

County of Centre



PENNSYLVANIA

2014 Comprehensive Annual Financial Report

For the year ended December 31, 2014

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

County of Centre Pennsylvania

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COUNTY OF CENTRE

OFFICE OF THE CONTROLLER

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CONTROLLER
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June 22, 2015

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, 2014. 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, 2014 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, and elections.

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, results of operations, and cash flows.

Information Useful in Assessing the County's Economic Condition

Local economy

The County is home to one of the nation's largest universities, The Pennsylvania State University (Penn State). Penn State has over forty-two 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 Commissioners adopted an ordinance to enact Act 137 and to create a Centre County Affordable Housing Fund. In 2014, \$90,000 was collected 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 interest-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 19 audits, reviews, and special reports during 2014.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Centre for its Comprehensive Annual Financial Report (CAFR) for the

year ended December 31, 2013. This is the thirteenth 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 sixteenth consecutive year, the County received GFOA's Award for Distinguished Budget Presentation for its 2014 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,



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
Achievement
for Excellence
in Financial
Reporting**

Presented to

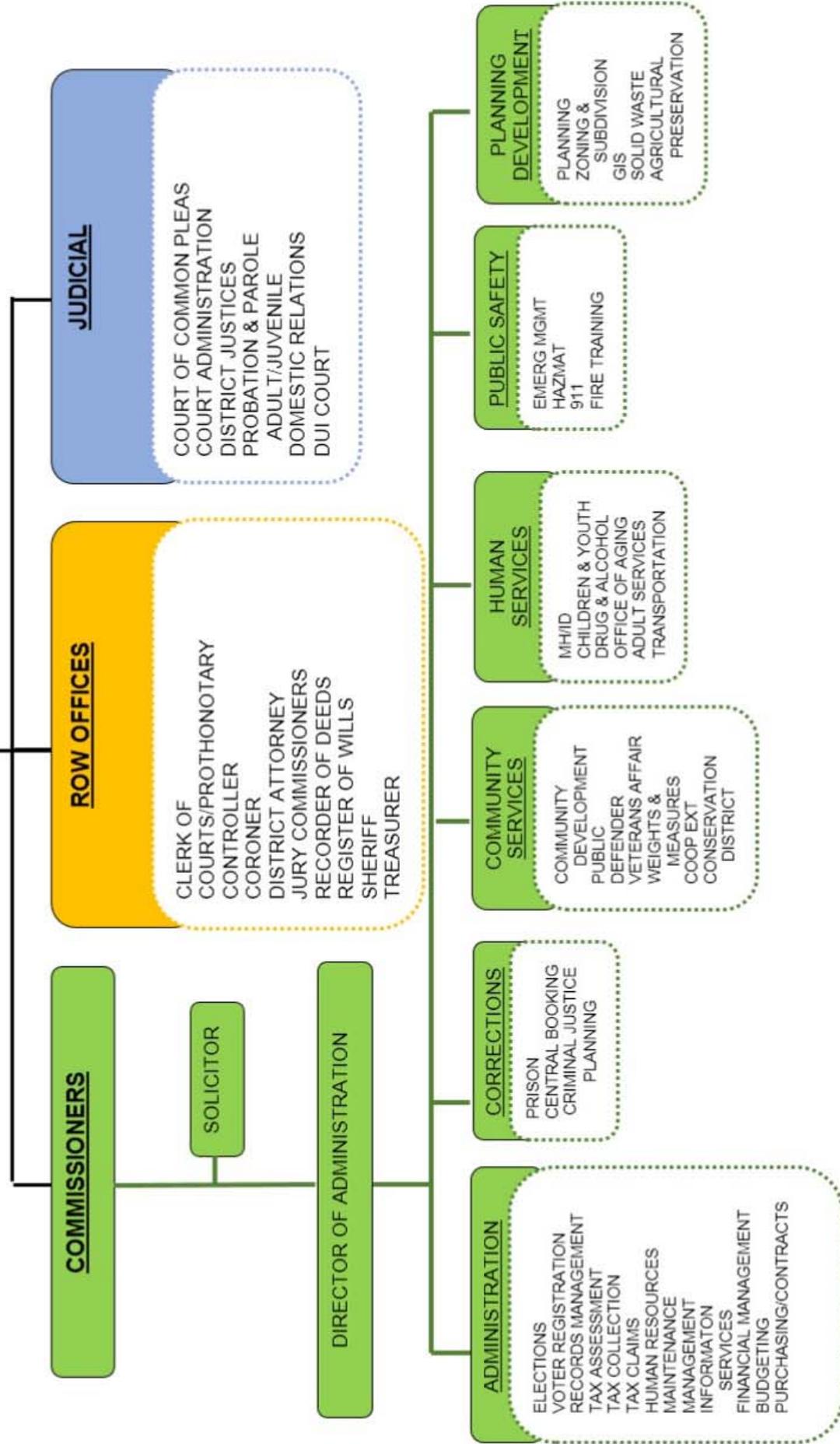
**County of Centre
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

CITIZENS



County of Centre, Pennsylvania

Principal Officials
December 31, 2014

County of Centre

Principal Officials

December 31, 2014

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

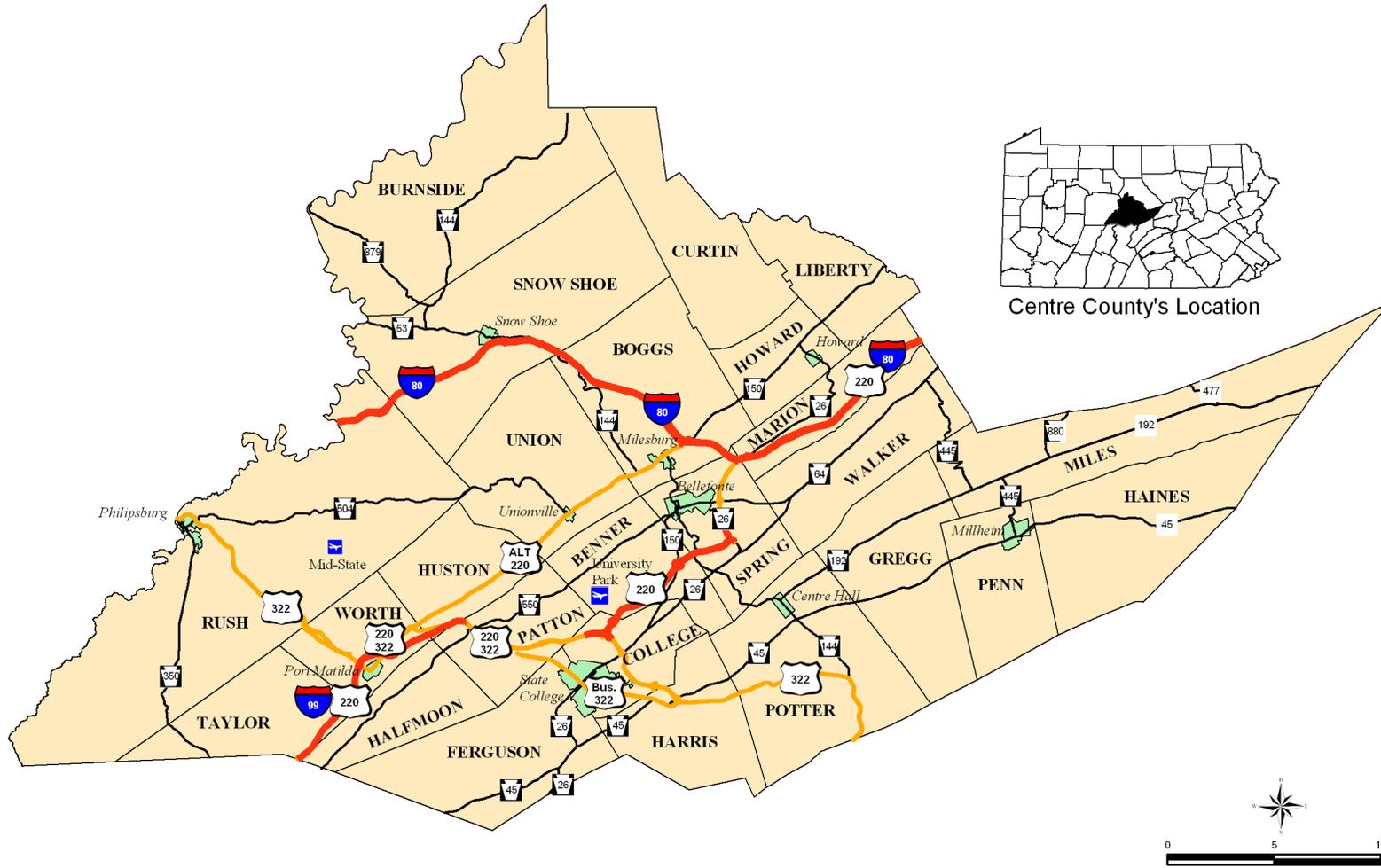
Jury Commissioners

Ruth Luse
Hope Miller

District Justices

Kelley Gillette-Walker, Bellefonte
Thomas Jordan, Centre Hall
Leslie Dutchcot, Centre Region
Allen W. Sinclair, Philipsburg
Carmine Prestia, State College I
Steven Lachman, State College II

Centre County, Pennsylvania



County of Centre, Pennsylvania

December 31, 2014



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, 2014, 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 97 percent, 96 percent, and 88 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, 2014, 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 accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and OPEB information on pages 17 through 30 and pages 74 through 76, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining statements and schedules, 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 and schedules and the component unit - individual fund 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 report of the other auditors, the combining statements and component unit - individual fund 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 22, 2015

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, 2014. The County's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. Additional information is provided in the Transmittal Letter, which can be found on pages 5-8 of this report. This discussion focuses on the County's primary government. Component units, unless otherwise noted, are not included in this discussion.

FINANCIAL HIGHLIGHTS

- The County's total net position increased by \$5.7 million. Net position related to governmental activities increased by \$5.9 million, and the net position of the County's business-type activities decreased by \$144,000.
- As of December 31, 2014, \$15,802,000 of unrestricted net position was available to meet the County's ongoing obligations of the governmental activities to citizens and creditors.
- The unassigned fund balance for the General Fund was \$6,898,000 or 22 percent of total General Fund expenditures.
- Total bond indebtedness on December 31, 2014 was \$37,506,000, a decrease of \$3,099,000 from the beginning of the year. The County's 2014 total debt service payments of \$4,420,000 (principal and interest) represented 6.8 percent of the County's total governmental expenditures.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The statement of net position presents information on all of the County's assets, deferred outflows of resources and liabilities, with the difference 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 activity of the County is a 911 emergency communications center.

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

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

PROPRIETARY FUNDS

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

services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

FIDUCIARY FUNDS

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

The required supplementary information can be found on pages 74-76 of this report. The combining statements referred to earlier in connection with governmental 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 78-102 of this report. The statistical section begins on page 104.

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, 2014 by \$39,514,557, an increase of \$5,728,179 from the beginning balance for the year.

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

outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The County's investment in its capital assets reported net of related debt as related to its governmental activities was \$16,736,000 at year-end. The County's investment in its capital assets reported net of related debt as related to its business-type activities was \$1,067,000 at year-end. This positive balance is attributable to the 2013 reclassification of debt from the business-type activities to the governmental activities associated with the County's 911 operation.

CONDENSED STATEMENT OF NET POSITION

December 31, 2014 and 2013

Primary Government

(in millions)

	Total Governmental Activities		Business-type Activities Enterprise Funds		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$31.8	\$33.3	\$ 0.5	\$ 0.5	\$32.3	\$33.8
Capital assets	<u>55.9</u>	<u>52.1</u>	<u>1.0</u>	<u>1.2</u>	<u>56.9</u>	<u>53.3</u>
Total assets	<u>87.7</u>	<u>85.4</u>	<u>1.5</u>	<u>1.7</u>	<u>89.2</u>	<u>87.1</u>
Deferred outflows	<u>0.5</u>	<u>0.6</u>	<u>-</u>	<u>-</u>	<u>0.5</u>	<u>0.6</u>
Other liabilities	7.3	7.6	0.1	0.1	7.4	7.7
Long-term liabilities	<u>42.8</u>	<u>46.1</u>	<u>0.1</u>	<u>0.1</u>	<u>42.9</u>	<u>46.2</u>
Total liabilities	<u>50.1</u>	<u>53.7</u>	<u>0.2</u>	<u>0.2</u>	<u>50.3</u>	<u>53.9</u>
Invested in capital assets, net of related debt	16.8	9.6	1.0	1.2	17.8	10.8
Restricted	5.6	7.5	-	-	5.6	7.5
Unrestricted	<u>15.8</u>	<u>15.2</u>	<u>0.3</u>	<u>0.3</u>	<u>16.1</u>	<u>15.5</u>
Total net position	<u>\$38.2</u>	<u>\$ 32.3</u>	<u>\$ 1.3</u>	<u>\$ 1.5</u>	<u>\$39.5</u>	<u>\$33.8</u>

At December 31, 2014, the restricted portion of the County's net position, \$5.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance includes \$17.8 million of equity related to capital assets and \$16.1 million in unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors. During 2014, current assets decreased by \$1.5 million due to the reduction in receivables and restricted cash - bonds proceeds, \$1.9 million and \$1.8 million respectively; with an increase in cash of \$2.3 million. Capital assets increased by \$3.6 million due to the completion of the 911 Communications upgrade project.

COUNTY OF CENTRE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

CONDENSED STATEMENT OF ACTIVITIES

December 31, 2014 and 2013

(in millions)

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
REVENUES:						
Program revenues:						
Charges for services	\$ 13.0	\$ 11.6	\$ 1.6	\$ 14.9	\$ 14.6	\$ 26.5
Operating grants and contributions	24.6	24.9	-	-	24.6	24.9
Capital grants and contributions	2.1	0.5	-	-	2.1	0.5
General revenues:						
Property taxes	26.1	25.7	-	-	26.1	25.7
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	66.1	63.0	1.6	14.9	67.7	77.9
EXPENSES:						
General government:	19.5	16.8	-	-	19.5	16.8
Public safety	12.8	14.6	-	-	12.8	14.6
Public works	0.2	0.4	-	-	0.2	0.4
Human services	23.8	22.3	-	-	23.8	22.3
Culture and recreation	0.5	0.8	-	-	0.5	0.8
Conservation and development	1.6	1.8	-	-	1.6	1.8
Interest on long-term debt	1.2	1.2	-	-	1.2	1.2
Nursing home	-	-	-	17.7	-	17.7
911 emergency response	<u>-</u>	<u>-</u>	<u>2.4</u>	<u>2.2</u>	<u>2.4</u>	<u>2.2</u>
Total expenses	<u>59.6</u>	<u>57.9</u>	<u>2.4</u>	<u>19.9</u>	<u>62.0</u>	<u>77.8</u>
Increase (decrease) in net position						
Before transfers	6.5	5.1	(0.8)	(5.0)	5.7	0.1
Transfers	<u>(0.6)</u>	<u>(5.9)</u>	<u>0.6</u>	<u>5.9</u>	<u>-</u>	<u>-</u>
Change in net position	5.9	(0.8)	(0.2)	0.9	5.7	0.1
Net position – beginning	<u>32.3</u>	<u>33.1</u>	<u>1.5</u>	<u>0.6</u>	<u>33.8</u>	<u>33.7</u>
Net position – ending	<u>\$ 38.2</u>	<u>\$ 32.3</u>	<u>\$ 1.3</u>	<u>\$ 1.5</u>	<u>\$ 39.5</u>	<u>\$ 33.8</u>

At the end of 2014, the County is able to report a positive balance of \$39.5 million in total net position. The County's overall financial position improved, as reflected in the \$5.7 million increase in net position. See below for detailed explanation of change in total net position.

GOVERNMENTAL ACTIVITIES

Governmental activities *increased* the County's net position by \$5.9 million. Key elements of this increase include:

- Elimination of ownership, in 2013, of the County's Nursing Home (Centre Crest) to Centre Care; eliminated the need to transfer an estimated average of \$1.7 million.
- The County's real estate market is continuing its turn-around from economic recession, as reflected in the real estate revenues received; \$416,000 over the previous year. 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 2014 the real estate market is continually stable.

BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the County's net position by \$144,000, which is attributed to 911 System's fee structure not covering the operational expenditures of the department. The County contributed \$600,000, which did not cover the total deficit for the year. 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, 2014, the County's governmental funds reported combined ending fund balances of \$21,762,000, a decrease of \$870,000 compared to the prior year.

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

Unrestricted net position of the County's Enterprise funds at the end of the year amounted to \$254,000 and those for the Internal Service funds amounted to \$2,447,000. The total decrease in net position for the Enterprise funds was \$144,000. The total increase in net position for the Internal Service funds was \$83,000. 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 2014 was approximately \$33.0 million. This was a decrease of \$341,000 over the previous year amended budget, which represents a 0.01 percent decrease.

