

County of Centre



PENNSYLVANIA

**2013
Comprehensive
Annual
Financial
Report**

For the year ended December 31, 2013

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

County of Centre, Pennsylvania

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December 31, 2013

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COUNTY OF CENTRE

OFFICE OF THE CONTROLLER

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June 24, 2014

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 (County) for the year ended December 31, 2013. 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 Maher Duessel, 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 unmodified opinion that the County's financial statements for the year ended December 31, 2013 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 No. 34. GASB Statement No. 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 Statement No. 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

The 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 Board of County 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 the County as well as all of its component units. The Centre County Conservation District and the Centre County Recycling Refuse Authority are reported as discretely presented component units. Component units are legally separate entities for which the 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 and results of operations.

Information Useful in Assessing the County’s Economic Condition

The 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 the 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 the 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 County 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 Board of County 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 2013.

Transfer of Centre Crest Nursing Home

On October 31, 2013, the County transferred the operations for its nursing home (Centre Crest) to Centre Care, Inc., a non-profit organization. The County transferred all of the nursing home's assets and liabilities to Centre Care, Inc. effective November 1, 2013. The County still owns the land and building that Centre Crest is located on. The County entered into a five year lease agreement with Centre Care, Inc. beginning November 1, 2013. The agreement requires no payment per month from Centre Care, Inc. to the County.

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 for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2012. This is the twelfth 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 accounting principles generally accepted in the United States of America 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 fifteenth consecutive year, the County received GFOA's Award for Distinguished Budget Presentation for its 2013 appropriation budget. The Board of County 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 County 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,

A handwritten signature in cursive script that reads "Charles L. Witmer". The signature is written in black ink and is positioned above the printed name and title.

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.



Government Finance Officers Association

Certificate of
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in Financial
Reporting

Presented to

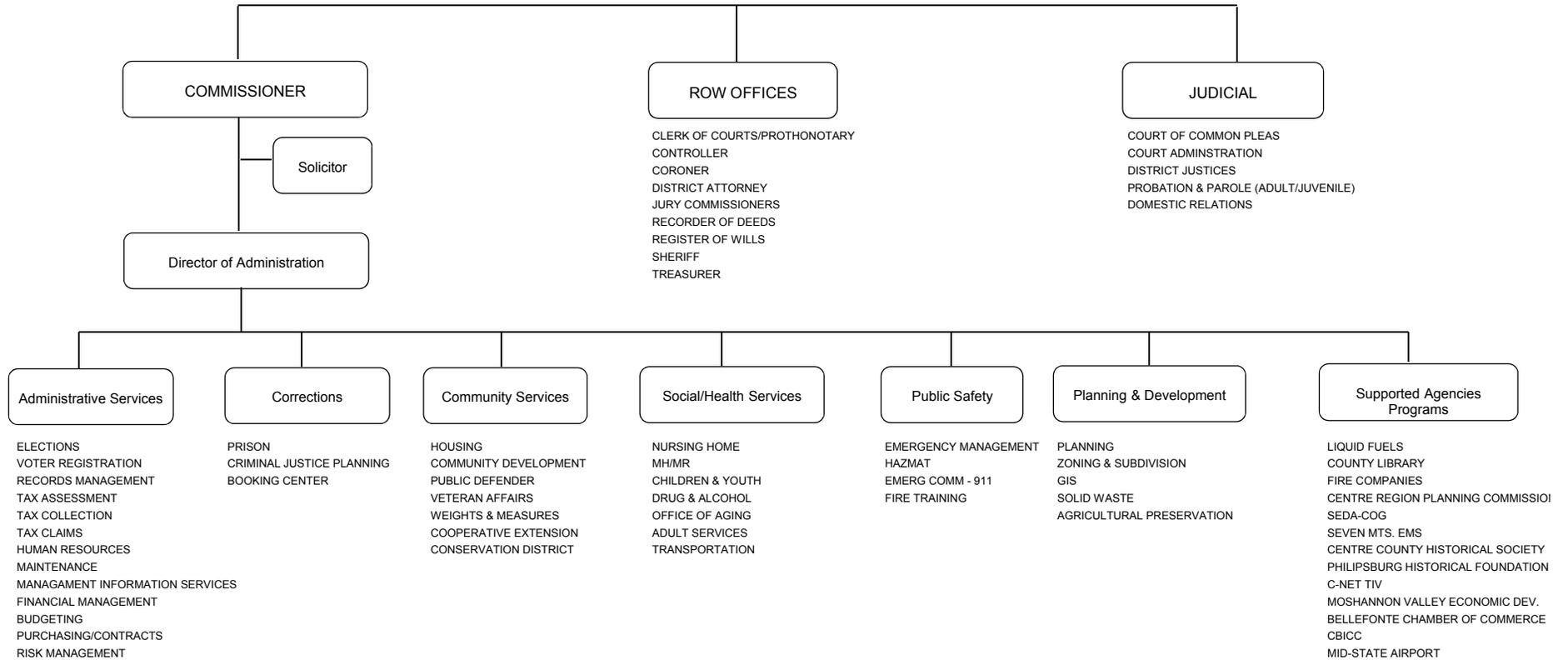
**County of Centre
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

COUNTY OF CENTRE GOVERNMENT ORGANIZATION CHART



County of Centre, Pennsylvania

Principal Officials
December 31, 2013

County of Centre

Principal Officials

December 31, 2013

Board of Commissioners

Steven Dershem, Chair
C. Chris Exarchos
Michael Pipe

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

Controller

Charles L. Witmer

Coroner

Scott Sayers

District Attorney

Stacy Parks Miller

Prothonotary/Clerk of Courts

Debra Immel

Recorder of Deeds

Joseph Davidson

Register of Wills/Clerk of Orphans Court

Kimberly Barton

Sheriff

Dennis Nau

Treasurer

Richard Fornicola

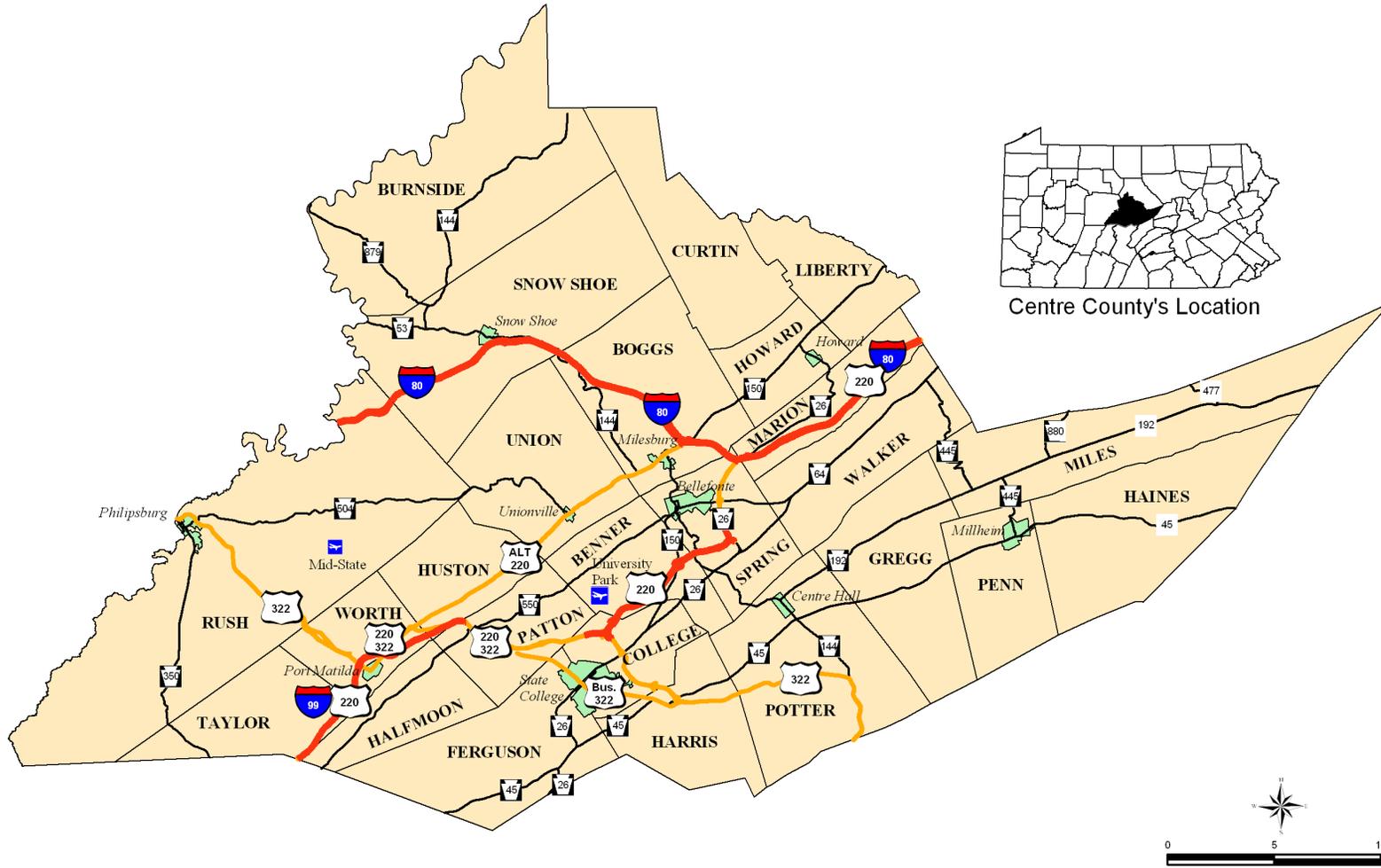
Jury Commissioners

Ruth Luse
Hope Miller

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



County of Centre, Pennsylvania

December 31, 2013



Independent Auditor's Report

Board of County Commissioners
County Controller
County of Centre, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Centre, Pennsylvania (County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Centre County Recycling Refuse Authority (Authority), which represent 95 percent, 97 percent, and 85 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2013, and the respective changes in

financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Children and Youth Fund, and Mental Health/Intellectual Disabilities Fund for the year then ended in accordance with accounting principles generally accepting in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension information and OPEB information on pages 17 through 30 and page 74 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining statements, component unit – individual fund statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have 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 them.

Maher Duessel

Pittsburgh, Pennsylvania
June 24, 2014

County of Centre, Pennsylvania

Management's Discussion and Analysis

December 31, 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, Pennsylvania (County) for the year ended December 31, 2013. 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 decreased by \$600. Net position related to governmental activities decreased by \$839,000, and the net position of the County's business-type activities increased by \$839,000. The County restated the beginning Governmental Activities net position balance in 2013 by \$653,000 due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65.
- As of December 31, 2013, \$15,220,000 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 \$7,228,000 or 19.5 percent of total General Fund expenditures.
- Total bond indebtedness on December 31, 2013 was \$40,604,000, a decrease of \$2,893,000 from the beginning of the year. The County's 2013 total debt service payments of \$4,181,000 (principal and interest) represented 5.7 percent of the County's total governmental expenditures.
- The County decided to reallocate \$8,757,000 of debt from the business-type activity to governmental activity at the beginning of 2013.
- The County transferred ownership of the County Nursing Home (Centre Crest) to Centre Care, Inc., a non-profit 501(c)(3) organization. The transfer of ownership transpired on November 1, 2013, removing Centre Crest from the County's proprietary fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

County of Centre, Pennsylvania

Management's Discussion and Analysis

December 31, 2013

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, deferred outflows of resources 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 (transferred on 11/01/2013) and a 911 emergency response center.

The government-wide financial statements include not only the County itself (known as the primary government) but also a legally separate Recycling Refuse 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.

County of Centre, Pennsylvania

Management's Discussion and Analysis

December 31, 2013

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 Disabilities 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 (transferred on 11/01/2013) 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

County of Centre, Pennsylvania

Management's Discussion and Analysis

December 31, 2013

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 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 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 76-100 of this report. The statistical section begins on page 102.

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 and deferred outflows of resources exceeded liabilities at the close of December 31, 2013 by \$33,786,378, a decrease of \$578 from the restated beginning balance for the year.

The County's net position reflected in net investment in capital assets (e.g., land, buildings, and equipment), is presented net of any related debt used to acquire those assets that are

County of Centre, Pennsylvania

Management's Discussion and Analysis

December 31, 2013

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 \$9,605,000 at year-end. The County's investment in its capital assets reported net of related debt as related to its business-type activities was \$1,211,000 at year-end. This positive balance is attributable to the reclassification of debt from the business-type activities to the governmental activities and represents the capital assets associated with the County's 911 operation.

CONDENSED STATEMENTS OF NET POSITION

December 31, 2013 and 2012

Primary Government

(in millions)

	Total Governmental Activities		Business-type Activities Enterprise Funds		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$33.3	\$45.4	\$ 0.5	\$ 4.6	\$33.8	\$50.0
Capital assets	<u>52.1</u>	<u>37.3</u>	<u>1.2</u>	<u>7.1</u>	<u>53.3</u>	<u>44.4</u>
Total assets	<u>85.4</u>	<u>82.7</u>	<u>1.7</u>	<u>11.7</u>	<u>87.1</u>	<u>94.4</u>
Deferred outflows	<u>0.6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.6</u>	<u>-</u>
Other liabilities	7.6	9.5	0.1	1.5	7.7	11.0
Long-term liabilities	<u>46.1</u>	<u>39.4</u>	<u>0.1</u>	<u>9.6</u>	<u>46.2</u>	<u>49.0</u>
Total liabilities	<u>53.7</u>	<u>48.9</u>	<u>0.2</u>	<u>11.1</u>	<u>53.9</u>	<u>60.0</u>
Net investment in capital assets	9.6	14.9	1.2	(1.5)	10.8	13.4
Restricted	7.5	5.6	-	-	7.5	5.6
Unrestricted	<u>15.2</u>	<u>13.3</u>	<u>0.3</u>	<u>2.1</u>	<u>15.5</u>	<u>15.4</u>
Total net position	<u>\$32.3</u>	<u>\$ 33.8</u>	<u>\$ 1.5</u>	<u>\$ 0.6</u>	<u>\$33.8</u>	<u>\$34.4</u>

At December 31, 2013, the restricted portion of the County's net position, \$7.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance includes \$10.8 million of equity related to capital assets and \$15.5 million in unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors. During 2013, current assets decreased by \$16.2 million and capital assets increased by \$8.9 million.

County of Centre, Pennsylvania

Management's Discussion and Analysis

December 31, 2013

CONDENSED STATEMENTS OF ACTIVITIES

December 31, 2013 and 2012

(in millions)

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUES:						
Program revenues:						
Charges for services	\$ 11.6	\$ 13.4	\$ 14.9	\$ 18.6	\$ 26.5	\$ 32.0
Operating grants and contributions	24.9	24.6	-	-	24.9	24.6
Capital grants and contributions	0.5	4.4	-	-	0.5	4.4
General revenues:						
Property taxes	25.7	25.4	-	-	25.7	25.4
Unrestricted investment earnings	<u>0.3</u>	<u>0.3</u>	<u>-</u>	<u>-</u>	<u>0.3</u>	<u>0.3</u>
Total revenues	<u>63.0</u>	<u>68.1</u>	<u>14.9</u>	<u>18.6</u>	<u>77.9</u>	<u>86.7</u>
EXPENSES:						
General government:	16.8	20.2	-	-	16.8	20.2
Public safety	14.6	13.9	-	-	14.6	13.9
Public works	0.4	0.3	-	-	0.4	0.3
Human services	22.3	24.3	-	-	22.3	24.3
Culture and recreation	0.8	0.6	-	-	0.8	0.6
Conservation and development	1.8	1.4	-	-	1.8	1.4
Interest on long-term debt	1.2	1.0	-	-	1.2	1.0
Nursing home	-	-	17.7	18.9	17.7	18.9
911 emergency response	<u>-</u>	<u>-</u>	<u>2.2</u>	<u>2.3</u>	<u>2.2</u>	<u>2.3</u>
Total expenses	<u>57.9</u>	<u>61.7</u>	<u>19.9</u>	<u>21.2</u>	<u>77.8</u>	<u>82.9</u>
Increase (decrease) in net position						
Before transfers	5.1	6.4	(5.0)	(2.6)	.1	3.8
Transfers	<u>(5.9)</u>	<u>(2.5)</u>	<u>5.9</u>	<u>2.5</u>	<u>-</u>	<u>-</u>
Change in net position	(0.8)	3.9	0.9	(0.1)	.1	3.8
Net position – beginning, restated	<u>33.1</u>	<u>29.9</u>	<u>0.6</u>	<u>0.7</u>	<u>33.7</u>	<u>30.6</u>
Net position – ending	<u>\$ 32.3</u>	<u>\$ 33.8</u>	<u>\$ 1.5</u>	<u>\$ 0.6</u>	<u>\$ 33.8</u>	<u>\$ 34.4</u>

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At the end of 2013, the County is able to report a positive balance of \$33.8 million in total net position. The County's overall financial position stayed relatively the same from the prior year, due to the restatement of the beginning balance and the transfer of Centre Crest. See below for detailed explanation of change in total net position.

GOVERNMENTAL ACTIVITIES

Governmental activities *decreased* the County's net position by \$839,000. Key elements of this decrease include:

- The County's transfer of ownership of its Nursing Home (Centre Crest) to Centre Care, Inc., donating accounts receivable, Fixtures, Furniture and Equipment to the Non-profit; mitigated by the transfer of the remaining fund balance after the transfer, is reflected in this decrease.
- The implementation of GASB Statement No. 65, allowing for the write-off of deferred bond issuance costs, abated the total governmental decrease.
- Also easing the decrease in net position is the fact that the County's real estate market is continuing its turn-around from economic recession, 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 2013 the real estate market is continually stable.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the County's net position by \$839,000. The County nursing home's change in net position was a negative \$2.9 million, due to the transfer of ownership and the reclassification of debt. The 911 System's net position switched from a deficit position to a positive position, due to the reclassification of debt to Governmental Activities. The ongoing concern associated with the 911 System is the fee structure established by the legislative governing body.

