue: MHID	Debt Service	Capital Projects	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues							
Real estate taxes	$ 21,602,379			$ 3,863,084			$ 25,465,463
Grants, gifts, and payments in lieu of taxes	3,946,521	$ 7,978,209	$ 6,984,100		$ 1,431,364	$ 5,397,453	25,737,647
Court costs	1,499,903						1,499,903
Fines and forfeits	209,062						209,062
Interest and rents	194,090		152	40,451	48,110	6,297	289,100
Charges for services	9,991,931	138,649	58,477			112,221	10,301,278
Contributions and other revenues	224,918		62,421	1,832	2,922,837	13,989	3,225,997
Total revenues	37,668,804	8,116,858	7,105,150	3,905,367	4,402,311	5,529,960	66,728,450
Expenditures							
Current:							
General government:							
Administration	10,381,715						10,381,715
Judicial	7,698,111					1,171,566	8,869,677
Public safety	11,671,461					20,148	11,691,609
Public works	111,058					188,768	299,826
Human services	126,554	9,129,497	7,949,355			5,201,893	22,407,299
Culture and recreation	545,460						545,460
Conservation and development	1,439,519						1,439,519
Debt service:							
Principal	16,693			1,335,800			1,352,493
Interest				850,286			850,286
Other cost				154,703	130,402		285,105
Capital outlay					7,484,215		7,484,215
Total expenditures	31,990,571	9,129,497	7,949,355	2,340,789	7,614,617	6,582,375	65,607,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,678,233	(1,012,639)	(844,205)	1,564,578	(3,212,306)	(1,052,415)	1,121,246
Other Financing Sources (Uses)							
Transfers - in	485,163	1,378,065	435,080		3,000,000	1,143,928	6,442,236
Transfers - out	(7,513,704)	(365,426)	(34,738)	(1,121,777)			(9,035,645)
Issuance of refunding bonds				13,590,000			13,590,000
Issuance of bonds					15,315,000		15,315,000
Bond premium				451,229	1,822,600		2,273,829
Payment to refund bonds escrow agent				(13,879,066)			(13,879,066)
Total other financing (uses) sources	(7,028,541)	1,012,639	400,342	(959,614)	20,137,600	1,143,928	14,706,354
Net Changes in Fund Balances	(1,350,308)	-	(443,863)	604,964	16,925,294	91,513	15,827,600
Fund Balance, Beginning	10,810,080	-	-	1,789,667	3,106,753	858,364	16,564,864
Fund Balance, Ending	$ 9,459,772	$ -	$ (443,863)	$ 2,394,631	$ 20,032,047	$ 949,877	$ 32,392,464

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

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2012

Amounts reported for governmental activities in the statement of activities (page 32) are different because:

Net change in fund balances - total governmental funds (page 34)		$ 15,827,600
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceed capital outlays in the current period.		
Capital outlays	5,707,909	
Depreciation expense	(1,591,234)	
Loss on disposals	(155,008)	3,961,667
Some taxes will not be collected for several months after the County's year end. They are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year.		(17,124)
The issuance of long-term debt 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. This transaction, however, does not have an effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended December 31, 2012 are as follows:		
Issuance of bonds	(20,945,946)	
Refund of bonds payable	5,452,778	
Scheduled principal payments on long-term debt made in 2012	1,352,494	
Deferred bond issuance costs	285,105	
Bond premium	(2,273,829)	
Deferred amount on refunding	467,233	
Accretion of deferred bond issuance costs	(80,116)	
Accretion of bond premium	261,806	
Accretion of deferred amount on refunding	(82,499)	
Amortization of bond discount	(896)	(15,563,870)
Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in governmental funds. The net change in interest payable is recorded in the statement of activities.		(237,535)
Internal services funds are used by management to charge the costs of transportation services and management information services to individual funds. The net of certain activities of internal service funds is reported with governmental activities.		100,475
Other post employment benefits that are reflected on the statement of net position but are not considered a current expenditure in governmental funds.		(110,438)
In the statement of activities, certain operating expenses - compensated absences (vacation and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.		(20,511)
Change in net position of governmental activities (page 32)		$ 3,940,264

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

County of Centre, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget-to-Actual Comparison
General Fund
Year Ended December 31, 2012

	General Fund			
	Budgeted Amounts			Variance from Final Budget
	Original	Final	Actual	
Revenues				
Real estate taxes	$ 21,623,632	$ 21,544,298	$ 21,602,379	$ 58,081
Grants, gifts and payments in lieu of taxes	2,472,422	3,631,909	3,946,521	314,612
Court costs	1,499,787	1,499,146	1,499,903	757
Fines and forfeits	208,100	208,100	209,062	962
Interest and rents	274,910	274,910	194,090	(80,820)
Charges for services	9,474,399	9,761,141	9,991,931	230,790
Contributions and other revenues	23,000	28,206	224,918	196,712
Total revenues	35,576,250	36,947,710	37,668,804	721,094
Expenditures				
Current:				
General government:				
Administration	9,653,214	10,652,183	10,381,715	270,468
Judicial	7,839,025	8,243,505	7,698,111	545,394
Public safety	11,902,717	11,982,672	11,671,461	311,211
Public works	-	111,059	111,058	1
Human services	133,867	133,867	126,554	7,313
Culture and recreation	545,460	545,460	545,460	-
Conservation and development	1,745,841	1,760,139	1,439,519	320,620
Debt service, principal	-	-	16,693	(16,693)
Total expenditures	31,820,124	33,428,885	31,990,571	1,438,314
Excess of Revenues Over Expenditures	3,756,126	3,518,825	5,678,233	2,159,408
Other Financing Sources (Uses)				
Operating transfers - in	699,750	489,722	485,163	(4,559)
Operating transfers - out	(4,469,706)	(7,416,720)	(7,513,704)	(96,984)
Total other financing uses, net	(3,769,956)	(6,926,998)	(7,028,541)	(101,543)
Net Changes in Fund Balances	(13,830)	(3,408,173)	(1,350,308)	$ 2,057,865
Fund Balance, Beginning	13,830	3,408,173	10,810,080	
Fund Balance, Ending	$ -	$ -	$ 9,459,772	

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

County of Centre, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget-to-Actual Comparison
Major Governmental Special Revenue Funds
Year Ended December 31, 2012

	Children and Youth Fund				Mental Health/Mental Retardation Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Grants, gifts and payment in lieu of taxes	$ 8,059,388	$ 8,183,257	$ 7,978,209	$ (205,048)	$ 7,465,907	$ 7,465,907	$ 6,984,100	$ (481,807)
Interest and rents					1,000	1,000	152	(848)
Charges for services	134,620	134,620	138,649	4,029	66,800	66,800	58,477	(8,323)
Contributions and other revenues					65,706	65,706	62,421	(3,285)
Total revenues	8,194,008	8,317,877	8,116,858	(201,019)	7,599,413	7,599,413	7,105,150	(494,263)
Expenditures								
Current,								
Human services	8,824,413	8,919,470	9,129,497	(210,027)	8,032,890	8,034,493	7,949,355	85,138
Excess of Expenditures Over Revenues	(630,405)	(601,593)	(1,012,639)	(411,046)	(433,477)	(435,080)	(844,205)	(409,125)
Other Financing Sources (Uses)								
Operating transfers - in	1,230,405	1,201,593	1,378,065	176,472	433,477	435,080	435,080	-
Operating transfers - out	(600,000)	(600,000)	(365,426)	234,574			(34,738)	(34,738)
Total other financing sources, net	630,405	601,593	1,012,639	411,046	433,477	435,080	400,342	(34,738)
Net Changes in Fund Balances	$ -	$ -	-	$ -	$ -	$ -	(443,863)	$ (443,863)
Fund Balance, Beginning			-				-	
Fund Balance, Ending			$ -				$ (443,863)	

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

County of Centre, Pennsylvania

Statement of Net Position
Proprietary Funds
December 31, 2012

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
Assets				
Current assets:				
Cash and cash equivalents	$ 235,828	$ 951,270	$ 1,187,098	$ 2,615,628
Restricted cash, nursing home's trust accounts	168,702		168,702	
Accounts receivable, net	2,738,491	84,566	2,823,057	11,806
Due from other governments	311,259		311,259	84,000
Prepaid items and inventory	19,584	18,704	38,288	89,750
Deferred charges	61,288	40,145	101,433	
Total current assets	3,535,152	1,094,685	4,629,837	2,801,184
Capital assets,				
Land, buildings, and equipment	15,019,829	8,830,721	23,850,550	4,013,801
Less accumulated depreciation	(8,387,566)	(8,372,236)	(16,759,802)	(3,046,276)
Capital assets, net	6,632,263	458,485	7,090,748	967,525
Total assets	10,167,415	1,553,170	11,720,585	3,768,709
Liabilities				
Current liabilities:				
Current maturities of bonds and notes payable	633,058	613,532	1,246,590	
Current portion of capital lease payable				18,350
Accounts payable and accrued expenses	509,605	25,237	534,842	153,882
Salaries and benefits payable	566,887	74,794	641,681	
Deferred revenue				57,082
Accrued interest payable	42,519	32,286	74,805	
Funds held as fiduciary	168,702		168,702	
Compensated absences	31,286	30,677	61,963	
Total current liabilities	1,952,057	776,526	2,728,583	229,314
Noncurrent liabilities:				
Bonds and notes payable	4,398,439	2,970,239	7,368,678	
Capital lease payable				19,451
Compensated absences	594,431	76,808	671,239	90,338
Other post employment benefits	325,373		325,373	
Total noncurrent liabilities	5,318,243	3,047,047	8,365,290	109,789
Total liabilities	7,270,300	3,823,573	11,093,873	339,103
Net Position (Deficit)				
Invested in capital assets, net of related debt	1,600,766	(3,125,286)	(1,524,520)	929,724
Unrestricted	1,296,349	854,883	2,151,232	2,499,882
Total net position (deficit)	$ 2,897,115	$ (2,270,403)	$ 626,712	$ 3,429,606

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

County of Centre, Pennsylvania

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2012

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
Operating Revenues				
Charges for services	$ 16,905,614	$ 1,693,935	$ 18,599,549	$ 3,508,218
Other	2,400	280	2,680	
Total operating revenues	16,908,014	1,694,215	18,602,229	3,508,218
Operating Expenses				
Salaries and benefits	12,252,216	1,597,047	13,849,263	1,073,214
Purchased services and supplies	6,178,477	561,427	6,739,904	2,228,316
Depreciation and amortization	374,951	66,045	440,996	397,292
Total operating expenses	18,805,644	2,224,519	21,030,163	3,698,822
Operating loss	(1,897,630)	(530,304)	(2,427,934)	(190,604)
Nonoperating Revenues (Expenses)				
Interest income	29,847	814	30,661	5
Other revenue		12,881	12,881	
Gain on disposal of equipment				3,329
Bond interest expense	(108,195)	(77,874)	(186,069)	
Total nonoperating (expenses) revenues, net	(78,348)	(64,179)	(142,527)	3,334
Capital Contributions	-	-	-	75,501
Loss before transfers	(1,975,978)	(594,483)	(2,570,461)	(111,769)
Transfers				
Transfers in:				
General Fund	1,009,064	380,091	1,389,155	83,466
Debt Service	599,723	522,054	1,121,777	
Transfers out		-	-	(989)
Transfers, net	1,608,787	902,145	2,510,932	82,477
Changes in Net Position	(367,191)	307,662	(59,529)	(29,292)
Net Position (Deficit), Beginning	3,264,306	(2,578,065)	686,241	3,458,898
Net Position (Deficit), Ending	$ 2,897,115	$ (2,270,403)	$ 626,712	$ 3,429,606

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

County of Centre, Pennsylvania

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2012

	Business-Type Activities			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
Cash Flows from Operating Activities				
Cash received from customers and users	$ 16,675,705	$ 1,691,674	$ 18,367,379	$ 2,724,604
Cash received from interfund services provided	2,400	280	2,680	958,692
Cash payments to suppliers	(6,109,004)	(578,498)	(6,687,502)	(2,294,267)
Cash payments to employees for services	(12,096,596)	(1,576,130)	(13,672,726)	(1,070,729)
Net cash (used in) provided by operating activities	(1,527,495)	(462,674)	(1,990,169)	318,300
Cash Flows Provided by Non-Capital Financing Activities				
Transfers in	1,608,787	902,145	2,510,932	83,466
Transfer out				(989)
Net cash provided by non-capital financing activities	1,608,787	902,145	2,510,932	82,477
Cash Flows from Capital and Related Financing Activities				
Capital contributions				75,501
Proceeds from sale of capital assets				3,714
Cash payments for acquisition of capital assets	(195,010)		(195,010)	(230,109)
Cash payments for interest on capital debt	(169,963)	(145,714)	(315,677)	
Cash payments for principal on capital debt	(378,816)	(365,181)	(743,997)	
Deferred bond charges	(53,535)	(44,772)	(98,307)	
Net cash used in capital and related financing activities	(797,324)	(555,667)	(1,352,991)	(150,894)
Cash Flows Provided by Investing Activities				
Cash received from interest and other revenue	29,847	13,695	43,542	5
(Decrease) Increase in Cash and Cash Equivalents	(686,185)	(102,501)	(788,686)	249,888
Cash and Cash Equivalents Including Restricted Cash of $494,288, Beginning	1,090,715	1,053,771	2,144,486	2,365,740
Cash and Cash Equivalents Including Restricted Cash of $168,702, Ending	$ 404,530	$ 951,270	$ 1,355,800	$ 2,615,628
Reconciliation of Operating Loss to Net Cash (Used in) Provided by Operating Activities				
Operating (loss)	$ (1,897,630)	$ (530,304)	$ (2,427,934)	$ (190,604)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:				
Depreciation and amortization	374,951	66,045	440,996	397,292
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(172,024)	(2,262)	(174,286)	158,050
(Increase) decrease in due from other governments	(57,885)		(57,885)	17,029
Decrease (increase) in prepaid items and inventory	2,131	(8,802)	(6,671)	(1,515)
Increase (decrease) in accounts payable and accrued expenses	40,020	(8,268)	31,752	(121,519)
Decrease in due to other funds	(10,261)		(10,261)	
Increase in funds held as fiduciary	37,583		37,583	
Increase in salaries and benefits payable	51,443	12,444	63,887	
Increase in deferred revenue				57,082
Increase in post employment benefits	95,240		95,240	
Increase in compensated absences	8,937	8,473	17,410	2,485
Net Cash (Used in) Provided by Operating Activities	$ (1,527,495)	$ (462,674)	$ (1,990,169)	$ 318,300
Noncash Investing Activities				
Capital lease obligations incurred for acquisition of capital assets	$ -	$ -	$ -	$ 37,801

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

County of Centre, Pennsylvania

Statement of Fiduciary Net Position
December 31, 2012

	Employee Retirement Trust Fund	Centre Crest Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	$ 17,016	$ 60,433	$ 2,154,022
Interest receivable	193,277		
Investments, at fair value:			
U.S. Government securities	11,054,180		
Corporate bonds	10,684,839		
Common and preferred stocks and stock funds	53,503,012		
Savings, CD's and time deposits	7,021,640		
Money market fund	2,050,938		
Municipal obligations	395,838		
Total assets	$ 84,920,740	$ 60,433	$ 2,154,022
Liabilities			
Due to other governments			$ 892,783
Funds held as fiduciary			1,261,239
Total liabilities			2,154,022
Net Position			
Held in trust for pension benefits	$ 84,920,740		
Held in trust for residents		$ 60,433	
Total liabilities and net position	$ 84,920,740	$ 60,433	$ 2,154,022

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

County of Centre, Pennsylvania

Statement of Changes in Fiduciary Net Position
Employee Retirement and Private Purpose Trust Funds
Year Ended December 31, 2012

	Employee Retirement Trust Fund	Centre Crest Trust Fund
Additions		
Contributions:		
County	$ 3,138,618	
Plan members	1,630,345	
Other		$ 17,823
Total contributions	4,768,963	17,823
Investment earnings:		
Net decrease in fair value of investments	5,565,113	
Gain on sale of investments	951,883	
Interest	856,789	103
Dividends	1,007,426	
Less investment expense	(295,134)	
Net investment earnings	8,086,077	103
Total additions	12,855,040	17,926
Deductions		
Benefits paid to participants	3,660,158	
Refunds of contributions	814,681	
Administrative expense	24,108	
Miscellaneous expense		37,402
Total deductions	4,498,947	37,402
Changes in Net Position	8,356,093	(19,476)
Net Position, Beginning	76,564,647	79,909
Net Position, Ending	$ 84,920,740	$ 60,433

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

1. Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the County of Centre, Pennsylvania (the "County"), conform to generally accepted accounting principles as applied to governmental entities. The Governmental Accounting Standards Board (the "GASB") is the accepted standard setting body establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's financial statements:

Financial Reporting Entity

The County of Centre is located in central Pennsylvania. It is a county of the fourth class created February 1800, and operates under an elected three-member Board of Commissioners. The County provides services to its estimated 155,000 residents in many areas, including general government services, public safety, health and welfare, and community enrichment programs.

