

*County of Centre*



PENNSYLVANIA

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# **2011 Comprehensive Annual Financial Report**

Year ended December 31, 2011

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

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# 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 26, 2012

To the Citizens of the County of Centre Pennsylvania

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Centre for the year ended December 31, 2011. This report consists of the County management's representations concerning the finances of Centre County Government. The County assumes full responsibility for the completeness and fairness of all the information presented in this report. To provide the basis for making these representations, the management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile reliable information for the preparation of the Centre County Government's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

This CAFR was prepared by the Controller's Office and the financial statements were audited by the independent certified public accounting firm of ParenteBeard LLC, whose opinion accompanies the financial statements contained in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the County's financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the year ended December 31, 2011 are fairly presented in conformity with GAAP.

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

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

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

## **Profile of the Government**

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

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

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

## **Information Useful in Assessing the County's Economic Condition**

### **Local economy**

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

### **Long-term financial planning**

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

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

### **Internal audits**

The Controller’s internal audit function conducts financial and compliance audits of County departments, agencies, row offices, and grant-funded programs to ensure that the County government is efficient, effective, and compliant. The function issued 16 audit, reviews, and special reports during 2011.

### **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, 2010. This is the tenth consecutive year the County has received this certificate. The Certificate of Achievement is a prestigious international award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

#### **Award for distinguished budget presentation**

For the thirteenth consecutive year, the County of Centre received GFOA’s Award for Distinguished Budget Presentation for its 2011 appropriation budget. The Board of Commissioners’ staff prepares the budget document.

#### **Acknowledgements**

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Charles L. Witmer".

Charles L. Witmer  
Controller

# County of Centre



## **Mission**

### **Centre County Government**

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

### **Controller's Office**

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## County of Centre Pennsylvania

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

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



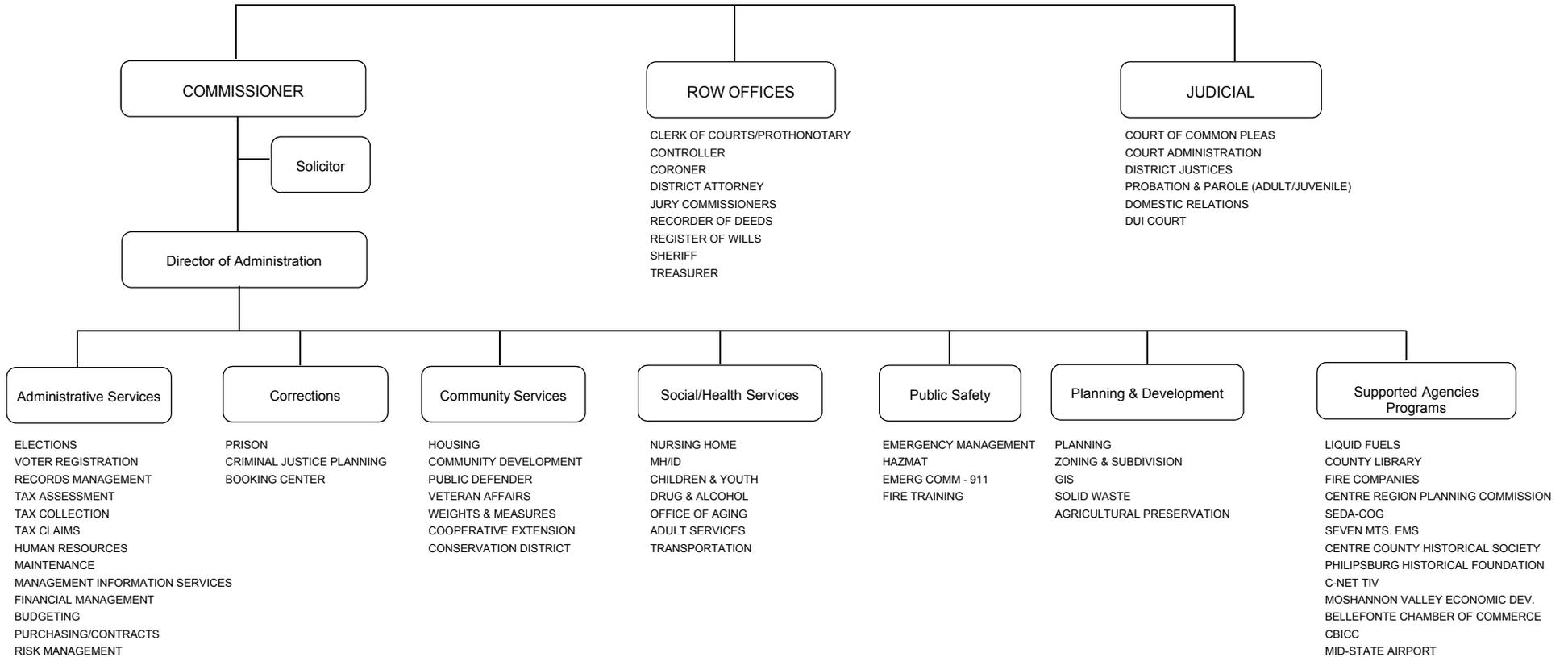
*Linda C. Dawson*

President

*Jeffrey R. Emery*

Executive Director

# CENTRE COUNTY GOVERNMENT ORGANIZATIONAL CHART



## County of Centre

### Principal Officials

December 31, 2011

#### Board of Commissioners

Jon Eich, Chair  
Rich Rogers  
Steven Dershem

#### Court of Common Pleas

David E. Grine, President Judge  
Pamela Ruest, Judge  
Thomas King Kistler, Judge  
Bradley Lunsford, Judge  
Charles C. Brown, 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

Daniel Hoffman, Bellefonte  
Thomas Jordan, Centre Hall  
Leslie Dutchcot, Centre Region  
Allen W. Sinclair, Philipsburg  
Carmine Prestia, State College I  
Jonathan Grine, State College II





## Independent Auditors' Report

Board of Commissioners  
County of Centre Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Centre, Pennsylvania (the "County"), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Centre, Pennsylvania as of December 31, 2011, and the respective changes in financial position and, cash flows where applicable, thereof and the respective budgetary comparison for the General, Mental Health/Intellectual Disabilities, and Children and Youth funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis ("MD&A") on pages 17 through 29 and the Schedule of Funding Progress on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules and schedule of changes in capital assets by function and activity on pages 75 through 101 are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*ParenteBeard LLC*

State College, Pennsylvania  
June 26, 2012

## **County of Centre, Pennsylvania**

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### Management's Discussion and Analysis (Unaudited)

This Management's Discussion and Analysis ("MD&A") is intended to provide a narrative overview and analysis of the financial activities of the County of Centre for the year ended December 31, 2011. 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 assets increased by \$2,980,000. Net assets related to governmental activities increased by \$3,018,000, and net assets of the County's business-type activities decreased by \$38,000.
- As of December 31, 2011, \$13,080,000 of unrestricted net assets was available to meet the County's ongoing obligations of the governmental activities to citizens and creditors.
- The unassigned fund balance for the general fund was \$7,501,000 or 24.8 percent of total general fund expenditures.
- Total indebtedness on December 31, 2011 was \$29,959,000, a decrease of \$3,066,000 from the beginning of the year. The County's 2011 total debt service payments of \$2,736,000. (principal & interest) represented 4.8 percent of the County's total governmental expenditures.

#### **Overview of the Financial Statements**

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

#### **Government-Wide Financial Statements**

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

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

## **County of Centre, Pennsylvania**

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### Management's Discussion and Analysis (Unaudited)

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

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

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

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

### **Fund Financial Statements**

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

### **Governmental Funds**

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

## **County of Centre, Pennsylvania**

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### Management's Discussion and Analysis (Unaudited)

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

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

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

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

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

### **Proprietary Funds**

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

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

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

## County of Centre, Pennsylvania

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### Management's Discussion and Analysis (Unaudited)

#### **Fiduciary Funds**

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

#### **Notes to the Financial Statements**

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

#### **Other Information**

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

#### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities at the close of December 31, 2011 by \$30,559,000, an increase of \$2,980,000 from the beginning of the year.

The County's net assets 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 \$11,998,000 at year-end. The County's investment in its capital assets reported net of related debt as related to its business-type activities was \$(1,686,000) at year-end. This deficit balance is attributable to the County's 911 operation; the long-term debt incurred in financing the capital assets of the County's 911 Fund is greater than the carrying value of the associated assets.

## County of Centre, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

### CONDENSED STATEMENT OF NET ASSETS December 31, 2011 and 2010 Primary Government (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 26.3	\$ 24.2	\$ 5.1	\$ 6.8	\$ 31.4	\$ 31.0
Capital assets	33.3	34.4	7.3	6.4	40.6	40.8
Total assets	<u>59.6</u>	<u>58.6</u>	<u>12.4</u>	<u>13.2</u>	<u>72.0</u>	<u>71.8</u>
Other liabilities	6.0	6.2	1.4	1.5	7.4	7.7
Long-term liabilities	23.7	25.6	10.3	11.0	34.0	36.6
Total liabilities	<u>29.7</u>	<u>31.8</u>	<u>11.7</u>	<u>12.5</u>	<u>41.4</u>	<u>44.3</u>
Invested in capital assets, net of related debt	12.0	10.9	(1.7)	(3.7)	10.3	7.2
Restricted	4.8	4.5	-	-	4.8	4.5
Unrestricted	13.1	11.4	2.4	4.4	15.5	15.8
Total net assets	<u>\$ 29.9</u>	<u>\$ 26.8</u>	<u>\$ 0.7</u>	<u>\$ 0.7</u>	<u>\$ 30.6</u>	<u>\$ 27.5</u>

At December 31, 2011, the restricted portion of the County's net assets, \$4.8 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance includes \$10.3 million of equity related to capital assets and \$15.5 million in unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors. During 2011, current assets increased by \$400,000 while capital assets decreased by \$200,000.