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 spendable 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, 2013, the County's governmental funds reported combined ending fund balances of \$22,632,000, a decrease of \$9,760,000 compared to the prior year.

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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 \$254,000 and those for the Internal Service funds amounted to \$2,699,000. The total increase in net position for the Enterprise funds was \$839,000. The total increase in net position for the Internal Service funds was \$339,000. 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 2013 was approximately \$33.3 million. This was a decrease of \$123,000 over the previous year amended budget, which represents a 0.4 percent decrease.

The General Fund budget complied with financial policies approved by the County Board of Commissioners. The 2013 original revenue budget was increased by \$1,006,000 and the expenditure budget increased by \$1,080,000 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, 2013, the unassigned fund balance of the General Fund was \$7,228,000, while total fund balance equaled \$10,526,000. The total fund balance of the County's General Fund increased by \$1,066,000 during 2013. As a measure of the General Fund's liquidity, the unassigned fund balance represents 20.0 percent of the total General Fund expenditures, net of inter-fund transfers, or 73 days.

Revenues of the General Fund totaled \$37,163,000 for the year ended December 31, 2013, which represents a decrease of \$506,000 or 1.3 percent reduction from 2012 levels. The following represents a summary of General Fund revenue, with budget comparison by source (in thousands):

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	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>2012 Actual</u>	<u>Variance</u>
REVENUES:						
Real estate taxes	\$21,794	\$21,798	\$ 4	\$21,544	\$21,602	\$ 58
Grants, gifts, and payments in lieu of taxes	3,511	3,794	283	3,632	3,947	315
Court costs	1,418	1,308	(110)	1,499	1,500	1
Fines and forfeits	226	192	(34)	208	209	1
Interest and rents	247	226	(21)	275	194	(81)
Charges for services	10,126	9,340	(786)	9,761	9,992	231
Contributions and other revenues	<u>117</u>	<u>506</u>	<u>389</u>	<u>28</u>	<u>225</u>	<u>197</u>
Total revenues	<u>\$37,439</u>	<u>\$37,164</u>	<u>(\$275)</u>	<u>\$36,947</u>	<u>\$37,669</u>	<u>\$722</u>

The \$283,000 and \$315,000 positive budget variance, for 2013 and 2012, respectively, in *Grants, gifts, and payments in lieu of taxes* is attributed to increased dollar amounts received for several grants. The \$786,000 negative variance in charges for services was caused by the reduction in maintenance reimbursement fees, due to the Centre Crest transfer, along with reduction of State inmate population at the County Prison. Increased fees for Recorder of Deeds, Probation, Prison, and Central Booking Center attributed to the 2012 positive \$231,000 variance in budgeted revenue. The positive variance of \$389,000 in contributions and other revenues is due to multiple drug forfeitures received, along with an insurance reimbursement for the County's insurance pool having a favorable year with claims. The 2012 \$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.

General Fund expenditures totaled \$31,325,000, which represents an increase of \$5,057,000 or 15.8 percent from 2012. The following represents a summary of General Fund expenditures with budget comparison for the year ended December 31, 2013 (in thousands).

	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>2012 Actual</u>	<u>Variance</u>
EXPENDITURES:						
General government:						
Administration	\$10,060	\$9,086	\$974	\$10,652	\$10,382	\$ 270
Judicial	8,185	7,599	586	8,244	7,715	529
Public safety	12,135	11,930	205	11,983	11,671	312
Public works	146	146	-	111	111	-
Human services	136	136	-	134	127	7
Culture and recreation	546	546	-	545	545	-
Conservation and development	<u>2,098</u>	<u>1,882</u>	<u>216</u>	<u>1,760</u>	<u>1,440</u>	<u>320</u>
Total expenditures	<u>\$33,305</u>	<u>\$31,325</u>	<u>\$1,980</u>	<u>\$33,429</u>	<u>\$31,991</u>	<u>\$1,438</u>

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The major elements of the \$586,000 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 \$205,000 positive budget variance in *Public Safety* relate to a reduction in salaries and benefits along with courses and seminar expenses not utilized throughout the year. The major elements of the \$216,000 positive budget variance for *Conservation and Development* relate to a reduction in purchased client services and construction projects. In 2012, 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 and 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 2013 were \$37,440,000 compared to the original budgeted revenues of \$36,434,000. The \$1,006,000 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 2013 were \$33,305,000 compared to the original budgeted expenses of \$32,225,000. The major elements of the \$1,080,000 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 \$780,000 and \$1,857,000 before transfers-in from the General Fund for the years ended December 31, 2013 and 2012, 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 in, or local share, was \$346,187 under the budgeted amount for the year ended December 31, 2013 and \$176,472 over the budgeted amount for the year ended December 31, 2012. Management had made the decision not to fund the year-end shortfall for Mental Health/Intellectual Disability, which resulted in a negative ending fund balance of \$443,863 in 2012, which is now \$443,452 in 2013. These funds' financial statements are included with the statements on pages 33-34 of this report.

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DEBT SERVICE

The Debt Service Fund's total fund balances at December 31, 2013 and 2012 were \$2,073,611 and \$2,395,000, respectively. The Debt Service Fund reported no new issuance of debt for the current year. The County decided to reclassify the 2012 A and C bonds from the Enterprise funds to general governmental in the amount of \$8,513,834 in 2013.

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, 2013 and 2012, the County expended \$10,244,000 and \$7,615,000, respectively, for such projects. The Capital Projects Fund's balance at year-end totaled \$9,680,000, which is a decrease of \$10,352,000 compared to the prior year. This decrease is attributed to the ongoing upgrade to the County's Emergency Communication 911 capital improvement project along with the purposed future expansion of office space available to the courts system for which monies are being used from the 2012 Series B bond issue.

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:

<u>Fund</u>	<u>Activities</u>
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 \$4,817,000 and \$6,069,000, respectively, for 2013, which represents a deficiency of \$1,252,000 before transfers. Transfers from the General Fund totaled \$1,151,000. The non-major financial statements can be found on pages 80-84.

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 \$98,946,000 and \$84,921,000, respectively, for the years ended December 31, 2013 and 2012. During the years ended December 31, 2013 and

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2012, net position of the Pension Trust Fund balance increased by \$14,025,000 (14.17%) and \$8,356,000 (9.84%), respectively. The gains in 2013 and 2012 were primarily due to investment gains. The County transferred the Annual Required Contribution of \$3,114,683 (2013) and \$3,138,618 (2012) 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, 2013 and 2012 amounted to \$53,257,801 and \$44,370,020, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements.

<u>December 31, 2013:</u>	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
Construction in progress	\$12,580,667	\$ -	\$12,580,667
Buildings, land and improvements	36,206,713	355,028	36,561,741
Furniture and equipment	2,674,798	856,166	3,530,964
Vehicles	<u>584,429</u>	<u>-</u>	<u>584,429</u>
	<u>\$52,046,607</u>	<u>\$1,211,194</u>	<u>\$53,257,801</u>

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

As evidenced above, construction in progress related to the County's governmental activities increased by \$7,843,000 during 2013. This increase is due to the County's ongoing upgrade to its 911 systems and facility that is currently in process and should be completed by the end of 2014. Buildings, land, and improvements related to the County's governmental activities increased by \$6,821,000 during 2013. This increase is due to the transfer of the Centre Crest building from business-type to governmental, via the transfer agreement with Centre Care, Inc. Furniture, equipment, and vehicles related to the County's governmental activities increased approximately \$332,353 and \$71,438, respectively, during 2013. This increase is due to the addition of computer software, along with equipment purchases accumulated throughout the year. The County purchased additional fleet vehicles in 2013, which contributes to the increase in this asset line item for 2013. As indicated earlier, the \$6.8 million decrease in buildings, land, and improvements, for the business-type activity, relates to the transfer of the Centre Crest building to governmental activity. See Note 9 on page 58 of this report for detailed information on capital asset activity.

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LONG TERM DEBT

The County's net general obligation bond debt of \$40,604,347 at year-end was well below the legal limit of \$144,121,203. Activity related to the County's long-term debt for the years ended December 31, 2013 and 2012 is as follows:

	Governmental Activities	Business-type Activity	Total
Bonds and notes payable at January 1, 2012	\$20,599,462	\$9,359,265	\$29,958,727
Bonds and notes issued	20,945,946	7,959,054	28,905,000
Bonds and notes refinanced	(5,452,778)	(7,707,222)	(13,160,000)
Bond and notes payments	<u>(1,352,494)</u>	<u>(854,199)</u>	<u>(2,206,693)</u>
Bonds and notes payable at December 31, 2012	34,740,136	8,756,898	43,497,034
Bonds and notes issued	-	-	-
Bonds and notes refinanced	-	-	-
Bonds and notes reclassified	8,756,898	(8,756,898)	-
Bond and notes issued payments	<u>(2,892,687)</u>	<u>-</u>	<u>(2,892,687)</u>
Bonds and notes payable at December 31, 2013	<u>\$40,604,347</u>	<u>\$ -</u>	<u>\$40,604,347</u>

In 2013, the County issued no new debt but did decide to reclassify all business-type activity debt to governmental activity debt. In 2012, the County issued Series A, B, and C bonds, with Series A and C being issued to refinance the County's 2003 Bonds and Series B issued to fund capital improvement projects throughout the County: the 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 of 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. Additional information on the County's long-term debt can be found at Note 10 on page 59 of this report.

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

ECONOMIC CONDITION AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate in Centre County was 5.1 percent at the end of 2013, which is a 0.9 percent decrease from the 2012 level of 6.0%. This compares favorably with Pennsylvania's unemployment rate of 6.8 percent and the nation's rate of 6.7 percent at the end of 2013. The County is in a period of stability with minimal to average growth.

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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 Recycling Refuse Authority
253 Transfer Road
Bellefonte, PA 16823

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Statement of Net Position

December 31, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Conservation District	Recycling Refuse Authority
Assets					
Cash and cash equivalents	\$ 24,027,085	\$ 358,429	\$ 24,385,514	\$ 354,605	\$ 3,517,820
Cash with fiscal agent	430,010	-	430,010	-	-
Receivables (net of allowance for uncollectibles, as applicable):					
Taxes receivable	1,250,605	-	1,250,605	-	-
Accounts	18,200	92,173	110,373	359,350	797,059
Grants receivable	1,222,082	-	1,222,082	-	365,000
Other receivable	3,440,621	-	3,440,621	-	-
Loans receivable (net of allowance for uncollectibles)	949,772	-	949,772	-	-
Prepaid items and inventory	150,943	24,662	175,605	-	57,049
Restricted cash, bond proceeds	1,817,776	-	1,817,776	-	-
Advance to providers	15,337	-	15,337	-	-
Capital assets (net of accumulated depreciation):					
Construction in progress	12,580,667	-	12,580,667	-	-
Land and improvements	1,719,563	-	1,719,563	-	8,174
Buildings and improvements	34,487,150	355,028	34,842,178	-	9,282,445
Furniture and improvements	2,674,798	856,166	3,530,964	-	487,450
Vehicles	584,429	-	584,429	-	316,529
Total assets	<u>85,369,038</u>	<u>1,686,458</u>	<u>87,055,496</u>	<u>713,955</u>	<u>14,831,526</u>
Deferred Outflows of Resources					
Deferred charge on refunding	616,941	-	616,941	-	-
Total deferred outflows of resources	<u>616,941</u>	<u>-</u>	<u>616,941</u>	<u>-</u>	<u>-</u>
Liabilities					
Accounts payable and accrued expense	2,139,363	23,948	2,163,311	364,395	1,044,809
Accrued interest payable	558,328	-	558,328	-	-
Accrued payroll liabilities	1,312,864	78,390	1,391,254	-	-
Unearned revenue	3,612,376	-	3,612,376	-	-
Noncurrent liabilities:					
Portion due or payable within one year:					
Bonds and notes payable, net	3,098,741	-	3,098,741	-	425,242
Capital lease payable	19,451	-	19,451	-	-
Compensated absences	105,835	5,933	111,768	-	-
Portion due or payable after one year:					
Bonds and notes payable, net	39,940,287	-	39,940,287	-	2,197,082
Compensated absences	2,010,873	112,736	2,123,609	-	-
Other post-employment benefits	866,933	-	866,933	-	-
Landfill post-closure liability	-	-	-	-	42,045
Total liabilities	<u>53,665,052</u>	<u>221,007</u>	<u>53,886,059</u>	<u>364,395</u>	<u>3,709,178</u>
Net Position					
Net investment in capital assets	9,605,069	1,211,194	10,816,263	-	7,472,274
Restricted for:					
Judicial	425,743	-	425,743	-	-
Public works	153,129	-	153,129	-	-
Conservation and development	1,964,872	-	1,964,872	-	-
Public safety	472,409	-	472,409	-	-
Human services	58,702	-	58,702	-	-
Debt service	2,073,611	-	2,073,611	-	-
Records management and data automation	530,050	-	530,050	-	-
Capital projects	1,817,776	-	1,817,776	-	-
Unrestricted	<u>15,219,566</u>	<u>254,257</u>	<u>15,473,823</u>	<u>349,560</u>	<u>3,650,074</u>
Total net position	<u>\$ 32,320,927</u>	<u>\$ 1,465,451</u>	<u>\$ 33,786,378</u>	<u>\$ 349,560</u>	<u>\$ 11,122,348</u>

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

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Statement of Activities

Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Government Activities	Business-type Activities	Conservation District	Recycling Refuse Authority	
						Total			
Primary Government									
Government activities:									
General government:									
Administrative	\$ 8,397,680	\$ 5,393,791	\$ 1,843,988	\$ -	\$ (1,159,901)	\$ -	\$ (1,159,901)		
Judicial	8,408,855	2,628,444	1,656,064	-	(4,124,347)	-	(4,124,347)		
Public safety	14,593,757	2,910,022	535,628	-	(11,148,107)	-	(11,148,107)		
Public works	373,960	-	338,819	-	(35,141)	-	(35,141)		
Human services	22,245,585	423,771	19,528,384	516,090	(1,777,340)	-	(1,777,340)		
Culture and recreation	545,731	-	-	-	(545,731)	-	(545,731)		
Conservation and development	2,059,658	238,961	948,829	-	(871,868)	-	(871,868)		
Interest on long-term debt	1,206,402	-	-	-	(1,206,402)	-	(1,206,402)		
Total governmental activities	<u>57,831,628</u>	<u>11,594,989</u>	<u>24,851,712</u>	<u>516,090</u>	<u>(20,868,837)</u>	<u>-</u>	<u>(20,868,837)</u>		
Business-type activities:									
Nursing home	15,139,181	13,347,679	-	-	-	(1,791,502)	(1,791,502)		
911 emergency response	2,169,365	1,500,126	-	-	-	(669,239)	(669,239)		
Total business-type activities	<u>17,308,546</u>	<u>14,847,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,460,741)</u>	<u>(2,460,741)</u>		
Total primary government	<u>\$ 75,140,174</u>	<u>\$ 26,442,794</u>	<u>\$ 24,851,712</u>	<u>\$ 516,090</u>	<u>(20,868,837)</u>	<u>(2,460,741)</u>	<u>(23,329,578)</u>		
Component Units									
Conservation District	\$ 1,698,550	\$ 95,224	\$ 1,780,565				\$ 177,239	\$ -	
Recycling Refuse Authority	9,550,777	9,756,473	429,104				-	634,800	
Total component units	<u>\$ 11,249,327</u>	<u>\$ 9,851,697</u>	<u>\$ 2,209,669</u>				<u>177,239</u>	<u>634,800</u>	
General Revenues:									
Property taxes, levied for general purposes					21,797,500	-	21,797,500	-	-
Property taxes, levied for debt service					3,865,758	-	3,865,758	-	-
Unrestricted investment earnings					263,992	30,428	294,420	227	6,964
Transfers					(5,897,730)	5,897,730	-	-	-
Total general revenues and transfers					<u>20,029,520</u>	<u>5,928,158</u>	<u>25,957,678</u>	<u>227</u>	<u>6,964</u>
Special item - contribution									
Change in net position					(839,317)	838,739	(578)	177,466	641,764
Net position - beginning, restated					<u>33,160,244</u>	<u>626,712</u>	<u>33,786,956</u>	<u>172,094</u>	<u>10,480,584</u>
Net position - ending					<u>\$ 32,320,927</u>	<u>\$ 1,465,451</u>	<u>\$ 33,786,378</u>	<u>\$ 349,560</u>	<u>\$ 11,122,348</u>

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

County of Centre, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Funds
 For the Year Ended December 31, 2013