The financial statements of the County of Centre include the accounts of all County operations. The County's major operations include administrative and judicial general government, public safety, health and welfare, and conservation and development. In addition, the County owns and operates the Centre Crest Nursing Home and the County Prison. As required under 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. The component units, discussed in Note 2, are included in the County's financial reporting entity because of the significance of their operational or financial relationships with the County.

Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers 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. However, debt service expenditures are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental Funds

Major Governmental Funds

The General Fund is the principal fund of the County and accounts for all financial activities not accounted for in other funds. The majority of current operating expenditures of the County, other than proprietary fund activities, are financed through revenues of the General Fund. The General Fund is always considered a major fund for government-wide reporting purposes.

The Children and Youth Fund is used to account for the operations and administration of the County's Children and Youth Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

The Mental Health/Intellectual Disabilities Fund is used to account for the operations and administration of the County's MH/ID Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Debt Service Fund is considered a major fund for government-wide reporting purposes.

The Capital Projects Fund is used to account for the accumulation of financial resources used for capital improvements (other than those financed by proprietary funds). The Capital Projects Fund is considered a major fund for government-wide reporting purposes in order to maintain consistency of financial reporting.

Non-Major Governmental Funds

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

- The Agricultural Easement Fund accounts for revenue and expenditures related to the operation of the State's Agricultural Conservation Easement Purchase Program.

- The Liquid Fuels Tax Fund accounts for state aid revenues used for building and improving roads and bridges.

- The Domestic Relations Office Fund accounts for expenditures and reimbursement revenue related to the operation of the County's Child Support Enforcement Program, which is funded with Federal, State, and County funds.

- The human services-related special revenue funds are used to account for revenue received from various federal, state and local sources. These funds, which are restricted for the provision of specified social services to eligible County residents, and include: Office of Aging, Drug and Alcohol, and Adult Services Funds.

- The Hazardous Material Response Fund is used to protect and safeguard the citizens of Centre County from the health hazards and other risks of harm resulting from the use, storage and distribution of hazardous materials.

Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Proprietary funds distinguish operating revenues from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The following is a description of the County's major proprietary funds:

- **Enterprise Funds**: Enterprise funds are used to account for the operations of the County Nursing Home (Centre Crest) and the 911 Emergency Communications System. The County owns and operates a 240-bed nursing home, which is funded by Medicare, Medicaid, private pay, and third-party insurance. The 911 System is responsible for providing the County's residents with quick and easy access to emergency response through communication technology. The 911 System is funded through user fees collected by the telephone providers. The Centre Crest and 911 Funds are considered major funds for government-wide reporting purposes.

The following is a description of the County's non-major proprietary funds:

- **Governmental Services** - Internal Service Funds: Internal service funds are used to account for the Transportation Department and the Management Information Systems (MIS) Department. The Transportation Department provides transportation services and the MIS Department provides computer and information services for the County's other departments and agencies on a cost reimbursement basis.

Fiduciary Funds

Fiduciary funds include trust and agency funds that are used to account for assets held by the County in a trustee capacity for the Employee Retirement Plan, the Centre Crest Trust, and as an agent for individuals, private organizations, and/or other governments.

- **Pension Trust Fund**: The Employee Retirement Trust Fund is a pension trust fund used to account for the Employee Retirement Plan contributions of the County and its employees and related benefit payments and other plan costs.

- **Private-Purpose Trust Fund**: The Centre Crest Trust Fund is a private-purpose trust fund used to account for donations made on behalf of the residents of the County's nursing home.

- **Agency Funds**: The agency funds are used to account for assets held by elected row officers (the Recorder of Deeds, Register of Wills, Prothonotary, Treasurer, Sheriff, Clerk of Courts and the Tax Claims Office) that are subsequently disbursed to other governments, and other activities for whom it was collected. Additionally, the County maintains cash on behalf of prisoners and has a Domestic Relations Support Fund that collects support money on behalf of that human service agency's clients.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Centre Crest Nursing Home and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include charges to 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all funds except the employee benefit, internal services, pension trust, and agency funds. The appropriated budget is prepared by fund, function, and department. Expenditures cannot legally exceed budgeted appropriations at the fund level. Additionally, management cannot revise the total budget obligation by fund level without the approval of the Board of 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 Board of Commissioners reviews and approves interdepartmental budget transfers. All annual appropriations lapse at fiscal year-end.

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the year and not otherwise appropriated, including the proceeds of any borrowing authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. During the year ended December 31, 2012, $49,161,495 in supplemental appropriations (budget revisions) were enacted.

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

- During August and September, the department heads use current financial status reports to develop financial projections for their programs for the ensuing year and review these with budget staff.

- The Commissioners then interview each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.

- Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable method of financing them.

- Subsequently, the Commissioners' office assembles the preliminary projections of revenues and expenditures into a final budget, incorporating any revisions or adjustments resulting from the aforementioned Commissioners' review.

- By early December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.

- After the 20-day inspection period, but before December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as reservations of the fund balance because they do not constitute expenditures or liabilities and the commitments will be honored in the subsequent year. The County had no outstanding encumbrances at December 31, 2012.

Governmental Fund Balances

In accordance with Governmental Accounting Standards Board (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 it is not in spendable form or because of legal or contractual constraints.

- *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 enactment of an ordinance. An ordinance must be passed to establish, modify or rescind a fund balance commitment.

- *Assigned* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County, through board resolution of the Board of Commissioners.

- *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.

Restricted Net Position/Fund Balances

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 fund balance and then to other, less-restrictive classifications – committed, assigned, and then unassigned fund balances.

Net Position

The County maintains the following net position classifications:

Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, repair, or improvement of those assets.

Restricted: A portion of net position subject to externally imposed conditions by parties outside of the County (such as creditors, grantors, laws, regulations, or other governments).

Unrestricted: All other categories of net position. These assets may be designated for specific purposes.

Cash Equivalents

For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

Investments

Investments of the Employee Retirement Trust Fund are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

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 inter-fund loans) or advances to/from other funds (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to or from other funds." All trade and certain tax receivables are shown net of an allowance for uncollectible accounts. County management has determined that an allowance for property taxes receivable is not necessary at December 31, 2012, based on collection history.

Prepaid Items and Inventory

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items. The costs of governmental fund inventories are recorded as expenditures when purchased and the proprietary fund inventories are recorded at cost as acquired and expensed when consumed.

Capital Assets

Capital assets, which include buildings, improvements, furniture, equipment, and vehicles, are reported in the appropriate governmental or business-type activities column in the government-wide financial statements. Capital assets are assets that cost more than $5,000. The County has no infrastructure (public-domain capital assets).

Capital assets acquired prior to 2001 are stated at estimated historical costs as determined by the independent appraisal. Capital assets acquired since 2001 are recorded at cost at the time of purchase. Donated capital assets are valued at their estimated fair value on the date received. Depreciation of all exhaustible capital assets is charged as an expense against their operations within the statement of activities and proprietary funds. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

Estimated useful lives for each capital asset category of the County's capital assets are as follows:

Land improvements	15 to 20 years
Buildings and improvements	7 to 4 years
Furniture and equipment	3 to 20 years
Vehicles	3 to 5 years

Compensated Balances

Accumulated unpaid vacation and sick leave, which is accrued when incurred for all County funds, totaled $2,879,336 at December 31, 2012. The liability is determined according to the following County personnel policy:

Upon termination, all unused vacation time is paid with a final check. Depending on the length of service, employees may accumulate up to a maximum of 30 vacation days. One-half of unused sick leave, up to a maximum of 30 days, will be paid with a final check.

Inter-fund Transactions

As a result of its operations, the County effects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain inter-fund transactions have not been paid or received as of December 31, 2012, appropriate inter-fund receivables or payables have been established. Inter-fund transactions represent inter-fund loans and transfers. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

Recent Accounting Standards

In December 2010, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. As a result, this Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance by codifying all sources of generally accepted accounting principles for state and local governments into a single source. The adoption of the Codification, which became effective January 1, 2012, did not have a material impact on the County's financial statements.

During 2012, the County adopted GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The adoption replaced the County's term of "net assets" to "net position".

2. Reporting Entity

In accordance with GASB Statement No. 14 (as amended by GASB Statement No. 39), The Financial Reporting Entity, the County has evaluated all related entities (authorities, commissions and affiliates) for the possible inclusion in the financial reporting entity.

The component units discussed below are included in the County's reporting entity because of the significance of financial and operational relationships with the County. These component units have been included in the financial reporting entity as discretely presented component units. Separate financial statements for the Centre County Solid Waste Authority are available for public inspection in the Controller's Office. Separate financial statements are not issued for the Centre County Conservation District.

Discretely Presented Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the following component units have been included in the financial reporting entity:

Centre County Conservation District

The Centre County Conservation District (the "District") was formed by the County Commissioners pursuant to the Conservation District Law. The seven-member board is made up of one County Commissioner and six members appointed by the Commissioners from a list of nominees received from organizations approved by the Commonwealth of Pennsylvania. The District was formed to manage the conservation of natural resources in the County. The Law gives the Commonwealth certain powers to supervise and direct the operations of the District. Employees of the District are County employees subject to the County Salary Board. The County receives from the Commonwealth reimbursement for certain salaries of the District employees. The Law also gives the Commissioners the ability to unilaterally disband the District if they believe a substantial portion of land owners desire such action. The Conservation District is reported as a special revenue fund type and uses the modified accrual basis of accounting.

Centre County Recycling Refuse Authority

The Centre County Recycling Refuse Authority (the "Authority") was formed on May 4, 1971, pursuant to the Municipality Authorities Act of 1945, to establish and administer programs that will cause the implementation of a Recycling Refuse Management Plan for Centre County, Pennsylvania. The Authority Board members are appointed by the County Commissioners. Commissioners are responsible under Pennsylvania Law (Act 101) to facilitate recycling refuse services within the County. The County can terminate the Authority (Section 14 PA Municipality Authorities Act). If the Authority was terminated, the County could be responsible for any remaining debt of the Authority until a replacement service provider was found. Additionally, the Commissioners are required to approve the County Recycling Refuse Long-term Disposal Plan as prepared by the Authority and any significant changes thereto. The Authority is reported as a proprietary fund type and uses the accrual basis of accounting.

Complete financial statements for the Authority are available at the Controller's Office.

Joint Venture

The County is a participant with other municipalities in a joint venture that provides services to the constituents of all the participants. The County has no interest in the equity of this organization and it is not presented in the County's financial statements. The following is a summary of the significant facts and circumstances for the organization:

Centre County Federation of Public Libraries

Services provided	Library services
Centre County Board representation	One of seven members
Year ended	December 31, 2012
Total assets	$33,737
Total net position	$5,942
Total support and revenue	$990,108
Operating loss	$12,807
Centre County support to operations	$495,000

Separate financial statements are available for the Centre County Federation of Public Libraries in the Controller's Office.

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:

- Centre County Drug and Alcohol Planning Council
- Centre County Higher Education Authority
- Centre County Hospital Authority
- Centre County Housing Authority
- Spring Creek Watershed Commission
- Centre County Water Authority

3. Component Units – Summary of Significant Accounting Policies

Centre County Conservation District

Basis of Accounting

The District maintains its books on the modified accrual basis of accounting.

Centre County Recycling Refuse Authority

Basis of Accounting

The Authority maintains its books on the accrual basis of accounting.

Landfill Post-Closure Liability

In April 1990, the Authority permanently closed its Moshannon Valley landfill. The Authority has accrued all landfill closure and post-closure costs relating to its Moshannon Valley landfill as a liability; the amount accrued at December 31, 2012 relating to this liability was $51,984. GASB requires that all landfill closure and post-closure costs be accrued as a liability. Management of the authority believes that the potential for changes in this estimated liability due to inflation, deflation, technology, or applicable laws or regulations is not material. Pennsylvania Department of Environmental Protection regulations require the Authority to continue to monitor and test groundwater at the Moshannon Valley site for 30 years from the date of closure. This monitoring and testing is estimated to cost approximately $7,000 a year. Since 1990, the Authority has contracted with landfills it does not own to receive its waste.

Property and Equipment

Property and equipment consist of the following at December 31, 2012:

	Useful Life	
Land and landscaping		$ 319,035
Building and improvements	31.5 years	15,117,449
Leasehold improvements	7 years	115,152
Trailers and trucks	7 years	2,594,130
Station equipment	5-10 years	2,438,338
Office equipment	5-10 years	207,506
Total		20,791,610
Accumulated depreciation		(10,579,537)
Property and equipment		$ 10,212,073

Depreciation charged to operations for the year ended December 31, 2012 was $720,732.

Capital assets are recorded at cost. Depreciation is recorded on a straight-line basis.

Long-Term Debt

Long-term debt consists of the following at December 31, 2012:

Term loan, due February 16, 2020; loan requires monthly principal payments of $35,437 plus interest at 4.31%; secured by revenue and accounts receivable of the Authority.	$ 3,047,566

Under the term loan agreement, the Authority is required to maintain certain financial covenants.

Scheduled principal repayments on long-term debt are as follows:

Years ending December 31:	
2013	$ 425,242
2014	425,242
2015	425,242
2016	425,242
2017	425,242
2018-2021	921,356
Total	$ 3,047,566

4. Cash and Cash Equivalents and Investments

Pennsylvania statutes provide for the investment of governmental funds in certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for cash management and investment purposes, which the County does. In addition to the investments authorized for governmental funds, pension trust fund investments may be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practices. Act 72 requires all governmental (public funds) deposits not insured by the Federal Depository Insurance Corporation (FDIC) to be collateralized by the financial institution.

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.

Governmental Accounting Standards Board (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

Custodial credit risk is the risk that in the event of a bank failure, the County will not recover its deposit 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, 2012, the County's total bank deposits were $40,380,886. Of this amount, $1,309,857 was insured by the FDIC. The remaining bank deposits of $39,071,029 were exposed to custodial credit risk, since the deposits were collateralized with securities held by the pledging financial institutions, but not in the County's name.

Investments

Assets in the pension trust fund are stated at fair value. The Retirement Board has adopted investment guidelines that summarize the investment philosophy of the Board.

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. The Retirement Board's investment guidelines have no formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. The Retirement Board's investment guidelines require that the duration of the bond portfolio should be within 20 percent of the benchmark bond index (Barclay's Capital Aggregate Index). The duration of the bond portfolio on December 31, 2012 was within eight percent of the index.

Information about the sensitivity of the fair values of the pension trust fund's investments to market, interest rate fluctuations is provided by the following table that shows segmented time distribution of the fund's investment by maturity as of December 31, 2012:

		Remaining Maturity (in Months)			
Investment Type	**Fair Value**	**12 Months or Less**	**13 to 24 Months**	**25 to 60 Months**	**More than 60 Months**
U.S. Treasury securities	$ 4,385,896	$ 1,381,261	$ 680,610	$ 1,083,706	$ 1,240,319
Federal Agency securities	7,064,122			1,314,334	5,749,788
Corporate bonds	10,684,839	40,000	338,019	2,287,934	8,018,886
Total debt securities	22,134,857	$ 1,421,261	$ 1,018,629	$ 4,685,974	$ 15,008,993
Stocks and stock mutual fund	41,583,420				
International stock mutual fund	11,919,592				
Savings, CD's & time deposits	7,021,640				
Money market fund	2,050,938				
Total other investments	62,575,590				
Total investments	$ 84,710,447				

The County Retirement Trust Fund was not holding derivative or derivative-like financial instruments on December 31, 2012.

Custodial credit risk is the risk that in the event of a failure of the counterparty (trustee) to a transaction, the County will not be able to recover the value of its investment. The Retirement Board does not have a formal deposit policy for custodial credit risk. As of December 31, 2012, the Retirement Fund's total investments of $84,710,447 were exposed to custodial credit risk, since the investments were uninsured securities held by its trust department, but not in the County's name.