# County of Centre, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

## CONDENSED STATEMENT OF ACTIVITIES Years Ended December 31, 2011 and 2010 (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 12.4	\$ 12.0	\$ 19.0	\$ 20.1	\$ 31.4	\$ 32.1
Operating grant and contributions	24.6	25.4			24.6	25.4
Capital grants and contributions	0.2	0.2			0.2	0.2
General revenues:						
Property taxes	25.1	25.6			25.1	25.6
Unrestricted investment earnings	0.3	0.3			0.3	0.3
<b>Total revenues</b>	<b>62.6</b>	<b>63.5</b>	<b>19.0</b>	<b>20.1</b>	<b>81.6</b>	<b>83.6</b>
<b>Expenses</b>						
General government:	18.9	19.6			18.9	19.6
Public safety	11.5	11.5			11.5	11.5
Public works	0.3	0.6			0.3	0.6
Human services	24.0	22.5			24.0	22.5
Culture and recreation	0.7	0.6			0.7	0.6
Conservation and development	1.5	1.6			1.5	1.6
Interest on long-term debt	0.8	.9			.8	.9
Nursing home			18.5	19.1	18.5	19.1
911 emergency response			2.4	2.4	2.4	2.4
<b>Total expenses</b>	<b>57.7</b>	<b>57.3</b>	<b>20.9</b>	<b>21.5</b>	<b>78.6</b>	<b>78.8</b>
Increase (decrease) in net assets						
Before transfers	4.9	6.2	(1.9)	(1.4)	3.0	4.8
Transfers	(1.9)	(1.6)	1.9	1.6	-	-
<b>Change in net assets</b>	<b>3.0</b>	<b>4.6</b>	<b>(0.0)</b>	<b>0.2</b>	<b>3.0</b>	<b>4.8</b>
Net assets – beginning	26.9	22.3	0.7	0.5	27.6	22.8
<b>Net assets – ending</b>	<b>\$ 29.9</b>	<b>\$ 26.9</b>	<b>\$ 0.7</b>	<b>\$ 0.7</b>	<b>\$ 30.6</b>	<b>\$ 27.6</b>

## County of Centre, Pennsylvania

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### Management's Discussion and Analysis (Unaudited)

At the end of 2011, the County is able to report a positive balance of \$30.6 million in total net assets. The County's overall financial position improved as reflected in the \$3.0 million increase in total net assets. See below for detailed explanation of change in total net assets.

#### **Governmental Activities**

Governmental activities *increased* the County's net assets by \$3.0 million. Key elements of this increase include:

- The County's ongoing implementation of cost cutting measures the "hold the line" spending. With these measures implemented, the County has been able to maintain 2010 levels of spending.
- The 2010 property tax increase of 1.5 mills was reduced by .25 mills in 2011. Although the reduction to the mill rate was enforced in 2011, the 2010 increase has been sufficient for the County to obtain a positive increase in net assets.

#### **Business-Type Activities**

Business-type activities decreased the County's net assets by \$38,000. The County nursing home's change in net assets was a negative \$786,000. This occurred because there was no transfer of cash from the general fund in 2011. The 911 System's on-going deficit, \$2.6 million on December 31, 2011, is a result of the fee structure not covering the depreciation, costs of capital assets, and debt service payments.

#### **Financial Analysis of the Government's Funds**

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

Governmental funds The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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, 2011, the County's governmental funds reported combined ending fund balances of \$16,565,000 an increase of \$1,942,000 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 assets of the County's Enterprise funds at the end of the year amounted to \$2,372,000 and those for the Internal Service funds amounted to \$2,362,000. The total decreases in net assets for the Enterprise funds were \$38,000. The total increases in net assets for the Internal Service funds were \$419,000. Other factors concerning the finances of the Enterprise funds have already been addressed in the discussion of the County's business-type activities.

## County of Centre, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

### General Fund Budgetary Highlights

The General Fund final expenditure budget for fiscal year 2011 was approximately \$31.6 million. This was a decrease of \$1,334,000 over the previous year amended budget, which represents a 4.0 percent decrease.

The General Fund Budget complied with financial policies approved by the County Board of Commissioners. The 2011 original revenue budget was increased by \$246,000 and the expenditures budget increased by \$77,600 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, 2011, unassigned fund balance of the general fund was \$7,501,000 while total fund balance equaled \$10,810,000. The fund balance of the County's General Fund decreased by \$147,800 during 2011. As a measure of the General Fund's liquidity, the unassigned fund balance represents 20.9 percent of the total General Fund expenditures, net of interfund transfers, or 76 days.

Revenues of the General Fund totaled \$35,725,000 for the year ended, December 31, 2011, which represents a decrease of \$1,345,000 or 3.6 percent reduction from 2010 level. The following represents a summary of General Fund revenue with budget comparison by source (in thousands):

	2011			2010		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenue</b>						
Real estate taxes	\$ 21,039	\$ 21,373	\$ 334	\$ 21,516	\$ 21,776	\$ 260
Grants, gifts and payment in lieu	2,772	2,330	(442)	3,937	3,628	(309)
Court costs	1,426	1,439	13	1,405	1,584	179
Fines and forfeits	226	198	(28)	220	198	(22)
Interest and rents	253	280	27	400	291	(109)
Charges for services	9,974	9,997	23	9,652	9,476	(176)
Contributions and other revenues	28	108	80	28	117	89
Total	<u>\$ 35,718</u>	<u>\$ 35,725</u>	<u>\$ 7</u>	<u>\$ 37,158</u>	<u>\$ 37,070</u>	<u>\$ (88)</u>

The \$442,000 negative budget variance in *Grants, gifts and payments in lieu* is due to a reduction in the dollar amount received for several grants. In 2010, the major element of the \$309,000 negative budget variance in *Grants, gifts and payments in lieu* was due to a change in the way grant funding was distributed to the Mental Health/Intellectual Disabilities department.

General Fund expenditures totaled \$30,104,000 which represents a decrease of \$1,279,000 or 4.0 percent from 2010. The following represents a summary of General Fund expenditures with budget comparison for the year ended December 31, 2011 (in thousands).

## County of Centre, Pennsylvania

### Management's Discussion and Analysis (Unaudited)

	2011			2010		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Expenditures</b>						
General government:						
Administration	\$ 9,707	\$ 9,111	\$ 596	\$ 10,964	\$ 10,250	\$ 714
Judicial	7,806	7,733	73	7,718	7,425	293
Public safety	11,526	11,039	487	11,353	10,982	371
Public works	70	-	70	400	400	-
Human services	135	131	4	179	133	46
Culture and recreation	545	545	-	541	541	-
Conservation & development	1,858	1,545	313	1,826	1,652	174
<b>Total</b>	<b>\$ 31,647</b>	<b>\$ 30,104</b>	<b>\$ 1,543</b>	<b>\$ 32,981</b>	<b>\$ 31,383</b>	<b>\$ 1,598</b>

The major elements of the \$596,000 positive budget variance in *Administration* relate to a reduction in salaries and benefits, contracted technical services, and utilities. The major elements of the \$487,000 positive budget variance in *Public Safety* relate to a reduction in grants received and purchased client services. The major elements of the \$313,000 positive budget variance in *Conservation & Development* relate to a reduction in purchased client services and construction projects. In 2010, the major element of the \$714,000 positive budget variance in *Administration* relate to a reduction in salaries and benefits, contracted technical services and utilities.

#### *General Fund original and final amended budget*

The final amended budgeted revenues in 2011 were \$35,718,000 compared to the original budgeted revenues of \$35,471,000. The \$246,000 positive budget variance in the final amended budgeted revenues is related to grants that were awarded after the original budget was completed along with increased amount for charges for service relating to the prison and hotel tax collection. The final amended budgeted expenses in 2011 were \$31,647,000 compared to the original budgeted expenses of \$31,570,000. The major elements of the \$77,600 negative budget variance relate to the expenses related to grants that were awarded after the original budget was completed along with the addition of the public works increased expenditures.

#### **Human Service – Special Revenue Funds**

The Children & Youth and the Mental Health/Intellectual Disabilities 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 Disabilities funds had a combined deficiency of revenues over expenditures of approximately \$1,083,000 and \$884,000 before transfers-in from the General Fund for the years ended December 31, 2011 and 2010, 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 \$13,666 less than budgeted for the year ended December 31, 2011 and \$203,733 less than budgeted for the year ended December 31, 2010. These funds' financial statements are included with the statements on pages 33-34 of this report.

## County of Centre, Pennsylvania

### Management's Discussion and Analysis (Unaudited)

#### Debt Service

The Debt Service fund's total fund balances at December 31, 2011 and 2010 were \$1,790,000 and \$1,955,000 respectively. The Debt Service Fund reported the issuance of refunding bonds in the amount of \$9,175,000. The bond proceeds were used to advance refund the County's 2006 Bonds.

#### Capital Projects Fund

The County's Capital Projects fund accounts for financial resources expended to acquire or construct property and capital assets. During the years ended December 31, 2011 and 2010, the County expended \$205,000 and \$135,000, respectively, for such projects. Capital Projects fund's balance at year-end totaled \$3,107,000, which is an increase of \$2,331,000, compared to prior year. This increase is attributed to the \$2.5 million transfer of funds for future expenditures expected for the Emergency Communication 911 capital improvement project that will occur in 2012.

#### Other Governmental – Special Revenue Funds

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

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

Operating revenues and expenditures totaled \$5,649,000 and \$7,173,000 respectively for 2011, which represents a deficiency of \$1,524,000, before transfers. Transfers from the General Fund totaled \$1,448,000. The non-major financial statements can be found on pages 79-83.