	Special Revenue					Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Children & Youth	Mental Health/ Intellectual Disabilities	Debt Service	Capital Projects		
Revenues							
Real estate taxes	\$ 21,797,500	\$ -	\$ -	\$ 3,895,728	\$ -	\$ -	\$ 25,693,228
Grants, gifts, and payments in lieu of taxes	3,794,218	8,014,327	6,754,964	-	-	4,666,867	23,230,376
Court costs	1,307,828	-	-	-	-	-	1,307,828
Fines and forfeits	191,947	-	-	-	-	-	191,947
Interest and rents	225,550	-	611	14,342	20,625	2,859	263,987
Charges for services	9,339,614	106,892	98,251	-	-	91,102	9,635,859
Contributions and other revenues	506,472	-	72,240	-	29,881	56,219	664,812
Total revenues	37,163,129	8,121,219	6,926,066	3,910,070	50,506	4,817,047	60,988,037
Expenditures							
Current:							
General government:							
Administration	9,086,259	-	-	-	-	-	9,086,259
Judicial	7,581,411	-	-	-	-	1,130,718	8,712,129
Public safety	11,930,176	-	-	-	-	10,680	11,940,856
Public works	145,713	-	-	-	-	228,247	373,960
Human services	135,989	8,562,120	7,265,655	-	-	4,499,065	20,462,829
Culture and recreation	545,731	-	-	-	-	-	545,731
Conservation and development	1,881,550	-	-	-	-	200,000	2,081,550
Debt service:							
Principal	17,687	-	-	2,875,000	-	-	2,892,687
Interest	-	-	-	1,288,110	-	-	1,288,110
Other cost	-	-	-	2,655	-	-	2,655
Capital outlay	-	-	-	-	10,243,734	-	10,243,734
Total expenditures	31,324,516	8,562,120	7,265,655	4,165,765	10,243,734	6,068,710	67,630,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,838,613	(440,901)	(339,589)	(255,695)	(10,193,228)	(1,251,663)	(6,642,463)
Other Financing Sources (Uses)							
Transfers - in	847,898	1,118,774	340,000	-	-	1,150,604	3,457,276
Transfers - out	(5,620,633)	(677,873)	-	(65,325)	(158,417)	(52,626)	(6,574,874)
Total other financing sources (uses)	(4,772,735)	440,901	340,000	(65,325)	(158,417)	1,097,978	(3,117,598)
Net Changes in Fund Balances	1,065,878	-	411	(321,020)	(10,351,645)	(153,685)	(9,760,061)
Fund Balance, Beginning	9,459,772	-	(443,863)	2,394,631	20,032,047	949,877	32,392,464
Fund Balance, Ending	\$ 10,525,650	\$ -	\$ (443,452)	\$ 2,073,611	\$ 9,680,402	\$ 796,192	\$ 22,632,403

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

County of Centre, Pennsylvania

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2013

**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) \$ (9,760,061)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlays	\$ 12,930,325	
Centre Crest building fund transfer	5,723,022	
Depreciation expense	(1,677,730)	
Loss on disposals	<u>(2,208,282)</u>	
		14,767,335

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. Unavailable revenues decreased by this amount during the year. (29,970)

The issuance of long-term debt (bonds) 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 affect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended December 31, 2013 are as follows:

Scheduled principal payments on long-term debt made in 2013	2,892,687	
Transfer of bonds payable from business-type activities to governmental activities	(8,756,898)	
Write off deferred bond charges from reclass	101,433	
Amortization of bond premium	16,635	
Amortization on deferred amount in refunding	284,402	
Amortization of bond discount	<u>(896)</u>	
		(5,462,637)

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 accrued interest expense is recorded in the statement of activities. (74,147)

Internal service funds are used by management to charge the costs of transportation services and management information services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 217,103

Other post-employment benefits that are reflected on the statement of net position but are not considered a current expenditure in governmental funds. (529,969)

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. 33,029

Change in Net Position of Governmental Activities (page 32) \$ (839,317)

The notes to 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, 2013

	General Fund			
	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues				
Real estate taxes	\$ 21,794,472	\$ 21,794,472	\$ 21,797,500	\$ 3,028
Grants, gifts, and payments in lieu of taxes	2,989,553	3,510,603	3,794,218	283,615
Court costs	1,417,720	1,417,720	1,307,828	(109,892)
Fines and forfeits	226,000	226,000	191,947	(34,053)
Interest and rents	247,177	247,177	225,550	(21,627)
Charges for services	9,738,616	10,126,162	9,339,614	(786,548)
Contributions and other revenues	19,980	117,384	506,472	389,088
Total revenues	<u>36,433,518</u>	<u>37,439,518</u>	<u>37,163,129</u>	<u>(276,389)</u>
Expenditures				
Current:				
General government:				
Administration	9,823,268	10,059,819	9,086,259	973,560
Judicial	8,102,025	8,185,041	7,581,411	603,630
Public safety	11,881,032	12,135,457	11,930,176	205,281
Public works	-	145,713	145,713	-
Human services	134,763	136,035	135,989	46
Culture and recreation	545,731	545,731	545,731	-
Conservation and development	1,738,365	2,097,630	1,881,550	216,080
Debt service, principal	-	-	17,687	(17,687)
Total expenditures	<u>32,225,184</u>	<u>33,305,426</u>	<u>31,324,516</u>	<u>1,980,910</u>
Excess of Revenues Over Expenditures				
	<u>4,208,334</u>	<u>4,134,092</u>	<u>5,838,613</u>	<u>1,704,521</u>
Other Financing Sources (Uses)				
Operating transfers - in	718,630	796,503	847,898	51,395
Operating transfers - out	(5,074,472)	(5,152,381)	(5,620,633)	(468,252)
Total other financing sources (uses), net	<u>(4,355,842)</u>	<u>(4,355,878)</u>	<u>(4,772,735)</u>	<u>(416,857)</u>
Net Changes in Fund Balances				
	(147,508)	(221,786)	1,065,878	<u>\$ 1,287,664</u>
Fund Balance, Beginning				
	<u>147,508</u>	<u>221,786</u>	<u>9,459,772</u>	
Fund Balance, Ending				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,525,650</u>	

The notes to 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, 2013

	Children & Youth Fund				Mental Health/Intellectual Disabilities 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 payments in lieu of taxes	\$ 8,370,736	\$ 8,370,736	\$ 8,014,327	\$ (356,409)	\$ 7,030,492	\$ 7,030,492	\$ 6,754,964	\$ (275,528)
Interest and rents	-	-	-	-	150	150	611	461
Charges for services	140,361	140,360	106,892	(33,468)	76,580	76,580	98,251	21,671
Contributions and other revenues	-	-	-	-	63,003	63,003	72,240	9,237
Total revenues	<u>8,511,097</u>	<u>8,511,096</u>	<u>8,121,219</u>	<u>(389,877)</u>	<u>7,170,225</u>	<u>7,170,225</u>	<u>6,926,066</u>	<u>(244,159)</u>
Expenditures								
Current, Human services	<u>9,190,862</u>	<u>9,112,988</u>	<u>8,562,120</u>	<u>550,868</u>	<u>7,675,420</u>	<u>7,676,920</u>	<u>7,265,655</u>	<u>411,265</u>
Excess of Expenditures Over Revenues	<u>(679,765)</u>	<u>(601,892)</u>	<u>(440,901)</u>	<u>160,991</u>	<u>(505,195)</u>	<u>(506,695)</u>	<u>(339,589)</u>	<u>167,106</u>
Other Financing Sources (Uses)								
Operating transfers - in	1,299,765	1,299,765	1,118,774	(180,991)	505,195	505,195	340,000	(165,195)
Operating transfers - out	<u>(620,000)</u>	<u>(697,873)</u>	<u>(677,873)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources, net	<u>679,765</u>	<u>601,892</u>	<u>440,901</u>	<u>(160,991)</u>	<u>505,195</u>	<u>505,195</u>	<u>340,000</u>	<u>(165,195)</u>
Net Changes in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,500)</u>	<u>411</u>	<u>\$ 1,911</u>
Fund Balance, Beginning			<u>-</u>				<u>(443,863)</u>	
Fund Balance, Ending			<u>\$ -</u>				<u>\$ (443,452)</u>	

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

County of Centre, Pennsylvania

Statement of Net Position
 Proprietary Funds
 December 31, 2013

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 358,429	\$ 358,429	\$ 2,508,759
Accounts receivable, net	-	92,173	92,173	18,200
Due from other governments	-	-	-	319,885
Prepaid items and inventory	-	24,662	24,662	90,256
Total current assets	-	475,264	475,264	2,937,100
Capital assets,				
Land, buildings and equipment	-	9,654,759	9,654,759	4,199,365
Less accumulated depreciation	-	(8,443,565)	(8,443,565)	(3,110,196)
Capital assets, net	-	1,211,194	1,211,194	1,089,169
Total assets	-	1,686,458	1,686,458	4,026,269
Liabilities				
Current liabilities:				
Current portion of capital lease payable	-	-	-	19,451
Accounts payable and accrued expense	-	23,948	23,948	121,998
Salaries and benefits payable	-	78,390	78,390	-
Unearned revenue	-	-	-	22,526
Compensated absences	-	5,933	5,933	-
Total current liabilities	-	108,271	108,271	163,975
Noncurrent liabilities:				
Compensated absences	-	112,736	112,736	93,941
Total noncurrent liabilities	-	112,736	112,736	93,941
Total liabilities	-	221,007	221,007	257,916
Net Position				
Net investment in capital assets	-	1,211,194	1,211,194	1,069,718
Unrestricted	-	254,257	254,257	2,698,635
Total net position	\$ -	\$ 1,465,451	\$ 1,465,451	\$ 3,768,353

The notes to 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, 2013

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
Operating Revenues				
Charges for services	\$ 13,345,803	\$ 1,498,046	\$ 14,843,849	\$ 3,552,941
Other	<u>1,876</u>	<u>280</u>	<u>2,156</u>	<u>-</u>
Total operating revenues	<u>13,347,679</u>	<u>1,498,326</u>	<u>14,846,005</u>	<u>3,552,941</u>
Operating Expenses				
Salaries and benefits	9,960,210	1,571,289	11,531,499	1,097,527
Purchased services and supplies	4,862,097	525,784	5,387,881	2,248,080
Depreciation and amortization	<u>316,874</u>	<u>72,292</u>	<u>389,166</u>	<u>397,594</u>
Total operating expenses	<u>15,139,181</u>	<u>2,169,365</u>	<u>17,308,546</u>	<u>3,743,201</u>
Operating loss	<u>(1,791,502)</u>	<u>(671,039)</u>	<u>(2,462,541)</u>	<u>(190,260)</u>
Nonoperating Revenues (Expenses)				
Interest income	29,715	713	30,428	5
Other revenue	-	1,800	1,800	-
Gain on disposal of equipment	-	-	-	4,500
Capital lease interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,268)</u>
Total nonoperating (expenses) revenues, net	<u>29,715</u>	<u>2,513</u>	<u>32,228</u>	<u>2,237</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,090</u>
Income (loss) before transfers	<u>(1,761,787)</u>	<u>(668,526)</u>	<u>(2,430,313)</u>	<u>328,067</u>
Transfers				
Transfers in	2,281,338	4,405,724	6,687,062	66,344
Transfers out	<u>(787,988)</u>	<u>(1,344)</u>	<u>(789,332)</u>	<u>(55,664)</u>
Transfers, net	<u>1,493,350</u>	<u>4,404,380</u>	<u>5,897,730</u>	<u>10,680</u>
Special item - contribution	<u>(2,628,678)</u>	<u>-</u>	<u>(2,628,678)</u>	<u>-</u>
Changes in Net Position	<u>(2,897,115)</u>	<u>3,735,854</u>	<u>838,739</u>	<u>338,747</u>
Net Position, Beginning	<u>2,897,115</u>	<u>(2,270,403)</u>	<u>626,712</u>	<u>3,429,606</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ 1,465,451</u>	<u>\$ 1,465,451</u>	<u>\$ 3,768,353</u>

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

County of Centre, Pennsylvania

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2013

	Business-Type Activities			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
Cash Flows from Operating Activities				
Cash received from customers and users	\$ 14,147,653	\$ 1,490,439	\$ 15,638,092	\$ 2,326,680
Cash received from interfund services provided	1,876	280	2,156	983,983
Cash payments to suppliers	(5,520,820)	(533,031)	(6,053,851)	(2,315,026)
Cash payments to employees for services	<u>(11,264,997)</u>	<u>(1,556,509)</u>	<u>(12,821,506)</u>	<u>(1,093,924)</u>
Net cash used in operating activities	<u>(2,636,288)</u>	<u>(598,821)</u>	<u>(3,235,109)</u>	<u>(98,287)</u>
Cash Flows from Non-Capital Financing Activities				
Transfers in	2,248,289	829,812	3,078,101	66,344
Transfers out	<u>(3,727)</u>	<u>(1,344)</u>	<u>(5,071)</u>	<u>(55,664)</u>
Net cash provided by non-capital financing activities	<u>2,244,562</u>	<u>828,468</u>	<u>3,073,030</u>	<u>10,680</u>
Cash Flows from Capital and Related Financing Activities				
Capital contributions	-	-	-	516,090
Proceeds from sale of capital assets	-	-	-	2,232
Cash payments for acquisition of capital assets	-	(825,001)	(825,001)	(537,589)
Cash payments for interest on capital debt	<u>(42,519)</u>	<u>-</u>	<u>(42,519)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(42,519)</u>	<u>(825,001)</u>	<u>(867,520)</u>	<u>(19,267)</u>
Cash Flows from Investing Activities				
Cash received from interest and other revenue	<u>29,715</u>	<u>2,513</u>	<u>32,228</u>	<u>5</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(404,530)</u>	<u>(592,841)</u>	<u>(997,371)</u>	<u>(106,869)</u>
Cash and Cash Equivalents, Including Restricted Cash of \$168,702, Beginning	<u>404,530</u>	<u>951,270</u>	<u>1,355,800</u>	<u>2,615,628</u>
Cash and Cash Equivalents, Including Restricted Cash of \$0, Ending	<u>\$ -</u>	<u>\$ 358,429</u>	<u>\$ 358,429</u>	<u>\$ 2,508,759</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Operating (loss)	\$ (1,791,502)	\$ (671,039)	\$ (2,462,541)	\$ (190,260)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	316,874	72,292	389,166	397,594
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	490,591	(7,607)	482,984	(6,393)
Decrease (increase) in due from other governments	311,259	-	311,259	(235,885)
Decrease (increase) in prepaid items and inventory	19,584	(5,958)	13,626	(506)
(Decrease) in accounts payable	(509,605)	(1,289)	(510,894)	(31,884)
(Decrease) in funds held as fiduciary	(280,885)	-	(280,885)	-
(Decrease) increase in salaries and benefits payable	(566,887)	3,596	(563,291)	-
(Increase) in unearned revenue	-	-	-	(34,556)
(Decrease) increase in compensated absences	<u>(625,717)</u>	<u>11,184</u>	<u>(614,533)</u>	<u>3,603</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (2,636,288)</u>	<u>\$ (598,821)</u>	<u>\$ (3,235,109)</u>	<u>\$ (98,287)</u>

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

County of Centre, PennsylvaniaStatement of Fiduciary Net Position
December 31, 2013

	Employee Retirement Trust Fund	Centre Crest Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 2,297,666
Interest receivable	229,505	-	-
Investments, at fair value:			
U.S. Government securities	11,313,485	-	-
Corporate bonds	10,278,087	-	-
Common and preferred stocks and stock funds	67,539,332	-	-
Savings, CDs, and time deposits	6,377,135	-	-
Money market fund	3,106,271	-	-
Municipal obligations	109,764	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 98,953,579</u>	<u>\$ -</u>	<u>\$ 2,297,666</u>
Liabilities			
Due to other fund	\$ 7,202	\$ -	\$ -
Due to other governments	-	-	1,349,492
Funds held as fiduciary	-	-	948,174
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>7,202</u>	<u>-</u>	<u>\$ 2,297,666</u>
Net Position			
Held in trust for pension benefits	<u>\$ 98,946,377</u>	<u>\$ -</u>	

The notes to 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, 2013

	Employee Retirement Trust Fund	Centre Crest Trust Fund
Additions		
Contributions:		
County	\$ 3,114,683	\$ -
Plan members	1,587,253	-
Other	<u>-</u>	<u>3,578</u>
Total contributions	<u>4,701,936</u>	<u>3,578</u>
Investment earnings:		
Net appreciation in fair value of investments	12,309,002	-
Gain from sale of investments	1,168,334	-
Interest	921,580	18
Dividends	1,101,493	-
Less investment expense	<u>(316,780)</u>	<u>-</u>
Net investment earnings	<u>15,183,629</u>	<u>18</u>
Total additions	<u>19,885,565</u>	<u>3,596</u>
Deductions		
Benefits paid to participants	4,268,856	-
Refunds of contributions	1,566,604	-
Administrative expense	24,468	-
Miscellaneous expense	<u>-</u>	<u>64,029</u>
Total deductions	<u>5,859,928</u>	<u>64,029</u>
Change in Net Position	14,025,637	(60,433)
Net Position, Beginning	<u>84,920,740</u>	<u>60,433</u>
Net Position, Ending	<u>\$ 98,946,377</u>	<u>\$ -</u>

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

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

1. Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the County of Centre, Pennsylvania (County), conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (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 in 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, human services, and conservation and development. In addition, the County owns and operates 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 activities) 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.

County of Centre, Pennsylvania

Notes to Financial Statements

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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 governmental fund reporting purposes.

The Children & Youth Fund is used to account for the operations and administration of the County's Children & 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.

County of Centre, Pennsylvania

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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 governmental fund 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 governmental fund 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 the 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 owned and operated until October 31, 2013 a 240-bed nursing home, which was 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.

County of Centre, Pennsylvania

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The 911 System is funded through user fees collected by the telephone providers. The Centre Crest and 911 Funds are considered major funds for proprietary fund 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

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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 accounting principles generally accepted in the United States of America for all funds except the 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, 2013, \$15,487,080 in supplemental appropriations (budget revisions) was 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.

County of Centre, Pennsylvania

Notes to Financial Statements

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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 limited in use due to constraints on purpose and circumstances of spending imposed by the County's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the County and can make such commitment via a resolution prior to the end of the fiscal year. A commitment can only be modified or removed by an equal action of the Board of Commissioners.
- *Assigned* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County, but not through a formal action of the Board of Commissioners. The County does not have a formal policy authorizing an individual to assign fund balance.
- *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 government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of

County of Centre, Pennsylvania

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resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

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

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, 2013, based on collection history. Loan receivable allowance is recorded at five percent of the receivable balance at December 31, 2013.