The General Fund budget complied with financial policies approved by the Board of County Commissioners. The 2014 original revenue budget was increased by \$1,089,000 and the expenditure budget increased by \$1,064,000 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, 2014, the unassigned fund balance of the General Fund was \$6,898,000, while total fund balance equaled \$10,548,000. The total fund balance of the County's General Fund increased by \$22,000 during 2014. As a measure of the General Fund's liquidity, the unassigned fund balance represents 22 percent of the total General Fund expenditures, net of inter-fund transfers, or 68 days.

Revenues of the General Fund totaled \$36,939,000 for the year ended December 31, 2014, which represents a decrease of \$224,000 or 0.6 percent reduction from 2013 levels. The following represents a summary of General Fund revenue with budget comparison by source (in thousands):

	<u>Budget</u>	<u>2014 Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance</u>
REVENUES:						
Real estate taxes	\$22,355	\$22,195	\$(160)	\$21,794	\$21,798	\$ 4
Grants, gifts and payments in lieu of taxes	2,991	2,972	(19)	3,511	3,794	283
Court costs	1,349	1,125	(224)	1,418	1,308	(110)
Fines and forfeits	222	190	(32)	226	192	(34)
Interest and rents	226	245	19	247	226	(21)
Charges for services	9,357	10,057	700	10,126	9,340	(786)
Contributions and other revenues	<u>53</u>	<u>156</u>	<u>103</u>	<u>117</u>	<u>506</u>	<u>389</u>
Total revenues	<u>\$36,553</u>	<u>\$36,940</u>	<u>\$387</u>	<u>\$37,439</u>	<u>\$37,164</u>	<u>(\$275)</u>

COUNTY OF CENTRE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

The negative variance of \$160,000 in Real Estate Taxes for 2014 is attributed to budgeting prior year and delinquent tax collection at a level that was not matched with what was collected. The \$283,000 positive budget variance for 2013 in Grants, gifts and payments in lieu of taxes is attributed to increased dollar amounts received for several grants. The \$224,000 and \$110,000 negative variances for 2014 and 2013, respectively, in court cost was caused by the reduction in the case-loads managed by the County's magistrate offices and the fees collected on those cases. The \$786,000 negative variance in charges for services in 2013 was caused by the reduction in maintenance reimbursement fees due to the Centre Crest transfer along with the reduction of State inmate population at the County Prison. The \$700,000 positive variance for 2014 is attributed to re-expanding the State and out-of-County inmate population at the County Prison. The positive variance of \$103,000 and \$389,000 for 2014 and 2013, respectively, 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, which were not included in the budgeting process.

General Fund expenditures totaled \$31,129,000, which represents a decrease of \$196,000 or 0.62 percent from 2013. The following represents a summary of General Fund expenditures with budget comparison for the year ended December 31, 2014 (in thousands).

	<u>Budget</u>	<u>2014 Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>2013 Actual</u>	<u>Variance</u>
EXPENDITURES:						
General government:						
Administration	\$9,961	\$9,048	\$913	\$10,060	\$9,086	\$974
Judicial	8,122	7,684	438	8,185	7,599	586
Public safety	12,400	12,064	336	12,135	11,930	205
Public works	80	80	-	146	146	-
Human services	147	147	-	136	136	-
Culture and recreation	546	546	-	546	546	-
Conservation and development	<u>1,707</u>	<u>1,560</u>	<u>147</u>	<u>2,098</u>	<u>1,882</u>	<u>216</u>
Total expenditures	<u>\$32,963</u>	<u>\$31,129</u>	<u>\$1,834</u>	<u>\$33,306</u>	<u>\$31,325</u>	<u>\$1,980</u>

The major element of the \$913,000 positive 2014 and \$974,000 positive 2013 budget variance in Administration relates to the continued cost containment measures the County has implemented over the past several years. The major elements of the \$438,000 and \$586,000, 2014 and 2013, respectively, positive budget variance in Judicial relate to contracted professional services not being utilized at the levels budgeted for throughout both years. The major elements for the 2014 positive budget variance of \$336,000 in Public Safety relate to the monitoring of wages at the County Prison; budgeted \$4.0 million, expended \$3.6 million. In 2013, 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 \$147,000 and \$216,000, for 2014 and 2013, respectively, 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 2014 were \$36,554,000 compared to the original budgeted revenues of \$35,465,000. The \$1,089,000 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 2014 were \$32,964,000 compared to the original budgeted expenses of \$31,900,000. The major elements of the \$1,064,000 negative budget variance relate to the expenses related to grants that were awarded after the original budget was completed.

HUMAN SERVICE – SPECIAL REVENUE FUNDS

The Children & Youth and the Mental Health/Intellectual Disability funds' revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal grants, are restricted by law or other formal action to expenditures for specific purposes. The Children & Youth and Mental Health/Intellectual Disability funds had a combined deficiency of revenues over expenditures of approximately \$1,264,000 and \$780,000 before transfers-in from the General Fund for the years ended December 31, 2014 and 2013, respectively. These transfers represent the local share (expenditures less grants and charges for services) of funding the operations of the Special Revenue funds. The net transfer, or local share, was \$402,540 over the budgeted amount for the year ended December 31, 2014 and \$346,187 under the budgeted amount for the year ended December 31, 2013. Management had made the decision to not fund the 2012 year-end shortfall for Mental Health/Intellectual Disability, which amounted to a negative ending fund balance of \$443,863, in 2012, which had been reduced to \$443,452 in 2013. Management made the decision to fund the negative fund balance of \$443,452 in 2014. These funds' financial statements are included with the statements on pages 33-34 of this report.

DEBT SERVICE

The Debt Service Fund's total fund balances at December 31, 2014 and 2013 were \$1,654,613 and \$2,073,611, respectively. The Debt Service Fund reported no new issuance of debt for the current year.

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, 2014 and 2013, the County expended \$5,682,000 and \$10,244,000, respectively, for such projects. The Capital Projects Fund's balance at year-end totaled \$8,665,000, which is a decrease of \$1,016,000 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 the courts system; monies being used from the 2012 Series B bond issue but mitigated by the assignment of \$2.5 million from the General Fund's unassigned balance for future projects.

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

Revenues and expenditures totaled \$5,565,000 and \$6,238,000, respectively, for 2014, which represents a deficiency of \$673,000 before transfers. Transfers from the General Fund totaled \$1,009,000. The non-major financial statements can be found on pages 82-86.

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 \$101,888,000 and \$98,946,000, respectively, for the years ended December 31, 2014 and 2013. During the years ended December 31, 2014 and 2013, net position of the Pension Trust Fund balance increased by \$2,941,000 (2.89%) and \$14,025,000 (14.17%), respectively. The gains in 2014 and 2013 were primarily due to

investment gains. The County transferred the Annual Required Contribution of \$2,064,993 (2014) and \$3,114,683 (2013) 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, 2014 and 2013 amounted to \$56,998,191 and \$53,257,801, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements.

<u>December 31, 2014:</u>	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
Construction in progress	\$1,483,779	\$ -	\$1,483,779
Buildings, land, and improvements	36,245,913	320,365	36,566,278
Furniture and equipment	17,387,470	746,235	18,133,705
Vehicles	<u>814,429</u>	<u>-</u>	<u>814,429</u>
	<u>\$55,931,591</u>	<u>\$1,066,600</u>	<u>\$56,998,191</u>
<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>

As evidenced above, construction in progress related to the County's governmental activities decreased by \$11.1 million during 2014. This decrease is due to the County finalizing the upgrade to its 911 systems and facility in 2014. The \$1.5 million amount associated with construction in progress relates to renovations to the Temple Court Building. These renovations are to make additional office space for the court related offices, freeing up space in the County Courthouse. This new project is expected to be completed by the end of 2015. Buildings, land, and improvements related to the County's governmental and business-type activities increased by \$4,500 during 2014. This minimal increase is due to additions and annual depreciation of \$1,365,000 and \$1,360,500, respectively, essentially offsetting one another for the year. Furniture and equipment and vehicles related to the County's governmental activities increased approximately \$14,713,000 and \$230,000, respectively, during 2014. The increase in furniture and equipment is attributed to the 911 system upgrade throughout the year. The County purchased additional fleet vehicles in 2013, which attributes to the increase in this asset line item for 2014. See Note 9 on page 58 of this report for detailed information on capital asset activity.

LONG-TERM DEBT

The County's net general obligation bond debt of \$37,505,606 at year-end was well below the legal limit of \$142,161,699. Activity related to the County's long-term debt for the years ended December 31, 2014 and 2013 is as follows:

	Governmental <u>Activities</u>	Business-type <u>Activity</u>	<u>Total</u>
Bonds and notes payable at January 1, 2013	\$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 payments	<u>(2,892,687)</u>	<u>-</u>	<u>(2,206,693)</u>
Bonds and notes payable at December 31, 2013	40,604,347	-	40,604,347
Bonds and notes issued	-	-	-
Bonds and notes refinanced	-	-	-
Bonds and notes reclassified	-	-	-
Bond and notes issued payments	<u>(3,098,741)</u>	<u>-</u>	<u>(3,098,741)</u>
Bonds payable at December 31, 2014	<u>\$37,505,606</u>	<u>\$ -</u>	<u>\$37,505,606</u>

In 2014, the County issued no new debt but did decide to reclassify all business-type activity debt to governmental activity debt in 2013. 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 the County was 3.7 percent at the end of 2014, which is a 1.4 percent decrease from the 2013 level of 5.1%. This compares favorably with Pennsylvania's unemployment rate of 5.0 percent and the nation's rate of 5.6 percent at the end of 2014. The County is in a period of stability with minimal to average growth.

REQUESTS FOR INFORMATION

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

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

- Centre County Conservation District
Willowbank Building
Bellefonte, PA 16823
- Centre County Recycling Refuse Authority
253 Transfer Road
Bellefonte, PA 16823

County of Centre, Pennsylvania

 Statement of Net Position
 December 31, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Conservation District	Recycling Refuse Authority
Assets					
Cash and cash equivalents	\$ 26,307,096	\$ 342,010	\$ 26,649,106	\$ 447,992	\$ 3,694,856
Cash with fiscal agent	413,804	-	413,804	-	-
Receivables (net of allowance for uncollectibles, as applicable):					
Taxes	1,206,459	-	1,206,459	-	-
Accounts	15,365	85,557	100,922	69,744	735,071
Grants	1,650,013	-	1,650,013	-	577,265
Other	1,130,951	-	1,130,951	-	-
Loans receivable (net of allowance of uncollectibles)	873,168	-	873,168	-	-
Prepaid items and inventory	203,562	26,392	229,954	-	70,923
Capital assets (net of accumulated depreciation):					
Construction in progress	1,483,779	-	1,483,779	-	158,526
Land and improvements	1,867,185	-	1,867,185	-	382,572
Buildings and improvements	34,378,728	320,365	34,699,093	-	8,458,118
Furniture and improvements	17,387,470	746,235	18,133,705	-	508,122
Vehicles	814,429	-	814,429	-	552,972
Total assets	87,732,009	1,520,559	89,252,568	517,736	15,138,425
Deferred Outflows of Resources					
Deferred charge on refunding	526,539	-	526,539	-	-
Total deferred outflows of resources	526,539	-	526,539	-	-
Liabilities					
Accounts payable and accrued expense	2,542,121	24,814	2,566,935	69,344	958,965
Accrued interest payable	537,610	-	537,610	-	-
Accrued payroll liabilities	1,425,291	78,182	1,503,473	-	-
Unearned revenue	2,782,417	-	2,782,417	-	-
Noncurrent liabilities:					
Portion due or payable within one year:					
Bonds and notes payable, net	3,412,606	-	3,412,606	-	504,610
Capital lease payable	15,470	-	15,470	-	33,298
Compensated absences	105,858	4,828	110,686	-	-
Portion due or payable after one year:					
Bonds and notes payable, net	36,278,767	-	36,278,767	-	1,850,998
Capital lease payable	15,688	-	15,688	-	121,222
Compensated absences	2,011,309	91,731	2,103,040	-	-
Other post employment benefits	937,858	-	937,858	-	-
Landfill post-closure liability	-	-	-	-	34,845
Total liabilities	50,064,995	199,555	50,264,550	69,344	3,503,938
Net Position					
Net investment in capital assets	16,735,599	1,066,600	17,802,199	-	7,550,182
Restricted for:					
Judicial	426,424	-	426,424	-	-
Public works	205,941	-	205,941	-	-
Conservation and development	2,063,741	-	2,063,741	-	-
Public safety	722,718	-	722,718	-	-
Human services	57,601	-	57,601	-	-
Debt service	1,654,613	-	1,654,613	-	-
Records management and data automation	525,300	-	525,300	-	-
Unrestricted	15,801,616	254,404	16,056,020	448,392	4,084,305
Total net position	\$ 38,193,553	\$ 1,321,004	\$ 39,514,557	\$ 448,392	\$ 11,634,487

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

County of Centre, Pennsylvania

Statement of Activities

Year Ended December 31, 2014

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	Total	Conservation District	Recycling Refuse Authority
Primary Government									
Government activities:									
General government:									
Administrative	\$ 11,098,929	\$ 5,607,979	\$ 1,496,360	\$ -	\$ (3,994,590)	\$ -	\$ (3,994,590)		
Judicial	8,407,491	1,869,487	1,383,261	-	(5,154,743)	-	(5,154,743)		
Public safety	12,819,426	3,932,343	521,436	2,000,000	(6,365,647)	-	(6,365,647)		
Public works	215,359	-	267,014	-	51,655	-	51,655		
Human services	23,818,784	1,347,353	20,433,301	151,115	(1,887,015)	-	(1,887,015)		
Culture and recreation	545,536	-	-	-	(545,536)	-	(545,536)		
Conservation and development	1,584,735	246,321	508,016	-	(830,398)	-	(830,398)		
Interest on long-term debt	1,145,020	-	-	-	(1,145,020)	-	(1,145,020)		
Total governmental activities	59,635,280	13,003,483	24,609,388	2,151,115	(19,871,294)	-	(19,871,294)		
Business-type activities:									
911 emergency response	2,364,839	1,623,564	-	-	-	(741,275)	(741,275)		
Total business-type activities	2,364,839	1,623,564	-	-	-	(741,275)	(741,275)		
Total primary government	\$ 62,000,119	\$ 14,627,047	\$ 24,609,388	\$ 2,151,115	(19,871,294)	(741,275)	(20,612,569)		
Component Units									
Conservation District	\$ 1,178,874	\$ 100,030	\$ 1,177,164				\$ 98,320	\$ -	
Recycling Refuse Authority	9,732,524	9,589,102	651,008				-	507,586	
Total component units	\$ 10,911,398	\$ 9,689,132	\$ 1,828,172				98,320	507,586	
General revenues:									
Property taxes, levied for general purposes					22,194,811	-	22,194,811	-	-
Property taxes, levied for debt service					3,883,980	-	3,883,980	-	-
Unrestricted investment earnings					261,313	644	261,957	512	4,553
Transfers					(596,184)	596,184	-	-	-
Total general revenues and transfers					25,743,920	596,828	26,340,748	512	4,553
Change in net position					5,872,626	(144,447)	5,728,179	98,832	512,139
Net position - beginning					32,320,927	1,465,451	33,786,378	349,560	11,122,348
Net position - ending					\$ 38,193,553	\$ 1,321,004	\$ 39,514,557	\$ 448,392	\$ 11,634,487

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

County of Centre, Pennsylvania

Balance Sheet
Governmental Funds
December 31, 2014

	Special Revenue					Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Children & Youth	Mental Health/ Intellectual Disabilities	Debt Service	Capital Projects		
Assets							
Cash and cash equivalents	\$ 10,294,109	\$ 350	\$ 815,626	\$ 1,173,274	\$ 10,190,426	\$ 1,340,826	\$ 23,814,611
Cash with fiscal agent	-	-	-	413,804	-	-	413,804
Receivables:							
Taxes	1,022,352	-	-	184,107	-	-	1,206,459
Grants	218,797	1,030,964	22,000	-	-	378,252	1,650,013
Other	787,410	3,333	234,564	-	-	34,797	1,060,104
Due from other funds	87,078	-	-	-	-	-	87,078
Loans receivable (net of uncollectable)	873,168	-	-	-	-	-	873,168
Prepaid items and inventory	110,711	-	-	-	-	3,214	113,925
Total assets	\$ 13,393,625	\$ 1,034,647	\$ 1,072,190	\$ 1,771,185	\$ 10,190,426	\$ 1,757,089	\$ 29,219,162
Liabilities							
Liabilities :							
Accounts payable and accruals	\$ 681,955	\$ 591,025	\$ 542,899	\$ 1,774	\$ 283,224	\$ 325,616	\$ 2,426,493
Accrued payroll	1,017,467	131,200	136,737	-	-	135,634	1,421,038
Accrued payroll liabilities	4,253	-	-	-	-	-	4,253
Unearned revenue	509,637	237,769	392,554	-	1,242,500	388,004	2,770,464
Due to other funds	-	74,653	-	-	-	12,425	87,078
Total liabilities	2,213,312	1,034,647	1,072,190	1,774	1,525,724	861,679	6,709,326
Deferred Inflows of Resources							
Unavailable revenue-property taxes	632,682	-	-	114,798	-	-	747,480
Total deferred inflows of resources	632,682	-	-	114,798	-	-	747,480
Fund balances:							
Nonspendable	110,711	-	-	-	-	3,214	113,925
Restricted	3,109,529	-	-	1,654,613	-	892,196	5,656,338
Assigned	429,555	-	-	-	8,664,702	-	9,094,257
Unassigned	6,897,836	-	-	-	-	-	6,897,836
Total fund balances	10,547,631	-	-	1,654,613	8,664,702	895,410	21,762,356
Total liabilities, deferred inflows of resources and fund balances	\$ 13,393,625	\$ 1,034,647	\$ 1,072,190	\$ 1,771,185	\$ 10,190,426	\$ 1,757,089	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 55,931,591
Property taxes receivable will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.	747,480
Governmental funds report the effect of discounts, premiums, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the bonds.	(1,659,228)
Internal service funds are used by management to charge the costs of transportation services and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,509,595
Accrued interest payable included on the statement of net position.	(537,610)
Long-term liabilities, including bonds payable and notes payable are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities consist of:	
Compensated absences	\$ (2,117,167)
Other post-employment benefits liability	(937,858)
Bonds and notes payables	(37,505,606)
	<u>(40,560,631)</u>