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 rating by a nationally recognized rating organization. The Retirement Board's investment policy requires a minimum of investment grade or "BBB" or higher for its fixed income investments. The following lists the ratings of the fund's investments on December 31, 2012:

		Rating as of Year-End				
Investment Type	**Amount**	**AAA**	**AA**	**A**	**BBB**	**Unrated**
Federal Agencies	$ 7,064,122		$ 3,864,457			$ 3,199,665
Corporate bonds	10,684,838	$ 1,645,018	2,044,352	$ 5,888,272	$ 534,695	572,501
Money market fund	2,050,938	-	-	-	-	2,050,938
Total	$ 19,799,898	$ 1,645,018	$ 5,908,809	$ 5,888,272	$ 534,695	$ 5,823,104

Concentration of credit risk is the risk loss attributed to magnitude of the County's investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer. As of December 31,2012 there were no investments in any one issuer that represent 5 percent or more of the County's investments.

Foreign currency risk is the risk that changes in the foreign exchange rates will adversely affect the fair value of an investment. The Board's policy allows 20 percent of the portfolio to be invested in an international mutual fund. On December 31, 2012 the international mutual fund represented 14.1 percent of the total portfolio in the amount of $11,919,592.

5. Component Units – Cash and Cash Equivalents

Centre County Conservation District

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a policy for custodial credit risk. At December 31, 2012, the aggregate bank balance of the bank deposits included in cash and cash equivalents were $205,125 of which the entire amount was insured by the FDIC.

Centre County Recycling Refuse Authority

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a policy for custodial credit risk. At December 31, 2012, $2,642,434 of the Authority's bank deposits were exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by pledging financial institution, but not in the Authority's name.

6. Real Estate Taxes

Real estate taxes attach as an enforceable lien on property as of January 1. Taxes are levied on March 1 and are payable on the following terms: 2% discount March 1 through April 30; face amount May 1 through June 30; and 10% penalty after June 30. The County bills these taxes, which are collected by elected tax collectors, and revenues are recognized in the period in which they become susceptible to accrual (that is, when they become both measurable and available). 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. The County levy for 2012 was 6.65 mills for the General Fund and 1.19 mills for the Debt Service Fund.

7. Restricted Assets

In connection with the operation of the County Nursing Home, the County holds certain deposits on behalf of the residents, and administers certain memorial funds. The related cash of $168,702 has been reported as restricted cash of the Enterprise Fund at December 31, 2012.

8. Contributed Goods and Services

The Pennsylvania State University (the “University”), which is located in Centre County, agreed to provide “in-kind” services, in addition to an annual impact fee payment, to the County and other local political subdivisions in the County beginning in 1993. These “in-kind” services are in the form of capital assets and professional services. Under this agreement, the County is to receive approximately $200,000 in value for “in-kind” services for each of ten years, the balance of which may be carried over from one year to the next.

In December 2004, the County and the University extended this agreement for 20 years and increased the value of the in-kind services to $225,000 annually. This value will be adjusted every second year based upon the Consumer Price Index (CPI).

Through December 31, 2012, the County has received $4,567,182 in such payments, primarily in personnel training and professional services, which have not been recorded in the financial statements. The amount of such services received during the year ended December 31, 2012 was $269,038.

9. Receivables

Receivables consist of amount due from taxpayers as well as amounts due from other governments that are primarily grants receivable from the Commonwealth of Pennsylvania at December 31, 2012. Additionally, the County Nursing Home Fund has $2,738,491 net patient accounts receivable, which is primarily Medical Assistance reimbursements receivable from the Commonwealth of Pennsylvania and includes amounts estimated to be recoverable under provisions of the Medicaid program. The cost reimbursement is subject to audit and final determination by the Department of Public Welfare. Patient accounts receivable is shown net of an allowance for doubtful accounts of $432,734, which was established for accounts whose probability of collection is considered remote. Other receivables consist primarily of amounts due from other local governments for housing inmates in the County's prison.

10. Capital Assets

A summary of changes in Capital Assets is as follows:

	January 1, 2012	Additions	Disposals	December 31, 2012
Governmental activities				
Capital assets not being depreciated				
Construction in progress	$ -	$ 4,738,135	$ -	$ 4,738,135
Land and improvements	1,719,563			1,719,563
Capital assets being depreciated				
Building and improvements	39,424,229	-	-	39,424,229
Furniture and equipment	8,021,044	773,707	(209,896)	8,584,855
Vehicles	1,936,123	196,067	(210,047)	1,922,143
Total capital assets	51,100,959	5,707,909	(419,943)	56,388,925
Accumulated depreciation				
Buildings and improvements	(10,801,553)	(956,538)	-	(11,758,091)
Furniture and equipment	(5,658,444)	(341,583)	57,617	(5,942,410)
Vehicles	(1,323,357)	(293,113)	207,318	(1,409,152)
Total accumulated depreciation	(17,783,354)	(1,591,234)	264,935	(19,109,653)
Governmental activities capital assets, net	$ 33,317,605	$ 4,116,675	$ (155,008)	$ 37,279,272
Business-type activities				
Capital assets not being depreciated				
Construction in progress	$ 169,316	$ (169,316)	$ -	$ -
Capital assets being depreciated				
Land improvements	27,105	-	-	27,105
Building and improvements	13,413,588	-	-	13,413,588
Furniture and equipment	10,051,066	365,169	(6,377)	10,409,858
Total capital assets	23,661,075	195,853	(6,377)	23,850,551
Accumulated depreciation				
Land improvements	(23,623)	(870)	-	(24,493)
Buildings and improvements	(6,727,237)	(301,285)	-	(7,028,522)
Furniture and equipment	(9,600,322)	(112,001)	5,535	(9,706,788)
Total accumulated depreciation	(16,351,182)	(414,156)	5,535	(16,759,803)
Business-type activities capital assets, net	$ 7,309,893	$ (218,303)	$ (842)	$ 7,090,748

Depreciation expense was charged to governmental activities as follows:

Administrative	$ 357,786
Judicial	167,901
Public safety	724,026
Human services	340,464
Conservation and development	1,057
Total	$ 1,591,234

The following is a summary of governmental capital assets by source:

General Fund	$ 41,727,758
Special Revenue Fund	1,189,509
Capital Projects Fund	13,400,119
Other	71,539
Total	$ 56,388,925

The County is constructing a new 911 communications center. In connection with the project the County has approximately $12,200,000 of outstanding contract commitments as of December 31, 2012.

11. Long-Term Debt

General Obligation Debt

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued to finance general government and proprietary activities.

The following is a summary of bond and note transactions of the County for the year ended December 31, 2012:

	Governmental	Business Type	Total
Bonds & notes payable at January 1, 2012	$ 20,599,462	$ 9,359,265	$ 29,958,727
Bonds & notes issued	20,945,946	7,959,054	28,905,000
Bonds & notes refinanced	(5,452,778)	(7,707,222)	(13,160,000)
Bonds & notes payments	(1,352,494)	(854,199)	(2,206,693)
Bonds & notes payable at December 31, 2012	34,740,136	8,756,898	43,497,034
Bonds discount	(5,377)	-	(5,377)
Deferred amount on refunding	(332,539)	(374,803)	(707,342)
Bonds premium	2,455,797	233,173	2,688,970
Total	36,858,017	8,615,268	45,473,285
Portion due or payable in one year	1,646,097	1,246,590	2,892,687
Portion due or payable after one year	$ 35,211,920	$ 7,368,678	$ 42,580,598

In 2010, the County issued $5,515,000 in General Obligation Bonds, due in varying annual installments through 2018, with varying interest rates from .85% to 3.125%. The proceeds of the bonds were used to refund $5,360,000 of the County's General Obligation Bond Series 2004 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2012 under the 2010 series were $4,715,000. The current portion due in 2013 related to the bond issue is $740,000.

In 2010, the County issued $1,373,000 in a General Obligation Note, due in varying annual installments through 2021, with an interest rate of 3.79%. The proceeds of the note are being used to undertake a project (the "2010 Project") consisting of (a) funding certain capital improvements, renovation and additions, including repairs to or replacement of the roofing system at Centre Crest (the "2010 Capital Project") and (b) paying the costs of issuance of the Note, all of which constitute a valid governmental purpose. Outstanding notes payable at December 31, 2012 under the 2010 series were $1,363,000. The current portion due in 2013 related to the note is $5,000.

In 2010, the County entered into a note agreement with Old Fort Meats to purchase a building for the Centre Hall Magisterial District Court. Monthly payments are in the amount of $2,953 of principal and interest through December 2015. Interest is fixed at 4.83%. The outstanding balance at December 31, 2012 was $314,034 of which $17,687 was current.

In 2011, the County issued $9,175,000 in General Obligation Bonds, due in varying annual installments through 2020, with varying interest rates from 1.15% to 4.297%. The proceeds of the bonds were used to refund $9,550,000 of the County's General Obligation Bond Series 2006 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2012 under the 2011 series were $9,170,000. The current portion due in 2013 related to the bond issue is $5,000.

In 2012, the County issued $9,970,000 (Series 2012 A) in General Obligation Bonds, due in varying annual installments through 2020; with varying interest rates from .30% to 3.0%. The proceeds of the bonds are being used by the County to partially refund $9,770,000 of the County's General Obligation Bond Series 2003 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2012 under the Series 2012 A Bonds were $9,005,000. The current portion due in 2013 related to the bond issue is $1,675,000.

In 2012, the County issued $15,315,000 (Series 2012 B) in General Obligation Bonds, due in varying annual installments through 2026; with varying interest rates from 1.10% to 5.0%. The proceeds of the bonds are being used by the County to be applied to "2012 Capital Project", which includes the County Emergency Communication System, acquisition of real estate (Temple Court Building), improvements to County owned building and facilities and to the cost of issuing the bonds. Outstanding bonds payable at December 31, 2012 under the 2012 B series were $15,310,000. The current portion due in 2013 related to the bond issue is $5,000.

In 2012, the County issued $3,620,000 (Series 2012 C) in General Obligation Bonds, due in varying annual installments through 2018; with varying interest rates from .570% to 2.05%. The proceeds of the bonds are being used by the County to refund $3,390,000, the remaining balance of the County's General Obligation Bond Series 2003 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2012 under the 2012 C series were $3,620,000. The current portion due in 2013 related to the bond issue is $445,000.

The advanced refunding of the Series 2003 Bonds reduced the County's total debt service payments over the next nine years for the Series 2012 A Bonds by approximately $644,500 and over the next six years for the Series 2012 C Bonds by approximately $197,600. This provided the County with an economic gain (difference between the present value and the debt service payment on the old and new debt) of approximately $648,100 and $202,000; respectively, for Series 2012 A Bonds and Series 2012 C Bonds.

The County obtained an independent compliance evaluation of the arbitrage rules and regulations established by the Internal Revenue Service. The County has no liability pertaining to arbitrage rebates at December 31, 2012.

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

Year Ending December 31	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	Total
2013	$ 1,646,097	$ 1,203,185	$ 1,246,590	$ 189,271	$ 4,285,143
2014	1,746,734	1,180,552	1,352,007	190,128	4,469,421
2015	3,000,576	1,127,620	412,029	170,985	4,711,210
2016	2,882,114	1,035,043	417,886	165,977	4,501,020
2017	2,973,328	942,884	426,672	159,836	4,502,720
2018-2026	22,491,287	4,729,890	4,901,714	426,978	32,549,869
Total	$ 34,740,136	$ 10,219,174	$ 8,756,898	$ 1,303,175	$ 55,019,383

The total interest paid on the County's bond and notes issues in 2012 was $886,085.

Compensated Absences

The following are the changes in the vacation and sick leave liabilities:

	Governmental Activities	Business-Type Activities	Total
Balance, January 1, 2012	$ 2,123,138	$ 715,792	$ 2,838,930
Increases	1,690,425	662,185	2,352,610
Decreases	(1,667,429)	(644,775)	(2,312,204)
Net change	22,996	17,410	40,406
Balance, December 31, 2012	$ 2,146,134	$ 733,202	$ 2,879,336
Portion due within one year	$ 107,307	$ 61,963	$ 169,270
Long-term portion	2,038,827	671,239	2,710,066
Total, December 31, 2012	$ 2,146,134	$ 733,202	$ 2,879,336

The liabilities are generally liquidated by the fund to which they relate. The significant funds used to liquidate are the General, MHID, Children and Youth and County Nursing Home.

12. Employee Retirement Plan

Plan Description

The Centre County Employees' Retirement Plan is a single-employer defined benefit pension plan covered by the County Pension Law Act 96 of 1971, of the General Assembly of the Commonwealth of Pennsylvania, as amended (the Act). The Plan, which is administered by the County, is reported as a pension trust fund in the accompanying financial statements. These financial statements are prepared using the accrual basis of accounting. Separate financial statements for the Plan are available in the Controller's Office.

All full-time employees are required to participate in the Plan.

As of January 1, 2012 (the date of the most recent actuarial valuation), employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	294
Terminated employee entitled to benefits but not yet receiving them	85
Active plan participants:	
Vested	548
Non-vested	206
Total	1,133
Number of participating employers	1

The pension plan provides pension benefits for normal retirement at age 60 (or 55 with 20 years of service) based on a formula including final 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 8 years, if involuntary termination. Members become vested after 5 years of service. County employees who terminate after 5 years of credited service will receive a deferred annuity commencing at retirement age. The Plan also provides for death and disability benefits.

Funding Policy

The contribution requirements of Plan members and the County are established and may be amended by the County Retirement Board.

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the aggregate actuarial cost method of funding. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

As a condition of participation, employees are required to contribute 5% of their salary as stipulated in the County Pension Law. Employees may elect to contribute up to 15% of their salary. Interest is credited to the employee's account each year at a rate approved by the County Retirement Board. The rate each year cannot be lower than 4.0% or higher than 5.5%. The rate for 2012 was 4.5%. Plan members (i.e., County employees) contributed $1,630,345 to the Plan during the year ended December 31, 2012.

Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	$ 3,138,618
Interest on net pension obligation	-
Adjustment to ARC	-
Annual pension cost (APC)	$ 3,138,618
Contributions made	$ (3,138,618)
Increase (decrease) in net pension obligation	$ -
	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	$ -

Historical Trend Information

Three-year trend information of the Plan is presented below:

	Year		
	2012	2011	2010
Annual pension cost (APC)	$ 3,138,618	$ 3,046,820	$ 2,856,056
County contribution to the Plan	$ 3,138,618	$ 3,046,820	$ 2,856,056
Percentage of APC contributed	100%	100%	100%
APC as a percentage of total payroll	10.8%	10.6%	9.5%

Funded Status and Funding Progress

Actuarial value of assets	$ 77,830,247
Actuarial accrued liability (1)	$ 93,063,300
Unfunded actuarial	$ 15,233,053
Funded ratio	83.6%
Annual covered payroll	$ 29,142,230
Unfunded actuarial liability as a % of covered payroll	52.3%

(1) For purposes of this schedule, the actuarial accrued liability for the plan is determined using the entry age actuarial cost method. Note that the ARC is calculated using the aggregate actuarial cost method.

A schedule of funding progress is provided on page 74 of these financial statements.

Actuarial Methods and Assumptions

The County's Annual Required Contribution (ARC) was determined through an actuarial valuation performed as of January 1, 2012, and state law, using the following assumptions:

Valuation date	January 1, 2012
Actuarial cost method	Aggregate (2)
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	3.5%
* Includes inflation rate of	3.0%

(2) The aggregate actuarial cost method is used to determine the annual required contribution of the employer (ARC) for the retirement plan. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the plan.

13. Postemployment Benefits

Plan Description

The County provides and administers the Centre County Postemployment Healthcare Benefits Plan for its employees who retire after the age of 55 with at least 20 years of service. If the employee retired before 1999, benefits continue for the life of the participant. For participants retiring in 1999 and later benefits are received until the participant reaches the age of 65. The plan provides postemployment Medicare supplemental insurance at a discounted rate to the participants and life insurance at no cost to the participants for pre-1999 retirees. The plan provides health, dental, vision, and life insurance on a member-pay-all basis for participants retiring in 1999 and later. The benefits are established and may be amended by the County Board of Commissioners. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pen*sions.

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. Retiree contribution rates vary depending on date of retirement. Participants retiring prior to 1999 have a $200 contribution withheld from their monthly pension disbursement. Participants retiring in 1999 and later pay the full amount of their insurance premiums monthly. The County paid premiums of $91,500 for the year ended December 31, 2012. Total retiree contributions made by plan members were $40,600 for the year ended December 31, 2012.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 10 years. The following show the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	$ 197,286	$ 170,137	$ 367,423
Interest on net OPEB obligation	18,390	15,859	34,249
Adjustment to annual required contribution	(56,108)	(48,386)	(104,494)
Annual OPEB cost (expense)	159,568	137,610	297,178
Contributions made	(49,130)	(42,370)	(91,500)
Increase in net OPEB obligation	110,438	95,240	205,678
Net OPEB obligation at January 1, 2012	226,526	230,133	456,659
Net OPEB obligation at December 31, 2012	$ 336,964	$ 325,373	$ 662,337

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	$ 297,178	30.8%	$ 662,337
December 31, 2011	$ 254,227	35.4%	$ 456,659
December 31, 2010	$ 245,103	35.7%	$ 292,232

A schedule of funding progress is provided on page 74 of these financial statements.