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

County of Centre, Pennsylvania

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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 statement of net position. 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 \$2,235,377 at December 31, 2013. 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 affects 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, 2013, 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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reallocation of Debt

The County decided to reallocate \$5,103,140 of debt from Centre Crest and \$3,653,758 from 911 Emergency Communication systems from business-type activities to governmental

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

activities at the beginning of 2013. The total amount reallocated from both funds was \$8,756,898.

Adopted Pronouncements

The County has adopted GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" This statement reclassifies certain items that were reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. As a result of this statement, net position as of December 31, 2012 was reduced to \$33,160,244 by a restatement of \$652,810, to remove bond issue costs that were previously considered assets.

The County has elected to early adopt GASB Statement No. 69, "*Government Combinations and Disposals of Government Operations.*" This statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold.

Centre Crest Nursing Home

On October 31, 2013, the County transferred the machinery, equipment, medical apparatus, inventories, accounts receivable and licenses of its nursing home operations (Centre Crest) to Centre Care, Inc., a non-profit organization (Centre Care, Inc.). In accordance with the strategic direction of the County, the County transferred its nursing home operations due to incurring an annual loss from operations as a result of having a reimbursement rate that was unable to cover the operating expenses. By transferring the nursing home services to a non-profit organization, the nursing home would be able to obtain a higher reimbursement rate to help offset operational costs. The County continues to own the land and building and has entered into a lease with the Centre Care Inc. The facility lease has an initial five-year term with a tenant's option to extend the lease for two additional five-year terms. No payments are required under the lease agreement to the County. The County is also the guarantor on a \$1.5 million line of credit for Centre Care, Inc. The line of credit matures on October 30, 2014. As of the date of this report, no amount has been drawn on the line of credit by Centre Care, Inc. The County has accounted for the contribution as a special item.

2. Reporting Entity

In accordance with applicable guidance, 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.

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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 (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 District uses the modified accrual basis of accounting.

Centre County Recycling Refuse Authority

The Centre County Recycling Refuse Authority (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's 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 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, 2013
Total assets	\$49,084

County of Centre, Pennsylvania

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Total net position	\$6,251
Total support and revenue	\$988,353
Operating income	\$309
Centre County support to operations	\$495,019

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, 2013 relating to this liability was \$42,045. 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.

County of Centre, Pennsylvania

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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, 2013:

	<u>Useful Life</u>	
Land and landscaping		\$ 319,035
Building and improvements	31.5 years	15,499,941
Leasehold improvements	7 years	269,458
Trailers and trucks	7 years	2,594,130
Station equipment	5-10 years	2,461,745
Office equipment	5-10 years	<u>227,146</u>
		21,371,455
Total		
Accumulated depreciation		<u>(11,276,857)</u>
Property and equipment		<u>\$ 10,094,598</u>

Depreciation charged to operations for the year ended December 31, 2013 was \$720,689.

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, 2013:

Term loan, due February 16, 2020; loan requires monthly principal payments of \$35,437 plus interest at 3.3%; secured by revenue and accounts receivable of the Authority.	<u>\$ 2,622,324</u>
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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:	
2014	\$ 425,242
2015	425,242
2016	425,242
2017	425,242
2018	425,242
2019-2020	<u>496,114</u>
Total	<u>\$ 2,622,324</u>

County of Centre, Pennsylvania

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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.

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, 2013, the County's total bank deposits were \$28,500,955. Of this amount, \$1,309,058 was insured by the FDIC. The remaining bank deposits of \$27,191,897 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, 2013 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, 2013:

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December 31, 2013

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S. Treasury securities	\$ 5,782,015	\$ -	\$ 900,967	\$ 1,544,820	\$ 3,336,228
Federal Agency securities	5,641,234	-	-	111,201	5,530,033
Corporate bonds	10,278,087	104,330	-	4,500,301	5,673,456
Total debt securities	21,701,336	\$ 104,330	\$ 900,967	\$ 6,156,322	\$ 14,539,717
Stocks and stock mutual fund	53,491,828				
International stock mutual fund	14,047,504				
Savings, CDs, and time deposits	6,377,135				
Money market fund	3,106,271				
Total other investments	77,022,738				
Total investments	\$ 98,724,074				

The County Retirement Trust Fund was not holding derivative or derivative-like financial instruments on December 31, 2013.

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, 2013, the Retirement Fund's total investments of \$98,724,074 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, 2013:

Investment Type	Amount	Rating as of Year-End				
		AAA	AA	A	BBB	Unrated
Federal Agencies	\$ 5,641,234	\$ -	\$ 2,048,861	\$ -	\$ -	\$ 3,592,373
Corporate bonds	10,278,087	1,403,773	1,819,734	5,538,238	353,783	1,162,559
Money market fund	3,106,271	-	-	-	-	3,106,271
Total	\$ 19,025,592	\$ 1,403,773	\$ 3,868,595	\$ 5,538,238	\$ 353,783	\$ 7,861,203

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, 2013, there were no investments in any one issuer that represent five percent or more of the County's investments.

County of Centre, Pennsylvania

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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, 2013, the international mutual fund represented 14.2 percent of the total portfolio in the amount of \$14,047,504.

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 to it. The District does not have a policy for custodial credit risk. At December 31, 2013, the aggregate bank balance of the bank deposits included in cash and cash equivalents was \$354,605. Of this amount, \$250,000 was insured by the FDIC. The remaining bank deposits of \$104,605 were exposed to custodial credit risk.

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, 2013, \$3,246,117 of the Authority's bank deposits was exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by a 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 2013 was 6.65 mills for the General Fund and 1.19 mills for the Debt Service Fund.

7. Contributed Goods and Services

The Pennsylvania State University (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.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

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, 2013, the County has received \$4,861,020 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, 2013 was \$293,838.

8. 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, 2013. Other receivables consist primarily of amounts due from other local governments for housing inmates in the County's prison.

9. Capital Assets

A summary of changes in Capital Assets is as follows:

	<u>January 1, 2013</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>December 31, 2013</u>
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ 4,738,135	\$ 10,010,503	\$ (2,167,971)	\$ 12,580,667
Land and improvements	1,719,563	-	-	1,719,563
Capital assets being depreciated				
Building and improvements	39,424,229	13,981,218	-	53,405,447
Furniture and equipment	8,584,855	388,726	(117,374)	8,856,207
Vehicles	1,922,143	363,125	(305,236)	1,980,032
Total capital assets	<u>56,388,925</u>	<u>24,743,572</u>	<u>(2,590,581)</u>	<u>78,541,916</u>
Accumulated depreciation				
Buildings and improvements	(11,758,091)	(1,069,981)	(6,090,225)	(18,918,297)
Furniture and equipment	(5,942,410)	(316,065)	77,066	(6,181,409)
Vehicles	(1,409,152)	(291,684)	305,233	(1,395,603)
Total accumulated depreciation	<u>(19,109,653)</u>	<u>(1,677,730)</u>	<u>(5,707,926)</u>	<u>(26,495,309)</u>
Governmental activities capital assets, net	<u>\$ 37,279,272</u>	<u>\$ 23,065,842</u>	<u>\$ (8,298,507)</u>	<u>\$ 52,046,607</u>

County of Centre, Pennsylvania

Notes to Financial Statements December 31, 2013

	<u>January 1, 2013</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>December 31, 2013</u>
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 27,105	\$ -	\$ (27,105)	\$ -
Building and improvements	13,413,588	-	(11,946,842)	1,466,746
Furniture and equipment	10,409,858	875,576	(3,097,421)	8,188,013
Total capital assets	<u>23,850,551</u>	<u>875,576</u>	<u>(15,071,368)</u>	<u>9,654,759</u>
Accumulated depreciation				
Land improvements	(24,493)	(725)	25,218	-
Buildings and improvements	(7,028,522)	(255,951)	6,172,755	(1,111,718)
Furniture and equipment	(9,706,788)	(132,490)	2,507,429	(7,331,847)
Total accumulated depreciation	<u>(16,759,803)</u>	<u>(389,166)</u>	<u>8,705,404</u>	<u>(8,443,565)</u>
Business-type activities capital assets, net	<u>\$ 7,090,748</u>	<u>\$ 486,412</u>	<u>\$ (6,365,964)</u>	<u>\$ 1,211,194</u>

Included in additions and disposals for governmental activities and business-type activities is the transfer of the Centre Crest land and building.

Depreciation expense was charged to governmental activities as follows:

Administrative	\$ 455,847
Judicial	184,527
Public safety	709,378
Human services	326,921
Conservation and development	1,057
Total	<u>\$ 1,677,730</u>

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

General Fund	\$ 64,776,049
Special Revenue Fund	1,185,200
Capital Projects Fund	12,580,667
Total	<u>\$ 78,541,916</u>

10. Long-Term Debt

General Obligation Debt

The County issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes 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, 2013:

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Bonds and notes payable at January 1, 2013	\$ 34,740,136	\$ 8,756,898	\$ 43,497,034
Bonds and notes reclassified	8,756,898	(8,756,898)	-
Bonds and notes payments	<u>(2,892,687)</u>	<u>-</u>	<u>(2,892,687)</u>
Bonds and notes payable at December 31, 2013	<u>40,604,347</u>	<u>-</u>	<u>40,604,347</u>
Bonds discount	(4,481)	-	(4,481)
Bonds premium	<u>2,439,162</u>	<u>-</u>	<u>2,439,162</u>
Total	43,039,028	-	43,039,028
Portion due or payable in one year	<u>3,098,741</u>	<u>-</u>	<u>3,098,741</u>
Portion due or payable after one year	<u>\$ 39,940,287</u>	<u>\$ -</u>	<u>\$ 39,940,287</u>

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, 2013 under the 2010 series were \$3,975,000. The current portion due in 2014 related to the bond issue is \$765,000.

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, 2013 under the 2010 series were \$1,358,000. The current portion due in 2014 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, 2013 was \$296,347, of which \$18,741 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, 2013 under the 2011 series were \$9,165,000. The current portion due in 2014 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.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

Outstanding bonds payable at December 31, 2013 under the Series 2012 A Bonds were \$7,330,000. The current portion due in 2014 related to the bond issue is \$1,680,000.

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 the 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, 2013 under the 2012 B series were \$15,305,000. The current portion due in 2014 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 \$3,175,000. The current portion due in 2013 related to the bond issue is \$620,000.

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, 2013.

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

Year Ending December 31	Governmental Activities		Total
	Principal	Interest	
2014	\$ 3,098,741	\$ 1,370,680	\$ 4,469,421
2015	3,412,606	1,298,604	4,711,210
2016	3,300,000	1,201,020	4,501,020
2017	3,400,000	1,102,721	4,502,721
2018	3,505,000	989,017	4,494,017
2019-2026	<u>23,888,000</u>	<u>4,073,850</u>	<u>27,961,850</u>
Total	<u>\$ 40,604,347</u>	<u>\$ 10,035,892</u>	<u>\$ 50,640,239</u>

The total interest paid on the County's bond and notes issues in 2013 was \$1,392,456.

Compensated Absences

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

County of Centre, Pennsylvania

Notes to Financial Statements
December 31, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, January 1, 2013	\$ 2,146,134	\$ 733,203	\$ 2,879,337
Increases	1,619,487	595,168	2,214,655
Decreases	(1,648,913)	(1,209,702)	(2,858,615)
Net change	(29,426)	(614,534)	(643,960)
Balance, December 31, 2013	<u>\$ 2,116,708</u>	<u>\$ 118,669</u>	<u>\$ 2,235,377</u>
Portion due within one year	\$ 105,835	\$ 5,933	\$ 111,768
Long-term portion	2,010,873	112,736	2,123,609
Total, December 31, 2013	<u>\$ 2,116,708</u>	<u>\$ 118,669</u>	<u>\$ 2,235,377</u>

The liabilities are generally liquidated by the fund to which they relate. The significant funds used to liquidate are the General Fund, MD/ID Fund, and the Children & Youth Fund.

11. 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, 2013 (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	311
Terminated employee entitled to benefits but not yet receiving them	91
Active plan participants:	
Vested	539
Non-vested	220
Total	<u>1,161</u>
Number of participating employers	<u>1</u>

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 eight years, if involuntary termination. Members

County of Centre, Pennsylvania

Notes to Financial Statements
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become vested after five years of service. County employees who terminate after five 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 2013 was 4.5%. Plan members (i.e., County employees) contributed \$1,587,253 to the Plan during the year ended December 31, 2013.

Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	\$ 3,114,683
Interest on net pension obligation	-
Adjustment to ARC	-
	<hr/>
Annual pension cost (APC)	<u>\$ 3,114,683</u>
	<hr/>
Contributions made	<u>\$ (3,114,683)</u>
	<hr/>
Increase (decrease) in net pension obligation	\$ -
	-
Net pension obligation, beginning of year	-
	<hr/>
Net pension obligation, end of year	<u>\$ -</u>

Historical Trend Information

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

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

	Year		
	2013	2012	2011
Annual pension cost (APC)	\$ 3,114,683	\$ 3,138,618	\$ 3,046,820
County contribution to the Plan	\$ 3,114,683	\$ 3,138,618	\$ 3,046,820
Percentage of APC contributed	100%	100%	100%
APC as a percentage of total payroll	10.4%	10.8%	10.6%

Funded Status and Funding Progress

Actuarial value of assets	\$ 79,967,202
Actuarial accrued liability (1)	\$ 99,588,521
Unfunded actuarial	\$ 19,621,319
Funded ratio	80.3%
Annual covered payroll	\$ 29,910,698
Unfunded actuarial liability as a % of covered payroll	65.6%

(1) For purposes of this schedule, the actuarial accrued liability for the plan is determined using the entry age 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, 2013, and state law, using the following assumptions:

Valuation date	January 1, 2013
Actuarial cost method	Entry age (2) (3)
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 County has elected to change to the Entry Age normal funding method beginning in 2013. The ARC is based on this funding method.

(3) Effective January 1, 2013, the actuarial cost method and the mortality table have been changed. The effect of these changes is a decrease in the ARC of \$582,279. The County recognizes that the resulting lower current ARC may be at the expense of higher future ARCs.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

12. 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 Pensions.*

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 \$210 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 \$102,200 for the year ended December 31, 2013. Total retiree contributions made by plan members were \$37,800 for the year ended December 31, 2013.

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. Due to the Centre Crest Nursing Home transfer to Centre Care, Inc. on October 31, 2013, all net OPEB obligations were transferred from business-type to governmental. 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:

County of Centre, Pennsylvania

Notes to Financial Statements
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 431,052	\$ -	\$ 431,052
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	(124,256)	-	(124,256)
Annual OPEB cost (expense)	306,796	-	306,796
Reclassification due to transfer	325,373	(325,373)	-
Contributions made	(102,200)	-	(102,200)
Change in net OPEB obligation	529,969	(325,373)	204,596
Net OPEB obligation at January 1, 2013	336,964	325,373	662,337
Net OPEB obligation at December 31, 2013	<u>\$ 866,933</u>	<u>\$ -</u>	<u>\$ 866,933</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013	\$ 306,796	33.3%	\$ 866,933
December 31, 2012	297,178	30.8%	662,337
December 31, 2011	254,227	35.4%	456,659

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)	<u>\$ 1,639,900</u>
Funded ratio (actuarial value of plan assets/UAAL)	0%
Covered payroll	<u>\$ 28,455,000</u>
UAAL as a percentage of covered payroll	5.8%

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.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

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 effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 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, 2013, there are five years remaining. A 2.5% inflation assumption was used in the valuation report, with no disclosure of the investment return or projected salary increases assumed while compiling the report.

13. Inter-fund Balances and Transfers

Individual fund receivables and payables at December 31, 2013 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General Fund	\$ 52,626	\$ -
Non Major Special Revenue Fund – Domestic Relations	-	52,626
	<u>\$ 52,626</u>	<u>\$ 52,626</u>

Inter-fund transfers for the year ended December 31, 2013 were as follows:

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

	<u>In</u>	<u>Out</u>
Major Funds – Governmental Fund Types		
General Fund	\$ 847,898	\$ 5,620,633
Children and Youth Fund	1,118,774	677,873
MH/ID	340,000	-
Debt Service Fund	-	65,325
Capital Projects Fund	-	158,417
	<u>2,306,672</u>	<u>6,522,248</u>
Major Funds – Proprietary Fund Types		
Centre Crest Nursing Home	2,281,338	787,988
911 Fund	4,405,724	1,344
	<u>6,687,062</u>	<u>789,332</u>
Non-Major Funds – Special Revenue Funds		
Domestic Relations Fund	393,056	52,626
Adult Services Fund	160,517	-
Aging Fund	485,465	-
Drug and Alcohol Fund	31,566	-
Agricultural Easement Fund	80,000	-
	<u>1,150,604</u>	<u>52,626</u>
Internal Service Funds		
Transportation	66,344	-
Management Information System	-	55,664
	<u>66,344</u>	<u>55,664</u>
	<u>\$ 10,210,682</u>	<u>\$ 7,419,870</u>

(1) Inter-fund transfers are out of balance due to the net transfer of capital assets and debt from the business-type activities to the governmental activities. As a result, the transfer in does not appear on the fund statements since they are reported on the modified accrual basis and the resulting transfers are reported on the Government-wide statements only. The net transfer in is reflected on the statement of activities.

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 to and from the internal service funds represent transfers and acquisition of capital assets.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

14. Unearned Revenues and Deferred Outflows

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

The General Fund has unearned revenues of \$287,263. The special revenue funds have unearned revenues of \$1,302,587, representing grants received that were not utilized at December 31, 2013. The Capital Projects Fund has unearned revenues of \$2,000,000, representing grants received that were not utilized at December 31, 2013.