Net position of governmental activities

\$ 38,193,553

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
 Governmental Funds
 For the Year Ended December 31, 2014

	Special Revenue					Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Children & Youth	Mental Health/ Intellectual Disabilities	Debt Service	Capital Projects		
Revenues							
Real estate taxes	\$ 22,194,811	\$ -	\$ -	\$ 3,969,348	\$ -	\$ -	\$ 26,164,159
Grants, gifts and payments in lieu of taxes	2,971,634	8,643,870	7,282,593	-	-	5,417,248	24,315,345
Court costs	1,125,318	-	-	-	-	-	1,125,318
Fines and forfeits	189,625	-	-	-	-	-	189,625
Interest and rents	244,585	-	522	12,222	1,519	2,456	261,304
Charges for services	10,057,146	113,014	151,119	-	-	112,642	10,433,921
Contributions and other revenues	156,163	-	21,988	3,682	2,079,866	32,344	2,294,043
Total revenues	36,939,282	8,756,884	7,456,222	3,985,252	2,081,385	5,564,690	64,783,715
Expenditures							
Current:							
General government:							
Administration	9,047,635	-	-	-	-	-	9,047,635
Judicial	7,665,452	-	-	-	-	1,106,727	8,772,179
Public safety	12,064,014	-	-	-	-	17,023	12,081,037
Public works	79,763	-	-	-	-	135,596	215,359
Human services	147,358	9,756,695	7,720,870	-	-	4,931,025	22,555,948
Culture and recreation	545,536	-	-	-	-	-	545,536
Conservation and development	1,560,221	-	-	-	-	47,736	1,607,957
Debt service:							
Principal	18,741	-	-	3,080,000	-	-	3,098,741
Interest	-	-	-	1,321,550	-	-	1,321,550
Other cost	-	-	-	2,700	-	-	2,700
Capital outlay	-	-	-	-	5,682,074	-	5,682,074
Total expenditures	31,128,720	9,756,695	7,720,870	4,404,250	5,682,074	6,238,107	64,930,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,810,562	(999,811)	(264,648)	(418,998)	(3,600,689)	(673,417)	(147,001)
Other Financing Sources (Uses)							
Transfers - in	479,990	1,354,794	755,765	-	2,659,383	1,008,505	6,258,437
Transfers - out	(6,268,571)	(354,983)	(47,665)	-	(74,394)	(235,870)	(6,981,483)
Total other financing sources (uses)	(5,788,581)	999,811	708,100	-	2,584,989	772,635	(723,046)
Net Changes in Fund Balances	21,981	-	443,452	(418,998)	(1,015,700)	99,218	(870,047)
Fund Balance, Beginning	10,525,650	-	(443,452)	2,073,611	9,680,402	796,192	22,632,403
Fund Balance, Ending	\$ 10,547,631	\$ -	\$ -	\$ 1,654,613	\$ 8,664,702	\$ 895,410	\$ 21,762,356

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, 2014

**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) \$ (870,047)

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	\$ 6,463,326	
Depreciation expense	(2,501,411)	
Loss on disposals	<u>(76,931)</u>	
		3,884,984

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. (85,368)

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 effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended December 31, 2014 are as follows:

Scheduled principal payments on long-term debt made in 2014	3,098,741	
Amortization of bond premium	249,810	
Amortization of deferred charge on refunding	(90,402)	
Amortization of bond discount	<u>(896)</u>	
		3,257,253

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. 20,718

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. (263,605)

Change in other post employment benefits that are reflected on the statement of net position but are not considered a current expenditure in governmental funds. (70,925)

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. (384)

Change in net position of governmental activities (page 32) \$ 5,872,626

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, 2014

	General Fund			
	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues				
Real estate taxes	\$ 22,355,184	\$ 22,355,184	\$ 22,194,811	\$ (160,373)
Grants, gifts and payments in lieu of taxes	2,870,946	2,991,159	2,971,634	(19,525)
Court costs	1,329,266	1,349,397	1,125,318	(224,079)
Fines and forfeits	222,200	222,200	189,625	(32,575)
Interest and rents	226,415	226,415	244,585	18,170
Charges for services	8,420,943	9,356,839	10,057,146	700,307
Contributions and other revenues	40,209	52,709	156,163	103,454
	<u>35,465,163</u>	<u>36,553,903</u>	<u>36,939,282</u>	<u>385,379</u>
Expenditures				
Current:				
General government:				
Administration	9,713,686	9,961,437	9,047,635	913,802
Judicial	8,085,356	8,122,147	7,665,452	456,695
Public safety	12,326,834	12,906,691	12,064,014	842,677
Public works	50,000	79,764	79,763	1
Human services	138,567	147,358	147,358	-
Culture and recreation	545,536	545,536	545,536	-
Conservation and development	1,535,547	1,707,207	1,560,221	146,986
Debt service, principal	-	-	18,741	(18,741)
	<u>32,395,526</u>	<u>33,470,140</u>	<u>31,128,720</u>	<u>2,341,420</u>
Excess of Revenues Over Expenditures				
	<u>3,069,637</u>	<u>3,083,763</u>	<u>5,810,562</u>	<u>2,726,799</u>
Other Financing Sources (Uses)				
Operating transfers - in	719,976	458,486	479,990	21,504
Operating transfers - out	(3,932,555)	(3,810,216)	(6,268,571)	(2,458,355)
	<u>(3,212,579)</u>	<u>(3,351,730)</u>	<u>(5,788,581)</u>	<u>(2,436,851)</u>
Net Changes in Fund Balances				
	(142,942)	(267,967)	21,981	<u>\$ 289,948</u>
Fund Balance, Beginning				
	<u>10,525,650</u>	<u>10,525,650</u>	<u>10,525,650</u>	
Fund Balance, Ending				
	<u>\$ 10,382,708</u>	<u>\$ 10,257,683</u>	<u>\$ 10,547,631</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, 2014

	Children and 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 and gifts	\$ 8,438,707	\$ 8,633,659	\$ 8,643,870	\$ 10,211	\$ 7,241,382	\$ 7,330,757	\$ 7,282,593	\$ (48,164)
Interest and rents	-	-	-	-	500	500	522	22
Charges for services	110,000	110,000	113,014	3,014	146,003	203,000	151,119	(51,881)
Contributions and other revenues	-	-	-	-	28,000	28,000	21,988	(6,012)
Total revenues	<u>8,548,707</u>	<u>8,743,659</u>	<u>8,756,884</u>	<u>13,225</u>	<u>7,415,885</u>	<u>7,562,257</u>	<u>7,456,222</u>	<u>(106,035)</u>
Expenditures								
Current:								
Human services	<u>9,314,716</u>	<u>9,756,695</u>	<u>9,756,695</u>	<u>-</u>	<u>7,755,885</u>	<u>7,902,257</u>	<u>7,720,870</u>	<u>181,387</u>
Excess of Expenditures Over Revenues	<u>(766,009)</u>	<u>(1,013,036)</u>	<u>(999,811)</u>	<u>13,225</u>	<u>(340,000)</u>	<u>(340,000)</u>	<u>(264,648)</u>	<u>75,352</u>
Other Financing Sources (Uses)								
Operating transfers - in	1,366,009	1,368,019	1,354,794	(13,225)	340,000	340,000	755,765	415,765
Operating transfers - out	<u>(600,000)</u>	<u>(354,983)</u>	<u>(354,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,665)</u>	<u>(47,665)</u>
Total other financing sources, net	<u>766,009</u>	<u>1,013,036</u>	<u>999,811</u>	<u>(13,225)</u>	<u>340,000</u>	<u>340,000</u>	<u>708,100</u>	<u>368,100</u>
Net Changes in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>443,452</u>	<u>\$ 443,452</u>
Fund Balance, Beginning			<u>-</u>				<u>(443,452)</u>	
Fund Balance, Ending			<u>\$ -</u>				<u>\$ -</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, 2014

	Business Type Activities Enterprise Funds	Governmental Activities- Internal Service Funds
	911	
Assets		
Current assets:		
Cash and cash equivalents	\$ 342,010	\$ 2,492,485
Accounts receivable, net	85,557	15,365
Due from other governments	-	70,847
Prepaid items and inventory	26,392	89,637
Total current assets	453,959	2,668,334
Capital assets,		
Land, buildings and equipment	9,587,551	4,938,042
Less accumulated depreciation	(8,520,951)	(3,502,104)
Capital assets, net	1,066,600	1,435,938
Total assets	1,520,559	4,104,272
Liabilities		
Current liabilities:		
Current portion of capital lease payable	-	15,470
Accounts payable and accrued expense	24,814	115,628
Salaries and benefits payable	78,182	-
Unearned revenue	-	11,953
Compensated absences	4,828	-
Total current liabilities	107,824	143,051
Noncurrent liabilities:		
Capital lease payable	-	15,688
Compensated absences	91,731	94,016
Total noncurrent liabilities	91,731	109,704
Total liabilities	199,555	252,755
Net Position		
Net investment in capital assets	1,066,600	1,404,780
Unrestricted	254,404	2,446,737
Total net position	\$ 1,321,004	\$ 3,851,517

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, 2014

	Business Type Activities Enterprise Funds	Governmental Activities- Internal Service Funds
	911	
Operating Revenues		
Charges for services	\$ 1,569,302	\$ 3,451,924
Other	<u>11,662</u>	<u>-</u>
Total operating revenues	<u>1,580,964</u>	<u>3,451,924</u>
Operating Expenses		
Salaries and benefits	1,585,389	1,106,737
Purchased services and supplies	635,003	2,010,378
Depreciation and amortization	<u>143,803</u>	<u>516,940</u>
Total operating expenses	<u>2,364,195</u>	<u>3,634,055</u>
Operating loss	<u>(783,231)</u>	<u>(182,131)</u>
Nonoperating Revenues (Expenses)		
Interest income	644	9
Other revenue	42,600	-
Loss on disposal of equipment	(644)	(10,433)
Capital lease interest	<u>-</u>	<u>(2,258)</u>
Total nonoperating (expenses) revenues, net	<u>42,600</u>	<u>(12,682)</u>
Capital Contributions	<u>-</u>	<u>151,115</u>
Loss before transfers	<u>(740,631)</u>	<u>(43,698)</u>
Transfers		
Transfers in	596,331	126,862
Transfers out	<u>(147)</u>	<u>-</u>
Transfers, net	<u>596,184</u>	<u>126,862</u>
Changes in Net Position	(144,447)	83,164
Net Position, Beginning	<u>1,465,451</u>	<u>3,768,353</u>
Net Position, Ending	<u>\$ 1,321,004</u>	<u>\$ 3,851,517</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, 2014

	Business Type Activities Enterprise Funds	Governmental Activities- Internal Service Funds
	911	
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 1,575,918	\$ 2,526,095
Cash received from interfund services provided	11,662	1,177,702
Cash payments to suppliers	(635,867)	(2,026,702)
Cash payments to employees for services	<u>(1,607,707)</u>	<u>(1,106,662)</u>
Net cash provided by (used) in operating activities	<u>(655,994)</u>	<u>570,433</u>
Cash Flows From Non-Capital Financing Activities		
Transfers In	596,331	126,862
Transfers Out	<u>(147)</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>596,184</u>	<u>126,862</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of capital assets	791	9,886
Cash payments for acquisition of capital assets	-	(874,579)
Capital contributions	<u>-</u>	<u>151,115</u>
Net cash (used in) provided by capital and related financing activities	<u>791</u>	<u>(713,578)</u>
Cash Flows Provided by Investing Activities		
Cash received from interest and other revenue	<u>42,600</u>	<u>9</u>
(Decrease) Increase in Cash and Cash Equivalents	(16,419)	(16,274)
Cash and Cash Equivalents, Beginning	<u>358,429</u>	<u>2,508,759</u>
Cash and Cash Equivalents, Ending	<u>\$ 342,010</u>	<u>\$ 2,492,485</u>
Reconciliation of Operating Loss to Net Cash (Used in) Provided by Operating Activities		
Operating loss	\$ (783,231)	\$ (182,131)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	143,803	516,940
Changes in assets and liabilities:		
Decrease in accounts receivable	6,616	2,835
Decrease in due from other governments	-	249,038
(Increase) decrease in prepaid items and inventory	(1,730)	619
Increase (decrease) in accounts payable	866	(6,370)
(Decrease) in salaries and benefits payable	(208)	-
(Decrease) in unearned revenue	-	(10,573)
(Decrease) increase in compensated absences	<u>(22,110)</u>	<u>75</u>
Net Cash (Used in) Provided by Operating Activities	<u>\$ (655,994)</u>	<u>\$ 570,433</u>

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

County of Centre, PennsylvaniaStatement of Fiduciary Net Position
December 31, 2014

	Employee Retirement Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 102,227	\$ 4,510,779
Interest receivable	254,375	-
Investments, at fair value:		
U.S. Government securities	13,266,664	-
Corporate bonds	15,437,787	-
Common and preferred stocks and stock funds	65,753,154	-
Savings, CDs, and time deposits	5,896,663	-
Money market fund	819,217	-
Municipal obligations	357,788	-
	<u>101,887,875</u>	<u>4,510,779</u>
Total assets	<u>\$ 101,887,875</u>	<u>\$ 4,510,779</u>
Liabilities		
Due to other governments	\$ -	\$ 1,398,557
Funds held as fiduciary	<u>-</u>	<u>3,112,222</u>
	-	4,510,779
Total liabilities	-	4,510,779
Net Position		
Held in trust for pension benefits	<u>101,887,875</u>	<u>-</u>
	<u>\$ 101,887,875</u>	<u>\$ 4,510,779</u>
Total liabilities and net position	<u>\$ 101,887,875</u>	<u>\$ 4,510,779</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 Trust Funds**

Year Ended December 31, 2014

	<u>Employee Retirement Trust Fund</u>
Additions	
Contributions:	
County	\$ 2,064,993
Plan members	<u>1,225,880</u>
Total contributions	<u>3,290,873</u>
Investment earnings:	
Net depreciation in fair value of investments	(1,781,509)
Gain from sale of investments	5,558,257
Interest	903,613
Dividends	1,246,929
Less investment expense	<u>(350,675)</u>
Net investment earnings	<u>5,576,615</u>
Total additions	<u>8,867,488</u>
Deductions	
Benefits paid to participants	5,092,711
Refunds of contributions	805,805
Administrative expense	<u>27,474</u>
Total deductions	<u>5,925,990</u>
Changes in Net Position	2,941,498
Net Position, Beginning	<u>98,946,377</u>
Net Position, Ending	<u>\$ 101,887,875</u>

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

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2014

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.

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.

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2014

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.

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

County of Centre, Pennsylvania

Notes to Financial Statements

December 31, 2014

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 enterprise fund:

- **Enterprise Funds:** Enterprise funds are used to account for the operations of the 911 Emergency Communications System. The 911 System is responsible for providing the County's residents with quick and easy access to emergency response through communication technology. The 911 System is funded through user fees collected by the telephone providers. The 911 Fund is considered a major fund for enterprise fund reporting purposes.

The following is a description of the County's internal service 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

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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 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.
- **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.

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.

The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with 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

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appropriation item or any portion thereof. During the year ended December 31, 2014, \$8,145,020 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.

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

County of Centre, Pennsylvania

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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, proprietary fund and fiduciary 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 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.

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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, 2014, based on collection history. Loan receivable allowance is recorded at five percent of the receivable balance at December 31, 2014.

Prepaid Items and Inventory

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

Capital Assets

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

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

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Compensated Absences

Accumulated unpaid vacation and sick leave, which is accrued when incurred for all County funds, totaled \$2,213,726 at December 31, 2014. 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, 2014, 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.

Subsequent Events

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

Adopted Pronouncement

The County has adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.* The primary objective of this statement is to improve accounting and financial reporting by state and local government pension plans.