#### 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 assets of \$76,565,000 and \$75,578,000, respectively, for the years ended December 31, 2011 and 2010. During the years ended December 31, 2011 and 2010, net assets of the Pension Trust Fund balance increased by \$987,000 (1.31%) and increased by \$7,180,000 (10.4%). The gain in 2011 and 2010 were primarily due to investment gains. The County transferred the Annual Required Contribution of \$3,046,820 (2011) and \$2,856,056 (2010) from the General Fund to the Retirement Trust fund. The plan is fully funded in accordance with the Annual Actuarial Valuation.

## County of Centre, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

### CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities at December 31, 2011 and 2010 amounted to \$40,627,498 and \$40,831,819, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements.

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

	December 31, 2010		
	Governmental Activities	Business-type Activities	Total
Buildings, land & improvements	\$ 31,298,353	\$ 6,016,737	\$ 37,315,090
Furniture & equipment	2,452,017	451,061	2,903,078
Vehicles	613,651	-	613,651
Total	<u>\$ 34,364,021</u>	<u>\$ 6,467,798</u>	<u>\$ 40,831,819</u>

As evidenced above, buildings, land & improvements related to the County's governmental activities decreased approximately \$956,000 during 2011. This decrease is due to the annual depreciation of capital assets. Furniture & equipment related to the County's governmental activities decreased approximately \$89,000 during 2011. This decrease is due to the annual depreciation of capital assets. The \$673,000 increase in Buildings, Land and Improvements, for the Business-type activity, relates to the roof replacement at the County's Nursing Home facility. See Note 10 on page 58 of this report for detailed information on capital asset activity.

## County of Centre, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

### LONG TERM DEBT

The County's net general obligation debt of \$29,958,727 at year-end was well below the legal limit of \$147,941,364. Activity related to the County's long-term debt for the years ended December 31, 2011 and 2010 is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Bonds & notes payable at January 1, 2010	\$ 23,900,735	\$ 9,659,265	\$ 33,560,000
Bonds & notes issued	5,865,000	1,373,000	7,238,000
Bonds & notes refinanced	(5,360,000)	-	(5,360,000)
Bonds & notes payments	<u>(1,596,251)</u>	<u>(817,267)</u>	<u>(2,413,518)</u>
Bonds & notes payable at December 31, 2010	22,809,484	10,214,998	33,024,482
Bonds & notes issued	9,175,000	-	9,175,000
Bonds & notes refinanced	(9,550,000)	-	(9,550,000)
Bonds & notes issued payments	<u>(1,835,022)</u>	<u>(855,733)</u>	<u>(2,690,755)</u>
Bonds payable at December 31, 2011	<u>\$ 20,599,462</u>	<u>\$ 9,359,265</u>	<u>\$ 29,958,727</u>

In 2011, the County issued \$9,175,000 in general obligation bonds to advance refund \$9,550,000 of the 2006 bonds, at a lower interest rate. In 2010 the County issued \$5,515,000 in a general obligation bond to advance refund \$5,360,000 of the 2004 bonds, at a lower interest rate. Also 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%. Additional information on the County's long-term debt can be found at Note 11 on page 59 of this report.

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

### Economic Condition and Next Year's Budgets and Rates

The unemployment rate in Centre County was 5.4 percent at the end of 2011, which is a .10% increase from 2010 level of 5.3%. This compares favorably, however, with Pennsylvania's unemployment rate of 7.5 percent and the nation's rate of 8.2 percent at the end of 2011. The County is in a period of stability, yet slower than average growth.

## **County of Centre, Pennsylvania**

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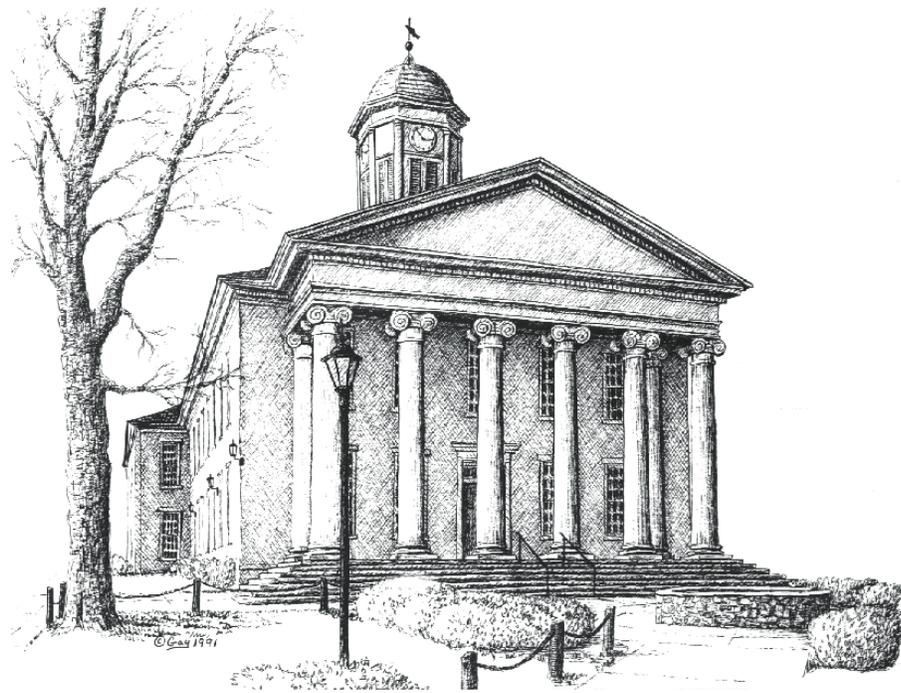
Management's Discussion and Analysis  
(Unaudited)

### **Requests for Information**

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

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

- Centre County Conservation District  
Willowbank Building  
Bellefonte, PA 16823
  
- Centre County Solid Waste Authority  
253 Transfer Road  
Bellefonte, PA 16823



**County of Centre, Pennsylvania**
**Statement of Net Assets**

December 31, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Conservation District	Solid Waste Authority
<b>Assets</b>					
Cash and cash equivalents	\$ 17,866,036	\$ 1,650,198	\$ 19,516,234	\$ 166,869	\$ 3,556,838
Cash with fiscal agent	302,023		302,023		
Receivables (net of allowance for uncollectibles, as applicable):					
Taxes receivable	1,380,874		1,380,874		
Accounts	169,857	2,648,770	2,818,627	65,865	742,973
Grants receivable	3,066,483	253,374	3,319,857		297,600
Other receivables	884,063		884,063		
Internal balances	10,261	(10,261)			
Loans receivable, net	1,127,273		1,127,273		
Prepaid items and inventory	878,161	31,617	909,778		49,604
Restricted cash, nursing home's trust accounts		131,119	131,119		
Restricted cash, bond proceeds		363,169	363,169		
Deferred charges	576,758	22,438	599,196		
Capital assets (net of accumulated depreciation):					
Construction in progress		169,316	169,316		
Land and improvements	1,719,563	3,482	1,723,045		9,085
Buildings and improvements	28,622,676	6,686,351	35,309,027		9,637,739
Furniture and equipment	2,362,600	450,744	2,813,344		455,471
Vehicles	612,766		612,766		580,395
<b>Total assets</b>	<b>59,579,394</b>	<b>12,400,317</b>	<b>71,979,711</b>	<b>232,734</b>	<b>15,329,705</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	2,637,372	503,090	3,140,462	53,629	1,084,789
Accrued interest payable	246,645	196,883	443,528		
Accrued payroll liabilities	1,089,756	577,794	1,667,550		
Unearned revenue	2,063,638		2,063,638	35,794	
Funds held as fiduciary		131,119	131,119		
Noncurrent liabilities:					
Portion due or payable within one year:					
Bonds and notes payable	1,991,919	684,881	2,676,800		425,242
Compensated absences	106,156	47,638	153,794		
Portion due or payable after one year:					
Bonds and notes payable	19,327,610	8,674,384	28,001,994		3,047,566
Compensated absences	2,016,982	668,154	2,685,136		
Other post-employment benefits liability	226,526	230,133	456,659		
Landfill post-closure liability					57,740
<b>Total liabilities</b>	<b>29,706,604</b>	<b>11,714,076</b>	<b>41,420,680</b>	<b>89,423</b>	<b>4,615,337</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	11,998,076	(1,686,203)	10,311,873		7,209,882
Restricted for:					
Judicial	476,482		476,482		
Public works	164,517		164,517		
Conservation and development	1,775,149		1,775,149		
Public safety	22,481		22,481		
Human services	88,517		88,517		
Debt service	1,789,667		1,789,667		
Records management & data automation	478,121		478,121		
Unrestricted	13,079,780	2,372,444	15,452,224	143,311	3,504,486
<b>Total net assets</b>	<b>\$ 29,872,790</b>	<b>\$ 686,241</b>	<b>\$ 30,559,031</b>	<b>\$ 143,311</b>	<b>\$ 10,714,368</b>