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

The General Fund has unavailable revenues of \$705,334, which represents unavailable revenue representing taxes (general levy) not received within 60 days after year-end.

The Debt Service Fund has unavailable revenue of \$127,514, representing taxes (debt service levy) not received within 60 days after year-end.

15. 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 Leases

The County entered into a capital lease agreement for vehicles in 2012. Future minimum payments by year and in the aggregate, with initial or remaining terms of one year or more are as follows:

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

Year ending June 30:	
2014	<u>\$ 20,618</u>
Total minimum lease payments	20,618
Less amount representing interest on capital lease	<u>1,167</u>
Payment value of net minimum capital lease payment	19,451
Current portion	<u>19,451</u>
Long-term capital lease obligation	<u><u>\$ -</u></u>

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 2022. 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:	
2014	\$ 383,696
2015	346,428
2016	298,556
2017	245,472
2018	229,623
2019-2022	<u>550,820</u>
Total	<u><u>\$ 2,054,595</u></u>

Total operating lease payments (i.e., rent) made in 2013 were \$378,000.

16. 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, 2013.

17. 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

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

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, 2013, 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, 2013, 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, 2013, the County carries a \$300,000 deductible per claim with an aggregate of \$500,000 for each policy year. Individual claims for the policy-year ended January 31, 2013 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, 2013, 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 \$600,000 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, 2013, the amount of these liabilities was \$215,637. This liability is the County's best estimate based on available information. Changes in the reported liability resulted from the following:

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2013

Fiscal Year	Beginning Liability	Current Year Claims and Changes in Estimated	Premium and Claim Payments	Ending Liability
2013	\$ 278,846	\$ 696,555	\$ 759,764	\$ 215,637
2012	100,000	718,662	539,816	278,846

18. Deficit Fund Balance

The MH/ID Fund, a special revenue fund type, has a deficit fund balance of \$443,452 due to shortfall in funding from the State in 2012; management had decided not to fund this shortfall as of the end of the year 2013.

19. 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	MH/ID	Debt Service	Capital Projects	Non-Major Governmental Fund	Total
Nonspendable:						
Prepaid items and inventories	\$ 45,854	\$ 9,679	\$ -	\$ -	\$ 5,154	\$ 60,687
Restricted:						
Judicial	\$ -	\$ -	\$ -	\$ -	\$ 425,743	\$ 425,743
Public Works	-	-	-	-	153,129	153,129
Conservation and development	1,840,180	-	-	-	124,693	1,964,873
Public safety	441,655	-	-	-	30,754	472,409
Human services	-	-	-	-	58,702	58,702
Debt Service	-	-	2,073,611	-	-	2,073,611
Records management/ data automation	530,050	-	-	-	-	530,050
Capital projects	-	-	-	1,817,776	-	1,817,776
Total	\$ 2,811,885	\$ -	\$ 2,073,611	\$ 1,817,776	\$ 793,021	\$ 7,496,293
Assigned:						
Judicial	\$ 439,987	\$ -	\$ -	\$ -	\$ -	\$ 439,987
Capital projects	-	-	-	7,862,626	-	7,862,626
Total	\$ 439,987	\$ -	\$ -	\$ 7,862,626	\$ -	\$ 8,302,613

20. Pending Changes in Accounting Principles

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 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 Statement No. 70 is effective for the County’s calendar year 2014 financial statements.

In November 2013, the GASB issued Statement No. 71, *“Pension Transition for Contributions made to the Measurement Date – an Amendment of GASB Statement No. 68.”* The objective of this statement is to address an issue regarding applications of the transition provision of Statement No. 68, *“Accounting and Financial Reporting for Pensions.”* The issue relates to amounts associated with contributions, if any, made by state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. GASB Statement No. 71 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

Required Supplementary Information

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, 2013)

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)
01/01/11	\$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%
01/01/13	79,967,202	99,588,521	19,621,319	80.3%	29,910,698	65.6%

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	-	1,639,900	1,639,900	0.0%	28,455,000	5.8%

Note: Actuarial valuation in done biannually for the other postemployment benefit plan.



County of Centre, Pennsylvania

Description of Major Governmental Funds

Year Ended December 31, 2013

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 governmental fund 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, PennsylvaniaSchedule of Expenditures Compared to Budget
General Fund
Year Ended December 31, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Current			
General government:			
Administrative:			
Commissioners	\$ 1,076,340	\$ 1,026,551	\$ 49,789
Risk Management	115,397	110,588	4,809
Human Resources	451,487	360,316	91,171
Tax Assessment	648,731	615,510	33,221
Tax Collection	157,089	138,014	19,075
Tax Claim	197,992	197,886	106
Treasurer	216,304	213,157	3,147
Controller	471,095	471,093	2
General Administration	1,628,017	1,630,583	(2,566)
Elections	543,900	491,672	52,228
Public Defender	968,037	940,139	27,898
Recorder of Deeds	428,223	359,433	68,790
Records Management	185,665	176,790	8,875
Planning	897,059	873,856	23,203
GIS	188,529	146,162	42,367
Maintenance	1,385,420	1,174,213	211,207
Miscellaneous	<u>500,534</u>	<u>160,296</u>	<u>340,238</u>
Total administrative	<u>10,059,819</u>	<u>9,086,259</u>	<u>973,560</u>
Judicial:			
Sheriff	1,470,679	1,461,759	8,920
Coroner	310,179	283,180	26,999
District Attorney	1,701,479	1,498,613	202,866
Prothonotary	850,722	731,897	118,825
Register of Wills	350,390	268,212	82,178
DJ - State College #1	316,289	300,221	16,068
DJ - Centre Region	341,548	335,252	6,296
DJ - Bellefonte	335,479	332,360	3,119
DJ - Phillipsburg	272,278	250,441	21,837
DJ - Centre Hall	212,539	192,615	19,924
DJ - State College #2	306,298	296,415	9,883
Court Administration	<u>1,717,161</u>	<u>1,630,446</u>	<u>86,715</u>
Total judicial	<u>8,185,041</u>	<u>7,581,411</u>	<u>603,630</u>
Total general government	<u>18,244,860</u>	<u>16,667,670</u>	<u>1,577,190</u>

(Continued)

County of Centre, Pennsylvania

Schedule of Expenditures Compared to Budget

General Fund

Year Ended December 31, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
Public Safety:			
Probation	1,827,993	1,818,111	9,882
DUI	88,857	69,808	19,049
DUI Court	121,159	107,111	14,048
Juvenile Probation	1,273,562	1,271,910	1,652
Criminal Justice Planning	325,531	299,305	26,226
Prison	7,628,935	7,586,653	42,282
Prison Central Booking	381,336	342,327	39,009
Emergency Services	252,134	241,400	10,734
Fire Training	150,980	109,577	41,403
Weights and Measures	78,970	77,974	996
Public Safety	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total Public Safety	<u>12,135,457</u>	<u>11,930,176</u>	<u>205,281</u>
Public Works:			
Solid Waste	<u>145,713</u>	<u>145,713</u>	<u>-</u>
Total Public Works	<u>145,713</u>	<u>145,713</u>	<u>-</u>
Human Services:			
Veteran Affairs	126,035	125,989	46
Human Services, Other	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Human Services	<u>136,035</u>	<u>135,989</u>	<u>46</u>
Culture and Recreation, Unrestricted Grants	<u>545,731</u>	<u>545,731</u>	<u>-</u>
Conservation and Development:			
Housing and Community Development	175,622	100,688	74,934
Community Development Block Grant	870,000	800,300	69,700
Cooperative Extension	191,189	189,941	1,248
Conservation District	535,216	511,740	23,476
Agricultural Easement	82,529	80,807	1,722
Conservation and Development, Other	<u>243,074</u>	<u>198,074</u>	<u>45,000</u>
Total Conservation and Development	<u>2,097,630</u>	<u>1,881,550</u>	<u>216,080</u>
Debt service, principal	<u>-</u>	<u>17,687</u>	<u>(17,687)</u>
Total expenditures	<u>\$ 33,305,426</u>	<u>\$ 31,324,516</u>	<u>\$ 1,980,910</u>

(Concluded)

County of Centre, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Major Governmental Funds

Year Ended December 31, 2013

	Debt Service				Capital Projects			
	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								
Real estate taxes	\$ 3,876,458	\$ 3,876,458	\$ 3,895,728	\$ 19,270	\$ -	\$ -	\$ -	\$ -
Interest and rents	-	-	14,342	14,342	-	-	20,625	20,625
Contributions and other revenues		-	-	-	-	-	29,881	29,881
Total revenues	<u>3,876,458</u>	<u>3,876,458</u>	<u>3,910,070</u>	<u>33,612</u>	<u>-</u>	<u>-</u>	<u>50,506</u>	<u>50,506</u>
Expenditures								
Current:								
Debt service:								
Principal	2,119,260	2,119,260	2,875,000	(755,740)	-	-	-	-
Interest	679,350	679,350	1,288,110	(608,760)	-	-	-	-
Other cost	5,000	5,000	2,655	2,345	-	-	-	-
Capital outlay	-	-	-	-	20,139,904	20,139,904	10,243,734	9,896,170
Total expenditures	<u>2,803,610</u>	<u>2,803,610</u>	<u>4,165,765</u>	<u>(1,362,155)</u>	<u>20,139,904</u>	<u>20,139,904</u>	<u>10,243,734</u>	<u>9,896,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,072,848</u>	<u>1,072,848</u>	<u>(255,695)</u>	<u>(1,328,543)</u>	<u>(20,139,904)</u>	<u>(20,139,904)</u>	<u>(10,193,228)</u>	<u>9,946,676</u>
Other Financing Sources (Uses)								
Operating transfers - out	<u>(1,427,851)</u>	<u>(1,427,851)</u>	<u>(65,325)</u>	<u>1,362,526</u>	<u>-</u>	<u>-</u>	<u>(158,417)</u>	<u>(158,417)</u>
Total other financing sources (uses)	<u>(1,427,851)</u>	<u>(1,427,851)</u>	<u>(65,325)</u>	<u>1,362,526</u>	<u>-</u>	<u>-</u>	<u>(158,417)</u>	<u>(158,417)</u>
Net Changes in Fund Balances	<u>(355,003)</u>	<u>(355,003)</u>	<u>(321,020)</u>	<u>\$ 33,983</u>	<u>(20,139,904)</u>	<u>(20,139,904)</u>	<u>(10,351,645)</u>	<u>\$ 9,788,259</u>
Fund Balance, Beginning	<u>355,003</u>	<u>355,003</u>	<u>2,394,631</u>		<u>20,139,904</u>	<u>20,110,023</u>	<u>20,032,047</u>	
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,073,611</u>		<u>\$ -</u>	<u>\$ (29,881)</u>	<u>\$ 9,680,402</u>	

County of Centre, Pennsylvania

Description of Non-Major Governmental Funds

Year Ended December 31, 2013

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, 2013

	Special Revenue Funds							Total
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office Of Aging	Drug And Alcohol	Adult Services	Hazardous Material Response	
Assets								
Cash and cash equivalents	\$ 124,693	\$ 153,129	\$ 570,937	\$ 422,102	\$ 62,339	\$ 75,806	\$ 43,728	\$ 1,452,734
Accounts receivable - other	-	-	-	-	26,052	8,642	14,788	49,482
Prepaid items	-	-	-	3,171	1,982	-	-	5,153
Accounts receivable - grants	-	-	88,917	20,369	176,497	1,240	-	287,023
Total assets	\$ 124,693	\$ 153,129	\$ 659,854	\$ 445,642	\$ 266,870	\$ 85,688	\$ 58,516	\$ 1,794,392
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accruals	\$ -	\$ -	\$ 1,746	\$ 66,711	\$ 209,565	\$ 44,990	\$ -	\$ 323,012
Due to other funds	-	-	52,626	-	-	-	-	52,626
Accrued payroll	-	-	56,420	53,635	19,298	6,593	-	135,946
Unearned revenue	-	-	123,319	263,423	38,007	34,105	27,762	486,616
Total liabilities	-	-	234,111	383,769	266,870	85,688	27,762	998,200
Fund Balances:								
Nonspendable	-	-	-	3,171	1,982	-	-	5,153
Restricted	124,693	153,129	425,743	58,702	-	-	30,754	793,021
Unassigned	-	-	-	-	(1,982)	-	-	(1,982)
Total fund balances	124,693	153,129	425,743	61,873	-	-	30,754	796,192
Total liabilities and fund balances	\$ 124,693	\$ 153,129	\$ 659,854	\$ 445,641	\$ 266,870	\$ 85,688	\$ 58,516	\$ 1,794,392

County of Centre, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds

Year Ended December 31, 2013

	Special Revenue Funds							Total
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office Of Aging	Drug And Alcohol	Adult Services	Hazardous Material Response	
Revenues								
Grants	\$ -	\$ 193,106	\$ 727,083	\$ 1,946,783	\$ 1,241,515	\$ 552,287	\$ 6,093	\$ 4,666,867
Interest and rents	-	957	1,864	-	10	11	17	2,859
Charges for service	-	-	9,671	7,001	61,295	-	13,135	91,102
Contributions and other revenues	48,574	-	-	5,845	-	1,800	-	56,219
Total revenues	48,574	194,063	738,618	1,959,629	1,302,820	554,098	19,245	4,817,047
Expenditures								
General government - judicial	-	-	1,130,718	-	-	-	-	1,130,718
Public safety	-	-	-	-	-	-	10,680	10,680
Public works	-	228,247	-	-	-	-	-	228,247
Human services	-	-	-	2,445,828	1,334,386	718,851	-	4,499,065
Conservation and development	200,000	-	-	-	-	-	-	200,000
Total expenditures	200,000	228,247	1,130,718	2,445,828	1,334,386	718,851	10,680	6,068,710
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,426)	(34,184)	(392,100)	(486,199)	(31,566)	(164,753)	8,565	(1,251,663)
Other Financing Sources (Uses)								
Transfers - in	80,000	-	393,056	485,465	31,566	160,517	-	1,150,604
Transfers - out	-	-	(52,626)	-	-	-	-	(52,626)
Total other financing sources (uses)	80,000	-	340,430	485,465	31,566	160,517	-	1,097,978
Net Changes in Fund Balances	(71,426)	(34,184)	(51,670)	(734)	-	(4,236)	8,565	(153,685)
Fund Balances, Beginning	196,119	187,313	477,413	62,607	-	4,236	22,189	949,877
Fund Balances, Ending	\$ 124,693	\$ 153,129	\$ 425,743	\$ 61,873	\$ -	\$ -	\$ 30,754	\$ 796,192

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, 2013

	Special Revenue Funds												
	Agricultural Easement			Liquid Fuels Tax			Domestic Relations			Office of Aging			
	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amount		Variance with Final Budget - Positive (Negative)	
									Original	Final	Actual		
Revenues													
Grants	\$ -	\$ -	\$ -	\$ 192,763	\$ 193,106	\$ 343	\$ 820,146	\$ 727,083	\$ (93,063)	\$ 2,117,681	\$ 2,114,681	\$ 1,946,783	\$ (167,898)
Interest and rents	-	-	-	1,300	957	(343)	2,000	1,864	(136)	-	-	-	-
Charges for service	-	-	-	-	-	-	10,300	9,671	(629)	8,855	8,855	7,001	(1,854)
Contributions and other revenues	5,000	48,574	43,574	-	-	-	-	-	-	7,500	7,536	5,845	(1,691)
Total revenues	5,000	48,574	43,574	194,063	194,063	-	832,446	738,618	(93,828)	2,134,036	2,131,072	1,959,629	(171,443)
Expenditures													
General government - judicial	-	-	-	-	-	-	1,240,985	1,130,718	110,267	-	-	-	-
Public works	-	-	-	228,250	228,247	3	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	2,701,612	2,698,648	2,445,828	252,820
Conservation and development	100,000	200,000	(100,000)	-	-	-	-	-	-	-	-	-	-
Total expenditures	100,000	200,000	(100,000)	228,250	228,247	3	1,240,985	1,130,718	110,267	2,701,612	2,698,648	2,445,828	252,820
Excess (deficiency) Revenues Over (Under) Expenditures	(95,000)	(151,426)	(56,426)	(34,187)	(34,184)	3	(408,539)	(392,100)	16,439	(567,576)	(567,576)	(486,199)	81,377
Other Financing Sources (Uses)													
Transfers - In	80,000	80,000	-	-	-	-	373,504	393,056	19,552	567,576	567,576	485,465	(82,111)
Transfers - out	-	-	-	-	-	-	-	(52,626)	(52,626)	-	-	-	-
Total other financing sources (uses)	80,000	80,000	-	-	-	-	373,504	340,430	(33,074)	567,576	567,576	485,465	(82,111)
Net Changes in Fund Balances	(15,000)	(71,426)	\$ (56,426)	\$ (34,187)	(34,184)	\$ 3	\$ (35,035)	(51,670)	\$ (16,635)	\$ -	\$ -	(734)	\$ (734)
Fund Balances, Beginning	15,000	196,119			187,313			477,413				62,607	
Fund Balances, Ending	\$ -	\$ 124,693		\$ 153,129			\$ 425,743					\$ 61,873	