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

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guarantor on a \$1.5 million line of credit for Centre Care, Inc. through 2015. As of the date of this report, no amount has been drawn on the line of credit by Centre Care, Inc.

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 Recycling Refuse Authority are available for public inspection in the Controller's Office. Separate financial statements are not issued for the Centre County Conservation District.

Discretely Presented Component Units

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

Centre County Conservation District

The Centre County Conservation District (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. Any difference between the accrual basis and modified accrual basis is determined to be immaterial to the County's financial statements taken as a whole.

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

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Recycling Refuse Long-term Disposal Plan as prepared by the Authority and any significant changes thereto. The Authority uses the accrual basis of accounting.

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, 2014
Total assets	\$9,056
Total net position	\$9,056
Total support and revenue	\$993,435
Operating income	\$6,497
Centre County support to operations	\$495,000

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

Related Organizations

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

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

3. Component Units – Summary of Significant Accounting Policies

Centre County Conservation District

Basis of Accounting

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

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Construction/term loan in the maximum principal amount of \$2,000,000; loan is interest-only during the construction period to July 28, 2015; bears interest at a tax-free rate of 3.41% for the first 7 years, at which time rate will be renegotiated or revert to tax-exempt variable rate of 65% of Fulton Bank, N.A. Prime Rate with a floor of 2.85%; secured by revenue and accounts receivable of the Authority.

\$ 158,526

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

Scheduled repayments on long-term debt are as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 504,610	\$135,074	\$ 639,684
2016	504,400	80,103	584,503
2017	425,242	38,526	463,768
2018	425,242	24,298	449,540
2019	425,242	10,070	435,312
2020-2021	<u>70,872</u>	<u>302</u>	<u>71,174</u>
Total	<u>\$2,355,608</u>	<u>\$288,373</u>	<u>\$2,643,981</u>

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:

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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, 2014, the County's total bank deposits were \$32,468,571. Of this amount, \$1,342,455 was insured by the FDIC. The remaining bank deposits of \$31,126,116 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, 2014 was within eleven 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, 2014:

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	\$ 3,185,843	\$ -	\$ -	\$ 1,422,135	\$ 1,763,708
Federal Agency securities	10,438,610	-	111,257	549,544	9,777,809
Corporate bonds	15,437,787	-	691,133	6,414,878	8,331,776
Total debt securities	29,062,240	\$ -	\$ 802,390	\$ 8,386,557	\$ 19,873,293
Stocks and stock mutual fund	57,515,183				
International stock mutual fund	8,237,970				
Savings, CDs, and time deposits	5,896,663				
Money market fund	819,217				
Total other investments	72,469,033				
Total investments	\$ 101,531,273				

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The County Retirement Trust Fund was not holding derivative or derivative-like financial instruments on December 31, 2014.

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, 2014, the Retirement Fund's total investments of \$101,531,273 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, 2014:

Investment Type	Rating as of Year-End					
	Amount	AAA	AA	A	BBB	Unrated
Federal Agencies	\$ 10,438,610	\$ -	\$ 2,604,343	\$ -	\$ -	\$ 7,834,267
Corporate bonds	15,437,787	3,545,174	3,151,179	6,662,104	779,532	1,299,798
Money market fund	819,217	-	-	-	-	819,217
Total	<u>\$ 26,695,614</u>	<u>\$ 3,545,174</u>	<u>\$ 5,755,522</u>	<u>\$ 6,662,104</u>	<u>\$ 779,532</u>	<u>\$ 9,953,282</u>

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, 2014, there were no investments in any one issuer that represent five percent or more of the County's investments.

Foreign currency risk is the risk that changes in the foreign exchange rates will adversely affect the fair value of an investment. The Board's policy allows 20 percent of the portfolio to be invested in an international mutual fund. On December 31, 2014, the international mutual fund represented 8.1 percent of the total portfolio in the amount of \$8,237,970.

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, 2014, the aggregate bank balance of the bank deposits included in cash and cash equivalents was \$447,992. Of this amount, \$250,000 was insured by the FDIC. The remaining bank deposits of \$197,992 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, 2014, \$3,589,490 of the Authority's bank deposits was exposed to custodial

County of Centre, Pennsylvania

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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 2014 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.

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, 2014, the County has received \$5,143,866 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, 2014 was \$282,846.

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, 2014. Other receivables consist primarily of amounts due from other local governments for housing inmates in the County's prison.

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9. Capital Assets

A summary of changes in Capital Assets is as follows:

	<u>January 1, 2014</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>December 31, 2014</u>
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ 12,580,667	\$ 1,483,779	\$ (12,580,667)	\$ 1,483,779
Land and improvements	1,719,563	147,622	-	1,867,185
Capital assets being depreciated				
Building and improvements	53,405,447	1,217,556	(5,254)	54,617,749
Furniture and equipment	8,856,207	15,586,810	(442,444)	24,000,573
Vehicles	1,980,032	608,226	(71,722)	2,516,536
Total capital assets	<u>78,541,916</u>	<u>19,043,993</u>	<u>(13,100,087)</u>	<u>84,485,822</u>
Accumulated depreciation				
Buildings and improvements	(18,918,297)	(1,325,190)	4,466	(20,239,021)
Furniture and equipment	(6,181,409)	(807,881)	376,187	(6,613,103)
Vehicles	(1,395,603)	(368,340)	61,836	(1,702,107)
Total accumulated depreciation	<u>(26,495,309)</u>	<u>(2,501,411)</u>	<u>442,489</u>	<u>(28,554,231)</u>
Governmental activities capital assets, net	<u>\$ 52,046,607</u>	<u>\$ 16,542,582</u>	<u>\$ (12,657,598)</u>	<u>\$ 55,931,591</u>
	<u>January 1, 2014</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>December 31, 2014</u>
Business-type activities				
Capital assets being depreciated				
Building and improvements	\$ 1,466,746	\$ -	\$ (5,271)	\$ 1,461,475
Furniture and equipment	8,188,013	-	(61,937)	8,126,076
Total capital assets	<u>9,654,759</u>	<u>-</u>	<u>(67,208)</u>	<u>9,587,551</u>
Accumulated depreciation				
Buildings and improvements	(1,111,718)	(33,872)	4,480	(1,141,110)
Furniture and equipment	(7,331,847)	(109,931)	61,937	(7,379,841)
Total accumulated depreciation	<u>(8,443,565)</u>	<u>(143,803)</u>	<u>66,417</u>	<u>(8,520,951)</u>
Business-type activities capital assets, net	<u>\$ 1,211,194</u>	<u>\$ (143,803)</u>	<u>\$ (791)</u>	<u>\$ 1,066,600</u>

Depreciation expense was charged to governmental activities as follows:

Administrative	\$ 1,098,944
Judicial	163,867
Public safety	828,524
Human services	409,177
Conservation and development	899
Total	<u><u>\$ 2,501,411</u></u>

County of Centre, Pennsylvania

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

General Fund	\$ 81,304,569
Special Revenue Fund	1,073,472
Capital Projects Fund	<u>2,107,781</u>
Total	<u>\$ 84,485,822</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, 2014:

	<u>Governmental</u>	<u>Total</u>
Bonds and notes payable at January 1, 2014	\$ 40,604,347	\$ 40,604,347
Bonds and notes payments	<u>(3,098,741)</u>	<u>(3,098,741)</u>
Bonds and notes payable at December 31, 2014	<u>37,505,606</u>	<u>37,505,606</u>
Bonds discount	(3,585)	(3,585)
Bonds premium	<u>2,189,352</u>	<u>2,189,352</u>
Total	39,691,373	39,691,373
Portion due or payable in one year	<u>3,412,606</u>	<u>3,412,606</u>
Portion due or payable after one year	<u>\$ 36,278,767</u>	<u>\$ 36,278,767</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, 2014 under the 2010 series were \$3,210,000. The current portion due in 2015 related to the bond issue is \$775,000.

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, 2014 under the 2010 series were \$1,353,000. The current portion due in 2015 related to the note is \$5,000.

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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, 2014 was \$277,606, of which \$277,606 is 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, 2014 under the 2011 series were \$9,160,000. The current portion due in 2015 related to the bond issue is \$1,655,000.

In 2012, the County issued \$9,970,000 (Series 2012 A) in General Obligation Bonds, due in varying annual installments through 2020, with varying interest rates from .30% to 3.0%. The proceeds of the bonds are being used by the County to partially refund \$9,770,000 of the County's General Obligation Bond Series 2003 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2014 under the Series 2012 A Bonds were \$5,650,000. The current portion due in 2015 related to the bond issue is \$70,000.

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, 2014 under the 2012 B series were \$15,300,000. The current portion due in 2015 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, 2014 under the 2012 C series were \$2,555,000. The current portion due in 2015 related to the bond issue is \$625,000.

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, 2014.

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

County of Centre, Pennsylvania

Notes to Financial Statements
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Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
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	3,635,000	906,483	4,541,483
2020-2024	14,288,000	2,859,168	17,147,168
2025-2026	5,965,000	360,200	6,325,200
Total	<u>\$ 37,505,606</u>	<u>\$ 8,665,212</u>	<u>\$ 46,170,818</u>

The total interest paid on the County's bond and notes issues in 2014 was \$1,370,680.

Compensated Absences

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

	Governmental Activities	Business-Type Activities	Total
Balance, January 1, 2014	<u>\$ 2,116,708</u>	<u>\$ 118,669</u>	<u>\$ 2,235,377</u>
Increases	1,650,889	87,829	1,738,718
Decreases	<u>(1,650,430)</u>	<u>(109,939)</u>	<u>(1,760,369)</u>
Net change	<u>459</u>	<u>(22,110)</u>	<u>(21,651)</u>
Balance, December 31, 2014	<u>\$ 2,117,167</u>	<u>\$ 96,559</u>	<u>\$ 2,213,726</u>
Portion due within one year	\$ 105,858	\$ 4,828	\$ 110,686
Long-term portion	<u>2,011,309</u>	<u>91,731</u>	<u>2,103,040</u>
Total, December 31, 2014	<u>\$ 2,117,167</u>	<u>\$ 96,559</u>	<u>\$ 2,213,726</u>

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

11. Employee Retirement Plan

Plan Description

The Centre County Employees' Retirement Plan (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 Retirement Board (Board), is reported as a pension trust fund in the accompanying financial statements. Management of the Plan is vested in the Board, which consists of five members - three elected County Commissioners, the County Controller and the County Treasurer.

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These financial statements are prepared using the accrual basis of accounting. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

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, 2014 (the date of the most recent actuarial valuation), employee membership data related to the pension plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	372
Inactive plan members entitled to benefits but not yet receiving them	167
Active plan participants:	
Vested	378
Non-vested	141
Total	<u>1,058</u>

The pension plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member's final 3-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a county employee. Disability retirement benefits are equal to 25% of final average salary at time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest. On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

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

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5.5%. The rate for 2014 was 4.5%. Plan members (i.e., County employees) contributed \$1,225,880 to the Plan during the year ended December 31, 2014.

Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	\$ 2,064,993
Interest on net pension obligation	-
Adjustment to ARC	-
Annual pension cost (APC)	<u>\$ 2,064,993</u>
Contributions made	<u>\$ (2,064,993)</u>
Increase (decrease) in net pension obligation	\$ -
Net pension obligation, beginning of year	-
Net pension obligation, end of year	<u>\$ -</u>

Historical Trend Information

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

	Year		
	2014	2013	2012
Annual pension cost (APC)	\$ 2,064,993	\$ 3,114,683	\$ 3,138,618
County contribution to the Plan	\$ 2,064,993	\$ 3,114,683	\$ 3,138,618
Percentage of APC contributed	100%	100%	100%
APC as a percentage of total payroll	9.5%	10.4%	10.8%

Funded Status and Funding Progress

Actuarial value of assets	\$ 87,666,809
Actuarial accrued liability (1)	\$ 102,122,912
Unfunded actuarial	\$ 14,456,103
Funded ratio	85.8%
Annual covered payroll	\$ 21,564,804
Unfunded actuarial liability as a % of covered payroll	67.0%

(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.

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Actuarial Methods and Assumptions

The County's Annual Required Contribution (ARC) was determined through an actuarial valuation performed as of January 1, 2014, and state law, using the following assumptions:

Valuation date	January 1, 2014
Actuarial cost method	Entry age (2)
Asset valuation method	Five-year smoothed market

Actuarial assumptions:

Investment rate of return*	7.5%
Projected salary increases*	3.5%

* Includes inflation rate of 3.0%

(2) The County has elected to change to the Entry Age normal funding method beginning in 2013. The ARC is based on this funding method.

Net Pension Liability

The components of the net pension liability of the County at December 31, 2014 are as follows:

Total pension liability	\$ 104,633,706
Plan fiduciary net position	<u>101,887,875</u>
Net pension liability	<u>\$ 2,745,831</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.38%</u>

The total pension liability was determined by an actuarial valuation for the 2014 measurement period, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 %
Salary increases	3.5 %, average, including inflation
Investment rate of return	7.5 %, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2013 Annuitant and Non- Annuitant Mortality Tables for Males and Females with no projected improvement.

The actuarial assumptions used in the valuation for the 2014 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan. An experience study has not been performed in the last five years.

County of Centre, Pennsylvania

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Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Long-term Expected Rate of Return

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

The following were the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	40.0%	5.4%
International equity	15.0%	5.5%
Fixed income	45.0%	1.3%
Real estate	0.0%	4.5%
Cash	0.0%	0.0%
	<u>100.0%</u>	

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2014, the annual money-weighted rate of return for the Plan investments, net of investment expense, was 4.41%.

Concentrations

As of December 31, 2014, there were no investments in any one issuer that represent five percent or more of the County's investments.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at the actuarially determined contribution rate. Based on those assumptions, the pension plan's

County of Centre, Pennsylvania

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fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Plan's net pension liability	\$ 11,249,247	\$ 2,745,831	\$ (7,127,842)

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 \$53,460 for the year ended December 31, 2014. Total retiree contributions made by plan members were \$34,650 for the year ended December 31, 2014.

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

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

	<u>Governmental Activities</u>	<u>Total</u>
Annual required contribution	\$ 423,528	\$ 423,528
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	<u>(206,603)</u>	<u>(206,603)</u>
Annual OPEB cost (expense)	216,925	216,925
Contributions made	<u>(146,000)</u>	<u>(146,000)</u>
Change in net OPEB obligation	70,925	70,925
Net OPEB obligation at January 1, 2014	<u>866,933</u>	<u>866,933</u>
Net OPEB obligation at December 31, 2014	<u>\$ 937,858</u>	<u>\$ 937,858</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, 2014 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2014	\$ 216,925	67.3%	\$ 937,858
December 31, 2013	306,796	33.3%	866,933
December 31, 2012	297,178	30.8%	662,337

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, 2014 was as follows:

Actuarial accrued liability	\$ 1,435,900
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,435,900</u>
Funded ratio (actuarial value of plan assets/UAAL)	0%
Covered payroll	<u>\$ 20,868,000</u>
UAAL as a percentage of covered payroll	6.9%

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

Actuarial Methods and Assumptions

The calculations are based on the types of benefits provided under the terms of the Centre County Employees' Retirement System plan at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the 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, 2014 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 6.2% 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, 2014, there are four 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, 2014 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General Fund	\$ 87,078	\$ -
Special Revenue Fund – Children & Youth	-	74,653
Non Major Special Revenue Fund – Drug & Alcohol	-	12,425
	<u>\$ 87,078</u>	<u>\$ 87,078</u>

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Inter-fund transfers for the year ended December 31, 2014 were as follows:

	<u>In</u>	<u>Out</u>
Major Funds – Governmental Fund Types		
General Fund	\$ 479,990	\$ 6,268,571
Children and Youth Fund	1,354,794	354,983
MH/ID	755,765	47,665
Capital Projects Fund	2,659,383	74,394
	<u>5,249,932</u>	<u>6,745,613</u>
Major Funds – Proprietary Fund Types		
911 Fund	596,331	147
	<u>596,331</u>	<u>147</u>
Non-Major Funds – Special Revenue Funds		
Domestic Relations Fund	339,885	-
Adult Services Fund	153,824	156,000
Aging Fund	403,230	28,767
Drug and Alcohol Fund	31,566	51,103
Agricultural Easement Fund	80,000	-
	<u>1,008,505</u>	<u>235,870</u>
Internal Service Funds		
Transportation	123,502	-
Management Information System	3,360	-
	<u>126,862</u>	<u>-</u>
	<u>\$ 6,981,630</u>	<u>\$ 6,981,630</u>

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.

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 \$509,637. The special revenue funds have unearned revenues of \$1,018,327, representing grants received that were not utilized at

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December 31, 2014. The Capital Projects Fund has unearned revenues of \$1,242,500, representing grants received that were not utilized at December 31, 2014.

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 \$632,682, which represents unavailable revenue representing taxes (general levy) not received within 60 days after year-end.