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

**County of Centre, Pennsylvania**

Statement of Activities  
Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Conservation District	Solid Waste Authority
<b>Primary Government</b>									
Governmental activities:									
General government:									
Administrative	\$ 10,316,148	\$ 5,620,542	\$ 720,925		\$ (3,974,681)		\$ (3,974,681)		
Judicial	8,533,386	2,931,946	1,413,727		(4,187,713)		(4,187,713)		
Public safety	11,648,315	3,195,771	615,784		(7,836,760)		(7,836,760)		
Public works	299,113		199,304		(99,809)		(99,809)		
Human services	24,003,631	365,762	21,095,966	\$ 208,975	(2,332,928)		(2,332,928)		
Culture and recreation	645,259				(645,259)		(645,259)		
Conservation and development	1,521,948	249,649	571,615		(700,684)		(700,684)		
Interest on long-term debt	766,775				(766,775)		(766,775)		
Total governmental activities	<u>57,734,575</u>	<u>12,363,670</u>	<u>24,617,321</u>	<u>208,975</u>	<u>(20,544,609)</u>		<u>(20,544,609)</u>		
Business-type activities:									
Nursing home	18,601,450	17,137,487				\$ (1,463,963)	(1,463,963)		
911 emergency response	2,418,640	1,884,750				(533,890)	(533,890)		
Total business-type activities	<u>21,020,090</u>	<u>19,022,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,997,853)</u>	<u>(1,997,853)</u>		
Total primary government	<u>\$ 78,754,665</u>	<u>\$ 31,385,907</u>	<u>\$ 24,617,321</u>	<u>\$ 208,975</u>	<u>(20,544,609)</u>	<u>(1,997,853)</u>	<u>(22,542,462)</u>		
<b>Component Units</b>									
Conservation District	\$ 413,843	\$ 71,102	\$ 339,144					\$ (3,597)	
Solid Waste Authority	10,400,416	9,914,809	515,749	\$ 218,206					\$ 30,142
Total component units	<u>\$ 10,814,259</u>	<u>\$ 9,985,911</u>	<u>\$ 854,893</u>	<u>\$ 218,206</u>				<u>(3,597)</u>	<u>30,142</u>
<b>General Revenues</b>									
Property taxes, levied for general purposes					21,373,102		21,373,102		
Property taxes, levied for debt service					3,815,007		3,815,007		
Unrestricted investment earnings					297,465	36,842	334,307	145	6,230
<b>Transfers</b>					(1,922,604)	1,922,604			
Total general revenues and transfers					<u>23,562,970</u>	<u>1,959,446</u>	<u>25,522,416</u>	<u>145</u>	<u>6,230</u>
Change in net assets					3,018,361	(38,407)	2,979,954	(3,452)	36,372
<b>Net Assets - Beginning</b>					<u>26,854,429</u>	<u>724,648</u>	<u>27,579,077</u>	<u>146,763</u>	<u>10,677,996</u>
<b>Net Assets - Ending</b>					<u>\$ 29,872,790</u>	<u>\$ 686,241</u>	<u>\$ 30,559,031</u>	<u>\$ 143,311</u>	<u>\$ 10,714,368</u>

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

**County of Centre, Pennsylvania**

Balance Sheet  
 Governmental Funds  
 December 31, 2011

	General	Special Revenue		Debt Service	Capital Projects	Other Non-Major Governmental Funds	Total Governmental Funds
		Children & Youth	MHID				
<b>Assets</b>							
Cash and cash equivalents	\$ 7,646,935	\$ 350	\$ 1,809,313	\$ 1,412,151	\$ 3,275,981	\$ 1,355,566	\$ 15,500,296
Cash with fiscal agent				302,023			302,023
Receivables:							
Taxes	1,170,758			210,116			1,380,874
Grants	403,579	2,353,620				309,284	3,066,483
Other	461,337	1,200	261,624		2,760	56,113	783,034
Due from other funds	1,653,189				10,261		1,663,450
Loans receivable (net of uncollectible)	1,127,273						1,127,273
Prepaid items and inventory	776,471		10,455			3,000	789,926
<b>Total assets</b>	<b>\$ 13,239,542</b>	<b>\$ 2,355,170</b>	<b>\$ 2,081,392</b>	<b>\$ 1,924,290</b>	<b>\$ 3,289,002</b>	<b>\$ 1,723,963</b>	<b>\$ 24,613,359</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accruals	\$ 801,542	\$ 526,674	\$ 438,720	\$ 511	\$ 182,249	\$ 412,274	\$ 2,361,970
Accrued payroll	768,675	89,965	112,378			110,824	1,081,842
Accrued payroll liabilities	7,914						7,914
Deferred revenue	851,331	85,342	1,530,294	134,112		342,501	2,943,580
Due to other fund		1,653,189					1,653,189
<b>Total liabilities</b>	<b>2,429,462</b>	<b>2,355,170</b>	<b>2,081,392</b>	<b>134,623</b>	<b>182,249</b>	<b>865,599</b>	<b>8,048,495</b>
<b>Fund balances:</b>							
Nonspendable	776,471					3,000	779,471
Restricted	2,149,903			1,789,667		855,364	4,794,934
Assigned	382,456				3,106,753		3,489,209
Unassigned	7,501,250						7,501,250
<b>Total fund balances</b>	<b>10,810,080</b>	<b>-</b>	<b>-</b>	<b>1,789,667</b>	<b>3,106,753</b>	<b>858,364</b>	<b>16,564,864</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,239,542</b>	<b>\$ 2,355,170</b>	<b>\$ 2,081,392</b>	<b>\$ 1,924,290</b>	<b>\$ 3,289,002</b>	<b>\$ 1,723,963</b>	
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							33,317,605
Property taxes receivable will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.							879,942
Governmental funds report the effect of issuance costs, discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.							(143,309)
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 assets.							2,361,606
Accrued interest payable included on the statement of net assets.							(246,645)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities consist of:							
Compensated absences						(2,035,285)	
Other post-employment benefits liability						(226,526)	
Bonds and notes payable						(20,599,462)	(22,861,273)
<b>Net assets of governmental activities</b>							<b>\$ 29,872,790</b>

**County of Centre, Pennsylvania**

 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended December 31, 2011

	Special Revenue			Debt Service	Capital Projects	Other Non-Major Governmental Funds	Total Governmental Funds
	General	Children & Youth	MHID				
<b>Revenues</b>							
Real estate taxes	\$ 21,373,102			\$ 3,829,466			\$ 25,202,568
Grants, gifts, and payments in lieu of taxes	2,329,619	\$ 7,700,513	\$ 7,741,091		\$ 35,347	\$ 5,471,800	23,278,370
Court costs	1,438,783						1,438,783
Fines and forfeits	198,643						198,643
Interest and rents	280,299		559	7,947		8,658	297,463
Charges for services	9,996,693	131,287	81,165			151,214	10,360,359
Contributions and other revenues	107,621		71,991		480	16,863	196,955
<b>Total revenues</b>	<b>35,724,760</b>	<b>7,831,800</b>	<b>7,894,806</b>	<b>3,837,413</b>	<b>35,827</b>	<b>5,648,535</b>	<b>60,973,141</b>
<b>Expenditures</b>							
Current:							
General government:							
Administration	9,111,188						9,111,188
Judicial	7,716,965					1,218,395	8,935,360
Public safety	11,038,878					96,422	11,135,300
Public works	-					299,114	299,114
Human services	130,996	8,922,785	7,886,666			5,458,930	22,399,377
Culture and recreation	545,259						545,259
Conservation and development	1,544,508					100,000	1,644,508
Debt service:							
Principal	15,755			1,819,267			1,835,022
Interest				917,110			917,110
Other cost				375,007			375,007
Capital outlay					205,143		205,143
<b>Total expenditures</b>	<b>30,103,549</b>	<b>8,922,785</b>	<b>7,886,666</b>	<b>3,111,384</b>	<b>205,143</b>	<b>7,172,861</b>	<b>57,402,388</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>5,621,211</b>	<b>(1,090,985)</b>	<b>8,140</b>	<b>726,029</b>	<b>(169,316)</b>	<b>(1,524,326)</b>	<b>3,570,753</b>
<b>Other Financing Sources (Uses)</b>							
Transfers - in	597,719	1,608,471	261,220		2,500,000	1,448,227	6,415,637
Transfers - out	(6,366,734)	(517,486)	(269,360)	(1,268,025)			(8,421,605)
Issuance of refunding bonds				9,175,000			9,175,000
Bond premium				752,163			752,163
Payment to refund bonds escrow agent				(9,550,000)			(9,550,000)
<b>Total other financing (uses) sources</b>	<b>(5,769,015)</b>	<b>1,090,985</b>	<b>(8,140)</b>	<b>(890,862)</b>	<b>2,500,000</b>	<b>1,448,227</b>	<b>(1,628,805)</b>
<b>Net Changes in Fund Balances</b>	<b>(147,804)</b>	<b>-</b>	<b>-</b>	<b>(164,833)</b>	<b>2,330,684</b>	<b>(76,099)</b>	<b>1,941,948</b>
<b>Fund Balance, Beginning</b>	<b>10,957,884</b>	<b>-</b>	<b>-</b>	<b>1,954,500</b>	<b>776,069</b>	<b>934,463</b>	<b>14,622,916</b>
<b>Fund Balance, Ending</b>	<b>\$ 10,810,080</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,789,667</b>	<b>\$ 3,106,753</b>	<b>\$ 858,364</b>	<b>\$ 16,564,864</b>

The notes to the 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, 2011

### 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) \$ 1,941,948

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

Capital outlays	534,868	
Depreciation expense	(1,531,912)	
Loss on disposals	<u>(49,372)</u>	(1,046,416)

Some taxes will not be collected for several months after the County's year end.

They are not considered as "available" revenues in the governmental funds.

Deferred revenues decreased by this amount during the year. (14,459)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, does not have an effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended December 31, 2011 are as follows:

Issuance of refunding bonds	(9,175,000)	
Refund of bonds payable	9,550,000	
Scheduled principal payments on long-term debt made in 2011	1,835,022	
Deferred bond issuance costs	375,007	
Bond premium	(752,163)	
Accretion of deferred bond issuance costs	(67,590)	
Accretion of bond premium	169,362	
Accretion of deferred amount on refunding	(68,465)	
Amortization of bond discount	<u>(21,082)</u>	1,845,091

Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in governmental funds. The net change in interest payable is recorded in the statement of activities.

138,110

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

340,110

Other post employment benefits that are reflected on the statement of net assets but are not considered a current expenditure in governmental funds.

(88,288)

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.