(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, 2013

	Special Revenue Funds											
	Drug and Alcohol				Adult Services				Hazardous Material Response			
	Budgeted Amount		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amount		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amount		Actual	Variance with Final Budget - Positive (Negative)
Original	Final	Original			Final	Original			Final			
Revenues												
Grants	\$ 1,309,805	\$ 1,309,805	\$ 1,241,515	\$ (68,290)	\$ 516,888	\$ 560,732	\$ 552,287	\$ (8,445)	\$ 9,300	\$ 9,300	\$ 6,093	\$ (3,207)
Interest and rents	3,000	3,000	10	(2,990)	26	26	11	(15)	35	35	17	(18)
Charges for service	70,000	70,000	61,295	(8,705)	-	-	-	-	11,825	11,825	13,135	1,310
Contributions and other revenues	-	-	-	-	-	1,000	1,800	800	-	-	-	-
Total revenues	<u>1,382,805</u>	<u>1,382,805</u>	<u>1,302,820</u>	<u>(79,985)</u>	<u>516,914</u>	<u>561,758</u>	<u>554,098</u>	<u>(7,660)</u>	<u>21,160</u>	<u>21,160</u>	<u>19,245</u>	<u>(1,915)</u>
Expenditures												
Public safety	-	-	-	-	-	-	-	-	21,160	21,160	10,680	10,480
Human services	1,421,768	1,421,768	1,334,386	87,382	637,687	730,475	718,851	11,624	-	-	-	-
Total expenditures	<u>1,421,768</u>	<u>1,421,768</u>	<u>1,334,386</u>	<u>87,382</u>	<u>637,687</u>	<u>730,475</u>	<u>718,851</u>	<u>11,624</u>	<u>21,160</u>	<u>21,160</u>	<u>10,680</u>	<u>10,480</u>
Excess (deficiency) Revenues Over (Under) Expenditures	<u>(38,963)</u>	<u>(38,963)</u>	<u>(31,566)</u>	<u>7,397</u>	<u>(120,773)</u>	<u>(168,717)</u>	<u>(164,753)</u>	<u>3,964</u>	<u>-</u>	<u>-</u>	<u>8,565</u>	<u>8,565</u>
Other Financing Sources (Uses)												
Transfers - in	38,963	38,963	31,566	(7,397)	120,773	168,717	160,517	(8,200)	-	-	-	-
Transfers - out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>38,963</u>	<u>38,963</u>	<u>31,566</u>	<u>(7,397)</u>	<u>120,773</u>	<u>168,717</u>	<u>160,517</u>	<u>(8,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,236)</u>	<u>\$ (4,236)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,565</u>	<u>\$ 8,565</u>
Fund Balances, Beginning			<u>-</u>				<u>4,236</u>				<u>22,189</u>	
Fund Balances, Ending			<u>\$ -</u>				<u>\$ -</u>				<u>\$ 30,754</u>	

County of Centre, Pennsylvania

Description of Internal Service Funds

Year Ended December 31, 2013

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, PennsylvaniaCombining Balance Sheet
Internal Service Funds
December 31, 2013

	<u>Transportation Department</u>	<u>Management Information System</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 145,461	\$ 2,363,298	\$ 2,508,759
Accounts receivable	17,603	597	18,200
Due from other governments	319,885	-	319,885
Prepaid expenses	<u>27,489</u>	<u>62,767</u>	<u>90,256</u>
Total current assets	<u>510,438</u>	<u>2,426,662</u>	<u>2,937,100</u>
Capital assets	2,053,318	2,146,047	4,199,365
Less accumulated depreciation	<u>(1,468,797)</u>	<u>(1,641,399)</u>	<u>(3,110,196)</u>
Capital assets, net	<u>584,521</u>	<u>504,648</u>	<u>1,089,169</u>
Total assets	<u>\$ 1,094,959</u>	<u>\$ 2,931,310</u>	<u>\$ 4,026,269</u>
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 87,555	\$ 34,443	\$ 121,998
Unearned revenue	22,526	-	22,526
Current portion of capital lease payable	<u>19,451</u>	<u>-</u>	<u>19,451</u>
Total current liabilities	<u>129,532</u>	<u>34,443</u>	<u>163,975</u>
Noncurrent Liabilities:			
Compensated absences	<u>93,941</u>	<u>-</u>	<u>93,941</u>
Total noncurrent liabilities	<u>93,941</u>	<u>-</u>	<u>93,941</u>
Total liabilities	<u>223,473</u>	<u>34,443</u>	<u>257,916</u>
Net Position			
Net investment in capital assets	565,070	504,648	1,069,718
Unrestricted	<u>306,416</u>	<u>2,392,219</u>	<u>2,698,635</u>
Total net position	<u>871,486</u>	<u>2,896,867</u>	<u>3,768,353</u>
Total liabilities and net position	<u>\$ 1,094,959</u>	<u>\$ 2,931,310</u>	<u>\$ 4,026,269</u>

County of Centre, Pennsylvania

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended December 31, 2013

	<u>Transportation Department</u>	<u>Management Information System</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 1,971,161	\$ 1,581,780	\$ 3,552,941
Operating Expenses			
Salaries and benefits	1,097,527	-	1,097,527
Purchased services and supplies	864,318	1,383,762	2,248,080
Depreciation and amortization	<u>292,064</u>	<u>105,530</u>	<u>397,594</u>
Total operating expenses	<u>2,253,909</u>	<u>1,489,292</u>	<u>3,743,201</u>
Operating (loss) income	<u>(282,748)</u>	<u>92,488</u>	<u>(190,260)</u>
Nonoperating Revenues (Expenses)			
Interest income	5	-	5
Gain on disposal of equipment	4,500	-	4,500
Capital lease interest	<u>(2,268)</u>	<u>-</u>	<u>(2,268)</u>
Total nonoperating revenues, net	<u>2,237</u>	<u>-</u>	<u>2,237</u>
Capital Contributions	<u>516,090</u>	<u>-</u>	<u>516,090</u>
Income Before Transfers	235,579	92,488	328,067
Transfers in (out)	<u>66,344</u>	<u>(55,664)</u>	<u>10,680</u>
Changes in Net Position	301,923	36,824	338,747
Net Position, Beginning of Year	<u>569,563</u>	<u>2,860,043</u>	<u>3,429,606</u>
Net Position, End of Year	<u>\$ 871,486</u>	<u>\$ 2,896,867</u>	<u>\$ 3,768,353</u>

County of Centre, Pennsylvania

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2013

	Transportation Department	Management Information System	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 743,631	\$ 1,583,049	\$ 2,326,680
Payments received from interfund services	983,983	-	983,983
Payments to suppliers	(897,120)	(1,417,906)	(2,315,026)
Payments to employees for services	<u>(1,093,924)</u>	<u>-</u>	<u>(1,093,924)</u>
Net cash provided by (used in) operating activities	<u>(263,430)</u>	<u>165,143</u>	<u>(98,287)</u>
Cash Flows from Non-Capital Financing Activities			
Transfers in	66,344	-	66,344
Transfers out	<u>-</u>	<u>(55,664)</u>	<u>(55,664)</u>
Net cash provided by (used in) non-capital financing activities	<u>66,344</u>	<u>(55,664)</u>	<u>10,680</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(381,475)	(156,114)	(537,589)
Proceeds from sale of capital assets	2,232	-	2,232
Capital contributions	<u>516,090</u>	<u>-</u>	<u>516,090</u>
Net cash provided by (used in) capital and related financing activities	<u>136,847</u>	<u>(156,114)</u>	<u>(19,267)</u>
Cash Flows from Investing Activities			
Interest received	<u>5</u>	<u>-</u>	<u>5</u>
Decrease in Cash and Cash Equivalents	(60,234)	(46,635)	(106,869)
Cash and Cash Equivalents, Beginning	<u>205,695</u>	<u>2,409,933</u>	<u>2,615,628</u>
Cash and Cash Equivalents, Ending	<u>\$ 145,461</u>	<u>\$ 2,363,298</u>	<u>\$ 2,508,759</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	\$ (282,748)	\$ 92,488	\$ (190,260)
Adjustments to reconcile operating income (loss) to net cash provided (used in) by operating activities:			
Depreciation and amortization	292,064	105,530	397,594
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(7,662)	1,269	(6,393)
(Increase) in due from other governments	(235,885)	-	(235,885)
Decrease (increase) in prepaid expenses	1,139	(1,645)	(506)
Increase (decrease) in accounts payable and accrued expenses	615	(32,499)	(31,884)
(Decrease) in unearned revenue	(34,556)	-	(34,556)
Increase in compensated absences	<u>3,603</u>	<u>-</u>	<u>3,603</u>
Total adjustments	<u>19,318</u>	<u>72,655</u>	<u>91,973</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (263,430)</u>	<u>\$ 165,143</u>	<u>\$ (98,287)</u>

County of Centre, Pennsylvania

Description of Fiduciary Funds
Year Ended December 31, 2013

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, Children and Youth, 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, 2013

	Agency Funds										
	Prison	Recorder Of Deeds	Register Of Wills	Clerk of Courts and Prothonotary	Treasurer's License Account	Sheriff's Office	Court Administration	Tax Claims	Domestic Relations Support	Children & Youth	Total
Assets											
Cash	<u>\$ 80,769</u>	<u>\$ 708,201</u>	<u>\$ 345,771</u>	<u>\$ 337,454</u>	<u>\$ 81,852</u>	<u>\$ 237,815</u>	<u>\$ 279,960</u>	<u>\$ 207,817</u>	<u>\$ 3,530</u>	<u>\$ 14,497</u>	<u>\$ 2,297,666</u>
Liabilities											
Due to other governments	\$ -	\$ 708,201	\$ 329,678	\$ 2,964	\$ 2,750	\$ 9,538	171,987	\$ 124,374	\$ -	\$ -	\$ 1,349,492
Funds held as fiduciary	<u>80,769</u>	<u>-</u>	<u>16,093</u>	<u>334,490</u>	<u>79,102</u>	<u>228,277</u>	<u>107,973</u>	<u>83,443</u>	<u>3,530</u>	<u>14,497</u>	<u>948,174</u>
Total liabilities	<u>\$ 80,769</u>	<u>\$ 708,201</u>	<u>\$ 345,771</u>	<u>\$ 337,454</u>	<u>\$ 81,852</u>	<u>\$ 237,815</u>	<u>\$ 279,960</u>	<u>\$ 207,817</u>	<u>\$ 3,530</u>	<u>\$ 14,497</u>	<u>\$ 2,297,666</u>

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended December 31, 2013

	<u>Balance January 1 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31 2013</u>
Prison				
Assets:				
Cash	\$ 50,352	\$ 597,515	\$ 567,098	\$ 80,769
Total assets	<u>\$ 50,352</u>	<u>\$ 597,515</u>	<u>\$ 567,098</u>	<u>\$ 80,769</u>
Liabilities:				
Funds held as fiduciary	\$ 50,352	\$ 597,515	\$ 567,098	\$ 80,769
Total liabilities	<u>\$ 50,352</u>	<u>\$ 597,515</u>	<u>\$ 567,098</u>	<u>\$ 80,769</u>
Recorder of Deeds				
Assets:				
Cash	\$ 486,365	\$ 13,889,158	\$ 13,667,322	\$ 708,201
Total assets	<u>\$ 486,365</u>	<u>\$ 13,889,158</u>	<u>\$ 13,667,322</u>	<u>\$ 708,201</u>
Liabilities:				
Due to other governments	\$ 486,365	\$ 13,889,158	\$ 13,667,322	\$ 708,201
Total liabilities	<u>\$ 486,365</u>	<u>\$ 13,889,158</u>	<u>\$ 13,667,322</u>	<u>\$ 708,201</u>
Register of Wills				
Assets:				
Cash	\$ 117,777	\$ 9,788,359	\$ 9,560,365	\$ 345,771
Total assets	<u>\$ 117,777</u>	<u>\$ 9,788,359</u>	<u>\$ 9,560,365</u>	<u>\$ 345,771</u>
Liabilities:				
Due to other governments	\$ 101,494	\$ 9,332,786	\$ 9,104,602	\$ 329,678
Funds held as fiduciary	16,283	455,573	455,763	16,093
Total liabilities	<u>\$ 117,777</u>	<u>\$ 9,788,359</u>	<u>\$ 9,560,365</u>	<u>\$ 345,771</u>

(Continued)

County of Centre, Pennsylvania**Combining Statement of Changes in Assets and Liabilities**

All Agency Funds

Year Ended December 31, 2013

	<u>Balance January 1 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31 2013</u>
Clerk of Courts & Prothonotary				
Assets:				
Cash	\$ 258,926	\$ 655,667	\$ 577,139	\$ 337,454
Total assets	<u>\$ 258,926</u>	<u>\$ 655,667</u>	<u>\$ 577,139</u>	<u>\$ 337,454</u>
Liabilities:				
Due to other governments	\$ 2,716	\$ 5,759	\$ 5,511	\$ 2,964
Funds held as fiduciary	<u>256,210</u>	<u>649,908</u>	<u>571,628</u>	<u>334,490</u>
Total liabilities	<u>\$ 258,926</u>	<u>\$ 655,667</u>	<u>\$ 577,139</u>	<u>\$ 337,454</u>
Treasurer's License Account				
Assets:				
Cash	\$ 98,610	\$ 202,895	\$ 219,653	\$ 81,852
Total assets	<u>\$ 98,610</u>	<u>\$ 202,895</u>	<u>\$ 219,653</u>	<u>\$ 81,852</u>
Liabilities:				
Due to other governments	\$ 2,614	\$ 6,817	\$ 6,681	\$ 2,750
Funds held as fiduciary	<u>95,996</u>	<u>196,078</u>	<u>212,972</u>	<u>79,102</u>
Total liabilities	<u>\$ 98,610</u>	<u>\$ 202,895</u>	<u>\$ 219,653</u>	<u>\$ 81,852</u>
Sheriff's Office				
Assets:				
Cash	\$ 513,962	\$ 1,410,657	\$ 1,686,804	\$ 237,815
Total assets	<u>\$ 513,962</u>	<u>\$ 1,410,657</u>	<u>\$ 1,686,804</u>	<u>\$ 237,815</u>
Liabilities:				
Due to other governments	\$ 10,821	\$ 56,577	\$ 57,860	\$ 9,538
Funds held as fiduciary	<u>503,141</u>	<u>1,354,080</u>	<u>1,628,944</u>	<u>228,277</u>
Total liabilities	<u>\$ 513,962</u>	<u>\$ 1,410,657</u>	<u>\$ 1,686,804</u>	<u>\$ 237,815</u>

(Continued)

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended December 31, 2013

	<u>Balance January 1 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31 2013</u>
Court Administration				
Assets:				
Cash	\$ 283,725	\$ 8,467,704	\$ 8,471,469	\$ 279,960
Total assets	<u>\$ 283,725</u>	<u>\$ 8,467,704</u>	<u>\$ 8,471,469</u>	<u>\$ 279,960</u>
Liabilities:				
Due to other governments	\$ 174,849	\$ 5,201,940	\$ 5,204,802	\$ 171,987
Funds held as fiduciary	<u>108,876</u>	<u>3,265,764</u>	<u>3,266,667</u>	<u>107,973</u>
Total liabilities	<u>\$ 283,725</u>	<u>\$ 8,467,704</u>	<u>\$ 8,471,469</u>	<u>\$ 279,960</u>
Tax Claims				
Assets:				
Cash	\$ 326,335	\$ 5,679,929	\$ 5,798,447	\$ 207,817
Total assets	<u>\$ 326,335</u>	<u>\$ 5,679,929</u>	<u>\$ 5,798,447</u>	<u>\$ 207,817</u>
Liabilities:				
Due to other governments	\$ 113,924	\$ 3,399,315	\$ 3,388,865	\$ 124,374
Funds held as fiduciary	<u>212,411</u>	<u>2,280,614</u>	<u>2,409,582</u>	<u>83,443</u>
Total liabilities	<u>\$ 326,335</u>	<u>\$ 5,679,929</u>	<u>\$ 5,798,447</u>	<u>\$ 207,817</u>
Domestic Relations Support				
Assets:				
Cash	\$ 3,530	\$ 289,478	\$ 289,478	\$ 3,530
Total assets	<u>\$ 3,530</u>	<u>\$ 289,478</u>	<u>\$ 289,478</u>	<u>\$ 3,530</u>
Liabilities:				
Funds held as fiduciary	\$ 3,530	\$ 289,478	\$ 289,478	\$ 3,530
Total liabilities	<u>\$ 3,530</u>	<u>\$ 289,478</u>	<u>\$ 289,478</u>	<u>\$ 3,530</u>

(Continued)

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended December 31, 2013

	<u>Balance January 1 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31 2013</u>
Children & Youth				
Assets:				
Cash	<u>\$ 14,440</u>	<u>\$ 13,903</u>	<u>\$ 13,846</u>	<u>\$ 14,497</u>
Total assets	<u>\$ 14,440</u>	<u>\$ 13,903</u>	<u>\$ 13,846</u>	<u>\$ 14,497</u>
Liabilities:				
Funds held as fiduciary	<u>\$ 14,440</u>	<u>\$ 13,903</u>	<u>\$ 13,846</u>	<u>\$ 14,497</u>
Total liabilities	<u>\$ 14,440</u>	<u>\$ 13,903</u>	<u>\$ 13,846</u>	<u>\$ 14,497</u>
Total, All Agency Funds				
Assets:				
Cash	<u>\$ 2,154,022</u>	<u>\$ 40,995,265</u>	<u>\$ 40,851,621</u>	<u>\$ 2,297,666</u>
Total assets	<u>\$ 2,154,022</u>	<u>\$ 40,995,265</u>	<u>\$ 40,851,621</u>	<u>\$ 2,297,666</u>
Liabilities:				
Due to other governments	<u>\$ 892,783</u>	<u>\$ 31,892,352</u>	<u>\$ 31,435,643</u>	<u>\$ 1,349,492</u>
Funds held as fiduciary	<u>1,261,239</u>	<u>9,102,913</u>	<u>9,415,978</u>	<u>948,174</u>
Total liabilities	<u>\$ 2,154,022</u>	<u>\$ 40,995,265</u>	<u>\$ 40,851,621</u>	<u>\$ 2,297,666</u>