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012 was as follows:

Actuarial accrued liability	$ 1,639,900
Actuarial value of plan assets	
Unfunded actuarial accrued liability (UAAL)	$ 1,639,900
Funded ratio (actuarial value of plan assets/UAAL)	0%
Covered payroll	$ 27,879,000
UAAL as a percentage of covered payroll	5.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

The calculations are based on the types of benefits provided under the terms of the Centre County Employees' Retirement System plan at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the most recent actuarial valuation date, the Projected Unit Credit Cost Method was used. Under the Projected Unit Credit Cost Method, the Accumulated Postretirement Benefit Obligation is the Actuarial Present Value of Benefits attributed an employee's service as of the measurement date based on the employee's projected service to his or her expected retirement age. The Service Cost is the actuarial present value of benefits attributed to the employee's upcoming year of service. A 3.2% discount rate, compounded annually, was used. The health cost trend utilizes an initial rate of increase of 7.4% and ultimate rate of increase of 4.5%. The amortization method is closed 10-year level dollar amortization (beginning in fiscal year 2008). As of January 1, 2012 there are 6 years remaining.

14. Inter-fund Balances and Transfers

Individual fund receivables and payables at December 31, 2012, were as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
General Fund	$ 568,706	$ -
Non Major Special Revenue Fund – Drug & Alcohol	-	64,942
Special Revenue Fund – MH/ID	-	157,910
Special Revenue Fund – Children and Youth	-	345,854
Total all funds	$ 568,706	$ 568,706

Inter-fund transfers for the year ended December 31, 2012 were as follows:

	In	Out
Major Funds – Governmental Fund Types:		
General Fund	$ 485,163	$ 7,513,704
Children and Youth Fund	1,378,065	365,426
Mental Health/Mental Retardation	435,080	34,738
Debt Service Fund	-	1,121,777
Capital Projects Fund	3,000,000	-
Total major governmental funds	5,298,308	9,035,645
Major Funds – Proprietary Fund Types:		
Centre Crest Nursing Home	1,608,787	-
911 Fund	902,145	-
Total major proprietary funds	2,510,932	-
Non-Major Funds – Special Revenue Funds:		
Domestic Relations Fund	351,299	-
Adult Services Fund	238,207	-
Aging Fund	471,376	-
Drug and Alcohol Fund	3,046	-
Agricultural Easement Fund	80,000	-
Total non-major special revenue funds	1,143,928	-
Internal Services Funds:		
Transportation	83,466	-
Management Information System	-	989
Total internal services funds	83,466	989
Total	$ 9,036,634	$ 9,036,634

Inter-fund payables for Government Funds represent loans between funds, which are reported as due to other funds. Inter-fund transfers from the General fund represent the local share (expenditures less grants and charges for services) for financing the Special Revenue funds. The transfers from Debt Service fund to the Proprietary funds represent Centre Crest and 911's share of debt service payments. The transfers to and from the Internal Service funds represent transfers and acquisition of capital assets.

15. Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The General Fund has unearned revenues of $858,567 representing taxes not collected within 60 days after year end and unearned grants. The Special Revenue funds have unearned revenues of $411,589, representing grants received that were not utilized at December 31, 2012. The Capital Projects fund has unearned revenues of $2,500,000 representing grants received that were not utilized at December 31, 2012.

The Debt Service Fund has deferred revenue of $132,834, representing taxes (debt service levy) not received within 60 days after year end.

16. Commitments

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.

Capital Lease

The County has entered into a capital lease agreement for vehicles. Future minimum payments by year and in the aggregate, with initial or remaining terms of one year of more, are as follows:

Years ending June 30:	
2013	$ 20,618
2014	20,618
Total minimum lease payments	41,236
Less amount representing interest on capital lease	3,435
Payment value of net minimum capital lease payments	37,801
Current portion	18,350
Long-term capital lease obligation	$ 19,451

The gross amount of vehicles acquired under capital lease was $37,801 for the year ended December 31, 2012.

Operating Leases

The County leases space for certain County offices, equipment, and District Justices' offices. Such leases are classified as operating leases with expiration dates that extend through 2019. The following is a schedule of future minimum lease payments for operating leases with initial or remaining terms in excess of one year:

Years ending December 31:	
2013	$ 361,979
2014	300,486
2015	279,718
2016	232,416
2017	179,332
2018-2022	721,920
Total	$ 2,075,851

Total operating lease payments (i.e., rent) made in 2012 were $272,000.

17. Litigation

The County is involved in several lawsuits arising in the normal course of business. It is the County Solicitor's opinion that the aggregate amount of potential claims not covered by insurance resulting from claims against the County would not materially affect the financial position of the County at December 31, 2012.

18. Risk Financing

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.

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 $350,000 for each insured event; for property damage claims in excess of $250,000 for each insured event; for general liability claims in excess of $450,000 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 December 31, 2012, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769 (Attn: Managing Director).

In addition, the County participates in the Unemployment Compensation Trust ("UC Trust"), a second public entity risk pool program administered by CCAP. The County pays an annual premium to UC Trust for unemployment compensation coverage. The UC Trust agreement provides that the pool will be self-sustaining through member premiums. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; however, this has not yet been necessary. UC Trust has published its own financial report for the year ended December 31, 2012, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769. (Attn: Managing Director).

Commercial Insurance

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.

Workers Compensation coverage is through PMA Insurance Group. Beginning with policy-year beginning February 1, 2012, the County carries a $400,000 deductible per claim with an aggregate of $700,000 for each policy year. Individual claims for the policy-year ended January 31, 2012 did not exceed the individual or aggregate deductible. In conjunction with this high-deductible policy, the County has developed a risk management function to develop and implement loss control techniques and to monitor claims. PMA Insurance Group has published its own financial report for the year ended December 31, 2012, which can be obtained through its office, P.O. Box, Blue Bell, PA 19422-0754.

Workers' Compensation

The County's General Fund provides coverage of up to a maximum of $625,000 for workers' compensation through a letter of credit with M&T Bank. The County purchases commercial insurance for claims in excess of the coverage provided by the General Fund. The County reports all of its workers compensation risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2012, the amount of these liabilities was $278,846. This liability is the County's best estimate based on available information. Changes in the reported liability resulted from the following:

Fiscal Year	Beginning Liability	Current Year Claims and Changes in Estimated	Premium and Claim Payments	Ending Liability
2012	$ 100,000	$ 718,662	$ 539,816	$ 278,846
2011	$ 150,000	$ 546,450	$ 596,450	$ 100,000

19. Deficit Fund Balance

The 911 Fund, an enterprise fund type, has a deficit in invested in capital assets, net of related debt of $3,125,286 as of December 31, 2012. The deficit results from the fee structure not covering costs and depreciation on capital assets. The MHID Fund, a special revenue fund type, has a deficit fund balance of $443,863 due to shortfall in funding from the State; management had decided not to fund this shortfall as of the end of the year 2012.

20. Fund Balance Classifications

The County presents its governmental fund balances by level of constraint in the aggregate on its balance sheet – governmental funds. The individual specific purposes of each constraint are presented below:

	General Fund	Debt Service	Capital Projects	Non-Major Governmental Fund	Total
Non-spendable for,					
Prepaid items & inventories	$ 106,788	$	$	$ 3,037	$ 109,825
Restricted for:					
Judicial	$	$	$	$ 477,413	$ 477,413
Public works				187,313	187,313
Conservation and development	1,755,340			196,119	1,951,459
Public Safety	6,534			22,189	28,723
Human services				63,806	63,806
Debt services		2,394,631			2,394,631
Records management data automation	540,508				540,508
Capital projects			14,508,064		14,508,064
Total	$ 2,302,382	$ 2,394,631	$ 14,508,064	$ 946,840	$ 20,151,917
Assigned for:					
Judicial	$ 452,885	$	$	$	$ 452,885
Capital projects			5,523,983		5,523,983
Total	$ 452,885	$ -	$ 5,523,983	$ -	$ 5,976,868

21. Pending Changes in Accounting Principles

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement improves financial reporting for a governmental financial reporting entity. To the extent applicable, GASB 61 is effective for the County's calendar year 2013 financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This statement changes the manner in which nonexchange transactions, debt issuance costs and accounting for leases and the term "deferred" are presented in the financial statements. To the extent applicable, GASB 65 is effective for the County's calendar year 2013 financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012*. This statement amends Statement No. 10, Use of Special Revenue Funds to Report Risk Financing Activities and Statement No. 62, Operating Lease, Purchase of a Loan or Group of Loans, and Servicing Fees. These statements were amended to remove language that conflicts with other statements. To the extent applicable, GASB 66 is effective for financial the County's calendar year 2013 financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and Statement No. 68, *Accounting and Financial Reporting for Pensions.* The primary objective of these statements is to improve accounting and financial reporting by state and local governmental pension plans. They also improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. These statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. These statements replace the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. To the extent applicable, the County is required to adopt Statement No. 67 for its calendar year 2014 financial statements and Statement No. 68 for its calendar year 2015 financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. To the extent applicable, GASB 69 is effective for government combinations and disposals of government operations occurring in the County's 2014 calendar year financial statements, and should be applied on a prospective basis.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. GASB 70 is effective for the County's calendar year 2014 financial statements.

County management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

County of Centre, Pennsylvania

Schedule of Funding Progress
Required for Defined Benefit Plans and other Postemployment Benefit Plans
Information is as of the Most Recent Actuarial Valuation
(Unaudited)

Defined Benefit Plan (Actuarial Valuation January 1, 2012)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/10	$ 69,962,454	$ 82,991,235	$ 13,028,781	84.3%	$ 29,906,346	43.6%
01/01/11	73,380,600	88,274,487	14,893,887	83.1%	28,770,726	51.8%
01/01/12	77,830,247	93,063,300	15,233,053	83.6%	29,142,230	52.3%

Other Postemployment Benefit Plan (Actuarial Valuation January 1, 2012)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/08	$ -	$ 685,000	$ 685,000	0.0%	$ 28,757,147	2.4%
01/01/10	-	1,372,000	1,372,000	0.0%	27,963,000	4.9%
01/01/12	-	1,639,000	1,639,000	0.0%	27,879,000	5.9%

Note: Actuarial valuation is done biannually for the other postemployment benefit Plan.

The **General Fund** is the principal fund of the County and accounts for all financial activities not accounted for in other funds. The majority of current operating expenditures of the County, other than proprietary fund activities, are financed through revenues of the General Fund. The General Fund is always considered a major fund for government-wide reporting purposes.

Debt Service: To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects: To account for the accumulation of financial resources used for capital improvements (other than those financed by proprietary funds).

County of Centre, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)
General Fund
Year Ended December 31, 2012

	Budget	Actual	Variances Positive (Negative)
Current			
General government:			
Administrative:			
Commissioners	$ 1,064,300	$ 1,063,901	$ 399
Risk management	110,556	109,023	1,533
Human resources	390,795	377,876	12,919
Tax assessment	662,168	656,798	5,370
Tax collection	149,686	143,690	5,996
Tax claim	189,169	188,387	782
Treasurer	219,864	215,977	3,887
Controller	469,595	464,790	4,805
General administration	1,602,301	1,602,103	198
Elections	599,007	594,473	4,534
Public defender	978,824	941,261	37,563
Recorder of deeds	448,111	437,449	10,662
Records management	175,267	175,266	1
Planning	1,827,871	1,793,250	34,621
GIS	185,567	183,003	2,564
Maintenance	1,349,432	1,230,817	118,615
Miscellaneous	229,670	203,651	26,019
Total administrative	10,652,183	10,381,715	270,468
Judicial:			
Sheriff	1,503,614	1,476,673	26,941
Coroner	315,796	312,738	3,058
District attorney	1,688,905	1,613,840	75,065
Prothonotary	853,175	663,263	189,912
Register of wills	353,443	232,491	120,952
DJ - State College #1	332,372	302,640	29,732
DJ - Centre region	340,712	326,701	14,011
DJ - Bellefonte	354,153	349,708	4,445
DJ - Phillipsburg	282,035	260,874	21,161
DJ - Centre Hall	190,757	187,815	2,942
DJ - State College #2	307,507	292,306	15,201
Court administration	1,721,036	1,679,062	41,974
Total judicial	8,243,505	7,698,111	545,394
Total general government	18,895,688	18,079,826	815,862

(Continued)

County of Centre, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)
General Fund
Year Ended December 31, 2012

	Budget	Actual	Variances Positive (Negative)
Public safety:			
Probation	$ 1,880,370	$ 1,829,959	$ 50,411
DUI	94,257	76,798	17,459
DUI court	128,463	119,411	9,052
Juvenile probation	1,003,760	996,113	7,647
Criminal justice planning	512,936	327,580	185,356
Prison	7,586,863	7,577,732	9,131
Prison central booking	310,637	302,633	8,004
Emergency services	256,696	233,804	22,892
Fire training	122,960	122,889	71
Weights and measures	79,730	78,542	1,188
Public safety	6,000	6,000	-
Total public safety	11,982,672	11,671,461	311,211
Public works,			
Solid waste	111,059	111,058	1
Human services:			
Veteran affairs	123,867	116,554	7,313
Human services, other	10,000	10,000	-
Total human services	133,867	126,554	7,313
Culture and recreation,			
Unrestricted grants	545,460	545,460	-
Conservation and development:			
Housing and community development	163,825	29,803	134,022
Community development block grant	631,020	454,093	176,927
Cooperative extension	192,980	191,991	989
Conservation district	530,203	522,019	8,184
Agricultural easement	45,620	45,122	498
Conservation and development, other	196,491	196,491	-
Total conservation and development	1,760,139	1,439,519	320,620
Debt service, principal	-	16,693	(16,693)
Total expenditures	$ 33,428,885	$ 31,990,571	$ 1,438,314

County of Centre, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget-to-Actual Comparison
Major Governmental Funds
Year Ended December 31, 2012

	Debt Service				Capital Projects			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)
Revenues								
Real estate taxes	$ 3,848,190	$ 3,848,190	$ 3,863,084	$ 14,894				
Grants, gifts, and payments in lieu of taxes						$ 943,364	$ 1,431,364	
Interest and rents		2,000	40,451	38,451			48,110	$ 48,110
Contributions and other revenues			1,832	1,832		2,910,837	2,922,837	
Total revenues	3,848,190	3,850,190	3,905,367	55,177		3,854,201	4,402,311	48,110
Expenditures								
Current:								
Debt service:								
Principal	2,665,000	15,215,366	1,335,800	13,879,566				
Interest	1,114,443	1,157,211	850,286	306,925				
Other cost	2,550	161,006	154,703	6,303			130,402	(130,402)
Capital outlay					$ 2,154,409	28,146,210	7,484,215	20,661,995
Total expenditures	3,781,993	16,533,583	2,340,789	14,192,794	2,154,409	28,146,210	7,614,617	20,531,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,197	(12,683,393)	1,564,578	14,247,971	(2,154,409)	(24,292,009)	(3,212,306)	20,579,703
Other Financing Sources (Uses):								
Operating transfers - in						3,000,000	3,000,000	
Operating transfers - out		(1,291,471)	(1,121,777)	169,694				
Issuance of refunding bonds		13,590,000	13,590,000					
Issuance of bonds						15,315,000	15,315,000	
Bond premium		453,061	451,229	(1,832)		1,822,600	1,822,600	
Payment to refund bonds payable			(13,879,066)	(13,879,066)				
Total other financing (uses) sources		12,751,590	(959,614)	(13,711,204)	-	20,137,600	20,137,600	
Net Change in Fund Balances	$ 66,197	68,197	604,964	$ 536,767	(2,154,409)	(4,154,409)	16,925,294	$ 20,579,703
Fund Balance, Beginning		474,461	1,789,667		2,154,409	3,106,753	3,106,753	
Fund Balance, Ending		$ 542,658	$ 2,394,631		$ -	$ (1,047,656)	$ 20,032,047	

The following non-major governmental funds are special revenue funds used to account for revenues that are legally restricted to expenditures for particular purposes.

Agricultural Easement Fund: To account for the revenues and expenditures relating to the operation of the Commonwealth of Pennsylvania's Agricultural Conservation Easement Purchase Program.