(97,735)

### Change in net assets of governmental activities (page 32)

\$ 3,018,361

**County of Centre, Pennsylvania****Statement of Revenues, Expenditures, and Changes in Fund Balances**

Budget-to-Actual Comparison, General Fund

Year Ended December 31, 2011

	<b>General Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance from Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Real estate taxes	\$ 21,039,260	\$ 21,039,260	\$ 21,373,102	\$ 333,842
Grants, gifts and payments in lieu of taxes	2,741,857	2,772,382	2,329,619	(442,763)
Court costs	1,418,974	1,425,519	1,438,783	13,264
Fines and forfeits	225,300	225,300	198,643	(26,657)
Interest and rents	252,570	252,570	280,299	27,729
Charges for services	9,765,276	9,974,372	9,996,693	22,321
Contributions and other revenues	28,206	28,206	107,621	79,415
Total revenues	<u>35,471,443</u>	<u>35,717,609</u>	<u>35,724,760</u>	<u>7,151</u>
<b>Expenditures</b>				
Current:				
General government:				
Administration	9,718,528	9,707,101	9,111,188	595,913
Judicial	7,778,433	7,805,520	7,716,965	88,555
Public safety	11,534,610	11,526,505	11,038,878	487,627
Public works	-	70,000	-	70,000
Human services	135,293	135,293	130,996	4,297
Culture and recreation	545,259	545,259	545,259	-
Conservation and development	1,857,704	1,857,704	1,544,508	313,196
Debt service, principal	-	-	15,755	(15,755)
Total expenditures	<u>31,569,827</u>	<u>31,647,382</u>	<u>30,103,549</u>	<u>1,543,833</u>
<b>Excess of Revenues Over Expenditures</b>	<u>3,901,616</u>	<u>4,070,227</u>	<u>5,621,211</u>	<u>1,550,984</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers - in	710,000	710,000	597,719	(112,281)
Operating transfers - out	<u>(4,636,192)</u>	<u>(4,714,624)</u>	<u>(6,366,734)</u>	<u>(1,652,110)</u>
Total other financing uses, net	<u>(3,926,192)</u>	<u>(4,004,624)</u>	<u>(5,769,015)</u>	<u>(1,764,391)</u>
<b>Net Changes in Fund Balances</b>	<u>\$ (24,576)</u>	<u>\$ 65,603</u>	<u>(147,804)</u>	<u>\$ (213,407)</u>
<b>Fund Balance, Beginning</b>			<u>10,957,884</u>	
<b>Fund Balance, Ending</b>			<u>\$ 10,810,080</u>	

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

**County of Centre, Pennsylvania**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Major Governmental Special Revenue Funds

Year Ended December 31, 2011

	Children and Youth Fund				Mental Health/Mental Retardation Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Grants, gifts and payment in lieu of taxes	\$ 7,838,590	\$ 7,838,590	\$ 7,700,513	\$ (138,077)	\$ 7,784,841	\$ 7,793,729	\$ 7,741,091	\$ (52,638)
Interest and rents					2,800	2,800	559	(2,241)
Charges for services	182,139	182,138	131,287	(50,851)	51,000	51,000	81,165	30,165
Contributions and other revenues					70,738	70,738	71,991	1,253
<b>Total revenues</b>	<b>8,020,729</b>	<b>8,020,728</b>	<b>7,831,800</b>	<b>(188,928)</b>	<b>7,909,379</b>	<b>7,918,267</b>	<b>7,894,806</b>	<b>(23,461)</b>
<b>Expenditures</b>								
Current,								
Human services	8,702,127	8,942,958	8,922,785	20,173	8,270,506	8,279,394	7,886,666	392,728
<b>(Excess) Deficiency of Expenditures (Over) Under Revenues</b>	<b>(681,398)</b>	<b>(922,230)</b>	<b>(1,090,985)</b>	<b>(168,755)</b>	<b>(361,127)</b>	<b>(361,127)</b>	<b>8,140</b>	<b>369,267</b>
<b>Other Financing Sources (Uses)</b>								
Operating transfers - in	1,281,398	1,522,230	1,608,471	86,241	361,127	361,127	261,220	(99,907)
Operating transfers - out	(600,000)	(600,000)	(517,486)	82,514			(269,360)	(269,360)
<b>Total other financing sources, net</b>	<b>681,398</b>	<b>922,230</b>	<b>1,090,985</b>	<b>168,755</b>	<b>361,127</b>	<b>361,127</b>	<b>(8,140)</b>	<b>(369,267)</b>
<b>Net Changes in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, Beginning</b>			<b>-</b>				<b>-</b>	
<b>Fund Balance, Ending</b>			<b>\$ -</b>				<b>\$ -</b>	

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

## County of Centre, Pennsylvania

Statement of Net Assets  
 Proprietary Funds  
 December 31, 2011

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 596,427	\$ 1,053,771	\$ 1,650,198	\$ 2,365,740
Restricted cash, nursing home's trust accounts	131,119		131,119	
Restricted cash, bond proceeds	363,169		363,169	
Accounts receivable, net	2,566,467	82,303	2,648,770	169,857
Due from other governments	253,374		253,374	101,029
Prepaid items and inventory	21,715	9,902	31,617	88,235
Deferred charges	22,438		22,438	
Total current assets	3,954,709	1,145,976	5,100,685	2,724,861
Capital assets,				
Land, buildings, and equipment	14,830,354	8,830,721	23,661,075	3,959,445
Less accumulated depreciation	(8,032,835)	(8,318,347)	(16,351,182)	(2,862,153)
Capital assets, net	6,797,519	512,374	7,309,893	1,097,292
Total assets	10,752,228	1,658,350	12,410,578	3,822,153
<b>Liabilities</b>				
Current liabilities:				
Current maturities of bonds and notes payable	348,907	335,974	684,881	
Accounts payable and accrued expenses	469,585	33,505	503,090	275,402
Salaries and benefits payable	515,444	62,350	577,794	
Due to other funds	10,261		10,261	
Accrued interest payable	104,287	92,596	196,883	
Funds held as fiduciary	131,119		131,119	
Compensated absences	30,839	16,799	47,638	
Total current liabilities	1,610,442	541,224	2,151,666	275,402
Noncurrent liabilities:				
Bonds and notes payable	5,061,406	3,612,978	8,674,384	
Compensated absences	585,941	82,213	668,154	87,853
Other post employment benefits	230,133		230,133	
Total noncurrent liabilities	5,877,480	3,695,191	9,572,671	87,853
Total liabilities	7,487,922	4,236,415	11,724,337	363,255
<b>Net Assets (Deficit)</b>				
Invested in capital assets, net of related debt	1,750,375	(3,436,578)	(1,686,203)	1,097,292
Unrestricted	1,513,931	858,513	2,372,444	2,361,606
Total net assets (deficit)	\$ 3,264,306	\$ (2,578,065)	\$ 686,241	\$ 3,458,898

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

## County of Centre, Pennsylvania

### Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

Year Ended December 31, 2011

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
<b>Operating Revenues</b>				
Charges for services	\$ 17,135,487	\$ 1,851,871	\$ 18,987,358	\$ 3,637,407
Other	2,000	19,700	21,700	
Total operating revenues	<u>17,137,487</u>	<u>1,871,571</u>	<u>19,009,058</u>	<u>3,637,407</u>
<b>Operating Expenses</b>				
Salaries and benefits	12,076,562	1,552,664	13,629,226	1,022,741
Purchased services and supplies	5,988,375	601,270	6,589,645	2,155,694
Depreciation and amortization	304,216	69,004	373,220	319,707
Total operating expenses	<u>18,369,153</u>	<u>2,222,938</u>	<u>20,592,091</u>	<u>3,498,142</u>
Operating (loss) income	<u>(1,231,666)</u>	<u>(351,367)</u>	<u>(1,583,033)</u>	<u>139,265</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	36,049	793	36,842	2
Other revenue		13,179	13,179	
Loss on disposal of equipment				(12,802)
Bond interest expense	<u>(232,297)</u>	<u>(195,702)</u>	<u>(427,999)</u>	
Total nonoperating (expenses) revenues, net	<u>(196,248)</u>	<u>(181,730)</u>	<u>(377,978)</u>	<u>(12,800)</u>
<b>Capital Contributions</b>				<u>208,975</u>
(Loss) income before transfers	<u>(1,427,914)</u>	<u>(533,097)</u>	<u>(1,961,011)</u>	<u>335,440</u>
<b>Transfers</b>				
Transfers in:				
General Fund	212	655,402	655,614	83,364
Debt Service	641,409	626,616	1,268,025	
Transfers out	<u>(35)</u>	<u>(1,000)</u>	<u>(1,035)</u>	
Transfers, net	<u>641,586</u>	<u>1,281,018</u>	<u>1,922,604</u>	<u>83,364</u>
<b>Changes in Net Assets</b>	<u>(786,328)</u>	<u>747,921</u>	<u>(38,407)</u>	<u>418,804</u>
<b>Net Assets (Deficit), Beginning</b>	<u>4,050,634</u>	<u>(3,325,986)</u>	<u>724,648</u>	<u>3,040,094</u>
<b>Net Assets (Deficit), Ending</b>	<u>\$ 3,264,306</u>	<u>\$ (2,578,065)</u>	<u>\$ 686,241</u>	<u>\$ 3,458,898</u>