(Concluded)

County of Centre, Pennsylvania

Description of Component Units

Year Ended December 31, 2013

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

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

County of Centre, Pennsylvania

Statement of Net Position

Discretely Presented Component Units

December 31, 2013

	<u>Conservation District</u>	<u>Recycling Refuse Authority</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 354,605	\$ 3,517,820
Accounts receivable	359,350	797,059
Grants receivable	-	365,000
Prepaid items and inventory	-	57,049
	<u>713,955</u>	<u>4,736,928</u>
Total current assets		
Noncurrent assets:		
Capital assets, net	-	10,094,598
	<u>713,955</u>	<u>14,831,526</u>
Total assets		
Liabilities		
Current liabilities:		
Current portion of long-term debt	-	425,242
Accounts payable	364,395	283,391
Accrued expenses	-	761,418
Unearned revenue	-	-
	<u>364,395</u>	<u>1,470,051</u>
Total current liabilities		
Noncurrent liabilities:		
Landfill post-closure liability	-	42,045
Long-term debt	-	2,197,082
	<u>-</u>	<u>2,239,127</u>
Total noncurrent liabilities		
Total liabilities		
	<u>364,395</u>	<u>3,709,178</u>
Net Position		
Net investment in capital assets		7,472,274
Unrestricted	349,560	3,650,074
	<u>349,560</u>	<u>3,650,074</u>
Total net position		
	<u>\$ 349,560</u>	<u>\$ 11,122,348</u>

County of Centre, Pennsylvania

Statement of Revenues, Expenses, and Changes in Net Position

Conservation District

Year Ended December 31, 2013

Revenues

Grants	\$ 1,780,565
Other	95,224
Interest	<u>227</u>

Total revenues 1,876,016

Expenditures

Conservation District	<u>1,698,550</u>
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Excess (Deficiency) of Revenues over Expenditures 177,466

Net Position, Beginning of Year 172,094

Net Position, End of Year \$ 349,560

County of Centre, Pennsylvania

Statement of Revenues, Expenses, and Changes in Net Position
Recycling Refuse Authority
Year Ended December 31, 2013

Operating Revenues

Tipping fees	\$ 6,749,579
Recycling fees	2,939,505
Other	<u>41,187</u>

Total operating revenues 9,730,271

Operating Expenses

Salaries and benefits	2,911,374
Contracted services	5,209,626
Depreciation and amortization	720,689
Administration costs	<u>573,333</u>

Total operating expenses 9,415,022

Operating income (loss) 315,249

Nonoperating Revenues (Expenses)

Grants	429,104
Interest income	6,964
Other income	26,202
Interest expense	<u>(135,755)</u>

Total nonoperating revenue 326,515

Change in Net Position 641,764

Net Position, Beginning 10,480,584

Net Position, Ending \$ 11,122,348

County of Centre, Pennsylvania

Statement of Cash Flows

Recycling Refuse Authority

Year Ended December 31, 2013

Cash Flows from Operating Activities

Cash received from customers	\$ 9,671,207
Cash paid to vendors and employees	<u>(8,543,819)</u>

Net cash provided by (used in) operating activities 1,127,388

Cash Flows from Investing Activities

Interest received	<u>6,964</u>
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Cash Flows from Noncapital Financing Activities

Grants received from government agencies	594,104
Cash received from customers - finance charges and bad debt recoveries	<u>26,202</u>

Net cash provided by (used in) noncapital financing activities 620,306

Cash Flows from Capital and Related Financing Activities

Interest paid	(135,755)
Purchases and construction of capital assets	(603,214)
Repayment of long-term debt	<u>(425,242)</u>

Net cash provided by (used in) financing activities (1,164,211)

Increase (Decrease) in Cash and Cash Equivalents 590,447

Cash and Cash Equivalents, Beginning 2,927,373

Cash and Cash Equivalents, Ending \$ 3,517,820

Reconciliation of Operating Income (Loss) to Net**Cash Provided by (Used in) Operating Activities**

Operating income (loss)	\$ 315,249
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	720,689
Changes in assets and liabilities:	
Accounts receivable, trade	(59,064)
Prepaid expenses	40,033
Accounts payable	(38,786)
Accrued expenses	159,206
Landfill post-closure liability	<u>(9,939)</u>

Net Cash Provided by (Used in) Operating Activities \$ 1,127,388

County of Centre, Pennsylvania

Schedule of Changes in Capital Assets by Function and Activity
Year Ended December 31, 2013

	<u>January 1,</u> <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31</u> <u>2013</u>
General Government - Administration	\$ 3,978,747	\$ 19,145,915	\$ 77,161	\$ 23,047,501
General Government - Judicial	6,349,082	1,597,591	19,663	7,927,010
Public Safety and Corrections	29,501,572	189,596	13,332	29,677,836
Human Services	3,055,608	365,520	312,455	3,108,673
Conservation and Development	32,258	-	-	32,258
Other	71,539	-	71,539	-
Capital Projects	8,661,984	3,918,683	-	12,580,667
Total	<u>\$ 51,650,790</u>	<u>\$ 25,217,305</u>	<u>\$ 494,150</u>	<u>\$ 76,373,945</u>

	<u>Ending Balance is Composed of</u>		
	<u>Buildings and</u> <u>Improvements</u>	<u>Furniture and</u> <u>Equipment</u>	<u>Total</u>
General Government - Administration	\$ 20,488,290	\$ 2,559,211	23,047,501
General Government - Judicial	6,660,554	1,266,456	7,927,010
Public Safety and Corrections	27,873,163	1,804,673	29,677,836
Human Services	-	3,108,673	3,108,673
Conservation and Development	-	32,258	32,258
Capital Projects	11,469,772	1,110,895	12,580,667
Total	<u>\$ 66,491,779</u>	<u>\$ 9,882,166</u>	<u>\$ 76,373,945</u>

Note: Above table does not include construction in progress



County of Centre, Pennsylvania

Statistical Section
December 31, 2013

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 103 through 107 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 108 through 111 contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

The schedules on pages 112 through 114 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 115 and 116 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 117 through 122 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.

County of Centre, Pennsylvania

Schedule of Government-Wide Net Position by Component
(Unaudited)
As of December 31

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 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	\$ 9,605,069
Restricted	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	7,496,292
Unrestricted	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	15,219,566
Total governmental activities net position	<u>\$ 22,550,025</u>	<u>\$ 21,447,450</u>	<u>\$ 25,203,477</u>	<u>\$ 26,397,756</u>	<u>\$ 23,466,249</u>	<u>\$ 22,289,881</u>	<u>\$ 26,854,429</u>	<u>\$ 29,872,790</u>	<u>\$ 33,813,054</u>	<u>\$ 32,320,927</u>
Business-type activities										
Net investment in capital assets	\$ (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)	\$ 1,211,194
Unrestricted	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	254,257
Total business-type activities net position	<u>\$ 150,638</u>	<u>\$ (334,508)</u>	<u>\$ (320,161)</u>	<u>\$ (692,767)</u>	<u>\$ (256,073)</u>	<u>\$ 511,301</u>	<u>\$ 724,648</u>	<u>\$ 686,241</u>	<u>\$ 626,712</u>	<u>\$ 1,465,451</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 10,816,263
Restricted	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	7,496,292
Unrestricted	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	15,473,823
Total primary government net position	<u>\$ 22,700,663</u>	<u>\$ 21,112,942</u>	<u>\$ 24,883,316</u>	<u>\$ 25,704,989</u>	<u>\$ 23,210,176</u>	<u>\$ 22,801,182</u>	<u>\$ 27,579,077</u>	<u>\$ 30,559,031</u>	<u>\$ 34,439,766</u>	<u>\$ 33,786,378</u>

County of Centre, Pennsylvania

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government										
Administrative	\$ 13,741,174	\$ 15,350,174	\$ 9,646,043	\$ 10,342,196	\$ 11,595,611	\$ 11,099,235	\$ 11,404,111	\$ 10,316,148	\$ 11,685,010	\$ 8,397,680
Judicial	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	8,408,855
Public safety	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	14,593,757
Public works	170,551	539,137	276,860	159,729	369,947	274,369	583,409	299,113	299,827	373,960
Human services	30,953,925	31,425,941	31,978,456	33,161,084	33,341,181	27,313,343	22,541,995	24,003,631	24,341,263	22,245,585
Culture and recreation	703,901	684,792	619,680	527,438	735,768	691,409	541,184	645,259	545,460	545,731
Conservation and development	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	2,059,658
Interest on long-term debt	1,527,753	1,189,060	934,512	1,063,754	1,134,340	986,790	893,301	766,775	909,411	1,206,402
Other cost	521,487	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>64,743,549</u>	<u>67,302,205</u>	<u>62,619,914</u>	<u>64,515,467</u>	<u>67,912,854</u>	<u>61,238,886</u>	<u>57,364,599</u>	<u>57,734,575</u>	<u>61,716,566</u>	<u>57,831,628</u>
Business-type activities:										
Nursing home	16,615,566	17,000,670	17,203,212	17,248,623	18,682,726	18,555,672	19,052,780	18,601,450	18,913,839	15,139,181
911 emergency response	2,385,761	2,422,650	2,658,699	3,101,168	2,279,746	2,286,743	2,443,286	2,418,640	2,302,393	2,169,365
Total business-type activities expenses	<u>19,001,327</u>	<u>19,423,320</u>	<u>19,861,911</u>	<u>20,349,791</u>	<u>20,962,472</u>	<u>20,842,415</u>	<u>21,496,066</u>	<u>21,020,090</u>	<u>21,216,232</u>	<u>17,308,546</u>
Total primary government expenses	<u>83,744,876</u>	<u>86,725,525</u>	<u>82,481,825</u>	<u>84,865,258</u>	<u>88,875,326</u>	<u>82,081,301</u>	<u>78,860,664</u>	<u>78,754,665</u>	<u>82,932,798</u>	<u>75,140,174</u>
Revenues:										
Governmental activities:										
Charges for services:										
General government										
Administrative	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	5,393,791
Judicial	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	2,628,444
Public safety	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	2,910,022
Public works	84,799	-	-	-	28,774	-	-	-	-	-
Human services	1,317,077	1,265,089	1,139,759	556,041	576,358	525,302	368,900	365,762	363,760	423,771
Conservation and development	498,045	480,284	361,277	310,818	379,760	292,230	254,473	249,649	245,937	238,961
Operating grants and contributions	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	24,851,712
Capital grants and contributions	-	-	-	-	195,697	431,375	215,573	208,975	4,429,702	516,090
Total governmental activities revenues	<u>48,037,683</u>	<u>48,195,130</u>	<u>48,293,595</u>	<u>46,960,230</u>	<u>45,970,926</u>	<u>40,492,204</u>	<u>37,595,764</u>	<u>37,189,966</u>	<u>42,430,318</u>	<u>36,962,791</u>
Business-type activities:										
Charges for services:										
Nursing home	15,145,958	15,555,447	15,338,693	15,960,511	17,268,944	18,089,819	18,323,337	17,137,487	16,908,014	13,347,679
911 emergency response	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	1,500,126
Total business-type activities revenues	<u>16,277,057</u>	<u>17,115,577</u>	<u>16,877,748</u>	<u>17,462,019</u>	<u>19,312,084</u>	<u>20,048,072</u>	<u>20,069,717</u>	<u>19,022,237</u>	<u>18,615,110</u>	<u>14,847,805</u>
Total primary government revenues	<u>64,314,740</u>	<u>65,310,707</u>	<u>65,171,343</u>	<u>64,422,249</u>	<u>65,283,010</u>	<u>60,540,276</u>	<u>57,665,481</u>	<u>56,212,203</u>	<u>61,045,428</u>	<u>51,810,596</u>
Net Expenses										
Governmental activities	(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)	(20,868,837)
Business-type activities	(2,724,270)	(2,307,743)	(2,984,163)	(2,887,772)	(1,650,388)	(794,343)	(1,426,349)	(1,997,853)	(2,601,122)	(2,460,741)
Total net revenues (expenses)	<u>\$ (19,430,136)</u>	<u>\$ (21,414,818)</u>	<u>\$ (17,310,482)</u>	<u>\$ (20,443,009)</u>	<u>\$ (23,592,316)</u>	<u>\$ (21,541,025)</u>	<u>\$ (21,195,184)</u>	<u>\$ (22,542,462)</u>	<u>\$ (21,887,370)</u>	<u>\$ (23,329,578)</u>

(Continued)

County of Centre, Pennsylvania

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes levied for general purposes	\$ 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	\$ 21,797,500
Property taxes levied for debt services	4,213,270	3,826,072	3,962,881	3,629,335	3,707,510	3,787,352	3,843,214	3,815,007	3,845,960	3,865,758
Investment income	731,001	1,037,538	1,312,618	1,236,296	698,875	367,658	315,075	297,465	289,105	263,992
Proceeds from sale of capital assets	-	-	-	-	-	-	14,637	-	-	-
Unusual item	900,000	-	-	-	-	-	-	-	-	-
Transfers	(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)	(5,897,730)
Total general revenues and other changes in net position	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	20,029,520
Business-type activities:										
Investment income	83	5,102	28,547	37,077	13,311	3,984	23,823	36,842	30,661	30,428
Transfers	1,671,381	1,817,495	2,969,963	2,478,089	2,073,771	1,557,733	1,615,873	1,922,604	2,510,932	5,897,730
Total business-type activities	1,671,464	1,822,597	2,998,510	2,515,166	2,087,082	1,561,717	1,639,696	1,959,446	2,541,593	5,928,158
Total primary government	20,150,754	19,827,097	21,080,856	21,264,682	21,097,503	21,132,031	25,973,079	25,522,416	25,768,105	25,957,678
Special item - contribution	-	-	-	0	0	0	0	0	0	(2,628,678)
Changes in net position										
Governmental activities	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	(839,317)
Business-type activities	(1,052,806)	(485,146)	14,347	(372,606)	436,694	767,374	213,347	(38,407)	(59,529)	838,739
Total primary government	\$ 720,618	\$ (1,587,721)	\$ 3,770,374	\$ 821,673	\$ (2,494,813)	\$ (408,994)	\$ 4,777,895	\$ 2,979,954	\$ 3,880,735	\$ (578)

(Concluded)

County of Centre, Pennsylvania

Schedule of Governmental Fund Balances
(Unaudited)
As of December 31

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:										
Nonspendable	\$ 38,988	\$ 93,202	\$ 553,972	\$ 504,046	\$ 50,069	\$ 747,461	\$ 152,274	\$ 776,471	\$ 106,788	\$ 45,854
Restricted	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	2,811,885
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,580,818	1,214,135	1,127,521	1,108,012	1,150,465	221,452	311,679	382,456	452,885	439,987
Unassigned	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	7,227,924
Total General Fund	<u>\$ 12,454,599</u>	<u>\$ 12,006,503</u>	<u>\$ 12,026,780</u>	<u>\$ 11,768,253</u>	<u>\$ 9,234,378</u>	<u>\$ 7,521,580</u>	<u>\$ 10,957,884</u>	<u>\$ 10,810,080</u>	<u>\$ 9,459,772</u>	<u>\$ 10,525,650</u>
All other governmental funds:										
Nonspendable	\$ 2,355	\$ 2,877	\$ -	\$ 2,272	\$ 3,003	\$ 1,958	\$ 2,918	\$ 3,000	\$ 3,037	\$ 14,832
Restricted	6,072,135	5,214,968	5,739,303	4,202,731	3,164,340	2,743,945	2,886,045	2,645,031	17,849,535	4,684,408
Assigned	8,505,942	2,895,169	1,920,119	2,387,156	983,281	776,636	776,161	3,106,753	5,523,983	7,862,626
Unassigned	-	-	-	-	-	-	-	-	(443,863)	(455,113)
Total all other governmental funds	<u>\$ 14,580,432</u>	<u>\$ 8,113,014</u>	<u>\$ 7,659,422</u>	<u>\$ 6,592,159</u>	<u>\$ 4,150,624</u>	<u>\$ 3,522,539</u>	<u>\$ 3,665,124</u>	<u>\$ 5,754,784</u>	<u>\$ 22,932,692</u>	<u>\$ 12,106,753</u>

County of Centre, Pennsylvania

Schedule of Changes in Governmental Fund Balances
(Unaudited)