The Debt Service Fund has unavailable revenue of \$114,798, 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 2014. Future minimum payments by year and in the aggregate, with initial or remaining terms of one year or more are as follows:

Year ending June 30:		
2015	\$	16,473
2016		<u>16,473</u>
Total minimum lease payments		32,946
Less amount representing interest on capital lease		<u>1,788</u>
Payment value of net minimum capital lease payment		31,158
Current portion		<u>15,470</u>
Long-term capital lease obligation	\$	<u><u>15,688</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

County of Centre, Pennsylvania

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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:		
2015	\$	349,413
2016		301,044
2017		247,959
2018		231,753
2019		169,091
2020-2022		<u>387,759</u>
Total	\$	<u>1,687,019</u>

Total operating lease payments (i.e., rent) made in 2014 were \$384,000.

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, 2014.

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 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, 2014, 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, 2014, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769. (Attn: Managing Director).

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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, 2014, 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, 2014 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, 2014, 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, 2014, the amount of these liabilities was \$120,012. This liability is the County's best estimate based on available information. Changes in the reported liability resulted from the following:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimated</u>	<u>Premium and Claim Payments</u>	<u>Ending Liability</u>
2014	\$ 215,637	\$ 224,657	\$ 320,282	\$ 120,012
2013	278,846	696,555	759,764	215,637

18. 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:

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	General Fund	Debt Service	Capital Projects	Non-Major Governmental Funds	Total
Nonspendable:					
Prepaid items and inventories	\$ 110,711	\$ -	\$ -	\$ 3,214	\$ 113,925
Restricted:					
Judicial	\$ -	\$ -	\$ -	\$ 426,424	\$ 426,424
Public works	-	-	-	205,941	205,941
Conservation and development	1,895,083	-	-	168,658	2,063,741
Public safety	689,146	-	-	33,572	722,718
Human services	-	-	-	57,601	57,601
Debt service	-	1,654,613	-	-	1,654,613
Records mgmt data automation	525,300	-	-	-	525,300
Total	\$3,109,529	\$1,654,613	\$ -	\$ 892,196	\$ 5,656,338
Assigned:					
Public safety	\$ 429,555	\$ -	\$ -	\$ -	\$ 429,555
Capital projects	-	-	8,664,702	-	8,664,702
Total	\$ 429,555	\$ -	\$8,664,702	\$ -	\$ 9,094,257

19. Pending Changes in Accounting Principles

GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions," effective for the period beginning after June 15, 2014 (the County's financial statements for the year ending December 31, 2015). This statement revises existing guidance for the financial reports of most pension plans, and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.

GASB has issued Statement No. 71, "Pension Transition for Contributions made to the Measurement Date – an Amendment of GASB Statement No. 68," effective for financial statement periods beginning after June 15, 2014 (the County's financial statements for the year ending December 31, 2015). 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 of 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 has issued Statement No. 72, "Fair Value Measurement and Application," effective for financial statements for periods beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.

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, 2014)

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)
01/01/12	\$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%
01/01/14	87,666,809	102,122,912	14,456,103	85.8%	21,564,804	67.0%

Other Postemployment Benefit Plan (Actuarial Valuation January 1, 2014)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/10	\$ -	\$ 1,372,000	\$ 1,372,000	0.0%	\$27,963,000	4.9%
01/01/12	-	1,640,000	1,640,000	0.0%	28,455,000	5.8%
01/01/14	-	1,436,000	1,436,000	0.0%	20,868,000	6.9%

Note: Actuarial valuation is completed biannually for the other postemployment benefit plan.

County of Centre, Pennsylvania**Required Supplementary Information-
Employees' Retirement Plan****Schedule of Changes in the Retirement Plan's Net
Pension Liability and Related Ratios
(Unaudited)****Year Ended December 31, 2014****Total Pension Liability:**

Service cost	\$ 899,802
Interest	7,534,838
Changes of benefit terms	-
Differences between expected and actual experience	(363,066)
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(5,898,516)</u>
Net Changes in Total Pension Liability	2,173,058
Total Pension Liability - Beginning	<u>102,460,648</u>
Total Pension Liability - Ending (a)	<u><u>\$ 104,633,706</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 2,064,993
Contributions - member	1,225,880
Net investment income	5,576,615
Benefit payments, including refunds of member contributions	(5,898,516)
Administrative expense	<u>(27,474)</u>
Net Change in Plan Fiduciary Net Position	2,941,498
Plan Fiduciary Net Position - Beginning	<u>98,946,377</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 101,887,875</u></u>
Net Pension Liability - Ending (a-b)	<u><u>\$ 2,745,831</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>97.38%</u></u>
Covered Employee Payroll	<u><u>\$ 21,813,286</u></u>
Net Pension Liability as a Percentage of Covered Employee Payroll	12.59%

Note: The significant methods and assumptions used in calculating the actuarially determined contributions are described in the notes to financial statements.

County of Centre, Pennsylvania

Required Supplementary Information-
Employees' Retirement Plan

Schedule of Plan Contributions
And Investment Returns
(Unaudited)

Year Ended December 31, 2014

Schedule of Contributions

Actuarially determined contribution	\$ 2,064,993
Contributions in relation to the actuarially determined contribution	<u>2,064,993</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	<u>\$ 21,813,286</u>
Contributions as a percentage of covered employee payroll	9.47%

Investment Returns

Annual money-weighted rate of return, net of investment expense	4.41%
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Note: The significant methods and assumptions used in calculating the actuarially determined contributions are described in the notes to financial statements.



County of Centre, Pennsylvania

Description of Major Governmental Funds

Year Ended December 31, 2014

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, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Current			
General government:			
Administrative:			
Commissioners	\$ 1,070,673	\$ 1,048,682	\$ 21,991
Risk Management	125,992	123,825	2,167
Human Resources	363,528	321,348	42,180
Tax Assessment	653,972	641,085	12,887
Tax Collection	178,339	178,288	51
Tax Claim	226,754	221,801	4,953
Treasurer	229,992	224,851	5,141
Controller	477,411	463,448	13,963
General Administration	2,048,330	1,792,740	255,590
Elections	511,473	486,701	24,772
Public Defender	1,044,993	973,127	71,866
Recorder of Deeds	428,943	360,218	68,725
Records Management	140,769	140,767	2
Planning	899,646	873,286	26,360
GIS	159,241	152,846	6,395
Maintenance	988,512	893,965	94,547
Miscellaneous	412,870	150,657	262,213
Total administrative	<u>9,961,438</u>	<u>9,047,635</u>	<u>913,803</u>
Judicial:			
Sheriff	1,491,294	1,472,769	18,525
Coroner	348,180	340,308	7,872
District Attorney	1,606,114	1,499,566	106,548
Prothonotary	802,037	720,422	81,615
Register of Wills	325,011	287,152	37,859
DJ - State College #1	318,499	271,243	47,256
DJ - Centre Region	345,536	330,542	14,994
DJ - Bellefonte	298,917	285,071	13,846
DJ - Phillipsburg	279,982	260,438	19,544
DJ - Centre Hall	253,419	222,121	31,298
DJ - State College #2	311,081	277,049	34,032
Court Administration	<u>1,742,077</u>	<u>1,698,771</u>	<u>43,306</u>
Total judicial	<u>8,122,147</u>	<u>7,665,452</u>	<u>456,695</u>
Total general government	<u>18,083,585</u>	<u>16,713,087</u>	<u>1,370,498</u>

(Continued)

County of Centre, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Safety:			
Probation	1,908,443	1,834,653	73,790
DUI	104,526	62,030	42,496
DUI Court	116,573	110,421	6,152
Juvenile Probation	868,304	868,302	2
Criminal Justice Planning	327,954	271,996	55,958
Prison	8,753,381	8,174,017	579,364
Prison Central Booking	320,893	275,600	45,293
Emergency Services	276,679	273,803	2,876
Fire Training	142,385	110,795	31,590
Weights and Measures	81,553	76,397	5,156
Public Safety	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total Public Safety	<u>12,906,691</u>	<u>12,064,014</u>	<u>842,677</u>
Public Works:			
Solid Waste	<u>79,764</u>	<u>79,763</u>	<u>1</u>
Total Public Works	<u>79,764</u>	<u>79,763</u>	<u>1</u>
Human Services:			
Veteran Affairs	147,358	147,358	-
Human Services, Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Human Services	<u>147,358</u>	<u>147,358</u>	<u>-</u>
Culture and Recreation, Unrestricted Grants	<u>545,536</u>	<u>545,536</u>	<u>-</u>
Conservation and Development:			
Housing and Community Development	273,019	198,233	74,786
Community Development Block Grant	375,412	353,555	21,857
Cooperative Extension	195,885	188,258	7,627
Conservation District	569,780	533,407	36,373
Agricultural Easement	80,036	73,694	6,342
Conservation and Development, Other	<u>213,074</u>	<u>213,074</u>	<u>-</u>
Total Conservation and Development	<u>1,707,206</u>	<u>1,560,221</u>	<u>146,985</u>
Debt service, principal	<u>-</u>	<u>18,741</u>	<u>(18,741)</u>
Total expenditures	<u>\$ 33,470,140</u>	<u>\$ 31,128,720</u>	<u>\$ 2,341,420</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, 2014

	Debt Services				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	\$ 4,028,822	\$ 4,028,822	\$ 3,969,348	\$ (59,474)	\$ -	\$ -	\$ -	\$ -
Interest and rents	-	-	12,222	12,222	-	-	1,519	1,519
Contributions and other revenues	-	-	3,682	3,682	-	-	2,079,866	2,079,866
Total revenues	<u>4,028,822</u>	<u>4,028,822</u>	<u>3,985,252</u>	<u>(43,570)</u>	<u>-</u>	<u>-</u>	<u>2,081,385</u>	<u>2,081,385</u>
Expenditures								
Current:								
Debt service:								
Principal	3,080,000	3,080,000	3,080,000	-	-	-	-	-
Interest	1,302,518	1,302,518	1,321,550	(19,032)	-	-	-	-
Other cost	3,400	1,307	2,700	(1,393)	-	-	-	-
Capital outlay	-	-	-	-	4,679,498	6,139,917	5,682,074	457,843
Total expenditures	<u>4,385,918</u>	<u>4,383,825</u>	<u>4,404,250</u>	<u>(20,425)</u>	<u>4,679,498</u>	<u>6,139,917</u>	<u>5,682,074</u>	<u>457,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(357,096)</u>	<u>(355,003)</u>	<u>(418,998)</u>	<u>(63,995)</u>	<u>(4,679,498)</u>	<u>(6,139,917)</u>	<u>(3,600,689)</u>	<u>2,539,228</u>
Other Financing Sources (Uses)								
Operating transfers - in	-	-	-	-	-	90,919	2,659,383	2,568,464
Operating transfers - out	-	-	-	-	-	-	(74,394)	(74,394)
Bond premium	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,919</u>	<u>2,584,989</u>	<u>2,494,070</u>
Net Change in Fund Balances	<u>\$ (357,096)</u>	<u>(355,003)</u>	<u>(418,998)</u>	<u>\$ (63,995)</u>	<u>(4,679,498)</u>	<u>(6,048,998)</u>	<u>(1,015,700)</u>	<u>\$ 5,033,298</u>
Fund Balance, Beginning	<u>2,073,611</u>	<u>2,073,611</u>	<u>2,073,611</u>		<u>9,680,402</u>	<u>9,680,402</u>	<u>9,680,402</u>	
Fund Balance, Ending	<u>\$ 1,716,515</u>	<u>\$ 1,718,608</u>	<u>\$ 1,654,613</u>		<u>\$ 5,000,904</u>	<u>\$ 3,631,404</u>	<u>\$ 8,664,702</u>	

County of Centre, Pennsylvania

Description of Non-Major Governmental Funds

Year Ended December 31, 2014

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, 2014

	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	\$ 168,658	\$ 205,941	\$ 463,786	\$ 366,658	\$ -	\$ 64,247	\$ 71,536	\$ 1,340,826
Accounts receivable - other	-	-	-	5,135	19,285	10,377	-	34,797
Prepaid items	-	-	-	3,214	-	-	-	3,214
Accounts receivable - grants	-	-	148,050	36,754	186,039	7,409	-	378,252
Total assets	<u>\$ 168,658</u>	<u>\$ 205,941</u>	<u>\$ 611,836</u>	<u>\$ 411,761</u>	<u>\$ 205,324</u>	<u>\$ 82,033</u>	<u>\$ 71,536</u>	<u>\$ 1,757,089</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrual	\$ -	\$ -	\$ 1,111	\$ 109,497	\$ 170,906	\$ 44,102	\$ -	\$ 325,616
Due to other funds	-	-	-	-	12,425	-	-	12,425
Accrued payroll	-	-	46,457	59,836	21,993	7,348	-	135,634
Unearned revenue	-	-	137,844	181,613	-	30,583	\$ 37,964	388,004
Total liabilities	<u>-</u>	<u>-</u>	<u>185,412</u>	<u>350,946</u>	<u>205,324</u>	<u>82,033</u>	<u>37,964</u>	<u>861,679</u>
Fund Balances:								
Nonspendable	-	-	-	3,214	-	-	-	3,214
Restricted	168,658	205,941	426,424	57,601	-	-	33,572	892,196
Total fund balances	<u>168,658</u>	<u>205,941</u>	<u>426,424</u>	<u>60,815</u>	<u>-</u>	<u>-</u>	<u>33,572</u>	<u>895,410</u>
Total liabilities and fund balances	<u>\$ 168,658</u>	<u>\$ 205,941</u>	<u>\$ 611,836</u>	<u>\$ 411,761</u>	<u>\$ 205,324</u>	<u>\$ 82,033</u>	<u>\$ 71,536</u>	<u>\$ 1,757,089</u>

County of Centre, Pennsylvania

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

Non-Major Governmental Funds

Year Ended December 31, 2014

	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	\$ -	\$ 187,251	\$ 758,873	\$ 2,338,760	\$ 1,282,097	\$ 846,361	\$ 3,906	\$ 5,417,248
Interest and rents	-	1,157	1,247	-	12	16	24	2,456
Charges for service	-	-	7,403	28,297	64,042	-	12,900	112,642
Contributions and other revenues	11,701	-	-	8,738	-	8,894	3,011	32,344
Total revenues	<u>11,701</u>	<u>188,408</u>	<u>767,523</u>	<u>2,375,795</u>	<u>1,346,151</u>	<u>855,271</u>	<u>19,841</u>	<u>5,564,690</u>
Expenditures								
General government - judicial	-	-	1,106,727	-	-	-	-	1,106,727
Public safety	-	-	-	-	-	-	17,023	17,023
Public works	-	135,596	-	-	-	-	-	135,596
Human services	-	-	-	2,751,316	1,326,614	853,095	-	4,931,025
Conservation and development	47,736	-	-	-	-	-	-	47,736
Total expenditures	<u>47,736</u>	<u>135,596</u>	<u>1,106,727</u>	<u>2,751,316</u>	<u>1,326,614</u>	<u>853,095</u>	<u>17,023</u>	<u>6,238,107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,035)</u>	<u>52,812</u>	<u>(339,204)</u>	<u>(375,521)</u>	<u>19,537</u>	<u>2,176</u>	<u>2,818</u>	<u>(673,417)</u>
Other Financing Sources (Uses)								
Transfers - in	80,000	-	339,885	403,230	31,566	153,824	-	1,008,505
Transfers - out	-	-	-	(28,767)	(51,103)	(156,000)	-	(235,870)
Total other financing sources (uses)	<u>80,000</u>	<u>-</u>	<u>339,885</u>	<u>374,463</u>	<u>(19,537)</u>	<u>(2,176)</u>	<u>-</u>	<u>772,635</u>
Net Changes in Fund Balances	43,965	52,812	681	(1,058)	-	-	2,818	99,218
Fund Balances, Beginning	<u>124,693</u>	<u>153,129</u>	<u>425,743</u>	<u>61,873</u>	<u>-</u>	<u>-</u>	<u>30,754</u>	<u>796,192</u>
Fund Balances, Ending	<u>\$ 168,658</u>	<u>\$ 205,941</u>	<u>\$ 426,424</u>	<u>\$ 60,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,572</u>	<u>\$ 895,410</u>