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

**County of Centre, Pennsylvania**

## Statement of Cash Flows

## Proprietary Funds

Year Ended December 31, 2011

	Business-Type Activities			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
<b>Cash Flows from Operating Activities</b>				
Cash received from customers and users	\$ 17,080,683	\$ 1,849,797	\$ 18,930,480	\$ 2,629,291
Cash received from interfund services provided	2,000	19,700	21,700	878,712
Cash payments to suppliers	(5,957,177)	(623,794)	(6,580,971)	(2,073,242)
Cash payments to employees for services	(12,000,699)	(1,549,058)	(13,549,757)	(1,025,471)
Net cash (used in) provided by operating activities	(875,193)	(303,355)	(1,178,548)	409,290
<b>Cash Flows Provided by Non-Capital Financing Activities</b>				
Transfers in	641,621	1,282,018	1,923,639	83,364
Transfer out	(35)	(1,000)	(1,035)	
Net cash provided by non-capital financing activities	641,586	1,281,018	1,922,604	83,364
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital contributions				208,975
Proceeds from sale of capital assets				4,883
Cash payments for acquisition of capital assets	(1,172,933)	(40,139)	(1,213,072)	(416,086)
Cash payments for interest on capital debt	(231,352)	(206,212)	(437,564)	
Cash payments for principal on capital debt	(435,329)	(420,404)	(855,733)	
Refund of bond issuance costs	1,318		1,318	
Net cash used in capital and related financing activities	(1,838,296)	(666,755)	(2,505,051)	(202,228)
<b>Cash Flows Provided by Investing Activities</b>				
Cash received from interest and other revenue	36,049	13,972	50,021	2
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	(2,035,854)	324,880	(1,710,974)	290,428
<b>Cash and Cash Equivalents Including Restricted Cash of \$1,488,398, Beginning</b>	3,126,569	728,891	3,855,460	2,075,312
<b>Cash and Cash Equivalents Including Restricted Cash of \$494,288, Ending</b>	\$ 1,090,715	\$ 1,053,771	\$ 2,144,486	\$ 2,365,740
<b>Reconciliation of Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities</b>				
Operating (loss) income	\$ (1,231,666)	\$ (351,367)	\$ (1,583,033)	\$ 139,265
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation and amortization	304,216	69,004	373,220	319,707
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	75,637	(2,074)	73,563	(157,582)
(Increase) decrease in due from other government:	(130,440)		(130,440)	28,178
(Increase) decrease in prepaid items and inventory	1,593	(1,782)	(189)	(54,400)
Increase (decrease) in accounts payable and accrued expenses	29,061	(20,742)	8,319	136,852
Increase in due to other funds	10,261		10,261	
Decrease in funds held as fiduciary	(9,718)		(9,718)	
Increase in salaries and benefits payable	6,322	3,689	10,011	
Increase in post employment benefits	76,139		76,139	
Decrease in compensated absences	(6,598)	(83)	(6,681)	(2,730)
<b>Net Cash (Used in) Provided by Operating Activities</b>	\$ (875,193)	\$ (303,355)	\$ (1,178,548)	\$ 409,290

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

# County of Centre, Pennsylvania

## Statement of Fiduciary Net Assets

December 31, 2011

	<u>Employee Retirement Trust Fund</u>	<u>Centre Crest Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 91,529	\$ 79,909	\$ 1,997,240
Interest receivable	245,928		
Investments, at fair value:			
U.S. Government securities	16,950,593		
Corporate bonds	10,652,262		
Common and preferred stocks and stock funds	46,461,037		
Money market fund	1,778,309		
Municipal obligations	384,989		
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 76,564,647</u>	<u>\$ 79,909</u>	<u>\$ 1,997,240</u>
<b>Liabilities</b>			
Due to other governments			981,144
Funds held as fiduciary			1,016,096
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	-	-	1,997,240
<b>Net Assets</b>			
Held in trust for pension benefits	76,564,647		
Held in trust for residents		79,909	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 76,564,647</u>	<u>\$ 79,909</u>	<u>\$ 1,997,240</u>

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

## County of Centre, Pennsylvania

### Statement of Changes in Fiduciary Net Assets Employee Retirement and Private Purpose Trust Funds Year Ended December 31, 2011

	<b>Employee Retirement Trust Fund</b>	<b>Centre Crest Trust Fund</b>
<b>Additions</b>		
Contributions:		
County	\$ 3,046,820	
Plan members	1,624,305	
Other		\$ 7,480
Total contributions	<u>4,671,125</u>	<u>7,480</u>
Investment earnings:		
Net decrease in fair value of investments	(5,126,251)	
Gain on sale of investments	4,473,579	
Interest	882,199	284
Dividends	1,035,784	
Less investment expense	(282,368)	
Net investment earnings	<u>982,943</u>	<u>284</u>
Total additions	<u>5,654,068</u>	<u>7,764</u>
<b>Deductions</b>		
Benefits paid to participants	3,892,837	
Refunds of contributions	749,582	
Administrative expense	24,748	
Miscellaneous expense		22,902
Total deductions	<u>4,667,167</u>	<u>22,902</u>
<b>Changes in Net Assets</b>	986,901	(15,138)
<b>Net Assets, Beginning</b>	<u>75,577,746</u>	<u>95,047</u>
<b>Net Assets, Ending</b>	<u>\$ 76,564,647</u>	<u>\$ 79,909</u>

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

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

### 1. Summary of Significant Accounting Policies

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

#### Financial Reporting Entity

The County of Centre is located in central Pennsylvania. It is a county of the fourth class created February 1800, and operates under an elected three-member Board of Commissioners. The County provides services to its estimated 154,000 residents in many areas, including general government services, public safety, health and welfare, and community enrichment programs.

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

#### Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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

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## Notes to Financial Statements

December 31, 2011

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

### **Governmental Funds**

#### **Major Governmental Funds**

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

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

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

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

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

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

### Non-Major Governmental Funds

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

- The Agricultural Easement Fund accounts for revenue and expenditures related to the operation of the State's Agricultural Conservation Easement Purchase Program.
- The Liquid Fuels Tax Fund accounts for state aid revenues used for building and improving roads and bridges.
- The Domestic Relations Office Fund accounts for expenditures and reimbursement revenue related to the operation of the County's Child Support Enforcement Program, which is funded with Federal, State, and County funds.
- The human services-related special revenue funds are used to account for revenue received from various federal, state and local sources. These funds, which are restricted for the provision of specified social services to eligible County residents, and include: Office of Aging, Drug and Alcohol, and Adult Services Funds.
- The Hazardous Material Response Fund is used to protect and safeguard the citizens of Centre County from the health hazards and other risks of harm resulting from the use, storage and distribution of hazardous materials.

### Proprietary Funds

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

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

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

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

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

## Fiduciary Funds

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

- **Pension Trust Fund:** The Employee Retirement Trust Fund is a pension trust fund used to account for the Employee Retirement Plan contributions of the County and its employees and related benefit payments and other plan costs.
- **Private-Purpose Trust Fund:** The Centre Crest Trust Fund is a private-purpose trust fund used to account for donations made on behalf of the residents of the County's nursing home.
- **Agency Funds:** The agency funds are used to account for assets held by elected row officers (the Recorder of Deeds, Register of Wills, Prothonotary, Treasurer, Sheriff, Clerk of Courts and the Tax Claims Office) that are subsequently disbursed to other governments, and other activities for whom it was collected. Additionally, the County maintains cash on behalf of prisoners and has a Domestic Relations Support Fund that collects support money on behalf of that human service agency's clients.

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

### **Budgets and Budgetary Accounting**

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all funds except the employee benefit, internal services, pension trust, and agency funds. The appropriated budget is prepared by fund, function, and department. Expenditures cannot legally exceed budgeted appropriations at the fund level. Additionally, management cannot revise the total budget obligation by fund level without the approval of the Board of Commissioners. The County's department heads may make transfers of appropriations within their departments. Although not legally obligated to do so, for management control purposes, the Board of Commissioners reviews and approves interdepartmental budget transfers. All annual appropriations lapse at fiscal year end.

The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the year and not otherwise appropriated, including the proceeds of any borrowing authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. During the year ended December 31, 2011, \$2,116,896 in supplemental appropriations (budget revisions) were enacted.

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

- During August and September, the department heads use current financial status reports to develop financial projections for their programs for the ensuing year and review these with budget staff.
- The Commissioners then interview each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.
- Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable method of financing them.
- Subsequently, the Commissioners' office assembles the preliminary projections of revenues and expenditures into a final budget, incorporating any revisions or adjustments resulting from the aforementioned Commissioners' review.
- By early December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
- After the 20-day inspection period, but before December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as either committed or assigned fund balance because they do not constitute expenditures or liabilities and the commitments will be honored in the subsequent year. The County had no outstanding encumbrances at December 31, 2011.

# County of Centre Pennsylvania

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Notes to Financial Statements

December 31, 2011

## Governmental Fund Balances

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

- *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County through formal action of the Board of Commissioners which do not lapse at year end.
- *Assigned* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County, but not through a formal action of the Board of Commissioners.
- *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.

## Net Assets

The County maintains the following net asset classifications:

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

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

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

## Cash Equivalents

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

## Investments

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

# County of Centre Pennsylvania

Notes to Financial Statements  
December 31, 2011

## Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to 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, 2011, based on collection history.

## Prepaid Items and Inventory

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

## Capital Assets

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

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

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

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

## Compensated Absences

Accumulated unpaid vacation and sick leave, which is accrued when incurred for all County funds, totaled \$2,838,930 at December 31, 2011. The liability is determined according to the following County personnel policy:

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

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.

Compensated absences are recorded in governmental funds only when matured and paid.

### **Interfund Transactions**

As a result of its operations, the County affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2011, appropriate interfund receivables or payables have been established. Interfund transactions represent interfund loans and transfers. The effect of interfund activity has been eliminated from the government-wide financial statements.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **New Accounting Principle**

The County adopted Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended December 31, 2011. GASB No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

## **2. Reporting Entity**

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

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

### **Discretely Presented Component Units**

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

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

### Centre County Conservation District

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

### Centre County Solid Waste Authority

The Centre County Solid Waste Authority (the "Authority") was formed on May 4, 1971, pursuant to the Municipality Authorities Act of 1945, to establish and administer programs that will cause the implementation of a Solid Waste Management Plan for Centre County, Pennsylvania. The Authority Board members are appointed by the County Commissioners. Commissioners are responsible under Pennsylvania Law (Act 101) to facilitate solid waste 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 Solid Waste Long-term Disposal Plan as prepared by the Authority and any significant changes thereto. The Authority is reported as a proprietary fund type and uses the accrual basis of accounting.