Years Ended December 31

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 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	\$ 25,693,228
Grants, gifts, and payment in lieu of taxes	30,840,326	30,734,499	35,243,512	34,445,884	33,702,117	27,353,535	23,921,686	23,278,370	25,737,647	23,230,376
Court costs	914,442	850,108	844,591	927,651	1,246,217	1,373,556	1,584,625	1,438,783	1,499,903	1,307,828
Fines and forfeits	288,813	254,395	221,260	258,014	241,764	199,253	198,060	198,643	209,062	191,947
Interest and rents		1,053,612	1,312,598	1,236,010	698,415	367,632	315,058	297,463	289,100	263,987
Charges for services	7,790,426	8,001,215	8,791,992	9,058,905	8,873,184	9,261,006	9,776,854	10,360,358	10,301,278	9,635,859
Contributions and other revenues	373,562	273,445	372,153	969,183	325,473	375,541	264,614	196,955	3,225,997	664,812
Total revenues	58,727,236	59,951,731	66,377,444	66,956,121	65,435,392	59,630,991	61,603,905	60,973,140	66,728,450	60,988,037
Expenditures										
Current:										
General government:										
Administrative	7,681,052	8,032,867	7,982,370	9,259,260	9,902,426	9,492,939	10,249,727	9,111,188	10,381,715	9,086,259
Judicial	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	8,712,129
Public safety	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	11,940,856
Public works	170,551	539,137	276,860	159,729	369,947	274,369	583,409	299,113	299,826	373,960
Human services	29,257,745	29,891,618	30,119,874	31,933,984	32,132,052	26,272,324	21,223,276	22,399,377	22,407,299	20,462,829
Culture and recreation	703,901	684,792	619,680	527,438	735,768	691,409	541,184	545,259	545,460	545,731
Conservation and development	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	2,081,550
Debt service:										
Principal	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	2,892,687
Interest	1,645,088	1,238,283	1,239,182	978,700	1,043,872	991,722	815,242	917,110	850,286	1,288,110
Other cost	1,783	2,000	56,918	1,064	2,500	2,500	44,669	375,007	285,105	2,655
Capital outlay	17,092,224	6,491,400	3,514,681	2,650,798	2,143,889	472,767	134,965	205,143	7,484,215	10,243,734
Total expenditures	75,097,705	64,948,584	63,848,145	65,795,230	68,289,307	60,366,929	56,409,866	57,402,387	65,607,204	67,630,500
Excess (deficiency) of revenues over (under) expenditures	(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	(6,642,463)
Other financing sources (uses):										
Transfers in	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	3,457,276
Transfers out	(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)	(6,574,874)
Proceeds from sale of capital assets	-	-	-	-	-	-	361	-	-	-
Proceeds from bonds	-	-	-	-	-	-	5,515,000	9,175,000	13,590,000	-
Issuance of debt	5,380,000	-	10,000,000	-	-	-	-	-	15,315,000	-
Payments to refund bonds payable	(4,985,000)	-	(9,040,000)	-	-	-	(5,458,865)	-	-	-
Payments to refund bond escrow agent	-	-	(775,744)	-	-	-	(8,066)	(9,550,000)	(13,879,066)	-
Reclass bonds to debt service	-	-	-	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-	752,163	2,273,829	-
Bond discount	(48,463)	-	(127,605)	-	-	-	-	-	-	-
Unusual item	900,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(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	(3,117,598)
Net change in fund balances	\$ (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	\$ (9,760,061)
Debt service as a percentage of noncapital expenditures	4.98%	4.32%	4.20%	3.71%	3.84%	4.24%	4.36%	5.47%	3.70%	7.29%

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				
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%
2013	2,143,030,395	877,108,579	46,072,565	58,539,850	6,679,960	223,470,685	3,354,902,034	7.84	6,709,804,068	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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County Direct Rates:										
General	\$ 5.09	\$ 5.25	\$ 5.30	\$ 5.40	\$ 5.40	\$ 5.40	\$ 6.90	\$ 6.65	\$ 6.65	\$ 6.65
Debt	1.50	1.34	1.29	1.19	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	8.09	7.84	7.84	7.84
Borough and Township Rates:										
Bellefonte Borough	7.93	7.93	7.98	7.98	8.56	8.81	9.29	9.79	12.82	13.52
Centre Hall Borough	1.23	1.23	1.23	1.23	1.23	1.23	1.23	2.50	2.50	2.50
Howard Borough	6.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Milesburg Borough	4.50	6.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00
Millhiem Borough	1.65	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Philipsburg Borough	10.83	10.33	10.33	10.33	10.33	15.33	15.33	15.33	15.33	15.33
Port Matilda Borough	4.80	6.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Snow Shoe Borough	4.16	4.36	4.36	4.36	4.36	5.36	5.36	5.36	5.39	5.39
State College Borough	5.70	7.30	10.04	10.04	10.54	11.04	11.04	11.04	11.04	11.04
Unionville Borough	1.27	3.27	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	3.18	3.84	3.84	3.84	4.17	4.17	4.17	4.50	4.50
Burnside Township	3.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69
College Township	3.70	3.70	3.70	3.70	3.90	3.90	4.40	4.40	4.90	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	2.42	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	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	4.00	4.00
Halfmoon Township	3.72	3.72	4.02	4.02	4.02	4.02	4.02	4.02	4.98	4.98
Harris Township	4.70	4.70	4.70	4.70	4.70	4.60	4.60	4.80	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	1.70	1.73	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
Liberty Township	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.00
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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Patton Township	7.70	7.50	7.50	7.20	7.20	7.60	8.40	8.70	8.90	8.90
Penn Township	3.00	3.00	3.00	3.00	3.00	4.00	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	4.50	4.50	4.50
Taylor Township	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Union Township	2.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00
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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
School District Rates:										
Bald Eagle	33.00	34.26	36.26	37.76	39.76	41.96	43.68	46.55	48.55	50.55
Bellefonte	35.83	36.99	37.98	39.69	41.08	42.98	44.61	45.41	46.40	47.41
Keystone Central	34.21	34.73	34.38	34.33	36.12	37.37	40.24	42.55	43.62	43.59
Penns Valley	31.37	37.87	37.87	37.87	37.87	38.33	40.46	41.71	43.23	43.23
Philipsburg Osceola	38.22	37.26	39.30	46.97	49.04	50.90	52.97	51.61	51.56	51.59
State College	29.72	31.37	32.57	32.51	33.72	34.85	35.90	36.85	37.73	38.75
Tyrone	19.36	19.36	18.88	20.22	21.06	22.06	22.98	20.61	22.57	22.31

Source : County Tax Assessment Office

County of Centre, Pennsylvania

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

Taxpayer:	2013			2004		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Geisinger Clinic	\$ 13,635,950	1	0.41%			
PSU (Taxable)	13,589,625	2	0.41%	\$ 14,501,260	4	0.56%
* Crown American Finance	12,785,500	3	0.38%	32,884,070	1	1.26%
Foxdale Village Corporation	10,855,460	4	0.32%	11,834,320	6	0.45%
Jefferson at State College	8,334,970	5	0.25%	16,669,940	2	0.64%
The Village at Penn State	7,961,850	6	0.24%			
Minitab, Inc	7,723,525	7	0.23%			
Campus Crest at SC LLC	7,254,420	8	0.22%			
Wal-Mart Stores Inc	6,744,000	9	0.20%	13,152,000	5	0.50%
Circleville Road Partners LP	6,741,745	10	0.20%			
W9/JP-M Real Estate				11,227,600	7	0.43%
College Avenue Properties				11,031,670	9	0.42%
Corning Asahi Video Company				15,465,170	3	0.59%
Temple Family Partnership				10,797,370	10	0.41%
Nittany Garden Apartments				11,117,830	8	0.43%
Total	\$ 95,627,045		2.85%	\$ 148,681,230		5.70%
Total Taxable Assessed Value	\$ 3,354,902,034		100%	\$ 2,606,509,720		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

Year	Taxes Levied for the Year	Collected within the year of the Levy		Collections in Subsequent Years	Total Collected to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2004	\$ 18,415,467	\$ 17,979,298	97.63%	\$ 435,197	\$ 18,414,495	99.99%
2005	18,853,031	18,395,990	97.58%	455,840	18,851,830	99.99%
2006	19,576,647	19,081,381	97.47%	493,834	19,575,215	99.99%
2007	20,057,503	19,553,148	97.49%	502,373	20,055,521	99.99%
2008	20,412,851	19,910,312	97.54%	497,786	20,408,098	99.98%
2009	20,786,531	20,189,802	97.13%	590,562	20,780,364	99.97%
2010	25,673,802	25,047,325	97.56%	614,365	25,661,690	99.95%
2011	25,202,931	24,621,260	97.69%	562,170	25,183,430	99.92%
2012	25,454,926	24,871,821	97.71%	262,811	25,134,632	98.74%
2013	25,647,232	25,123,930	97.96%	-	25,123,930	97.96%

Source : Centre County Tax Claim Office

County of Centre, Pennsylvania**Schedule of Ratios of General Bonded Debt Outstanding**

(Unaudited)

As of December 31

Year	Governmental General Obligation Bonds ©	Business-Type General Obligation Bonds	Total Primary Government	Percentage of Personal Income (a)	Percentage of Actual Value of Taxable Property (b)	Per Capita
2004	\$ 24,520,423	\$ 13,347,534	\$ 37,867,957	1.00%	0.68%	\$ 271
2005	23,865,498	12,648,278	36,513,776	0.96%	0.64%	260
2006	23,445,680	11,945,499	35,391,179	0.92%	0.60%	251
2007	23,811,253	11,214,538	35,025,791	0.88%	0.57%	242
2008	23,169,400	10,450,112	33,619,512	0.78%	0.54%	232
2009	21,967,243	9,659,265	31,626,508	0.68%	0.51%	216
2010	20,854,984	10,214,998	31,069,982	0.59%	0.48%	202
2011	18,809,795	9,359,265	28,169,060	0.55%	0.43%	182
2012	34,463,386	8,615,268	43,078,654	0.79%	0.65%	280
2013	38,530,736	-	38,530,736	0.61%	0.57%	248

(a) See Schedule of Demographic and Economic Statistics for population and personal income data.

(b) See Schedule 5 of Assessed Value and Actual Value of Taxable Real Estate for property value data.

(c) General Obligation Bonds less debt service restricted net position

Note - During 2013, the Business-Type General Obligation Bonds were transferred to the Governmental General Obligation Bonds.

County of Centre, Pennsylvania

Schedule of Direct and Overlapping Debt

(Unaudited)

As of December 31

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County Direct Rates			
County of Centre	\$ 40,604,347	100%	\$ 40,604,347
Borough & Township Rates			
Bellefonte Borough	7,903,736	100%	7,903,736
Milesburg Borough	238,426	100%	238,426
State College Borough	36,808,998	100%	36,808,998
Benner Township	413,894	100%	413,894
College Township	5,625,000	100%	5,625,000
Ferguson Township	2,110,000	100%	2,110,000
Harris Township	424,800	100%	424,800
Liberty Township	65,000	100%	65,000
Patton Township	6,460,058	100%	6,460,058
Penn Township	229,750	100%	229,750
Rush Township	1,787,174	100%	1,787,174
Snow Shoe Township	52,352	100%	52,352
Taylor Township	123,220	100%	123,220
Total municipalities			<u>62,242,408</u>
School District Rates			
Bald Eagle	39,226,993	100%	39,226,993
Bellefonte	42,525,485	100%	42,525,485
Keystone Central	38,134,226	5%	1,906,711
Penns Valley	23,173,841	100%	23,173,841
Philipsburg Osceola	35,538,417	100%	35,538,417
State College	77,117,782	100%	77,117,782
Tyrone	1,615,000	5%	80,750
Total school districts			<u>219,569,979</u>
Total indirect			<u>-</u>
Grand total			<u><u>\$ 322,416,734</u></u>

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 borne 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, PennsylvaniaSchedule of Debt Margin Information
(Unaudited)

Years Ended December 31

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Borrowing Base Revenues (1)	\$ 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	\$48,040,401
Debt Limit Percentage	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	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	144,121,203
General Obligation Bonds	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	40,604,347
Legal Debt Margin	<u>\$ 92,970,188</u>	<u>\$ 100,596,613</u>	<u>\$ 100,272,297</u>	<u>\$ 103,478,599</u>	<u>\$ 105,653,483</u>	<u>\$ 112,833,541</u>	<u>\$ 118,979,221</u>	<u>\$ 117,982,637</u>	<u>\$ 100,723,613</u>	<u>\$ 103,516,856</u>
Total net debt applicable to the limit as a percentage of debt limit	31.76%	29.10%	28.64%	26.94%	25.36%	22.92%	21.73%	20.25%	30.16%	28.17%

(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)

As of December 31

<u>Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2013	155,171	6,345,563	40,894	5.1%

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

County of Centre, Pennsylvania

Schedule of Principal Employers

(Unaudited)

Years Ended December 31

Taxpayer	2013			2004		
	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%			
Geisinger Medical Group	519	10	0.81%			
Wegman's Food Markets Inc	-		-	608	10	0.92%
Bellefonte Area School District	-		-			
Federal Government	-		-			
YMCA of Centre County	-		-			
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 County Planning Office and Pennsylvania Department of Labor & Industry.

County of Centre, Pennsylvania

Schedule of County Employees by Function

(Unaudited)

As of December 31

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration	91	92	97	101	104	103	94	94	92	85
Judicial	118	120	118	122	117	118	117	117	116	118
Public Safety	67	74	106	114	113	114	123	120	126	128
Human Services	147	148	146	149	152	156	156	152	154	159
Conservation and Development	27	22	12	12	12	12	10	10	10	10
Enterprise:										
Emergency Communication 911	28	28	32	30	30	30	32	32	29	32
Nursing Home	315	316	320	320	320	320	265	257	262	-
Total enterprise	343	344	352	350	350	350	297	289	291	32
Total	793	800	831	848	848	853	797	782	789	532

Source : Centre County Budget

County of Centre, Pennsylvania
 Schedule of Operating Indicators by Function
 (Unaudited)
 Years Ended December 31

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration:										
Treasurer:										
Hunting licenses	21,869	20,884	14,904	14,549	14,402	13,657	10,285	11,432	12,398	12,462
Sportsman Pistol Permits							34	27	31	21
Dog licenses	13,092	13,092	15,497	14,260	13,699	13,341	14,443	13,983	12,478	13,180
Fishing licenses	383	343	400	428	347	295	247	208	141	162
Total licenses	35,344	34,319	30,801	29,237	28,448	27,293	25,009	25,650	25,048	25,825
Public Defender, Cases	1,807	2,076	2,000	2,134	2,566	2,407	2,259	2,657	2,577	2,600
Recorder of Deeds, Deeds filed	26,757	25,473	23,583	21,813	21,610	23,000	20,472	19,565	20,100	20,100
Judicial:										
Sheriff, Pistol permits	3,850	2,700	2,750	4,538	5,671	9,792	12,659	7,291	3,581	3,660
Coroner, Cases	526	569	557	517	551	564	581	602	620	594
District Attorney, Cases	2,406	2,370	2,445	2,691	2,849	2,915	2,994	2,958	2,985	3,010
Prothonotary:										
Criminal cases	2,436	2,536	2,454	2,595	2,535	2,608	2,620	2,538	2,225	2,246
Civil cases	5,325	4,824	5,024	5,629	5,628	6,226	5,826	5,750	4,818	4,999
Other cases	972	1,924	1,846	1,877	1,906	2,496	2,592	2,405	2,868	2,995
Total cases	8,733	9,284	9,324	10,101	10,069	11,330	11,038	10,693	9,911	10,240
Magisterial District Judges, Court cases	39,492	43,375	37,296	34,477	39,570	40,712	36,675	35,290	33,723	33,723
Public Safety:										
Probation										
Juvenile cases	208	222	205	241	289	250	194	175	173	165
Adult cases	3,284	3,318	3,517	3,954	3,987	4,391	3,740	4,285	3,890	3,936
Total	3,492	3,540	3,722	4,195	4,276	4,641	3,934	4,460	4,063	4,101
Prison, Average daily population	190	187	219	216	222	259	268	260	260	271
Human Services:										
Children & Youth, Caseload	3,530	3,068	2,958	3,311	3,346	3,392	2,142	2,191	2,503	2,544
Mental Health / Retardation, Clients	2,518	2,556	2,584	2,533	2,531	2,327	2,359	2,359	2,500	2,658
Drug and Alcohol:										
Children clients	129	190	270	309	147	160	41	49	75	56
Adult clients	1,009	838	1,220	1,808	1,003	1,050	992	845	1,050	914
Total clients	1,138	1,028	1,490	2,117	1,150	1,210	1,033	894	1,125	970

Source : Centre County Budget

County of Centre, Pennsylvania

Schedule of Capital Asset Statistics by Activity
(Unaudited)

Years Ended December 31

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental:										
Capital Asset, net										
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,738,135	\$ 12,580,667
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	1,719,563
Building and improvements	25,029,619	27,918,806	29,014,711	30,404,150	31,467,769	30,523,539	29,578,790	28,622,675	27,666,138	34,487,150
Furniture and improvements	1,715,805	1,985,984	3,957,562	3,704,906	2,678,246	2,344,938	2,452,017	2,362,599	2,642,445	2,674,798
Vehicles	407,804	498,753	355,509	278,578	287,203	554,472	613,651	612,767	512,991	584,429
Total	\$ 27,153,228	\$ 32,123,106	\$ 35,047,345	\$ 36,107,197	\$ 36,152,781	\$ 35,142,512	\$ 34,364,021	\$ 33,317,604	\$ 37,279,272	\$ 52,046,607
Business-type:										
Capital Asset, net										
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,316	\$ -	\$ -
Land and improvements	9,575	8,705	7,835	6,964	6,094	5,224	4,352	3,482	3,482	-
Building and improvements	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	355,028
Furniture and improvements	2,195,538	1,999,866	1,552,444	877,353	679,768	578,150	451,060	450,744	703,070	856,166
Total	\$ 10,055,429	\$ 9,547,834	\$ 8,788,491	\$ 7,801,479	\$ 7,301,431	\$ 6,897,351	\$ 6,467,797	\$ 7,309,893	\$ 7,090,748	\$ 1,211,194

Source : Centre County Financial Statements

County of Centre, Pennsylvania

Schedule of Salaries and Surety Bonds of Elected Officials

(Unaudited)

Year Ended December 31, 2013

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
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	1,265,312	5,936,437	10.9%
2012	1,630,345	3,138,618	8,381,211	13,150,174	11.3%
2013	1,587,253	3,114,683	15,500,409	20,202,345	10.4%

Expenses by Type

Year	Benefits	Administrative Expenses	Refunds	Total
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	247,546	194,723	3,879,806
2010	3,219,972	272,979	387,127	3,880,078
2011	3,892,837	307,116	749,583	4,949,536
2012	3,660,158	319,242	814,681	4,794,081
2013	4,268,856	341,248	1,566,604	6,176,708

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		
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
2013	759	1,587,253	3,114,683	4,701,936	311	4,268,856

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

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