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, 2014

	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	\$ -	\$ -	\$ -	\$ 192,000	\$ 187,251	\$ (4,749)	\$ 804,292	\$ 758,873	\$ (45,419)	\$ 2,228,008	\$ 2,252,408	\$ 2,338,760	\$ 86,352
Interest	-	-	-	1,000	1,157	157	1,500	1,247	(253)	-	-	-	-
Charges for service	-	-	-	-	-	-	9,000	7,403	(1,597)	14,177	14,177	28,297	14,120
Contributions and other revenues	10,000	11,701	1,701	-	-	-	-	-	-	2,000	2,000	8,738	6,738
Total revenues	10,000	11,701	1,701	193,000	188,408	(4,592)	814,792	767,523	(47,269)	2,244,185	2,268,585	2,375,795	107,210
Expenditures													
General government - judicial	-	-	-	-	-	-	1,209,023	1,106,727	102,296	-	-	-	-
Public works	-	-	-	193,000	135,596	57,404	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	2,736,679	2,761,079	2,751,316	9,763
Conservation and development	100,000	47,736	52,264	-	-	-	-	-	-	-	-	-	-
Total expenditures	100,000	47,736	52,264	193,000	135,596	57,404	1,209,023	1,106,727	102,296	2,736,679	2,761,079	2,751,316	9,763
Excess (Deficiency) Revenues Over (Under) Expenditures	(90,000)	(36,035)	53,965	-	52,812	52,812	(394,231)	(339,204)	55,027	(492,494)	(492,494)	(375,521)	116,973
Other Financing Sources (Uses)													
Transfers - In	80,000	80,000	-	-	-	-	394,231	339,885	(54,346)	492,494	492,494	403,230	(89,264)
Transfers - out	-	-	-	-	-	-	-	-	-	-	-	(28,767)	(28,767)
Total other financing sources (uses)	80,000	80,000	-	-	-	-	394,231	339,885	(54,346)	492,494	492,494	374,463	(118,031)
Net Changes in Fund Balances	(10,000)	43,965	\$ 53,965	\$ -	52,812	\$ 52,812	\$ -	681	\$ 681	\$ -	\$ -	(1,058)	\$ (1,058)
Fund Balances, Beginning		124,693			153,129			425,743				61,873	
Fund Balances, Ending		\$ 168,658			\$ 205,941			\$ 426,424				\$ 60,815	

(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, 2014

	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	\$ 1,187,259	\$ 1,242,693	\$ 1,282,097	\$ 39,404	\$ 540,880	\$ 847,470	\$ 846,361	\$ (1,109)	\$ 9,300	\$ 9,300	\$ 3,906	\$ (5,394)
Interest	25	25	12	(13)	26	26	16	(10)	10	10	24	14
Charges for service	65,000	65,000	64,042	(958)	-	-	-	-	11,825	11,825	12,900	1,075
Contributions and other revenues	-	-	-	-	800	4,393	8,894	4,501	-	3,010	3,011	1
Total revenues	<u>1,252,284</u>	<u>1,307,718</u>	<u>1,346,151</u>	<u>38,433</u>	<u>541,706</u>	<u>851,889</u>	<u>855,271</u>	<u>3,382</u>	<u>21,135</u>	<u>24,145</u>	<u>19,841</u>	<u>(4,304)</u>
Expenditures												
Public safety	-	-	-	-	-	-	-	-	21,135	24,145	17,023	7,122
Human services	1,283,850	1,339,284	1,326,614	12,670	711,125	876,853	853,095	23,758	-	-	-	-
Total expenditures	<u>1,283,850</u>	<u>1,339,284</u>	<u>1,326,614</u>	<u>12,670</u>	<u>711,125</u>	<u>876,853</u>	<u>853,095</u>	<u>23,758</u>	<u>21,135</u>	<u>24,145</u>	<u>17,023</u>	<u>7,122</u>
Excess (Deficiency) Revenues Over (Under) Expenditures	<u>(31,566)</u>	<u>(31,566)</u>	<u>19,537</u>	<u>51,103</u>	<u>(169,419)</u>	<u>(24,964)</u>	<u>2,176</u>	<u>27,140</u>	<u>-</u>	<u>-</u>	<u>2,818</u>	<u>2,818</u>
Other Financing Sources (Uses)												
Transfers - in	31,566	31,566	31,566	-	169,419	24,964	153,824	128,860	-	-	-	-
Transfers - out	-	-	(51,103)	(51,103)	-	-	(156,000)	(156,000)	-	-	-	-
Total other financing sources (uses)	<u>31,566</u>	<u>31,566</u>	<u>(19,537)</u>	<u>(51,103)</u>	<u>169,419</u>	<u>24,964</u>	<u>(2,176)</u>	<u>(27,140)</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>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,818</u>	<u>\$ 2,818</u>
Fund Balances, Beginning			<u>-</u>				<u>-</u>				<u>30,754</u>	
Fund Balances, Ending			<u>\$ -</u>				<u>\$ -</u>				<u>\$ 33,572</u>	

(Concluded)

County of Centre, Pennsylvania

Description of Internal Service Funds

Year Ended December 31, 2014

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 charges for services.

County of Centre, PennsylvaniaCombining Balance Sheet
Internal Service Funds
December 31, 2014

	<u>Transportation Department</u>	<u>Management Information System</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 149,492	\$ 2,342,993	\$ 2,492,485
Accounts receivable	14,936	429	15,365
Due from other governments	70,847	-	70,847
Prepaid expenses	<u>26,080</u>	<u>63,557</u>	<u>89,637</u>
Total current assets	<u>261,355</u>	<u>2,406,979</u>	<u>2,668,334</u>
Capital assets	2,590,706	2,347,336	4,938,042
Less accumulated depreciation	<u>(1,776,276)</u>	<u>(1,725,828)</u>	<u>(3,502,104)</u>
Capital assets, net	<u>814,430</u>	<u>621,508</u>	<u>1,435,938</u>
Total assets	<u>\$ 1,075,785</u>	<u>\$ 3,028,487</u>	<u>\$ 4,104,272</u>
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 103,138	\$ 12,490	\$ 115,628
Unearned revenue	11,953	-	11,953
Current portion of capital lease payable	<u>15,470</u>	<u>-</u>	<u>15,470</u>
Total current liabilities	<u>130,561</u>	<u>12,490</u>	<u>143,051</u>
Noncurrent Liabilities:			
Capital lease payable	15,688	-	15,688
Compensated absences	<u>94,016</u>	<u>-</u>	<u>94,016</u>
Total noncurrent liabilities	<u>109,704</u>	<u>-</u>	<u>109,704</u>
Total liabilities	<u>240,265</u>	<u>12,490</u>	<u>252,755</u>
Net Position			
Net investment in capital assets	783,272	621,508	1,404,780
Unrestricted	<u>52,248</u>	<u>2,394,489</u>	<u>2,446,737</u>
Total net position	<u>835,520</u>	<u>3,015,997</u>	<u>3,851,517</u>
Total liabilities and net position	<u>\$ 1,075,785</u>	<u>\$ 3,028,487</u>	<u>\$ 4,104,272</u>

County of Centre, Pennsylvania

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

December 31, 2014

	Transportation Department	Management Information System	Total
Operating Revenues			
Charges for services	\$ 2,016,061	\$ 1,435,863	\$ 3,451,924
Operating Expenses			
Salaries and benefits	1,106,737	-	1,106,737
Purchased services and supplies	839,340	1,171,038	2,010,378
Depreciation	368,431	148,509	516,940
Total operating expenses	2,314,508	1,319,547	3,634,055
Operating (loss) income	(298,447)	116,316	(182,131)
Nonoperating Revenues (Expenses)			
Interest income	9	-	9
Loss on disposal of equipment	(9,887)	(546)	(10,433)
Capital lease interest	(2,258)	-	(2,258)
Total nonoperating revenues (expenses), net	(12,136)	(546)	(12,682)
Capital Contributions	151,115	-	151,115
Income (Loss) Before Transfers	(159,468)	115,770	(43,698)
Transfers in	123,502	3,360	126,862
Change in Net Position	(35,966)	119,130	83,164
Net Position, Beginning of Year	871,486	2,896,867	3,768,353
Net Position, End of Year	\$ 835,520	\$ 3,015,997	\$ 3,851,517

County of Centre, Pennsylvania

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2014

	<u>Transportation Department</u>	<u>Management Information System</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,090,064	\$ 1,436,031	\$ 2,526,095
Payments received from interfund services	1,177,702	-	1,177,702
Payments to suppliers	(832,921)	(1,193,781)	(2,026,702)
Payments to employees for services	<u>(1,106,662)</u>	<u>-</u>	<u>(1,106,662)</u>
Net cash provided by operating activities	<u>328,183</u>	<u>242,250</u>	<u>570,433</u>
Cash Flows From Non-Capital Financing Activities			
Transfers in	143,502	74,541	218,043
Transfers out	<u>(20,000)</u>	<u>(71,181)</u>	<u>(91,181)</u>
Net cash provided by non-capital financing activities	<u>123,502</u>	<u>3,360</u>	<u>126,862</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(608,664)	(265,915)	(874,579)
Proceeds from sale of capital assets	9,886	-	9,886
Capital contributions	<u>151,115</u>	<u>-</u>	<u>151,115</u>
Net cash used in capital and related financing activities	<u>(447,663)</u>	<u>(265,915)</u>	<u>(713,578)</u>
Cash Flows Provided by Investing Activities,			
Interest received	<u>9</u>	<u>-</u>	<u>9</u>
Increase (Decrease) in Cash and Cash Equivalents	4,031	(20,305)	(16,274)
Cash and Cash Equivalents, Beginning	<u>145,461</u>	<u>2,363,298</u>	<u>2,508,759</u>
Cash and Cash Equivalents, Ending	<u>\$ 149,492</u>	<u>\$ 2,342,993</u>	<u>\$ 2,492,485</u>
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities			
Operating (loss) income	\$ (298,447)	\$ 116,316	\$ (182,131)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and amortization	368,431	148,509	516,940
Changes in assets and liabilities:			
Decrease in accounts receivable	2,667	168	2,835
Decrease in due from other governments	249,038	-	249,038
Decrease (increase) in prepaid expenses	1,409	(790)	619
Increase (decrease) in accounts payable and accrued expenses	15,583	(21,953)	(6,370)
(Decrease) in unearned revenue	(10,573)	-	(10,573)
Increase in compensated absences	<u>75</u>	<u>-</u>	<u>75</u>
Total adjustments	<u>626,630</u>	<u>125,934</u>	<u>752,564</u>
Net Cash Provided by Operating Activities	<u>\$ 328,183</u>	<u>\$ 242,250</u>	<u>\$ 570,433</u>

County of Centre, Pennsylvania

Description of Fiduciary Funds
Year Ended December 31, 2014

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, 2014

	Agency Funds										
	Prison	Recorder Of Deeds	Register Of Wills	Clerk of Courts & Prothonotary	Treasurer's License Account	Sheriff's Office	Court Administration	Tax Claims	Domestic Relations Support	Children & Youth	Total
Assets											
Cash	<u>\$ 62,224</u>	<u>\$ 873,586</u>	<u>\$ 157,175</u>	<u>\$ 2,306,170</u>	<u>\$ 84,778</u>	<u>\$ 217,693</u>	<u>\$ 400,544</u>	<u>\$ 393,815</u>	<u>\$ 3,530</u>	<u>\$ 11,264</u>	<u>\$ 4,510,779</u>
Liabilities											
Due to other governments	\$ -	\$ 873,586	\$ 140,407	\$ 3,477	\$ 2,708	\$ -	\$ 207,654	\$ 170,725	\$ -	\$ -	\$ 1,398,557
Funds held as fiduciary	<u>62,224</u>	<u>-</u>	<u>16,768</u>	<u>2,302,693</u>	<u>82,070</u>	<u>217,693</u>	<u>192,890</u>	<u>223,090</u>	<u>3,530</u>	<u>11,264</u>	<u>3,112,222</u>
Total liabilities	<u>\$ 62,224</u>	<u>\$ 873,586</u>	<u>\$ 157,175</u>	<u>\$ 2,306,170</u>	<u>\$ 84,778</u>	<u>\$ 217,693</u>	<u>\$ 400,544</u>	<u>\$ 393,815</u>	<u>\$ 3,530</u>	<u>\$ 11,264</u>	<u>\$ 4,510,779</u>

County of Centre, Pennsylvania

Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 Year Ended December 31, 2014

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2014</u>
Prison				
Assets,				
Cash	\$ 80,769	\$ 714,797	\$ 733,342	\$ 62,224
Total assets	<u>\$ 80,769</u>	<u>\$ 714,797</u>	<u>\$ 733,342</u>	<u>\$ 62,224</u>
Liabilities,				
Funds held as fiduciary	\$ 80,769	\$ 714,797	\$ 733,342	\$ 62,224
Total liabilities	<u>\$ 80,769</u>	<u>\$ 714,797</u>	<u>\$ 733,342</u>	<u>\$ 62,224</u>
Recorder of Deeds				
Assets,				
Cash	\$ 708,201	\$ 13,821,635	\$ 13,656,250	\$ 873,586
Total assets	<u>\$ 708,201</u>	<u>\$ 13,821,635</u>	<u>\$ 13,656,250</u>	<u>\$ 873,586</u>
Liabilities,				
Due to other governments	\$ 708,201	\$ 13,821,635	\$ 13,656,250	\$ 873,586
Total liabilities	<u>\$ 708,201</u>	<u>\$ 13,821,635</u>	<u>\$ 13,656,250</u>	<u>\$ 873,586</u>
Register of Wills				
Assets,				
Cash	\$ 345,771	\$ 7,594,311	\$ 7,782,907	\$ 157,175
Total assets	<u>\$ 345,771</u>	<u>\$ 7,594,311</u>	<u>\$ 7,782,907</u>	<u>\$ 157,175</u>
Liabilities:				
Due to other governments	\$ 329,678	\$ 6,784,122	\$ 6,973,393	\$ 140,407
Funds held as fiduciary	<u>16,093</u>	<u>810,189</u>	<u>809,514</u>	<u>16,768</u>
Total liabilities	<u>\$ 345,771</u>	<u>\$ 7,594,311</u>	<u>\$ 7,782,907</u>	<u>\$ 157,175</u>

(Continued)

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

All Agency Funds

Year Ended December 31, 2014

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2014</u>
Prothonotary & Clerk of Courts				
Assets,				
Cash	<u>\$ 337,454</u>	<u>\$ 2,650,639</u>	<u>\$ 681,923</u>	<u>\$ 2,306,170</u>
Total assets	<u>\$ 337,454</u>	<u>\$ 2,650,639</u>	<u>\$ 681,923</u>	<u>\$ 2,306,170</u>
Liabilities:				
Due to other governments	<u>\$ 2,964</u>	<u>\$ 3,996</u>	<u>\$ 3,483</u>	<u>\$ 3,477</u>
Funds held as fiduciary	<u>334,490</u>	<u>2,646,643</u>	<u>678,440</u>	<u>2,302,693</u>
Total liabilities	<u>\$ 337,454</u>	<u>\$ 2,650,639</u>	<u>\$ 681,923</u>	<u>\$ 2,306,170</u>
Treasurer's License Account				
Assets,				
Cash	<u>\$ 81,852</u>	<u>\$ 195,669</u>	<u>\$ 192,743</u>	<u>\$ 84,778</u>
Total assets	<u>\$ 81,852</u>	<u>\$ 195,669</u>	<u>\$ 192,743</u>	<u>\$ 84,778</u>
Liabilities:				
Due to other governments	<u>\$ 2,750</u>	<u>\$ 6,250</u>	<u>\$ 6,292</u>	<u>\$ 2,708</u>
Funds held as fiduciary	<u>79,102</u>	<u>189,419</u>	<u>186,451</u>	<u>82,070</u>
Total liabilities	<u>\$ 81,852</u>	<u>\$ 195,669</u>	<u>\$ 192,743</u>	<u>\$ 84,778</u>
Sheriff's Office				
Assets,				
Cash	<u>\$ 237,815</u>	<u>\$ 1,650,196</u>	<u>\$ 1,670,318</u>	<u>\$ 217,693</u>
Total assets	<u>\$ 237,815</u>	<u>\$ 1,650,196</u>	<u>\$ 1,670,318</u>	<u>\$ 217,693</u>
Liabilities:				
Due to other governments	<u>\$ 9,538</u>	<u>\$ -</u>	<u>\$ 9,538</u>	<u>\$ -</u>
Funds held as fiduciary	<u>228,277</u>	<u>1,650,196</u>	<u>1,660,780</u>	<u>217,693</u>
Total liabilities	<u>\$ 237,815</u>	<u>\$ 1,650,196</u>	<u>\$ 1,670,318</u>	<u>\$ 217,693</u>

(Continued)

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

All Agency Funds

Year Ended December 31, 2014

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2014</u>
Court Administration				
Assets,				
Cash	\$ 279,960	\$ 9,365,315	\$ 9,244,731	\$ 400,544
Total assets	<u>\$ 279,960</u>	<u>\$ 9,365,315</u>	<u>\$ 9,244,731</u>	<u>\$ 400,544</u>
Liabilities:				
Due to other governments	\$ 171,987	\$ 4,855,260	\$ 4,819,593	\$ 207,654
Funds held as fiduciary	<u>107,973</u>	<u>4,510,055</u>	<u>4,425,138</u>	<u>192,890</u>
Total liabilities	<u>\$ 279,960</u>	<u>\$ 9,365,315</u>	<u>\$ 9,244,731</u>	<u>\$ 400,544</u>
Tax Claims				
Assets,				
Cash	\$ 207,817	\$ 5,960,008	\$ 5,774,010	\$ 393,815
Total assets	<u>\$ 207,817</u>	<u>\$ 5,960,008</u>	<u>\$ 5,774,010</u>	<u>\$ 393,815</u>
Liabilities:				
Due to other governments	\$ 124,374	\$ 2,583,757	\$ 2,537,406	\$ 170,725
Funds held as fiduciary	<u>83,443</u>	<u>3,376,251</u>	<u>3,236,604</u>	<u>223,090</u>
Total liabilities	<u>\$ 207,817</u>	<u>\$ 5,960,008</u>	<u>\$ 5,774,010</u>	<u>\$ 393,815</u>
Domestic Relations Support				
Assets,				
Cash	\$ 3,530	\$ 359,337	\$ 359,337	\$ 3,530
Total assets	<u>\$ 3,530</u>	<u>\$ 359,337</u>	<u>\$ 359,337</u>	<u>\$ 3,530</u>
Liabilities,				
Funds held as fiduciary	\$ 3,530	\$ 359,337	\$ 359,337	\$ 3,530
Total liabilities	<u>\$ 3,530</u>	<u>\$ 359,337</u>	<u>\$ 359,337</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, 2014