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

### Joint Venture

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

### Centre County Federation of Public Libraries

Services provided	Library services
Centre County Board representation	One of seven members
Year ended	December 31, 2011
Total assets	\$19,422
Total net assets	\$18,749
Total support and revenue	\$994,441
Operating loss	\$11,867
Centre County support to operations	\$495,000

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

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

### **Related Organizations**

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

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

### **3. Component Units – Summary of Significant Accounting Policies**

#### **Centre County Conservation District**

##### **Basis of Accounting**

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

#### **Centre County Solid Waste Authority**

##### **Basis of Accounting**

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

##### **Landfill Post-Closure Liability**

In April 1990, the Authority permanently closed its Moshannon Valley landfill. The Authority has accrued all landfill closure and post-closure costs relating to its Moshannon Valley landfill as a liability; the amount accrued at December 31, 2011 relating to this liability was \$57,740. GASB requires that all landfill closure and post-closure costs be accrued as a liability. Management of the authority believes that the potential for changes in this estimated liability due to inflation, deflation, technology, or applicable laws or regulations is not material. Pennsylvania Department of Environmental Protection regulations require the Authority to continue to monitor and test groundwater at the Moshannon Valley site for 30 years from the date of closure. This monitoring and testing is estimated to cost approximately \$7,000 a year. Since 1990, the Authority has contracted with landfills it does not own to receive its waste.

# County of Centre Pennsylvania

Notes to Financial Statements  
December 31, 2011

## Property and Equipment

Property and equipment consist of the following at December 31, 2011:

	<u>Useful Life</u>	
Land and landscaping		\$ 319,035
Building and improvements	31.5 years	15,117,449
Leasehold improvements	7 years	102,691
Trailers and trucks	7 years	2,559,588
Station equipment	5-10 years	2,280,498
Office equipment	5-10 years	<u>192,621</u>
Total		20,571,882
Accumulated depreciation		<u>(9,889,192)</u>
Property and equipment		<u><u>\$ 10,682,690</u></u>

Depreciation charged to operations for the year ended December 31, 2011 was \$824,433.

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

## Long-Term Debt

Long-term debt consists of the following at December 31, 2011:

Term loan, due February 16, 2020; loan requires monthly principal payments of \$35,437 plus interest at 4.31%; secured by revenue and accounts receivable of the Authority.	<u>\$ 3,472,808</u>
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Under the term loan agreement, the Authority is required to maintain certain financial covenants.

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

Years ending December 31:	
2012	\$ 425,242
2013	425,242
2014	425,242
2015	425,242
2016	425,242
2017-2021	<u>1,346,598</u>
Total	<u><u>\$ 3,472,808</u></u>

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

### 4. Cash and Cash Equivalents and Investments

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

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

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

#### Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County will not recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2011, the County's total bank deposits were \$22,179,200. Of this amount, \$1,353,267 was insured by the FDIC. The remaining bank deposits of \$20,825,933 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, 2011 was within 11 percent of the index.

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

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, 2011:

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	\$ 7,105,198	\$ 1,379,032	\$ 1,837,790	\$ 2,106,518	\$ 1,781,859
Federal Agency securities	10,230,384			303,108	9,927,276
Corporate bonds	10,652,262			1,634,515	9,017,747
Total debt securities	27,987,844	\$ 1,379,032	\$ 1,837,790	\$ 4,044,140	\$ 20,726,882
Stocks and stock mutual fund	36,512,120				
International stock mutual fund	9,948,917				
Money market fund	1,778,309				
Total other investments	48,239,346				
Total investments	\$ 76,227,190				

The County Retirement Trust Fund was not holding derivative or derivative-like financial instruments on December 31, 2011.

**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, 2011, the Retirement Fund's total investments of \$76,227,190 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, 2011:

Investment Type	Amount	Rating as of Year-End				
		AAA	AA	A	BBB	Unrated
Federal Agencies	\$ 10,230,384		\$ 6,719,317			\$ 3,511,067
Corporate bonds	10,652,262	\$ 1,842,599	2,166,045	\$ 5,431,492	\$ 720,688	491,438
Money market fund	1,778,309					1,778,309
Total	\$ 22,660,955	\$ 1,842,599	\$ 8,885,362	\$ 5,431,492	\$ 720,688	\$ 5,780,814

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

**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, 2011 there were no investments in any one issuer that represent 5 percent or more of the County's investments.

**Foreign currency risk** is the risk that changes in the foreign exchange rates will adversely affect the fair value of an investment. The Board's policy allows 20 percent of the portfolio to be invested in an international mutual fund. On December 31, 2011 the international mutual fund represented 13.1 percent of the total portfolio in the amount of \$9,948,917.

### 5. Component Units – Cash and Cash Equivalents

#### Centre County Conservation District

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a policy for custodial credit risk. At December 31, 2011, the aggregate bank balance of the bank deposits included in cash and cash equivalents were \$166,869 of which the entire amount was insured by the FDIC.

#### Centre County Solid Waste 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, 2011, \$3,294,774 of the Authority's bank deposits were exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by pledging financial institution, but not in the Authority's name.

### 6. Real Estate Taxes

Real estate taxes attach as an enforceable lien on property as of January 1. Taxes are levied on March 1 and are payable on the following terms: 2% discount March 1 through April 30; face amount May 1 through June 30; and 10% penalty after June 30. The County bills these taxes, which are collected by elected tax collectors, and revenues are recognized in the period in which they become susceptible to accrual (that is, when they become both measurable and available). The County collects delinquent real estate taxes for itself and for other taxing authorities.

The County is permitted by the County Code to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes, exclusive of the requirements for the payment of interest and principal on funded debt. The County levy for 2011 was 6.65 mills for the General Fund and 1.19 mills for the Debt Service Fund.

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

### 7. Restricted Assets

In connection with the operation of the County Nursing Home, the County holds certain deposits on behalf of the residents, and administers certain memorial funds. The related cash of \$131,119 has been reported as restricted cash of the Enterprise Fund at December 31, 2011. The County Nursing Home also has \$363,169 in bond proceeds reported as restricted cash as of December 31, 2011.

### 8. Contributed Goods and Services

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

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

Through December 31, 2011, the County has received \$4,298,144 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, 2011 was \$201,112.

### 9. Receivables

Receivables consist of amount due from taxpayers as well as amounts due from other governments that are primarily grants receivable from the Commonwealth of Pennsylvania at December 31, 2011. Additionally, the County Nursing Home Fund has \$2,566,467 net patient accounts receivable, which is primarily Medical Assistance reimbursements receivable from the Commonwealth of Pennsylvania and includes amounts estimated to be recoverable under provisions of the Medicaid program. The cost reimbursement is subject to audit and final determination by the Department of Public Welfare. Patient accounts receivable is shown net of an allowance for doubtful accounts of \$464,219, which was established for accounts whose probability of collection is considered remote. Other receivables consist primarily of amounts due from other local governments for housing inmates in the County's prison.

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

### 10. Capital Assets

A summary of changes in Capital Assets is as follows:

	<u>January 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2011</u>
Governmental activities				
Capital assets not being depreciated				
Land improvements	\$ 1,719,563			\$ 1,719,563
Capital assets being depreciated				
Building and improvements	39,430,963		\$ (6,734)	39,424,229
Furniture and equipment	7,917,213	\$ 260,594	(156,763)	8,021,044
Vehicles	1,993,104	274,274	(331,255)	1,936,123
Total capital assets	<u>51,060,843</u>	<u>534,868</u>	<u>(494,752)</u>	<u>51,100,959</u>
Accumulated depreciation				
Buildings and improvements	(9,852,173)	(949,380)		(10,801,553)
Furniture and equipment	(5,465,196)	(325,059)	131,811	(5,658,444)
Vehicles	(1,379,453)	(257,473)	313,569	(1,323,357)
Total accumulated depreciation	<u>(16,696,822)</u>	<u>(1,531,912)</u>	<u>445,380</u>	<u>(17,783,354)</u>
Governmental activities capital assets, net	<u>\$ 34,364,021</u>	<u>\$ (997,044)</u>	<u>\$ (49,372)</u>	<u>\$ 33,317,605</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress		\$ 169,316		\$ 169,316
Capital assets being depreciated				
Land improvements	\$ 27,105			27,105
Building and improvements	12,481,588	932,000		13,413,588
Furniture and equipment	9,969,265	111,756	\$ (29,955)	10,051,066
Total capital assets	<u>22,477,958</u>	<u>1,213,072</u>	<u>(29,955)</u>	<u>23,661,075</u>
Accumulated depreciation				
Land improvements	(22,753)	(870)		(23,623)
Buildings and improvements	(6,469,203)	(258,034)		(6,727,237)
Furniture and equipment	(9,518,205)	(112,072)	29,955	(9,600,322)
Total accumulated depreciation	<u>(16,010,161)</u>	<u>(370,976)</u>	<u>29,955</u>	<u>(16,351,182)</u>
Business-type activities capital assets, net	<u>\$ 6,467,797</u>	<u>\$ 842,096</u>	<u>\$ -</u>	<u>\$ 7,309,893</u>

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

Depreciation expense was charged to governmental activities as follows:

Administrative	\$	321,042
Judicial		161,227
Public safety		739,803
Human services		308,664
Conservation and development		<u>1,176</u>
Total	\$	<u>1,531,912</u>

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

General Fund	\$	41,042,728
Special Revenue Fund		1,324,708
Capital Projects Fund		8,661,984
Other		<u>71,539</u>
Total	\$	<u>51,100,959</u>

## 11. Long-Term Debt

### General Obligation Debt

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

The following is a summary of bond and note transactions of the County for the year ended December 31, 2011:

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Bonds & notes payable at January 1, 2011	\$ 22,809,484	\$ 10,214,998	\$ 33,024,482
Bonds & notes issued	9,175,000		9,175,000
Bonds & notes refinanced	(9,550,000)		(9,550,000)
Bonds & notes payments	<u>(1,835,022)</u>	<u>(855,733)</u>	<u>(2,690,755)</u>
Bonds & notes payable at December 31, 2011	20,599,462	9,359,265	29,958,727
Bonds discount	(188,006)		(188,006)
Deferred amount on refunding	(616,190)		(616,190)
Bonds premium	<u>1,524,263</u>		<u>1,524,263</u>
Total	21,319,529	9,359,265	30,678,794
Portion due or payable in one year	<u>1,991,919</u>	<u>684,881</u>	<u>2,676,800</u>
Portion due or payable after one year	<u>\$ 19,327,610</u>	<u>\$ 8,674,384</u>	<u>\$ 28,001,994</u>

## County of Centre Pennsylvania

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### Notes to Financial Statements

December 31, 2011

In 2003, the County issued \$39,985,000 in General Obligation Bonds, due in varying annual installments through 2020, with varying interest rates from 2.50% to 5.25%. The proceeds of the bonds are being used by the County to provide initial funds to (1) construct a new County correctional facility; (2) construct a new fire and emergency training center; (3) advance refund the County's General Obligation Bonds Series A of 1993; General Obligation Bonds, Series B of 1993, and General Obligation Bonds, Series A of 1996; (4) refund, on a current basis, a portion of the County's outstanding General Obligation Bonds, Series of 1997; and (5) pay the cost of issuing and insuring the bonds. Outstanding bonds payable at December 31, 2011 under the 2003 series were \$13,645,000. The current portion due in 2012 related to this bond issue is \$1,930,000.