Liquid Fuels Tax Fund: To account for state aid revenues used for the building of and improving of roads and bridges, as well as allocations to local municipalities for street and road maintenance. Financing is provided by the County's share of state gasoline taxes.

Domestic Relations Office Fund: To account for the operations and administration of the County's Domestic Relations Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Office of Aging Fund: To account for the operations and administration of the County's Office of Aging. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Drug and Alcohol Fund: To account for operations and administration of the County's Drug and Alcohol Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Adult Services Fund: To account for operations and administration of the County's Adult Services Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Hazardous Materials Response Fund: To account for the operations of the County's Hazardous Materials Response Department. Financing is provided by state grants and local fees for services provided.

County of Centre, Pennsylvania

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2012

	Special Revenue Funds							
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Drug and Alcohol	Adult Services	Hazardous Material Response	Total
Assets								
Cash	$ 207,654	$ 187,313	$ 442,275	$ 265,128		$ 30,401	$ 41,255	$ 1,174,026
Accounts receivable			297		$ 249,977	5,148		255,422
Prepaid expenses				3,037	1,966			5,003
Due from other governments			156,400	153,926	115,710	2,552		428,588
Total assets	$ 207,654	$ 187,313	$ 598,972	$ 422,091	$ 367,653	$ 38,101	$ 41,255	$ 1,863,039
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrued expenses			$ 1,109	$ 106,999	$ 285,843	$ 3,241		$ 397,192
Due to other funds					64,942			64,942
Accrued payroll			48,412	57,717	16,868	5,929		128,926
Deferred revenue	$ 11,535		72,038	194,768		24,695	$ 19,066	322,102
Total liabilities	11,535		121,559	359,484	367,653	33,865	19,066	913,162
Fund Balances:								
Nonspendable				3,037				3,037
Restricted	196,119	$ 187,313	477,413	59,570		4,236	22,189	946,840
Total fund balances	196,119	187,313	477,413	62,607	-	4,236	22,189	949,877
Total liabilities and fund balances	$ 207,654	$ 187,313	$ 598,972	$ 422,091	$ 367,653	$ 38,101	$ 41,255	$ 1,863,039

County of Centre, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended December 31, 2012

		Special Revenue Funds						
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Drug and Alcohol	Adult Services	Hazardous Material Response	Total
Revenues								
Grants		$ 210,405	$ 810,230	$ 2,288,948	$ 1,474,825	$ 603,365	$ 9,680	$ 5,397,453
Interest		1,159	1,938		3,174	12	14	6,297
Charges for service			9,030	9,363	77,289		16,539	112,221
Contributions and other revenues	$ 6,375		-	6,814		800		13,989
Total revenues	6,375	211,564	821,198	2,305,125	1,555,288	604,177	26,233	5,529,960
Expenditures								
General government - judicial			1,171,566					1,171,566
Public safety							20,148	20,148
Public works		188,768						188,768
Human services				2,801,175	1,558,334	842,384		5,201,893
Total expenditures	-	188,768	1,171,566	2,801,175	1,558,334	842,384	20,148	6,582,375
Excess (Deficiency) of Revenues Over Expenditures	6,375	22,796	(350,368)	(496,050)	(3,046)	(238,207)	6,085	(1,052,415)
Other Financing Sources,								
Transfers - in	80,000		351,299	471,376	3,046	238,207		1,143,928
Net Changes in Fund Balances	86,375	22,796	931	(24,674)	-	-	6,085	91,513
Fund Balances, Beginning	109,744	164,517	476,482	87,281	-	4,236	16,104	858,364
Fund Balances, Ending	$ 196,119	$ 187,313	$ 477,413	$ 62,607	$ -	$ 4,236	$ 22,189	$ 949,877

County of Centre, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget-to-Actual Comparison
Non-Major Governmental Funds
Year Ended December 31, 2012

	Special Revenue Funds												
	Agricultural Easement			Liquid Fuels Tax			Domestic Relations			Office of Aging			
	Budget Original & Final	Actual	Variance with Final Budget - Positve (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positve (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positve (Negative)	Budgeted Amount Original	Budgeted Amount Final	Actual	Variance with Final Budget - Positve (Negative)
Revenues													
Grants				$ 198,000	$ 210,405	$ 12,405	$ 816,313	$ 810,230	$ (6,083)	$ 2,298,682	$ 2,305,329	$ 2,288,948	$ (16,381)
Interest				2,500	1,159	(1,341)	2,000	1,938	(62)				
Charges for service							13,000	9,030	(3,970)	10,113	10,113	9,363	(750)
Contributions and other revenues	$ 5,000	$ 6,375	$ 1,375							8,395	8,395	6,814	(1,581)
Total revenues	5,000	6,375	1,375	200,500	211,564	11,064	831,313	821,198	(10,115)	2,317,190	2,323,837	2,305,125	(18,712)
Expenditures													
General government - judicial							1,209,134	1,171,566	37,568				
Public works				200,500	188,768	(11,732)							
Human services										2,835,547	2,832,692	2,801,175	31,517
Conservation and development	100,000		100,000										
Total expenditures	100,000	-	100,000	200,500	188,768	(11,732)	1,209,134	1,171,566	37,568	2,835,547	2,832,692	2,801,175	31,517
Revenues (Under) Over Expenditures	(95,000)	6,375	101,375		22,796	22,796	(377,821)	(350,368)	27,453	(518,357)	(508,855)	(496,050)	12,805
Other Financing Sources,													
Transfers - in	80,000	80,000					377,821	351,299	(26,522)	518,357	508,855	471,376	(37,479)
Net Changes in Fund Balances	(15,000)	86,375	$ 101,375	$ -	22,796	$ 22,796	$ -	931	$ 931	$ -	$ -	(24,674)	$ (24,674)
Fund Balances, Beginning	15,000	109,744			164,517			476,482				87,281	
Fund Balances, Ending	$ -	$ 196,119			$ 187,313			$ 477,413				$ 62,607	

Continued

County of Centre, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget-to-Actual Comparison
Non-Major Governmental Funds
Year Ended December 31, 2012

	Special Revenue Funds											
	Drug and Alcohol				Adult Services				Hazardous Material Response			
	Budgeted Amounts			Variance with Final Budget - Positive	Budgeted Amounts			Variance with Final Budget - Positive	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
Revenues												
Grants	$ 1,378,850	$ 1,420,104	$ 1,474,825	$ 54,721	$ 620,766	$ 632,598	$ 603,365	$ (29,233)	$ 9,393	$ 9,393	$ 9,680	$ 287
Interest	3,000	3,000	3,174	174	26	26	12	(14)	40	40	14	(26)
Charges for service	70,000	70,000	77,289	7,289					14,575	19,289	16,539	(2,750)
Contributions and other revenues							800	800				
Total revenues	1,451,850	1,493,104	1,555,288	62,184	620,792	632,624	604,177	(28,447)	24,008	28,722	26,233	(2,489)
Expenditures												
Public safety									24,008	28,722	20,148	8,574
Human services	1,477,743	1,509,650	1,558,334	(48,684)	858,713	880,545	842,384	38,161				
Total expenditures	1,477,743	1,509,650	1,558,334	(48,684)	858,713	880,545	842,384	38,161	24,008	28,722	20,148	8,574
Revenues (Under) Over Expenditures	(25,893)	(16,546)	(3,046)	13,500	(237,921)	(247,921)	(238,207)	9,714	-	-	6,085	6,085
Other Financing Sources,												
Transfers - in	25,893	16,546	3,046	(13,500)	237,921	247,921	238,207	(9,714)				
Net Changes in Fund Balances	$ -	$ -		$ -	$ -	$ -	-	$ -	$ -	$ -	6,085	$ 6,085
Fund Balances, Beginning			-				4,236				16,104	
Fund Balances, Ending			$ -				$ 4,236				$ 22,189	

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Internal Service Funds are maintained to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, on a cost - reimbursement basis. The County maintains two Internal Service Funds; a description of the Internal Service Funds used by the County is as follows:

Transportation Department: The Transportation Department provides transportation services to other County Departments on a cost reimbursement basis.

Management Information Systems: The Management Information Systems department provides computer and information services to other County departments on a cost reimbursement basis.

Financing for the County's two Internal Service Funds is provided principally by transfers from other funds.

County of Centre, Pennsylvania

Combining Balance Sheet
Internal Service Funds
December 31, 2012

	Transportation Department	Management Information System	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 205,695	$ 2,409,933	$ 2,615,628
Accounts receivable	9,941	1,865	11,806
Due from other governments	84,000		84,000
Prepaid expenses	28,628	61,122	89,750
Total current assets	328,264	2,472,920	2,801,184
Capital assets	1,995,427	2,018,374	4,013,801
Less accumulated depreciation	(1,481,967)	(1,564,309)	(3,046,276)
Capital assets, net	513,460	454,065	967,525
Total assets	$ 841,724	$ 2,926,985	$ 3,768,709
Liabilities			
Current liabilities,			
Accounts payable and accrued expenses	$ 86,940	$ 66,942	$ 153,882
Deferred revenue	57,082		57,082
Current portion of capital lease payable	18,350		18,350
Total current liabilities	162,372	66,942	229,314
Noncurrent liabilities,			
Capital lease payable	19,451		19,451
Compensated absences	90,338		90,338
Total noncurrent liabilities	109,789	-	109,789
Total liabilities	272,161	66,942	339,103
Net Position			
Invested in capital assets, net of related debt	475,659	454,065	929,724
Unrestricted	93,904	2,405,978	2,499,882
Total net position	569,563	2,860,043	3,429,606
Total liabilities and net position	$ 841,724	$ 2,926,985	$ 3,768,709

County of Centre, Pennsylvania

Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2012

	Transportation Department	Management Information System	Total
Operating Revenues			
Charges for services	$ 1,914,561	$ 1,593,657	$ 3,508,218
Operating Expenses			
Salaries and benefits	1,073,214		1,073,214
Purchased services and supplies	862,353	1,365,963	2,228,316
Depreciation	295,838	101,454	397,292
Total operating expenses	2,231,405	1,467,417	3,698,822
Operating (loss) income	(316,844)	126,240	(190,604)
Nonoperating Revenues			
Interest income	5		5
Gain on disposal of asset	3,329		3,329
Total nonoperating revenues	3,334	-	3,334
Capital Grant	75,501	-	75,501
Income Before Transfers	(238,009)	126,240	(111,769)
Transfers in (out)	83,466	(989)	82,477
Change in Net Position	(154,543)	125,251	(29,292)
Net Position, Beginning of Year	724,106	2,734,792	3,458,898
Net Position, End of Year	$ 569,563	$ 2,860,043	$ 3,429,606

County of Centre, Pennsylvania

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2012

	Transportation Department	Management Information System	Total
Cash Flows from Operating Activities			
Receipts from customers and users	$ 1,131,007	$ 1,593,597	$ 2,724,604
Payments received from interfund services	958,692		958,692
Payments to suppliers	(966,776)	(1,327,491)	(2,294,267)
Payments to employees for services	(1,070,729)		(1,070,729)
Net cash provided by operating activities	52,194	266,106	318,300
Cash Flows Provided by Non-Capital Financing Activities,			
Transfers in	83,466		83,466
Transfers out		(989)	(989)
Net cash provided by (used in) non-capital financiing activities	83,466	(989)	82,477
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(158,266)	(71,843)	(230,109)
Proceeds from sale of capital assets	3,714		3,714
Capital contributions	75,501		75,501
Net cash used in capital and related financing activities	(79,051)	(71,843)	(150,894)
Cash Flows Provided by Investing Activities,			
Interest received	5		5
Increase in Cash and Cash Equivalents	56,614	193,274	249,888
Cash and Cash Equivalents, Beginning	149,081	2,216,659	2,365,740
Cash and Cash Equivalents, Ending	$ 205,695	$ 2,409,933	$ 2,615,628
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities			
Operating (loss) income	$ (316,844)	$ 126,240	$ (190,604)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and amortization	295,838	101,454	397,292
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	158,109	(59)	158,050
Decrease in due from other governments	17,029		17,029
Increase in prepaid expenses	(601)	(914)	(1,515)
(Decrease) increase in accounts payable and accrued expenses	(160,904)	39,385	(121,519)
Increase in deferred revenue	57,082		57,082
Decrease in compensated absences	2,485		2,485
Total adjustments	369,038	139,866	508,904
Net Cash Provided by Operating Activities	$ 52,194	$ 266,106	$ 318,300
Noncash Investing Activities			
Capital lease obligations incurred for acquisition of capital assets	$ 37,801	$ -	$ 37,801

Fiduciary Funds are maintained to account for assets held by the County in a trustee capacity and as an agent for individuals, private organizations and/or other governments. Combining statements are provided herein for the following Fiduciary Fund-type:

Agency Funds: The agency funds are used to account for assets held by elected row officers (the Recorder of Deeds, Register of Wills, Prothonotary, Treasurer, Sheriff, Clerk of Courts and the Tax Claims Office) that are subsequently disbursed to the other governments and other activities for whom it was collected. Additionally, the County maintains cash on behalf of prisoners and has a Domestic Relations Support Fund that collects support money on behalf of that human service agency's clients.

County of Centre, Pennsylvania

Combining Balance Sheet
Fiduciary Funds
December 31, 2012

	Agency Funds										
	Prison	Recorder of Deeds	Register of Wills	Clerk of Courts & Prothonotary	Treasurer's License Account	Sheriff's Office	Court Administration	Tax Claims	Support	Children & Youth	Total
Assets											
Cash	$ 50,352	$ 486,365	$ 117,777	$ 258,926	$ 98,610	$ 513,962	$ 283,725	$ 326,335	$ 3,530	$ 14,440	$ 2,154,022
Liabilities											
Due to other governments		$ 486,365	$ 101,494	$ 2,716	$ 2,614	$ 10,821	$ 174,849	$ 113,924			$ 892,783
Funds held as fiduciary	$ 50,352		16,283	256,210	95,996	503,141	108,876	212,411	$ 3,530	$ 14,440	1,261,239
Total liabilities	$ 50,352	$ 486,365	$ 117,777	$ 258,926	$ 98,610	$ 513,962	$ 283,725	$ 326,335	$ 3,530	$ 14,440	$ 2,154,022

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended December 31, 2012

	Balance January 1 2012	Additions	Deletions	Balance December 31 2012
Prison				
Assets,				
Cash	$ 45,995	$ 697,589	$ 693,232	$ 50,352
Total assets	$ 45,995	$ 697,589	$ 693,232	$ 50,352
Liabilities,				
Funds held as fiduciary	$ 45,995	$ 697,589	$ 693,232	$ 50,352
Total liabilities	$ 45,995	$ 697,589	$ 693,232	$ 50,352
Recorder of Deeds				
Assets,				
Cash	$ 452,450	$ 12,533,438	$ 12,499,523	$ 486,365
Total assets	$ 452,450	$ 12,533,438	$ 12,499,523	$ 486,365
Liabilities,				
Due to other governments	$ 452,450	$ 12,533,438	$ 12,499,523	$ 486,365
Total liabilities	$ 452,450	$ 12,533,438	$ 12,499,523	$ 486,365
Register of Wills				
Assets,				
Cash	$ 257,859	$ 8,833,052	$ 8,973,134	$ 117,777
Total assets	$ 257,859	$ 8,833,052	$ 8,973,134	$ 117,777
Liabilities:				
Due to other governments	$ 237,367	$ 7,611,858	$ 7,747,731	$ 101,494
Funds held as fiduciary	20,492	1,221,194	1,225,403	16,283
Total liabilities	$ 257,859	$ 8,833,052	$ 8,973,134	$ 117,777

(Continued)

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended December 31, 2012

	Balance January 1 2012	Additions	Deletions	Balance December 31 2012
Prothonotary & Clerk of Courts				
Assets,				
Cash	$ 400,369	$ 553,825	$ 695,268	$ 258,926
Total assets	$ 400,369	$ 553,825	$ 695,268	$ 258,926
Liabilities:				
Due to other governments	$ 3,521	$ 5,809	$ 6,614	$ 2,716
Funds held as fiduciary	396,848	548,016	688,654	256,210
Total liabilities	$ 400,369	$ 553,825	$ 695,268	$ 258,926
Treasurer's License Account				
Assets,				
Cash	$ 83,302	$ 211,847	$ 196,539	$ 98,610
Total assets	$ 83,302	$ 211,847	$ 196,539	$ 98,610
Liabilities:				
Due to other governments	$ 2,077	$ 5,616	$ 5,079	$ 2,614
Funds held as fiduciary	81,225	206,231	191,460	95,996
Total liabilities	$ 83,302	$ 211,847	$ 196,539	$ 98,610
Sheriff's Office				
Assets,				
Cash	$ 198,656	$ 1,383,636	$ 1,068,330	$ 513,962
Total assets	$ 198,656	$ 1,383,636	$ 1,068,330	$ 513,962
Liabilities:				
Due to other governments	$ 11,663	$ 29,131	$ 29,973	$ 10,821
Funds held as fiduciary	186,993	1,354,505	1,038,357	503,141
Total liabilities	$ 198,656	$ 1,383,636	$ 1,068,330	$ 513,962