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2014</u>
Children & Youth				
Assets,				
Cash	\$ 14,497	\$ 20,733	\$ 23,966	\$ 11,264
Total assets	<u>\$ 14,497</u>	<u>\$ 20,733</u>	<u>\$ 23,966</u>	<u>\$ 11,264</u>
Liabilities,				
Funds held as fiduciary	\$ 14,497	\$ 20,733	\$ 23,966	\$ 11,264
Total liabilities	<u>\$ 14,497</u>	<u>\$ 20,733</u>	<u>\$ 23,966</u>	<u>\$ 11,264</u>
Total, All Agency Funds				
Assets,				
Cash	\$ 2,297,666	\$ 42,332,640	\$ 40,119,527	\$ 4,510,779
Total assets	<u>\$ 2,297,666</u>	<u>\$ 42,332,640</u>	<u>\$ 40,119,527</u>	<u>\$ 4,510,779</u>
Liabilities:				
Due to other governments	\$ 1,349,492	\$ 28,055,020	\$ 28,005,955	\$ 1,398,557
Funds held as fiduciary	<u>948,174</u>	<u>14,277,620</u>	<u>12,113,572</u>	<u>3,112,222</u>
Total liabilities	<u>\$ 2,297,666</u>	<u>\$ 42,332,640</u>	<u>\$ 40,119,527</u>	<u>\$ 4,510,779</u>

(Concluded)

County of Centre, Pennsylvania

Description of Component Units

Year Ended December 31, 2014

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, 2014

	Conservation District	Recycling Refuse Authority
Assets		
Current assets:		
Cash and cash equivalents	\$ 447,992	\$ 3,694,856
Accounts receivable	69,744	735,071
Grants receivable	-	577,265
Prepaid items and inventory	-	70,923
Total current assets	<u>517,736</u>	<u>5,078,115</u>
Noncurrent assets,		
Capital assets, net	-	10,060,310
Total assets	<u>517,736</u>	<u>15,138,425</u>
Liabilities and Net Position		
Current liabilities:		
Current portion of long-term debt	-	504,610
Current portion of capital lease obligation	-	33,298
Accounts payable	69,344	175,406
Accrued expenses	-	783,559
Unearned revenue	-	-
Total current liabilities	<u>69,344</u>	<u>1,496,873</u>
Noncurrent liabilities:		
Landfill post-closure liability	-	34,845
Long-term debt	-	1,850,998
Capital lease obligation	-	121,222
Total noncurrent liabilities	<u>-</u>	<u>2,007,065</u>
Total liabilities	<u>69,344</u>	<u>3,503,938</u>
Net Position		
Net investment in capital assets	-	7,550,182
Unrestricted	448,392	4,084,305
Total net position	<u>\$ 448,392</u>	<u>\$ 11,634,487</u>

County of Centre, Pennsylvania

Statement of Revenues, Expenses, and
Changes in Net Position
Conservation District
Year Ended December 31, 2014**Revenues**

Grants	\$ 1,177,164
Other	100,030
Interest	<u>512</u>
Total revenues	1,277,706

Expenses

Conservation District	<u>1,178,874</u>
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Changes in Net Position 98,832

Net Position, Beginning of Year 349,560

Net Position, End of Year \$ 448,392

County of Centre, Pennsylvania**Statement of Revenues, Expenses, and Changes in Net Position
Recycling Refuse Authority
Year Ended December 31, 2014****Operating Revenues**

Tipping fees	\$ 6,532,911
Recycling fees	3,023,180
Other	<u>23,649</u>

Total operating revenues 9,579,740

Operating Expenses

Salaries and benefits	3,040,688
Contracted services	5,330,448
Depreciation	798,146
Administration costs	<u>473,133</u>

Total operating expenses 9,642,415

Operating (loss) (62,675)

Nonoperating Revenues (Expenses)

Grants	651,008
Interest income	4,553
Other income	9,362
Interest expense	<u>(90,109)</u>

Total nonoperating revenue 574,814

Changes in Net Position 512,139

Net Position, Beginning 11,122,348

Net Position, Ending \$ 11,634,487

County of Centre, Pennsylvania

Statement of Cash Flows
Recycling Refuse Authority
Year Ended December 31, 2014

Cash Flows from Operating Activities

Cash received from customers	\$ 9,641,728
Cash paid to vendors and employees	<u>(8,951,187)</u>
Net cash provided by (used in) operating activities	<u>690,541</u>

Cash Flows Provided by Investing Activities

Interest received	<u>4,553</u>
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Cash Flows from Noncapital Financing Activities

Grants received from government agencies	438,743
Cash received from customers - finance charges and bad debt recoveries	<u>9,362</u>
Net cash provided by (used in) noncapital financing activities	<u>448,105</u>

Cash Flows from Capital and Related Financing Activities

Purchases and construction of capital assets	(589,990)
Borrowings of long-term debt	158,526
Repayment of long-term debt	(425,242)
Payments on capital lease obligation	(19,348)
Interest paid	<u>(90,109)</u>
Net cash provided by (used in) capital and related financing activities	<u>(966,163)</u>

Increase (Decrease) in Cash and Cash Equivalents 177,036

Cash and Cash Equivalents, Beginning 3,517,820

Cash and Cash Equivalents, Ending \$ 3,694,856

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

Operating income (loss)	\$ (62,675)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	798,146
Changes in assets and liabilities:	
Accounts receivable, trade	61,988
Prepaid expenses	(13,874)
Accounts payable	(107,985)
Accrued expenses	22,141
Landfill post-closure liability	<u>(7,200)</u>

Net Cash Provided by (Used in) Operating Activities \$ 690,541

County of Centre, Pennsylvania

December 31, 2014



County of Centre, PennsylvaniaSchedule of Changes in Capital Assets by Function and Activity
Year Ended December 31, 2014

	<u>January 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2014</u>
General Government - Administration	\$ 23,047,501	\$ 354,877	\$ 168,688	\$ 23,233,690
General Government - Judicial	7,927,010	25,490	11,510	7,940,990
Public Safety and Corrections	29,677,836	18,643,403	61,263	48,259,976
Human Services	3,108,673	704,414	277,958	3,535,129
Conservation and Development	32,258	-	-	32,258
Capital Projects	<u>12,580,667</u>	<u>1,483,779</u>	<u>12,580,667</u>	<u>1,483,779</u>
Total	<u>\$ 76,373,945</u>	<u>\$ 21,211,963</u>	<u>\$ 13,100,086</u>	<u>\$ 84,485,822</u>

	<u>Ending Balance is Composed of</u>		
	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Total</u>
General Government - Administration	\$ 19,334,571	\$ 3,899,119	23,233,690
General Government - Judicial	6,823,015	1,117,975	7,940,990
Public Safety and Corrections	30,181,289	18,078,687	48,259,976
Human Services	128,080	3,407,049	3,535,129
Conservation and Development	17,979	14,279	32,258
Capital Projects	<u>1,483,779</u>	<u>-</u>	<u>1,483,779</u>
Total	<u>\$ 57,968,713</u>	<u>\$ 26,517,109</u>	<u>\$ 84,485,822</u>

County of Centre, Pennsylvania

December 31, 2014



County of Centre, Pennsylvania

Statistical Section
December 31, 2014

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 105 through 109 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 110 through 113 contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

The schedules on pages 114 through 116 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 117 and 118 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 119 through 124 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)
Years Ended December 31

	<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>	<u>2014</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 16,735,599
Restricted	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	5,656,338
Unrestricted	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	15,801,616
 Total governmental activities net position	 <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>	 <u>\$ 38,193,553</u>
 Business-type activities										
Net investment in capital assets	\$ (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	\$ 1,066,600
Unrestricted	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	254,404
 Total business-type activities net position	 <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>	 <u>\$ 1,321,004</u>
 Primary government										
Net investment in capital assets	\$ 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	\$ 17,802,199
Restricted	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	5,656,338
Unrestricted	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	16,056,020
 Total primary government net position	 <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>	 <u>\$ 39,514,557</u>

County of Centre, Pennsylvania

Schedule of Government-Wide Changes in Net Position
(Unaudited)

Years Ended December 31

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government										
Administrative	\$ 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	\$ 11,098,929
Judicial	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	8,407,491
Public safety	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	12,819,426
Public works	539,137	276,860	159,729	369,947	274,369	583,409	299,113	299,827	373,960	215,359
Human services	31,425,941	31,978,456	33,161,084	33,341,181	27,313,343	22,541,995	24,003,631	24,341,263	22,294,816	23,818,784
Culture and recreation	684,792	619,680	527,438	735,768	691,409	541,184	645,259	545,460	745,731	545,536
Conservation and development	1,788,651	1,564,072	1,537,222	2,143,173	1,355,981	1,620,878	1,521,948	1,417,968	1,810,426	1,584,735
Interest on long-term debt	1,189,060	934,512	1,063,754	1,134,340	986,790	893,301	766,775	909,411	1,206,402	1,145,020
Total governmental activities expenses	<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>	<u>59,635,280</u>
Business-type activities:										
Nursing home	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	2,422,650	2,658,699	3,101,168	2,279,746	2,286,743	2,443,286	2,418,640	2,302,393	2,169,365	2,364,839
Total business-type activities expenses	<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>	<u>2,364,839</u>
Total primary government expenses	<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>	<u>\$ 62,000,119</u>
Revenues:										
Governmental activities:										
Charges for services:										
General government										
Administrative	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	\$ 5,607,979
Judicial	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	1,869,487
Public safety	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	3,932,343
Public works	-	-	-	28,774	-	-	-	-	-	-
Human services	1,265,089	1,139,759	556,041	576,358	525,302	368,900	365,762	363,760	423,771	1,347,353
Conservation and development	480,284	361,277	310,818	379,760	292,230	254,473	249,649	245,937	238,961	246,321
Operating grants and contributions	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	24,609,388
Capital grants and contributions	-	-	-	195,697	431,375	215,573	208,975	4,429,702	516,090	2,151,115
Total governmental activities revenues	<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>	<u>39,763,986</u>
Business-type activities:										
Charges for services:										
Nursing home	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	1,560,130	1,539,055	1,501,508	2,043,140	1,958,253	1,746,380	1,884,750	1,707,096	1,500,126	1,623,564
Total business activities revenues	<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>	<u>1,623,564</u>
Total primary government revenues	<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>	<u>41,387,550</u>
Net Expenses										
Governmental activities	(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)	(19,871,294)
Business-type activities	(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)	(741,275)
Total net revenues (expenses)	<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>	<u>\$ (20,612,569)</u>

(Continued)

County of Centre, Pennsylvania

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes levied for general purposes	\$ 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	\$ 22,194,811
Property taxes levied for debt services	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	3,883,980
Investment income	1,037,538	1,312,618	1,236,296	698,875	367,658	315,075	297,465	289,105	263,992	261,313
Proceeds from sale of capital assets	-	-	-	-	-	14,637	-	-	-	-
Transfers	(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)	(596,184)
Total governmental activities expenses	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	25,743,920
Business-type activities:										
Investment income	5,102	28,547	37,077	13,311	3,984	23,823	36,842	30,661	30,428	644
Transfers	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	596,184
Total business-type activities expenses	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	596,828
Total primary government expenses	\$ 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	\$ 26,340,748
Changes in net position										
Governmental activities	\$ (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)	\$ 5,872,626
Business-type activities	(485,146)	14,347	(372,606)	436,694	767,374	213,347	(38,407)	(59,529)	838,739	(144,447)
Total primary government	\$ (1,587,721)	\$ 3,770,374	\$ 821,673	\$ (2,494,813)	\$ (408,994)	\$ 4,777,895	\$ 2,979,954	\$ 3,880,735	\$ (578)	\$ 5,728,179

County of Centre, Pennsylvania

Schedule of Governmental Fund Balances
(Unaudited)

Years Ended December 31

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund:										
Nonspendable	\$ 93,202	\$ 553,972	\$ 504,046	\$ 50,069	\$ 747,461	\$ 152,274	\$ 776,471	\$ 106,788	\$ 45,854	\$ 110,711
Restricted	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	3,109,529
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,214,135	1,127,521	1,108,012	1,150,465	221,452	311,679	382,456	452,885	439,987	429,555
Unassigned	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	6,897,836
Total general fund	\$ 12,006,503	\$ 12,026,780	\$ 11,768,253	\$ 9,234,378	\$ 7,521,580	\$ 10,957,884	\$ 10,810,080	\$ 9,459,772	\$ 10,525,650	\$ 10,547,631
All other governmental funds:										
Nonspendable, reported in special revenue funds	\$ 2,877	\$ -	\$ 2,272	\$ 3,003	\$ 1,958	\$ 2,918	\$ 3,000	\$ 3,037	\$ 3,171	\$ 3,214
Restricted reported in special revenue funds	443,744	885,482	1,078,522	888,852	810,453	931,545	855,364	946,840	793,021	892,196
capital project funds								14,508,064	1,817,776	-
debt service fund	4,771,224	4,853,821	3,124,209	2,275,488	1,933,492	1,954,500	1,789,667	2,394,631	2,073,611	1,654,613
Assigned, reported in capital project funds	2,895,169	1,920,119	2,387,156	983,281	776,636	776,161	3,106,753	5,523,983	7,862,626	8,664,702
Unassigned, reported in special revenue funds	-	-	-	-	-	-	-	(443,863)	(443,452)	-
Total all other governmental funds	\$ 8,113,014	\$ 7,659,422	\$ 6,592,159	\$ 4,150,624	\$ 3,522,539	\$ 3,665,124	\$ 5,754,784	\$ 22,932,692	\$ 12,106,753	\$ 11,214,725

County of Centre, Pennsylvania

Schedule of Changes in Governmental Fund Balances
(Unaudited)

Years Ended December 31

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 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	\$ 26,164,159
Grants, gifts and payment in lieu of taxes	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	24,315,345
Court costs	850,108	844,591	927,651	1,246,217	1,373,556	1,584,625	1,438,783	1,499,903	1,307,828	1,125,318
Fines and forfeits	254,395	221,260	258,014	241,764	199,253	198,060	198,643	209,062	191,947	189,625
Interest and rents	1,053,612	1,312,598	1,236,010	698,415	367,632	315,058	297,463	289,100	263,987	261,304
Charges for services	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	10,433,921
Contributions and other revenues	273,445	372,153	969,183	325,473	375,541	264,614	196,955	3,225,997	664,812	2,294,043
Total revenues	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	64,783,715
Expenditures										
Current:										
General government:										
Administrative	8,032,867	7,982,370	9,259,260	9,902,426	9,492,939	10,249,727	9,111,188	10,381,715	14,809,281	9,047,635
Judicial	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	8,772,179
Public safety	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	12,081,037
Public works	539,137	276,860	159,729	369,947	274,369	583,409	299,113	299,826	373,960	215,359
Human services	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	22,555,948
Culture and recreation	684,792	619,680	527,438	735,768	691,409	541,184	545,259	545,460	745,731	545,536
Conservation and development	1,787,688	1,563,128	1,602,174	2,174,802	1,387,630	1,651,835	1,644,508	1,439,519	1,881,550	1,607,957
Debt service:										
Principal	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	3,098,741
Interest	1,238,283	1,239,182	978,700	1,043,872	991,722	815,242	917,110	850,286	1,288,110	1,321,550
Other cost	2,000	56,918	1,064	2,500	2,500	44,669	375,007	285,105	2,655	2,700
Capital outlay	6,491,400	3,514,681	2,650,798	2,143,889	472,767	134,965	205,143	7,484,215	10,243,734	5,682,074
Total expenditures	64,948,584	63,848,145	65,795,230	68,289,307	60,366,929	56,409,866	57,402,387	65,607,204	73,353,522	64,930,716
Excess (deficiency) of revenues over (under) expenditures	(4,996,853)	2,529,299	1,160,891	(2,853,915)	(735,938)	5,194,039	3,570,753	1,121,246	(12,365,485)	(147,001)
Other financing sources (uses):										
Transfers in	3,709,135	4,401,273	5,252,973	4,686,429	3,834,673	3,375,579	6,415,637	6,442,236	9,180,298	6,258,437
Transfers out	(5,627,796)	(7,420,538)	(7,739,654)	(6,807,924)	(5,439,618)	(5,039,252)	(8,421,605)	(9,035,645)	(15,088,708)	(6,981,483)
Proceeds from sale of capital assets	-	-	-	-	-	361	-	-	-	-
Proceeds from bonds	-	-	-	-	-	5,515,000	9,175,000	13,590,000	-	-
Issuance of debt	-	10,000,000	-	-	-	-	-	15,315,000	-	-
Payments to refund bonds payable	-	(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	-	-	-	-	-	-	-	-	8,513,834	-
Bond premium	-	-	-	-	-	-	752,163	2,273,829	-	-
Bond discount	-	(127,605)	-	-	-	-	-	-	-	-
Unusual item	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,918,661)	(2,962,614)	(2,486,681)	(2,121,495)	(1,604,945)	(1,615,242)	(1,628,805)	14,706,354	2,605,424	(723,046)
Net change in fund balances	\$ (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)	\$ (870,047)
Debt service as a percentage of noncapital expenditures	4.18%	4.16%	3.72%	3.88%	4.25%	4.34%	4.84%	3.68%	6.92%	7.56%