(Continued)

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended December 31, 2012

	Balance January 1 2012	Additions	Deletions	Balance December 31 2012
Court Administration				
Assets,				
Cash	$ 362,874	$ 9,039,936	$ 9,119,085	$ 283,725
Total assets	$ 362,874	$ 9,039,936	$ 9,119,085	$ 283,725
Liabilities:				
Due to other governments	$ 195,360	$ 5,570,971	$ 5,591,482	$ 174,849
Funds held as fiduciary	167,514	3,468,965	3,527,603	108,876
Total liabilities	$ 362,874	$ 9,039,936	$ 9,119,085	$ 283,725
Tax Claims				
Assets,				
Cash	$ 172,896	$ 5,259,365	$ 5,105,926	$ 326,335
Total assets	$ 172,896	$ 5,259,365	$ 5,105,926	$ 326,335
Liabilities:				
Due to other governments	$ 78,706	$ 1,836,052	$ 1,800,834	$ 113,924
Funds held as fiduciary	94,190	3,423,313	3,305,092	212,411
Total liabilities	$ 172,896	$ 5,259,365	$ 5,105,926	$ 326,335
Domestic Relations Support				
Assets,				
Cash	$ 3,530	$ 184,747	$ 184,747	$ 3,530
Total assets	$ 3,530	$ 184,747	$ 184,747	$ 3,530
Liabilities,				
Funds held as fiduciary	$ 3,530	$ 184,747	$ 184,747	$ 3,530
Total liabilities	$ 3,530	$ 184,747	$ 184,747	$ 3,530

(Continued)

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended December 31, 2012

	Balance January 1 2012	Additions	Deletions	Balance December 31 2012
Children & Youth				
Assets,				
Cash	$ 19,309	$ 9,266	$ 14,135	$ 14,440
Total assets	$ 19,309	$ 9,266	$ 14,135	$ 14,440
Liabilities,				
Funds held as fiduciary	$ 19,309	$ 9,266	$ 14,135	$ 14,440
Total liabilities	$ 19,309	$ 9,266	$ 14,135	$ 14,440
Total, All Agency Funds				
Assets,				
Cash	$ 1,997,240	$ 38,706,701	$ 38,549,919	$ 2,154,022
Total assets	$ 1,997,240	$ 38,706,701	$ 38,549,919	$ 2,154,022
Liabilities:				
Due to other governments	$ 981,144	$ 27,592,875	$ 27,681,236	$ 892,783
Funds held as fiduciary	1,016,096	11,113,826	10,868,683	1,261,239
Total liabilities	$ 1,997,240	$ 38,706,701	$ 38,549,919	$ 2,154,022

Centre County Conservation District: Responsible for managing the conservation of natural resources in the County.

Solid Waste Authority: Responsible for administering the programs that will cause implementation of the Solid Waste Management Plan of Centre County.

County of Centre, Pennsylvania

Statement of Net Position
Discretely Presented Component Units
December 31, 2012

	Conservation District	Solid Waste Authority
Assets		
Current assets:		
Cash and cash equivalents	$ 205,125	$ 2,927,373
Accounts receivable	99,321	737,995
Grants receivable		530,000
Prepaid items		97,082
Total current assets	304,446	4,292,450
Noncurrent assets,		
Capital assets, net	-	10,212,073
Total assets	304,446	14,504,523
Liabilities and Net Position		
Current liabilities:		
Current portion of long-term debt		425,242
Accounts payable	105,298	322,177
Accrued expenses		602,212
Deferred revenue	27,054	
Total current liabilities	132,352	1,349,631
Noncurrent liabilities:		
Landfill post-closure liability		51,984
Long-term debt		2,622,324
Total noncurrent liabilities	-	2,674,308
Total liabilities	132,352	4,023,939
Net Position		
Invested in capital assets, net of related debt		7,164,507
Unrestricted	172,094	3,316,077
Total net position	$ 172,094	$ 10,480,584

County of Centre, Pennsylvania

Statement of Revenues, Expenses, and
Change in Net Position
Conservation District
Year Ended December 31, 2012

Revenues		
Grants	$	426,549
Other income		106,472
Interest		122
Total revenues		533,143
Expenses		
Conservation District		504,360
Revenues More than Expenses		28,783
Net Position, Beginning of Year		143,311
Net Position, End of Year	$	172,094

County of Centre, Pennsylvania

Statement of Revenues, Expenses, and
Change in Net Position
Solid Waste Authority
Year Ended December 31, 2012

Operating Revenues	
Tipping fees	$ 6,409,279
Recycling fees	2,910,055
Other	47,311
Total operating revenues	9,366,645
Operating Expenses	
Salaries and benefits	2,697,151
Contracted services	5,994,562
Depreciation	720,732
Administration costs	500,239
Total operating expenses	9,912,684
Operating loss	(546,039)
Nonoperating Revenues (Expenses)	
Grants	444,567
Interest income	4,239
Other income	7,086
Interest expense	(143,637)
Total nonoperating revenues, net	312,255
Expenses in Excess of Revenues	(233,784)
Net Position, Beginning	10,714,368
Net Position, Ending	$ 10,480,584

County of Centre, Pennsylvania

Statement of Cash Flows
Solid Waste Authority
Year Ended December 31, 2012

Cash Flows from Operating Activities	
Cash received from customers	$ 9,371,623
Cash paid to vendors and employees	(9,405,586)
Net cash used in operating activities	(33,963)
Cash Flows Provided by Investing Activities	
Interest received	4,239
Cash Flows from Noncapital Financing Activities:	
Grants received from government agencies	212,167
Cash received from customers - finance charges & bad debt recoveries	7,086
Net cash provided by noncapital financing activities	219,253
Cash Flows from Capital and Related Financing Activities	
Interest paid	(143,637)
Purchases and construction of capital assets	(250,115)
Repayment of long-term debt	(425,242)
Net cash used in financing activities	(818,994)
Decrease in Cash and Cash Equivalents	(629,465)
Cash and Cash Equivalents, Beginning	3,556,838
Cash and Cash Equivalents, Ending	$ 2,927,373
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	$ (546,039)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	720,732
Changes in assets and liabilities:	
Accounts receivable, trade	4,978
Prepaid expenses	(47,478)
Accounts payable	(86,651)
Accrued expenses	(73,749)
Landfill post-closure liability	(5,756)
Net Cash Used in Operating Activities	$ (33,963)

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County of Centre, Pennsylvania

Schedule of Changes in Capital Assets by Function and Activity
Year Ended December 31, 2012

	Changes in Capital Assets			
	January 1 2012	Additions	Disposals	December 31 2012
General Government - Administration	$ 3,796,778	$ 229,561	$ 47,592	$ 3,978,747
General Government - Judicial	5,889,827	470,618	11,363	6,349,082
Public Safety and Corrections	29,444,246	57,760	434	29,501,572
Human Services	3,204,327	211,835	360,554	3,055,608
Conservation and Development	32,258			32,258
Other	71,539			71,539
Capital Projects	8,661,984			8,661,984
Total	$ 51,100,959	$ 969,774	$ 419,943	$ 51,650,790

	Ending Balance is Composed of		
	Buildings and Improvements	Furniture and Equipment	Total
General Government - Administration	$ 1,535,341	$ 2,443,406	$ 3,978,747
General Government - Judicial	5,066,732	1,282,350	6,349,082
Public Safety and Corrections	27,873,163	1,628,409	29,501,572
Human Services		3,055,608	3,055,608
Conservation and Development		32,258	32,258
Other	50,000	21,539	71,539
Capital Projects	7,551,089	1,110,895	8,661,984
Total	$ 42,076,325	$ 9,574,465	$ 51,650,790

Note: Above table does not include construction in progress

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The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflect about the County's overall financial health.

Contents

Financial Trends

The schedules on pages 104 through 108 contain trend information to help the reader understand how the County's financial performance and strength have changed over time.

Revenue Capacity

The schedules on pages 109 through 112 contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

The schedules on pages 113 through 115 presents information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

The schedules on pages 116 and 117 offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

The schedules 118 through 123 contain service data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the County's audited annual financial reports from relevant years. The County implemented GASB Statement 34 in 2003; therefore, schedules presenting government-wide information include information beginning in that year.

County of Centre, Pennsylvania

Schedule of Government-Wide Net Position By Component
(Unaudited)
Years Ended December 31

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assets, net of related debt	$ 2,780,374	$ 4,966,277	$ 3,486,384	$ 6,747,844	$ 9,171,735	$ 10,707,893	$ 11,241,777	$ 10,913,309	$ 11,998,076	$ 14,891,518
Restricted	10,061,661	7,870,103	7,003,275	7,439,902	5,947,818	4,838,707	4,403,497	4,541,394	4,794,934	5,643,853
Unrestricted	7,934,566	9,713,645	10,957,791	11,015,731	11,278,203	7,919,649	6,644,607	11,399,726	13,079,780	13,277,683
Total governmental activities net position	$ 20,776,601	$ 22,550,025	$ 21,447,450	$ 25,203,477	$ 26,397,756	$ 23,466,249	$ 22,289,881	$ 26,854,429	$ 29,872,790	$ 33,813,054
Business-Type Activities										
Invested in capital assets, net of related debt	$ (3,001,540)	$ (3,292,105)	$ (3,100,444)	$ (3,157,008)	$ (3,413,059)	$ (3,148,681)	$ (2,761,914)	$ (3,747,200)	$ (1,686,203)	$ (1,524,520)
Unrestricted	4,355,360	3,442,743	2,765,936	2,836,847	2,720,292	2,892,608	3,273,215	4,471,848	2,372,444	2,151,232
Total business-type activities net position	$ 1,353,820	$ 150,638	$ (334,508)	$ (320,161)	$ (692,767)	$ (256,073)	$ 511,301	$ 724,648	$ 686,241	$ 626,712
Primary Government										
Invested in capital assets, net of related debt	$ (221,166)	$ 1,674,172	$ 385,940	$ 3,590,836	$ 5,758,676	$ 7,559,212	$ 8,479,863	$ 7,166,109	$ 10,311,873	$ 13,366,998
Restricted	10,061,661	7,870,103	7,003,275	7,439,902	5,947,818	4,838,707	4,403,497	4,541,394	4,794,934	5,643,853
Unrestricted	12,289,926	13,156,388	13,723,727	13,852,578	13,998,495	10,812,257	9,917,822	15,871,574	15,452,224	15,428,915
Total primary government net position	$ 22,130,421	$ 22,700,663	$ 21,112,942	$ 24,883,316	$ 25,704,989	$ 23,210,176	$ 22,801,182	$ 27,579,077	$ 30,559,031	$ 34,439,766

County of Centre, Pennsylvania

Schedule of Government-Wide Changes in Net Position
(Unaudited)
Years Ended December 31

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government:										
Administrative	$ 11,706,033	$ 13,741,174	$ 15,350,174	$ 9,646,043	$ 10,342,196	$ 11,595,611	$ 11,099,235	$ 11,404,113	$ 10,316,148	$ 11,685,010
Judicial	6,583,190	6,625,590	6,938,459	7,615,488	7,459,489	7,824,063	8,032,048	8,231,197	8,533,386	8,580,813
Public safety	7,737,743	8,384,835	9,385,991	9,984,803	10,264,555	10,768,771	11,485,711	11,548,524	11,648,315	13,936,814
Public works	1,810,034	170,551	539,137	276,860	159,729	369,947	274,369	583,409	299,113	299,827
Human services	30,136,213	30,953,925	31,425,941	31,978,456	33,161,084	33,341,181	27,313,343	22,541,993	24,003,631	24,341,263
Culture and recreation	1,453,444	703,901	684,792	619,680	527,438	735,768	691,409	541,184	645,259	545,460
Conservation and development	3,039,432	2,114,333	1,788,651	1,564,072	1,537,222	2,143,173	1,355,981	1,620,878	1,521,948	1,417,968
Interest on long-term debt	1,833,917	1,527,753	1,189,060	934,512	1,063,754	1,134,340	986,790	893,301	766,775	909,411
Other cost	622,469	521,487	-	-	-	-	-	-	-	-
Total governmental activities expenses	64,922,475	64,743,549	67,302,205	62,619,914	64,515,467	67,912,854	61,238,886	57,364,599	57,734,575	61,716,566
Business-type activities:										
Nursing home	15,317,293	16,615,566	17,000,670	17,203,212	17,248,623	18,682,726	18,555,672	19,052,778	18,601,450	18,913,839
911 emergency response	2,422,480	2,385,761	2,422,650	2,658,699	3,101,168	2,279,746	2,286,745	2,443,287	2,418,640	2,302,393
Total business-type activities expenses	17,739,773	19,001,327	19,423,320	19,861,911	20,349,791	20,962,472	20,842,417	21,496,065	21,020,090	21,216,232
Total primary government expenses	82,662,248	83,744,876	86,725,525	82,481,825	84,865,258	88,875,326	82,081,303	78,860,664	78,754,665	82,932,798
Revenues										
Governmental activities:										
General government:										
Administrative	10,128,908	10,914,534	11,397,785	6,635,156	4,030,541	3,925,548	4,069,065	5,497,805	5,620,542	6,654,893
Judicial	2,281,741	2,555,091	2,432,321	2,346,256	2,632,743	2,717,170	3,013,635	3,191,309	2,931,946	2,832,072
Public safety	1,179,067	1,133,256	1,155,918	1,773,346	1,844,047	1,853,122	2,240,068	2,686,028	3,195,771	3,294,665
Public works	19,050	84,799	-	-	-	28,774	-	-		
Human services	1,160,222	1,317,077	1,265,089	1,139,759	556,041	576,358	525,302	368,900	365,762	363,760
Conservation and development	554,326	498,045	480,284	361,277	310,818	379,760	292,230	254,472	249,649	245,937
Operating grants and contributions	33,130,605	31,534,881	31,463,733	36,037,801	37,586,040	36,294,497	29,920,529	25,381,677	24,617,321	24,609,289
Capital grants and contributions	-	-	-	-	-	195,697	431,375	215,573	208,975	4,429,702
Total governmental activities revenues	48,453,919	48,037,683	48,195,130	48,293,595	46,960,230	45,970,926	40,492,204	37,595,764	37,189,966	42,430,318
Business-type activities:										
Charges for services:										
Nursing home	14,351,746	15,145,958	15,555,447	15,338,693	15,960,511	17,268,944	18,089,819	18,323,336	17,137,487	16,908,014
911 emergency response	1,261,953	1,131,099	1,560,130	1,539,055	1,501,508	2,043,140	1,958,253	1,746,380	1,884,750	1,707,096
Total business activities revenues	15,613,699	16,277,057	17,115,577	16,877,748	17,462,019	19,312,084	20,048,072	20,069,716	19,022,237	18,615,110
Total primary government revenues	64,067,618	64,314,740	65,310,707	65,171,343	64,422,249	65,283,010	60,540,276	57,665,480	56,212,203	61,045,428
Net Expenses										
Governmental activities	(16,468,556)	(16,705,866)	(19,107,075)	(14,326,319)	(17,555,237)	(21,941,928)	(20,746,682)	(19,768,835)	(20,544,609)	(19,286,248)
Business-type activities	(2,126,074)	(2,724,270)	(2,307,743)	(2,984,163)	(2,887,772)	(1,650,388)	(794,345)	(1,426,349)	(1,997,853)	(2,601,122)
Total net expenses	$ (18,594,630)	$ (19,430,136)	$ (21,414,818)	$ (17,310,482)	$ (20,443,009)	$ (23,592,316)	$ (21,541,027)	$ (21,195,184)	$ (22,542,462)	$ (21,887,370)

Continued

County of Centre, Pennsylvania

Schedule of Government-Wide Changes in Net Position
(Unaudited)
Years Ended December 31

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes levied for general purposes	$ 13,843,971	$ 14,306,400	$ 14,958,385	$ 15,776,810	$ 16,361,974	$ 16,677,807	$ 16,973,039	$ 21,776,331	$ 21,373,102	$ 21,602,379
Property taxes levied for debt services	4,058,307	4,213,270	3,826,072	3,962,881	3,629,335	3,707,510	3,787,352	3,843,213	3,815,007	3,845,960
Investment income	781,106	731,001	1,037,538	1,312,618	1,236,296	698,875	367,658	315,075	297,465	289,105
Proceeds from sale of capital asset								14,637		
Amortization of bond premium	94,146									
Amortization of bond discount	(20,193)									
Unusual item		900,000								
Transfers	(728,497)	(1,671,381)	(1,817,495)	(2,969,963)	(2,478,089)	(2,073,771)	(1,557,735)	(1,615,873)	(1,922,604)	(2,510,932)
Total governmental activities expenses	18,028,840	18,479,290	18,004,500	18,082,346	18,749,516	19,010,421	19,570,314	24,333,383	23,562,970	23,226,512
Business-type activities:										
Investment income	507	83	5,102	28,547	37,077	13,311	3,984	23,823	36,842	30,661
Transfers	728,497	1,671,381	1,817,495	2,969,963	2,478,089	2,073,771	1,557,735	1,615,873	1,922,604	2,510,932
Total business-type activities expenses	729,004	1,671,464	1,822,597	2,998,510	2,515,166	2,087,082	1,561,719	1,639,696	1,959,446	2,541,593
Total primary government expenses	18,757,844	20,150,754	19,827,097	21,080,856	21,264,682	21,097,503	21,132,033	25,973,079	25,522,416	25,768,105
Changes in Net Assets										
Governmental activities	1,560,284	1,773,424	(1,102,575)	3,756,027	1,194,279	(2,931,507)	(1,176,368)	4,564,548	3,018,361	3,940,264
Business-type activities	(1,397,070)	(1,052,806)	(485,146)	14,347	(372,606)	436,694	767,374	213,347	(38,407)	(59,529)
Total primary government	$ 163,214	$ 720,618	$ (1,587,721)	$ 3,770,374	$ 821,673	$ (2,494,813)	$ (408,994)	$ 4,777,895	$ 2,979,954	$ 3,880,735

County of Centre, Pennsylvania

Schedule of Governmental Fund Balances
(Unaudited)
Years Ended December 31

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	$ 500,443	$ 38,988	$ 93,202	$ 553,972	$ 504,046	$ 50,069	$ 747,461	$ 152,274	$ 776,471	$ 106,788
Restricted	1,773,756	1,751,725	1,839,404	1,975,737	2,134,889	2,148,608	2,168,697	2,154,505	2,149,903	2,302,382
Assigned	1,473,543	1,580,818	1,214,135	1,127,521	1,108,012	1,150,465	221,452	311,679	382,456	452,885
Unassigned	8,392,891	9,083,068	8,859,762	8,369,550	8,021,306	5,885,236	4,383,970	8,339,426	7,501,250	6,597,717
Total general fund	$ 12,140,633	$ 12,454,599	$ 12,006,503	$ 12,026,780	$ 11,768,253	$ 9,234,378	$ 7,521,580	$ 10,957,884	$ 10,810,080	$ 9,459,772
All Other Governmental Funds										
Nonspendable, reported in special revenue funds	$ 2,873	$ 2,355	$ 2,877	$ -	$ 2,272	$ 3,003	$ 1,958	$ 2,918	$ 3,000	$ 3,037
Restricted, reported in										
special revenue funds	565,417	670,092	443,744	885,482	1,078,522	888,852	810,453	931,545	855,364	946,840
capital projects funds										14,508,064
debt service fund	5,088,734	5,402,043	4,771,224	4,853,821	3,124,209	2,275,488	1,933,492	1,954,500	1,789,667	2,394,631
Assigned, reported in capital projects funds	25,300,966	8,505,942	2,895,169	1,920,119	2,387,156	983,281	776,636	776,161	3,106,753	5,523,983
Unassigned, reported in special revenue funds										(443,863)
Total all other governmental funds	$ 30,957,990	$ 14,580,432	$ 8,113,014	$ 7,659,422	$ 6,592,159	$ 4,150,624	$ 3,522,539	$ 3,665,124	$ 5,754,784	$ 22,932,692

County of Centre, Pennsylvania

Schedule of Changes in Governmental Fund Balances
(Unaudited)
Years Ended December 31

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	$ 17,902,278	$ 18,519,667	$ 18,784,457	$ 19,591,338	$ 20,060,474	$ 20,348,222	$ 20,700,468	$ 25,543,009	$ 25,202,568	$ 25,465,463
Grants, gifts and payment in lieu of taxes	32,144,967	30,840,326	30,734,499	35,243,512	34,445,884	33,702,117	27,353,535	23,921,685	23,278,370	25,737,647
Court costs	1,027,066	914,442	850,108	844,591	927,651	1,246,217	1,373,556	1,584,625	1,438,783	1,499,903
Fines and forfeits	251,113	288,813	254,395	221,260	258,014	241,764	199,253	198,060	198,643	209,062
Interest and rents	799,917	-	1,053,612	1,312,598	1,236,010	698,415	367,632	315,058	297,463	289,100
Charges for services	6,580,466	7,790,426	8,001,215	8,791,992	9,058,905	8,873,184	9,261,006	9,776,854	10,360,359	10,301,278
Contributions and other revenues	1,811,982	373,562	273,445	372,153	969,183	325,473	375,541	264,614	196,955	3,225,997
Total revenues	60,517,789	58,727,236	59,951,731	66,377,444	66,956,121	65,435,392	59,630,991	61,603,905	60,973,141	66,728,450
Expenditures										
Current:										
General government:										
Administrative	6,654,817	7,681,052	8,032,867	7,982,370	9,259,260	9,902,426	9,492,939	10,249,729	9,111,188	10,381,715
Judicial	6,563,329	6,750,935	6,743,857	7,188,505	7,801,121	8,142,123	8,400,850	8,573,169	8,935,360	8,869,677
Public safety	7,760,459	8,427,698	8,251,198	9,989,726	9,516,923	10,151,354	10,836,266	10,996,138	11,135,300	11,691,609
Public works	1,810,034	170,551	539,137	276,860	159,729	369,947	274,369	583,409	299,114	299,826
Human services	28,571,745	29,257,745	29,891,618	30,119,874	31,933,984	32,132,052	26,272,324	21,223,275	22,399,377	22,407,299
Culture and recreation	1,453,444	703,901	684,792	619,680	527,438	735,768	691,409	541,184	545,259	545,460
Conservation and development	3,056,758	2,127,803	1,787,688	1,563,128	1,602,174	2,174,802	1,387,630	1,651,835	1,644,508	1,439,519
Debt service:										
Principal	693,069	1,238,925	1,285,744	1,297,221	1,364,039	1,490,574	1,544,153	1,596,251	1,835,022	1,352,493
Interest	1,351,281	1,645,088	1,238,283	1,239,182	978,700	1,043,872	991,722	815,242	917,110	850,286
Other cost	1,500	1,783	2,000	56,918	1,064	2,500	2,500	44,669	375,007	285,105
Capital outlay	4,628,730	17,092,224	6,491,400	3,514,681	2,650,798	2,143,889	472,767	134,965	205,143	7,484,215
Total expenditures	62,545,166	75,097,705	64,948,584	63,848,145	65,795,230	68,289,307	60,366,929	56,409,866	57,402,388	65,607,204
Excess (deficiency) of revenues over (under) expenditures	(2,027,377)	(16,370,469)	(4,996,853)	2,529,299	1,160,891	(2,853,915)	(735,938)	5,194,039	3,570,753	1,121,246
Other Financing Sources (Uses)										
Transfers in	20,821,457	8,341,368	3,709,135	4,401,273	5,252,973	4,686,429	3,834,673	3,375,579	6,415,637	6,442,236
Transfers out	(21,573,787)	(10,018,032)	(5,627,796)	(7,420,538)	(7,739,654)	(6,807,924)	(5,439,618)	(5,039,252)	(8,421,605)	(9,035,645)
Proceeds from sale of capital assets								361		
Issuance of debt	39,985,000	5,380,000		10,000,000				5,515,000	9,175,000	28,905,000
Payments to refund bonds payable	(17,405,000)	(4,985,000)		(9,815,744)				(5,458,865)	(9,550,000)	(13,879,066)
Bond premium	1,694,631								752,163	2,273,829
Bond discount	(363,466)	(48,463)		(127,605)				(8,065)		
Unusual item		900,000								
Total other financing sources (uses)	23,158,835	(430,127)	(1,918,661)	(2,962,614)	(2,486,681)	(2,121,495)	(1,604,945)	(1,615,242)	(1,628,805)	14,706,354
Net change in fund balances	$ 21,131,458	$ (16,800,596)	$ (6,915,514)	$ (433,315)	$ (1,325,790)	$ (4,975,410)	$ (2,340,883)	$ 3,578,797	$ 1,941,948	$ 15,827,600
Debt service as a percentage of noncapital expenditures	3.53%	4.98%	4.32%	4.20%	3.71%	3.84%	4.24%	4.36%	5.47%	3.70%

County of Centre, Pennsylvania

Schedule of Assessed Value and Actual Value of Taxable Real Estate
(Unaudited)
Years Ended December 31

Year	Real Property						Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Taxable Assessed Value as a % of Actual Taxable Value
	Residential Property	Commercial Property	Industrial Property	Land	Minerals	Agricultural Property				
2003	$ 1,682,903,465	$ 713,942,500	$ 56,961,860	$ 66,383,355	$ 8,014,595	$ 167,591,530	$ 2,695,797,305	6.59	$ 5,391,594,610	50.00%
2004	1,739,292,055	746,294,885	59,042,595	67,178,590	4,379,750	170,039,840	2,786,227,715	6.59	5,572,455,430	50.00%
2005	1,805,487,905	758,189,670	59,582,375	64,514,995	4,379,750	175,734,545	2,867,889,240	6.59	5,735,778,480	50.00%
2006	1,862,245,795	790,470,015	52,647,845	63,991,510	4,292,300	194,556,970	2,968,204,435	6.59	5,936,408,870	50.00%
2007	1,922,399,500	810,652,163	51,306,610	65,550,520	4,242,500	199,932,845	3,054,084,138	6.59	6,108,168,276	50.00%
2008	1,971,540,915	822,816,853	49,025,810	66,205,155	4,277,850	206,951,940	3,120,818,523	6.59	6,241,637,046	50.00%
2009	2,014,959,570	731,206,260	50,173,795	66,964,205	7,153,000	211,420,100	3,081,876,930	6.59	6,163,753,860	50.00%
2010	2,046,183,210	826,001,610	49,306,190	64,858,475	6,674,600	215,187,745	3,208,211,830	8.09	6,416,423,660	50.00%
2011	2,099,621,390	850,498,509	49,081,570	60,853,615	7,003,900	218,885,150	3,285,944,134	7.84	6,571,888,268	50.00%
2012	2,122,455,710	847,257,884	50,966,820	60,550,500	6,674,760	220,984,795	3,308,890,469	7.84	6,617,780,938	50.00%

Source: County Tax Assessment Office

Note: Centre County's last reassessment became effective January 1, 1995. Assessed values are based on property market values as of 1994. The predetermined ratio is 50%.

County of Centre, Pennsylvania

Schedule of Direct and Overlapping Real Estate Taxes
(Unaudited)
Years Ended December 31

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Direct Rates										
General	5.09	5.09	5.25	5.30	5.40	5.40	5.40	6.90	6.65	6.65
Debt	1.50	1.50	1.34	1.29	1.19	1.19	1.19	1.19	1.19	1.19
Total direct rate	6.59	6.59	6.59	6.59	6.59	6.59	6.59	8.09	7.84	7.84
Borough & Township Rates										
Bellefonte Borough	6.93	7.93	7.93	7.98	7.98	8.56	8.81	9.29	9.79	12.82
Centre Hall Borough	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	2.50	2.50
Howard Borough	5.00	6.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Milesburg Borough	4.50	4.50	6.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00
Millhiem Borough	1.65	1.65	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Philipsburg Borough	10.33	10.83	10.33	10.33	10.33	10.33	15.33	15.33	15.33	15.33
Port Matilda Borough	4.80	4.80	6.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Snow Shoe Borough	4.16	4.16	4.36	4.36	4.36	4.36	5.36	5.36	5.36	5.39
State College Borough	4.90	5.70	7.30	10.04	10.04	10.54	11.04	11.04	11.04	11.04
Unionville Borough	1.27	1.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27
Benner Independent	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89
Benner Township	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89
Boggs Township	2.48	2.48	3.18	3.84	3.84	3.84	4.17	4.17	4.17	4.50
Burnside Township	3.69	3.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69
College Township	3.40	3.70	3.70	3.70	3.70	3.90	3.90	4.40	4.40	4.90
Curtin Township	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
Ferguson Township	1.56	1.56	1.56	1.56	1.56	2.42	2.42	2.42	2.42	2.42
Gregg Township	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Haines Township	3.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	4.00
Halfmoon Township	3.72	3.72	3.72	4.02	4.02	4.02	4.02	4.02	4.02	4.98
Harris Township	4.70	4.70	4.70	4.70	4.70	4.70	4.60	4.60	4.80	4.80
Howard Township	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Huston Township	1.13	1.70	1.73	1.13	1.13	1.13	1.13	1.13	1.13	1.13
Liberty Township	2.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Marion Township	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Miles Township	1.70	1.70	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Patton Township	7.70	7.70	7.50	7.50	7.20	7.20	7.60	8.40	8.70	8.90
Penn Township	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Potter Township	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Snow Shoe Township	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29
Spring Township	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.50	4.50
Taylor Township	0.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Union Township	2.00	2.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Walker Township	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Worth Township	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
School District Rates										
Bald Eagle	31.00	33.00	34.26	36.26	37.76	39.76	41.96	43.68	46.55	48.55
Bellefonte	35.28	35.83	36.99	37.98	39.69	41.08	42.98	44.61	45.41	46.40
Keystone Central	34.21	34.21	34.73	34.38	34.33	36.12	37.37	40.24	42.55	43.62
Penns Valley	31.37	31.37	37.87	37.87	37.87	37.87	38.33	40.46	41.71	43.23
Philipsburg Osceola	34.55	38.22	37.26	39.30	46.97	49.04	50.90	52.97	51.61	51.56
State College	28.72	29.72	31.37	32.57	32.51	33.72	34.85	35.90	36.85	37.73
Tyrone	21.05	19.36	19.36	18.88	20.22	21.06	22.06	22.98	20.61	22.57

Source: County Tax Assessment Office

County of Centre, Pennsylvania

Schedule of Principal Real Estate Tax Payers
(Unaudited)
Years Ended December 31

	2012			2003		
Taxpayer	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
* PSU (Taxable)	$ 13,933,530	1	0.42%	$ 14,501,260	5	0.54%
Crown American Finance	12,785,500	2	0.39%	32,884,070	1	1.22%
Foxdale Village Corporation	10,855,460	3	0.33%	11,834,320	6	0.44%
Jefferson at State College	8,334,970	4	0.25%	16,669,940	2	0.62%
The Villiage at Penn State	7,961,850	5	0.24%			
Minitab, Inc.	7,723,525	6	0.23%			
Wal-Mart Stores Inc.	6,744,000	7	0.20%	13,152,000	3	0.49%
Geisinger Clinic	6,219,950	8	0.19%			
W9/JP-M Real Estate	5,613,800	9	0.17%	11,227,600	7	0.42%
College Avenue Properties	5,515,835	10	0.17%	11,031,670	9	0.41%
Corning Asahi Video Company				15,465,170	4	0.57%
Temple Family Partnership				10,797,370	10	0.40%
Nittany Commons LP Woodmont				11,117,830	8	0.41%
Total	$ 85,688,420		2.59%	$ 148,681,230		5.52%
Total taxable assessed value	$ 3,308,890,469		100%	$ 2,695,797,305		100%

* PSU (Taxable) includes only the medical science building and the Penn Stater Conference Center.