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				
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%
2014	2,170,035,710	890,843,489	43,219,355	57,542,060	6,164,560	225,797,600	3,393,602,774	7.84	6,787,205,548	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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Direct Rates:										
General	\$ 5.25	\$ 5.30	\$ 5.40	\$ 5.40	\$ 5.40	\$ 6.90	\$ 6.65	\$ 6.65	\$ 6.65	\$ 6.65
Debt	1.34	1.29	1.19	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	8.09	7.84	7.84	7.84	7.84
Borough & Township Rates:										
Bellefonte Borough	7.93	7.98	7.98	8.56	8.81	9.29	9.79	12.82	13.52	14.27
Centre Hall Borough	1.23	1.23	1.23	1.23	1.23	1.23	2.50	2.50	2.50	2.50
Howard Borough	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Milesburg Borough	6.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00
Millhiem Borough	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Philipsburg Borough	10.33	10.33	10.33	10.33	15.33	15.33	15.33	15.33	15.33	15.33
Port Matilda Borough	6.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Snow Shoe Borough	4.36	4.36	4.36	4.36	5.36	5.36	5.36	5.39	5.39	5.39
State College Borough	7.30	10.04	10.04	10.54	11.04	11.04	11.04	11.04	11.04	14.40
Unionville Borough	3.27	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	3.18	3.84	3.84	3.84	4.17	4.17	4.17	4.50	4.50	4.50
Burnside Township	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	3.90	3.90	4.40	4.40	4.90	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	2.42	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	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Halfmoon Township	3.72	4.02	4.02	4.02	4.02	4.02	4.02	4.98	4.98	4.98
Harris Township	4.70	4.70	4.70	4.70	4.60	4.60	4.80	4.80	4.80	5.30
Howard Township	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Huston Township	1.73	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
Liberty Township	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.00	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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.10
Patton Township	7.50	7.50	7.20	7.20	7.60	8.40	8.70	8.90	8.90	8.90
Penn Township	3.00	3.00	3.00	3.00	4.00	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	4.50	4.50	4.50	4.50
Taylor Township	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Union Township	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
School District Rates:										
Bald Eagle	34.26	36.26	37.76	39.76	41.96	43.68	46.55	48.55	50.55	51.55
Bellefonte	36.99	37.98	39.69	41.08	42.98	44.61	45.41	46.40	47.41	47.41
Keystone Central	34.73	34.38	34.33	36.12	37.37	40.24	42.55	43.62	43.59	44.47
Penns Valley	37.87	37.87	37.87	37.87	38.33	40.46	41.71	43.23	43.23	45.02
Philipsburg Osceola	37.26	39.30	46.97	49.04	50.90	52.97	51.61	51.56	51.59	52.09
State College	31.37	32.57	32.51	33.72	34.85	35.90	36.85	37.73	38.75	39.51
Tyrone	19.36	18.88	20.22	21.06	22.06	22.98	20.61	22.57	22.31	22.64

Source : County Tax Assessment Office

County of Centre, Pennsylvania

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

Taxpayer:	2014			2005		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Geisinger Clinic	\$ 13,635,950	1	0.40%			
* PSU (Taxable)	13,589,625	2	0.40%	\$ 14,630,250	4	0.51%
Nittany Centre Realty LLC	12,785,500	3	0.40%	16,442,035	1	0.57%
Foxdale Village Corporation	10,855,460	4	0.32%	5,917,160	6	0.21%
Circleville Road Partners LP	9,320,605	5	0.27%			
Jefferson at State College	8,334,970	6	0.32%	8,334,970	2	0.29%
The Village at Penn State	7,961,850	7	0.25%	12,471,545		
Minitab, Inc	7,723,525	8	0.23%			
Campus Crest at SC LLC	7,254,420	9	0.23%			
Wal-Mart Stores Inc	6,744,000	10	0.20%	8,649,200	5	0.30%
Retreat at State College LLC	6,135,540					
W9/JP-M Real Estate	5,613,800			5,613,800	7	0.20%
College Avenue Properties	5,515,835			5,515,835	9	0.19%
Corning Asahi Video Company				15,465,170	3	0.54%
Temple Family Partnership				5,398,685	10	0.19%
Nittany Garden Apartments				5,558,915	8	0.19%
Total	\$ 115,471,080		3%	\$ 103,997,565		3.19%
Total Taxable Assessed Value	\$ 3,393,602,774		100%	\$ 2,867,889,240		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
2005	\$ 18,853,031	\$ 18,395,990	97.58%	\$ 456,312	\$ 18,852,302	100.00%
2006	19,576,647	19,081,381	97.47%	494,306	19,575,687	100.00%
2007	20,057,503	19,553,148	97.49%	503,267	20,056,415	99.99%
2008	20,412,851	19,910,312	97.54%	500,826	20,411,138	99.99%
2009	20,786,531	20,189,802	97.13%	594,609	20,784,411	99.99%
2010	25,673,802	25,047,325	97.56%	621,778	25,669,103	99.98%
2011	25,202,931	24,621,260	97.69%	575,038	25,196,298	99.97%
2012	25,454,926	24,871,821	97.71%	567,819	25,439,640	99.94%
2013	25,647,232	25,123,930	97.96%	249,390	25,373,320	98.93%
2014	26,138,462	25,631,381	98.06%	-	25,631,381	98.06%

Source : Centre County Tax Claim Office

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

(Unaudited)

Years Ended December 31

Year	Governmental General Obligation Bonds (c)	Business General Obligation Bonds	Total Primary Government	Percentage of Personal Income (a)	Percentage of Actual Value of Taxable Property (b)	Per Capita
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	0.67%	0.51%	216
2010	20,854,984	10,214,998	31,069,982	0.60%	0.48%	202
2011	18,809,795	9,359,265	28,169,060	0.52%	0.43%	182
2012	34,463,386	8,615,268	43,078,654	0.79%	0.65%	280
2013	40,965,417	-	40,965,417	0.65%	0.61%	264
2014	38,036,760	-	38,036,760	0.59%	0.56%	241

(a) See Schedule of Demographic and Economic Statistics for population & 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 net of premium/discount, less debt service restriction

County of Centre, Pennsylvania

Schedule of Direct and Overlapping Debt

(Unaudited)

Years Ended December 31

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County Direct Rates			
County of Centre	\$ 37,505,606	100%	\$ 37,505,606
Borough & Township Rates			
Bellefonte Borough	10,060,325	100%	10,060,325
Milesburg Borough	126,258	100%	126,258
State College Borough	17,793,486	100%	17,793,486
Benner Township	435,820	100%	435,820
College Township	5,652,000	100%	5,652,000
Ferguson Township	1,650,200	100%	1,650,200
Harris Township	280,000	100%	280,000
Howard Township	23,000	100%	23,000
Liberty Township	77,200	100%	77,200
Patton Township	5,950,406	100%	5,950,406
Penn Township	281,778	100%	281,778
Rush Township	1,813,008	100%	1,813,008
Taylor Township	105,497	100%	105,497
Union Township	73,942	100%	73,942
Total municipalities			44,322,920
School District Rates			
Bald Eagle	26,724,090	100%	26,724,090
Bellefonte	42,335,121	100%	42,335,121
Keystone Central	-	5%	-
Penns Valley	21,775,000	100%	21,775,000
Philipsburg Osceola	34,313,062	100%	34,313,062
State College	56,050,000	100%	56,050,000
Total school districts			181,197,273
Total indirect			-
Grand total			\$ 263,025,799

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Borrowing Base Revenues (1)	\$ 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	\$47,387,233
Debt Limit Percentage	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	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	142,161,699
General Obligation Bonds	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	37,505,606
Legal Debt Margin	\$ 100,596,613	\$ 100,272,297	\$ 103,478,599	\$ 105,653,483	\$ 112,833,541	\$ 118,979,221	\$ 117,982,637	\$ 100,723,613	\$ 103,516,856	\$ 104,656,093
Total net debt applicable to the limit as a percentage of debt limit	29.10%	28.64%	26.94%	25.36%	22.92%	21.73%	20.25%	30.16%	28.17%	26.38%

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

County of Centre, Pennsylvania**Schedule of Demographic and Economic Statistics**

(Unaudited)

Years Ended December 31

<u>Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	4,716,653	32,259	6.4%
2010	153,990	5,174,372	33,602	5.3%
2011	154,722	5,468,959	35,347	5.4%
2012	155,171	5,484,829	35,347	6.0%
2013	155,171	6,345,563	40,894	5.1%
2014	157,847	6,454,995	40,894	3.7%

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

County of Centre, Pennsylvania

Schedule of Principal Employers

(Unaudited)

Years Ended December 31

Taxpayer	2014			2005		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Pennsylvania State University	26,353	1	41.02%	14,183	1	20.17%
Mt. Nittany Medical Center	2,289	2	3.56%	1,101	4	1.57%
Pennsylvania State Government	1,697	3	2.64%	2,427	2	3.45%
State College Area School	1,203	4	1.87%	1,328	3	1.89%
Wal-Mart/Sam's Club	725	5	1.13%	863	5	1.23%
Glenn O. Hawbaker, Inc	700	6	1.09%			
Weis Markets	656	7	1.02%	451	10	0.64%
Geisinger Medical Group	545	8	0.85%			
County of Centre	517	9	0.80%	831	6	1.18%
HRI, Inc	490	10	0.76%			
Raytheon Corp.				530	7	0.75%
Jostens Printing & Publishing				512	8	0.73%
Federal Government				500	9	0.71%
Total	35,175		54.76%	22,726		32.33%
Total County employment	64,239		100%	70,300		100%

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

County of Centre, Pennsylvania

Schedule of County Employees by Function

(Unaudited)

Years Ended December 31

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration	92	97	101	104	103	94	94	92	85	85
Judicial	120	118	122	117	118	117	117	116	118	118
Public Safety	74	106	114	113	114	123	120	126	128	131
Human Services	148	146	149	152	156	156	152	154	159	146
Conservation & Development	22	12	12	12	12	10	10	10	10	10
Enterprise:										
Emergency Communication 911	28	32	30	30	30	32	32	29	32	27
Nursing Home	316	320	320	320	320	265	257	262	-	-
Total enterprise	<u>344</u>	<u>352</u>	<u>350</u>	<u>350</u>	<u>350</u>	<u>297</u>	<u>289</u>	<u>291</u>	<u>32</u>	<u>27</u>
Total	<u>800</u>	<u>831</u>	<u>848</u>	<u>848</u>	<u>853</u>	<u>797</u>	<u>782</u>	<u>789</u>	<u>532</u>	<u>517</u>

Source : Centre County Budget

County of Centre, Pennsylvania

Schedule of Operating Indicators by Function

(Unaudited)

Years Ended December 31

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration:										
Treasurer:										
Hunting licenses	20,884	14,904	14,549	14,402	13,657	10,285	11,432	12,398	12,462	11,326
Sportsman Pistol Permits						34	27	31	21	22
Dog licenses	13,092	15,497	14,260	13,699	13,341	14,443	13,983	12,478	13,180	12,035
Fishing licenses	343	400	428	347	295	247	208	141	162	103
Total licenses	34,319	30,801	29,237	28,448	27,293	25,009	25,650	25,048	25,825	23,486
Public Defender, Cases	2,076	2,000	2,134	2,566	2,407	2,259	2,657	2,577	2,600	2,757
Recorder of Deeds, Deeds filed	25,473	23,583	21,813	21,610	23,000	20,472	19,565	20,100	20,100	21,000
Judicial:										
Sheriff,										
Pistol permits	2,700	2,750	4,538	5,671	9,792	12,659	7,291	3,581	3,660	3,277
Coroner, Cases	569	557	517	551	564	581	602	620	594	604
District Attorney, Cases	2,370	2,445	2,691	2,849	2,915	2,994	2,958	2,985	3,010	3,650
Prothonotary:										
Criminal cases	2,536	2,454	2,595	2,535	2,608	2,620	2,538	2,225	2,246	2,268
Civil cases	4,824	5,024	5,629	5,628	6,226	5,826	5,750	4,818	4,999	4,901
Other cases	1,924	1,846	1,877	1,906	2,496	2,592	2,405	2,868	2,995	2,834
Total cases	9,284	9,324	10,101	10,069	11,330	11,038	10,693	9,911	10,240	10,003
Magisterial District Judges, Court cases	43,375	37,296	34,477	39,570	40,712	36,675	35,290	33,723	33,723	33,327
Public Safety:										
Probation										
Juvenile cases	222	205	241	289	250	194	175	173	165	126
Adult cases	3,318	3,517	3,954	3,987	4,391	3,740	4,285	3,890	3,936	4,198
Total	3,540	3,722	4,195	4,276	4,641	3,934	4,460	4,063	4,101	4,324
Prison, Average daily population	187	219	216	222	259	268	260	260	271	258
Human Services:										
Children & Youth, Caseload	3,068	2,958	3,311	3,346	3,392	2,142	2,191	2,503	2,544	2,702
Mental Health / Retardation, Clients	2,556	2,584	2,533	2,531	2,327	2,359	2,359	2,500	2,658	5,400
Drug and Alcohol:										
Children clients	190	270	309	147	160	41	49	75	56	65
Adult clients	838	1,220	1,808	1,003	1,050	992	845	1,050	914	950
Total clients	1,028	1,490	2,117	1,150	1,210	1,033	894	1,125	970	1,015

Source : Centre County Budget

County of Centre, Pennsylvania
Schedule of Capital Asset Statistics by Activity
(Unaudited)
Years Ended December 31

	<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>	<u>2014</u>
Governmental:										
Capital Asset, net										
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,738,135	\$ 12,580,667	\$ 1,483,779
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	1,867,185
Building and improvements	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	34,378,728
Furniture and improvements	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	17,387,470
Vehicles	<u>498,753</u>	<u>355,509</u>	<u>278,578</u>	<u>287,203</u>	<u>554,472</u>	<u>613,651</u>	<u>612,767</u>	<u>512,991</u>	<u>584,429</u>	<u>814,429</u>
Total	<u>\$ 32,123,106</u>	<u>\$ 35,047,345</u>	<u>\$ 36,107,197</u>	<u>\$ 36,152,781</u>	<u>\$ 35,142,512</u>	<u>\$ 34,364,021</u>	<u>\$ 33,317,604</u>	<u>\$ 37,279,272</u>	<u>\$ 52,046,607</u>	<u>\$ 55,931,591</u>
Business-type:										
Capital Asset, net										
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,316	\$ -	\$ -	\$ -
Land and improvements	8,705	7,835	6,964	6,094	5,224	4,352	3,482	3,482	-	-
Building and improvements	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	320,365
Furniture and improvements	<u>1,999,866</u>	<u>1,552,444</u>	<u>877,353</u>	<u>679,768</u>	<u>578,150</u>	<u>451,060</u>	<u>450,744</u>	<u>703,070</u>	<u>856,166</u>	<u>746,235</u>
Total	<u>\$ 9,547,834</u>	<u>\$ 8,788,491</u>	<u>\$ 7,801,479</u>	<u>\$ 7,301,431</u>	<u>\$ 6,897,351</u>	<u>\$ 6,467,797</u>	<u>\$ 7,309,893</u>	<u>\$ 7,090,748</u>	<u>\$ 1,211,194</u>	<u>\$ 1,066,600</u>

Source : Centre County Financial Statements

County of Centre, Pennsylvania

Schedule of Salaries and Surety Bonds

Of Elected Officials

(Unaudited)

Year Ended December 31, 2014

Official	Annual Salary	Bond Amount
Commissioner	\$ 70,668	\$ 4,000
Controller	\$ 65,937	\$ 20,000
Coroner	\$ 63,937	\$ 7,500
District Attorney	\$ 175,572	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
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%
2014	1,225,880	2,064,993	5,927,290	9,218,163	9.6%

Expenses by Type

Year	Benefits	Administrative Expenses	Refunds	Total
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
2014	5,092,711	378,149	805,805	6,276,665

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

<u>Year</u>	<u>Number of Active Members</u>	<u>Contributions</u>			<u>Number of Retired Members</u>	<u>Benefit Paid</u>
		<u>Members</u>	<u>County(1)</u>	<u>Total</u>		
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
2014	519	1,225,880	2,064,993	3,290,873	372	5,092,711

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

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