Source: County Tax Assessment Office

County of Centre, Pennsylvania

Schedule of Real Estate Tax Levies and Collections
(Unaudited)
Years Ended December 31

		Collected within the Year of the Levy			Total Collected to Date	
Year	Taxes Leivied for the Year	Amount	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy
2003	$ 17,726,426	$ 17,265,992	97.40%	$ 459,500	$ 17,725,492	99.99%
2004	18,415,467	17,979,298	97.63%	435,166	18,414,464	99.99%
2005	18,853,031	18,395,990	97.58%	455,807	18,851,797	99.99%
2006	19,576,647	19,081,381	97.47%	493,801	19,575,182	99.99%
2007	20,057,503	19,553,148	97.49%	501,928	20,055,076	99.99%
2008	20,412,851	19,910,312	97.54%	497,281	20,407,593	99.97%
2009	20,786,531	20,189,802	97.13%	588,943	20,778,745	99.96%
2010	25,673,802	25,047,325	97.56%	587,259	25,634,584	99.85%
2011	25,202,931	24,621,260	97.69%	263,453	24,884,713	98.74%
2012	25,454,926	24,871,821	97.71%	-	24,871,821	97.71%

Source: Centre County Tax Claim Office

County of Centre, Pennsylvania

Schedule of Ratios of General Bonded Debt Outstanding
(Unaudited)
Years Ended December 31

Year	Governmental General Obligation Bonds	Business General Obligation Bonds	Total Primary Government	Percentage of Personal Income (a)	Percentage of Actual Value of Taxable Property (b)	Per Capita
2003	$ 30,766,391	$ 14,018,609	$ 44,785,000	1.26%	0.83%	$ 320
2004	29,922,466	13,347,534	43,270,000	1.14%	0.78%	309
2005	28,636,722	12,648,278	41,285,000	1.08%	0.72%	294
2006	28,299,501	11,945,499	40,245,000	1.04%	0.68%	286
2007	26,935,462	11,214,538	38,150,000	0.96%	0.62%	264
2008	25,444,888	10,450,112	35,895,000	0.83%	0.58%	248
2009	23,900,735	9,659,265	33,560,000	0.72%	0.54%	230
2010	22,809,484	10,214,998	33,024,482	0.63%	0.51%	226
2011	20,599,462	9,359,265	29,958,727	0.58%	0.46%	194
2012	36,858,017	8,615,268	45,473,285	0.83%	0.69%	280

(a) See Schedule of Demographic and Economic Statistics for population & personal income data.
(b) See Schedule of Assessed Value and Actual Value of Taxable Real Estate for property value data.

County of Centre, Pennsylvania

Schedule of Direct and Overlapping Debt
(Unaudited)
Years Ended December 31

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County Direct Rates			
County of Centre	$ 36,858,017	100%	$ 36,858,017
Borough & Township Rates			
Bellefonte Borough	8,209,267	100%	8,209,267
Howard Borough	98,749	100%	98,749
Milesburg Borough	284,673	100%	284,673
Millheim Borough	4,044,747	100%	4,044,747
State College Borough	31,701,479	100%	31,701,479
Benner Township	531,650	100%	531,650
College Township	5,905,000	100%	5,905,000
Ferguson Township	2,605,000	100%	2,605,000
Gregg Township	276,114	100%	276,114
Harris Township	410,000	100%	410,000
Howard Township	50,029	100%	50,029
Liberty Township	99,560	100%	99,560
Patton Township	6,710,949	100%	6,710,949
Penn Township	248,389	100%	248,389
Rush Township	1,462,582	100%	1,462,582
Taylor Township	22,076	100%	22,076
Union Township	63,552	100%	63,552
Worth Township	66,599	100%	66,599
Total municipalities			62,790,415
School District Rates			
Bald Eagle	29,610,000	100%	29,610,000
Bellefonte	44,527,765	100%	44,527,765
Keystone Central	38,134,226	5%	1,906,711
Penns Valley	23,160,701	100%	23,160,701
Philipsburg Osceola	26,681,590	100%	26,681,590
State College	64,595,282	100%	64,595,282
Tyrone	1,615,000	5%	80,750
Total school districts			190,562,799
Total indirect			253,353,214
Grand total			$ 290,211,231

Source: Survey conducted by the Controller's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is sustained by residents and businesses of the County of Centre. This process recognizes that when considering government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The estimated percentage of debt applicable to the County of Centre was provided by the individual government units.

County of Centre, Pennsylvania

Schedule of Debt Margin Information
(Unaudited)
Years Ended December 31

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Borrowing Base Revenues (1)	$ 43,186,632	$ 45,413,396	$ 47,293,871	$ 46,839,099	$ 47,209,533	$ 47,182,828	$ 48,797,847	$ 50,667,901	$ 49,313,788	$ 48,073,549
Debt Limit Percentage	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	129,559,897	136,240,188	141,881,613	140,517,297	141,628,599	141,548,483	146,393,541	152,003,703	147,941,364	144,220,647
General Obligation Bonds	44,785,000	43,270,000	41,285,000	40,245,000	38,150,000	35,895,000	33,560,000	33,024,482	29,958,727	43,497,034
Legal Debt Margin	$ 84,774,897	$ 92,970,188	$ 100,596,613	$ 100,272,297	$ 103,478,599	$ 105,653,483	$ 112,833,541	$ 118,979,221	$ 117,982,637	$ 100,723,613
Total net debt applicable to the limit as a percentage of debt limit	34.57%	31.76%	29.10%	28.64%	26.94%	25.36%	22.92%	21.73%	20.25%	30.16%

(1) The Commonwealth of Pennsylvania has enacted the "Local Government Unit Debt Act", which limits debt to revenues. Briefly, revenues of the the last three years are adjusted for various nonrecurring and excludable items. The average of the adjusted revenues for the respective years is then the borrowing base. Certain percentages are applied to the borrowing base to determine the debt limitations.

County of Centre, Pennsylvania

Schedule of Demographic and Economic Statistics
(Unaudited)
Years Ended December 31

Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate
2003	139,754	3,568,059	25,531	3.4%
2004	139,934	3,783,955	27,041	4.4%
2005	140,313	3,820,723	27,230	3.3%
2006	140,953	3,864,649	27,418	3.9%
2007	144,658	3,993,762	27,608	3.4%
2008	144,779	4,330,340	29,910	5.6%
2009	146,212	4,639,453	31,731	6.4%
2010	153,990	5,236,584	34,006	5.3%
2011	154,722	5,163,073	33,370	5.4%
2012	155,171	5,484,829	35,347	6.0%

Source: County Planning Office and Pennsylvania Department of Labor & Industry.

County of Centre, Pennsylvania

Schedule of Principal Employers
(Unaudited)
Years Ended December 31

	2012			2003		
Taxpayer	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Pennsylvania State University	24,709	1	38.46%	10,059	1	15.24%
Mt. Nittany Medical Center	2,092	2	3.26%	890	6	1.35%
State College Area School	1,510	3	2.35%	1,281	3	1.94%
Pennsylvania State Government	1,140	4	1.77%	1,306	2	1.98%
County of Centre	845	5	1.32%			
Glenn O. Hawbaker, Inc.	782	6	1.22%			
Wal-Mart/Sam's Club	750	7	1.17%	616	9	0.93%
Universal Behavioral Health	598	8	0.93%			
Weis Markets	567	9	0.88%			
Geisginer Medical Group	519	10	0.81%			
Wegman's Food Markets, Inc.				608	10	0.92%
Corning Asahi Video Company				1,100	4	1.67%
Murata Electronics				1,100	5	1.67%
C-COR Electronics				741	7	1.12%
Cerro Metal Products				650	8	0.98%
Total	33,512		52.17%	18,351		27.80%
Total County employment	64,239		100%	66,000		100%

Source: County Planning Office and Pennsylvania Department of Labor & Industry.

County of Centre, Pennsylvania

Schedule of County Employees by Function
(Unaudited)
Years Ended December 31

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration	93	91	92	97	101	104	103	94	94	92
Judicial	112	118	120	118	122	117	118	117	117	116
Public Safety	69	67	74	106	114	113	114	123	120	126
Human Services	139	147	148	146	149	152	156	156	152	154
Conservation & Development	27	27	22	12	12	12	12	10	10	10
Total governmental	440	450	456	479	498	498	503	500	493	498
Enterprise:										
Emergency Communication 911	25	28	28	32	30	30	30	32	32	29
Nursing Home	298	315	316	320	320	320	320	265	257	262
Total enterprise	323	343	344	352	350	350	350	297	289	291
Total	763	793	800	831	848	848	853	797	782	789

Source: Centre County Budget

County of Centre, Pennsylvania

Schedule of Operating Indicators by Function
(Unaudited)
Years Ended December 31

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration										
Treasurer:										
Hunting licenses	23,851	21,869	20,884	14,904	14,549	14,402	13,657	10,285	11,432	12,398
Sportsman pistol permits	-	-	-	-	-	-	-	34	27	31
Dog licenses	13,297	13,092	13,092	15,497	14,260	13,699	13,341	14,443	13,983	12,478
Fishing licenses	417	383	343	400	428	347	295	247	208	141
Total licenses	37,565	35,344	34,319	30,801	29,237	28,448	27,293	25,009	25,650	25,048
Public Defender,										
Cases	1,994	1,807	2,076	2,000	2,134	2,566	2,407	2,259	2,657	2,577
Recorder of Deeds,										
Deeds filed	36,425	26,757	25,473	23,583	21,813	21,610	23,000	20,472	19,565	20,100
Judicial										
Sheriff,										
Pistol permits	2,800	3,850	2,700	2,750	4,538	5,671	9,792	12,659	7,291	3,581
Coroner,										
Cases	554	526	569	557	517	550	564	581	602	620
District Attorney,										
Cases	2,560	2,406	2,370	2,445	2,691	2,718	3,075	2,994	2,958	2,985
Prothonotary:										
Criminal cases	2,728	2,436	2,536	2,484	2,595	2,544	2,608	2,620	2,538	2,225
Civil cases	3,591	5,325	4,824	5,024	5,629	5,654	6,226	5,826	5,750	4,818
Other cases	1,016	972	1,924	1,846	1,877	2,456	2,496	2,592	2,405	2,868
Total cases	7,335	8,733	9,284	9,354	10,101	10,654	11,330	11,038	10,693	9,911
Magisterial District Judges,										
Court cases	42,315	39,492	43,375	37,296	34,477	39,570	40,712	36,675	35,290	33,723
Public Safety										
Probation:										
Juvenile cases	212	208	222	205	241	282	250	194	175	173
Adult cases	2,326	3,284	3,318	3,517	3,954	4,011	4,096	3,740	4,285	3,890
Total	2,538	3,492	3,540	3,722	4,195	4,293	4,346	3,934	4,460	4,063
Prison,										
Average daily population	169	190	187	219	216	215	262	268	260	260
Human Services										
Children & Youth,										
Caseload	3,640	3,530	3,068	2,958	3,311	3,325	3,392	2,142	2,191	2,503
Mental Health / Retardation,										
Clients	2,337	2,518	2,556	2,584	2,533	2,711	2,600	2,359	2,359	2,500
Drug and Alcohol:										
Children clients	182	129	190	270	309	165	160	41	52	75
Adult clients	1,002	1,009	838	1,220	1,808	1,068	1,050	992	907	1,050
Total clients	1,184	1,138	1,028	1,490	2,117	1,233	1,210	1,033	959	1,125

Source: Centre County Budget

County of Centre, Pennsylvania

Schedule of Capital Asset Statistics by Activity
(Unaudited)
Years Ended December 31

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental										
Capital Assets, net:										
Construction in progress	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,738,135
Land and improvements			1,719,563	1,719,563	1,719,563	1,719,563	1,719,563	1,719,563	1,719,563	1,719,563
Building and improvements	8,460,930	25,029,619	27,918,806	29,014,711	30,404,150	31,467,769	30,523,539	29,578,790	28,622,676	27,666,138
Furniture and improvements	1,503,146	1,715,805	1,985,984	3,957,562	3,704,906	2,678,246	2,344,938	2,452,017	2,362,600	2,642,445
Vehicles	412,162	407,804	498,753	355,509	278,578	287,203	554,472	613,651	612,766	512,991
Total	$ 10,376,238	$ 27,153,228	$ 32,123,106	$ 35,047,345	$ 36,107,197	$ 36,152,781	$ 35,142,512	$ 34,364,021	$ 33,317,605	$ 37,279,272
Business-Type										
Capital Assets, net:										
Construction in progress	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 169,316	$ -
Land and improvements	10,445	9,575	8,705	7,835	6,964	6,094	5,224	4,352	3,482	3,482
Building and improvements	8,161,368	7,850,316	7,539,263	7,228,212	6,917,162	6,615,569	6,313,977	6,012,385	6,686,351	6,384,196
Furniture and improvements	2,845,255	2,195,538	1,999,866	1,552,444	877,353	679,768	578,150	451,061	450,744	703,070
Total	$ 11,017,068	$ 10,055,429	$ 9,547,834	$ 8,788,491	$ 7,801,479	$ 7,301,431	$ 6,897,351	$ 6,467,798	$ 7,309,893	$ 7,090,748

Source: Centre County Financial Statements

County of Centre, Pennsylvania

Schedule of Salaries and Surety Bonds
Of Elected Officials
(Unaudited)
Year ended December 31, 2012

Official	Annual Salary	Bond Amount
Commissioner	$ 70,668	$ 4,000
Controller	$ 65,937	$ 20,000
Coroner	$ 63,937	$ 7,500
District Attorney	$ 172,271	None (1)
Jury Commissioners	$ 14,839	None (1)
Prothonotary and Clerk of Courts	$ 65,937	$ 30,000
Recorder of Deeds	$ 63,937	$ 10,000
Register of Wills and Clerk of the Orphans Court	$ 65,937	$ 25,000
Sheriff	$ 63,937	$ 30,000
Treasurer	$ 63,937	$ 74,000

Notes:
(1) No bond required under Section 420 of the County Code.
(2) In addition to above noted coverage, all County employees have $600,000 Employee Dishonesty/Faithful Performance coverage.

Source: Centre County Controller's Office

County of Centre, Pennsylvania

Schedule of Employee Retirement Trust Fund
Revenues by Source and Expenses by Type
(Unaudited)
Years Ended December 31

Revenues by Source

Year	Employee Contribution	Employer's Contribution(1)	Investment Income	Total	Employer Contribution Percentage of Covered Payroll
2003	$ 1,217,257	$ 929,679	$ 9,795,395	$ 11,942,331	4.1%
2004	1,368,474	1,235,158	4,659,675	7,263,307	5.0%
2005	1,370,404	1,519,319	4,713,097	7,602,820	6.1%
2006	1,397,167	1,416,645	7,977,475	10,791,287	5.4%
2007	1,485,598	1,452,061	4,567,959	7,505,618	5.5%
2008	1,538,631	1,373,235	(17,090,917)	(14,179,051)	5.0%
2009	1,610,320	2,604,345	12,807,290	17,021,955	9.3%
2010	1,586,019	2,856,056	6,617,488	11,059,563	10.2%
2011	1,624,305	3,046,820	1,265,311	5,936,436	10.9%
2012	1,630,345	3,138,618	8,381,211	13,150,174	11.2%

Expenses by Type

Year	Benefits	Administrative Expenses	Refunds	Total
2003	$ 1,768,014	$ 167,460	$ 203,862	$ 2,139,336
2004	1,635,176	261,466	590,613	2,487,255
2005	1,992,793	244,199	619,733	2,856,725
2006	2,373,783	267,124	674,792	3,315,699
2007	2,258,061	300,747	425,029	2,983,837
2008	2,420,815	265,306	363,973	3,050,094
2009	3,437,537	226,846	194,723	3,859,106
2010	3,219,972	272,979	387,127	3,880,078
2011	3,892,837	307,116	749,582	4,949,535
2012	3,660,158	319,242	814,681	4,794,081

Notes: (1) Contributions were made in accordance with actuarially determined contribution requirements.

Source: Annual Reports of Centre County Controller
Actuarial Reports of Centre County Employee Retirement Trust Fund

County of Centre, Pennsylvania

Schedule of Employee Retirement Trust Fund
Selected Data
(Unaudited)
Years Ended December 31

Year	Number of Active Members	Contributions			Number of Retired Members	Benefit Paid
		Members	County(1)	Total		
2003	643	$ 1,217,257	$ 929,679	$ 2,146,936	195	$ 1,768,014
2004	671	1,368,474	1,235,158	2,603,632	203	1,635,176
2005	651	1,370,404	1,519,319	2,889,723	212	1,992,793
2006	716	1,397,167	1,416,645	2,813,812	223	2,373,783
2007	794	1,485,598	1,452,061	2,937,659	233	2,258,061
2008	770	1,538,631	1,373,235	2,911,866	252	2,420,815
2009	791	1,610,320	2,604,345	4,214,665	265	3,437,537
2010	802	1,586,019	2,856,056	4,442,075	271	3,219,972
2011	756	1,624,305	3,046,820	4,671,125	282	3,892,837
2012	754	1,630,345	3,138,618	4,768,963	294	3,660,158

Notes: (1) Net of contributions deducted from the Employee Retirement Fund Unreserved Fund Balance.

Source: Centre County Employee Retirement Trust Fund Actuarial Valuation Reports.