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, 2011 under the 2010 series were \$5,440,000. The current portion due in 2012 related to the bond issue is \$725,000.

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, 2011 under the 2010 series were \$1,368,000. The current portion due in 2012 related to the note is \$5,000.

In 2010, the County entered into a note agreement with Old Fort Meats to purchase a building for the Centre Hall Magisterial District Court. Monthly payments are in the amount of \$2,953 of principal and interest through December 2015. Interest is fixed at 4.83%. The outstanding balance at December 31, 2011 was \$330,727 of which \$11,800 was current.

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

This advanced refunding reduced the County's total debt service payments over the next nine years by \$512,015 and provided an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$458,438.

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, 2011.

# County of Centre Pennsylvania

Notes to Financial Statements  
December 31, 2011

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

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2012	\$ 1,991,919	\$ 729,914	\$ 684,881	\$ 426,603	\$ 3,833,317
2013	2,064,624	665,539	713,063	401,258	3,844,484
2014	2,139,258	592,103	739,483	373,808	3,844,652
2015	2,484,658	491,319	772,948	340,277	4,089,202
2016	2,353,302	413,912	811,698	299,771	3,878,683
2017-2021	9,565,701	838,911	5,637,192	793,862	16,835,666
Total	<u>\$ 20,599,462</u>	<u>\$ 3,731,698</u>	<u>\$ 9,359,265</u>	<u>\$ 2,635,579</u>	<u>\$ 36,326,004</u>

The total interest paid on the County's bond and notes issues in 2011 was \$1,389,941.

## Compensated Absences

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

	Governmental Activities	Business-Type Activities	Total
Balance, January 1, 2011	\$ 2,028,134	\$ 722,473	\$ 2,750,607
Increases	1,757,507	704,422	2,461,929
Decreases	(1,662,503)	(711,103)	(2,373,606)
Net change	95,004	(6,681)	88,323
Balance, December 31, 2011	<u>\$ 2,123,138</u>	<u>\$ 715,792</u>	<u>\$ 2,838,930</u>
Portion due within one year	\$ 106,156	\$ 47,638	\$ 153,794
Long-term portion	2,016,982	668,154	2,685,136
Total, December 31, 2011	<u>\$ 2,123,138</u>	<u>\$ 715,792</u>	<u>\$ 2,838,930</u>

The liabilities are generally liquidated by the fund to which they relate.

# County of Centre Pennsylvania

Notes to Financial Statements  
December 31, 2011

## 12. Employee Retirement Plan

### Plan Description

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

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

As of January 1, 2011 (the date of the most recent actuarial valuation), employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	282
Terminated employee entitled to benefits but not yet receiving them	77
Active plan participants:	
Vested	504
Non-vested	252
	<hr/>
Total	1,115
	<hr/> <hr/>
Number of participating employers	1
	<hr/> <hr/>

The pension plan provides pension benefits for normal retirement at age 60 (or 55 with 20 years of service) based on a formula including final average salary and years of credited service, in addition to the member's accumulated contribution to the Plan. Early retirement is available upon 20 years of service or after 8 years, if involuntary termination. Members become vested after 5 years of service. County employees who terminate after 5 years of credited service will receive a deferred annuity commencing at retirement age. The Plan also provides for death and disability benefits.

### Funding Policy

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

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

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

As a condition of participation, employees are required to contribute 5% of their salary as stipulated in the County Pension Law. Employees may elect to contribute up to 15% of their salary. Interest is credited to the employee's account each year at a rate approved by the County Retirement Board. The rate each year cannot be lower than 4.0% or higher than 5.5%. The rate for 2011 was 4.5%. Plan members (i.e., County employees) contributed \$1,624,305 to the Plan during the year ended December 31, 2011.

### Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	\$ 3,046,820
Interest on net pension obligation	-
Adjustment to ARC	-
Annual pension cost (APC)	<u>\$ 3,046,820</u>
Contributions made	<u>\$ (3,046,820)</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		
	2011	2010	2009
Annual pension cost (APC)	\$ 3,046,820	\$ 2,856,056	\$ 2,604,345
County contribution to the Plan	\$ 3,046,820	\$ 2,856,056	\$ 2,604,345
Percentage of APC contributed	100%	100%	100%
APC as a percentage of total payroll	10.6%	9.5%	8.9%

### Funded Status and Funding Progress

Actuarial value of assets	\$ 73,380,600
Actuarial accrued liability (1)	\$ 88,274,487
Unfunded actuarial	\$ 14,893,887
Funded ratio	83.1%
Annual covered payroll	\$ 28,770,726
Unfunded actuarial liability as a % of covered payroll	51.8%

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

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

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

### Actuarial Methods and Assumptions

The County's Annual Required Contribution (ARC) was determined through an actuarial valuation performed as of January 1, 2011, and state law, using the following assumptions:

Valuation date	January 1, 2011
Actuarial cost method	Aggregate (2)
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return*	3.5%
Projected salary increases*	4.5%
* Includes inflation rate of	3.0%

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

## 13. Postemployment Benefits

### Plan Description

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

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

### Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. Retiree contribution rates vary depending on date of retirement. Participants retiring prior to 1999 have a \$200 contribution withheld from their monthly pension disbursement. Participants retiring in 1999 and later pay the full amount of their insurance premiums monthly. The County paid premiums of \$89,800 for the year ended December 31, 2011. Total retiree contributions made by plan members were \$40,600 for the year ended December 31, 2011.

### Annual OPEB Cost and Net OPEB Obligation

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual required contribution	\$ 156,373	\$ 134,853	\$ 291,226
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	(19,866)	(17,132)	(36,999)
Annual OPEB cost (expense)	136,506	117,721	254,227
Contributions made	(48,218)	(41,582)	(89,800)
Increase in net OPEB obligation	88,288	76,139	164,427
Net OPEB obligation at January 1, 2011	138,238	153,994	292,232
Net OPEB obligation at December 31, 2011	<u>\$ 226,526</u>	<u>\$ 230,133</u>	<u>\$ 456,659</u>

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2011 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, 2011	\$ 254,227	35.4%	\$ 456,659
December 31, 2010	\$ 245,103	35.7%	\$ 292,232
December 31, 2009	\$ 110,174	34.4%	\$ 134,629

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, 2010 was as follows:

Actuarial accrued liability	\$ 1,371,500
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,371,500</u>
Funded ratio (actuarial value of plan assets/UAAL)	0%
Covered payroll	<u>\$ 27,963,000</u>
UAAL as a percentage of covered payroll	4.9%

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

### Actuarial Methods and Assumptions

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

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

In the January 1, 2010 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 4% discount rate, compounded annually, was used. The health cost trend utilizes an initial rate of increase of 6.6% and ultimate rate of increase of 4.7%. A 4% annual inflation rate was used. The amortization method is closed 10-year level dollar amortization (beginning in fiscal year 2008). As of January 1, 2010 there are 8 years remaining.

### 14. Interfund Balances and Transfers

Individual fund receivables and payables at December 31, 2011, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 1,653,189	
Capital Projects Fund	10,261	
Special Revenue Fund – Children and Youth		\$ 1,653,189
Property Fund – Centre Crest Nursing Home		10,261
	<hr/>	<hr/>
Total all funds	<u>\$ 1,663,450</u>	<u>\$ 1,663,450</u>

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

Interfund transfers for the year ended December 31, 2011 were as follows:

	<u>In</u>	<u>Out</u>
Major Funds – Governmental Fund Types		
General Fund	\$ 597,719	\$ 6,366,734
Children and Youth Fund	1,608,471	517,486
Mental Health/Intellectual Disabilities	261,220	269,360
Debt Service Fund		1,268,025
Capital Projects Fund	2,500,000	
	<u>4,967,410</u>	<u>8,421,605</u>
Major Funds – Proprietary Fund Types		
Centre Crest Nursing Home	641,621	35
911 Fund	1,282,018	1,000
	<u>1,923,639</u>	<u>1,035</u>
Non-Major Funds – Special Revenue Funds		
Domestic Relations Fund	469,083	
Adult Services Fund	332,244	
Aging Fund	525,879	
Drug and Alcohol Fund	41,021	
Agricultural Easement Fund	80,000	
	<u>1,448,227</u>	
Internal Services Funds		
Transportation	83,364	
	<u>83,364</u>	
Total	<u>\$ 8,422,640</u>	<u>\$ 8,422,640</u>

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

### 15. Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The General Fund has unearned revenues of \$851,331 representing taxes not collected within 60 days after year end and unearned grants. The Special Revenue funds have unearned revenues of \$1,958,137, representing grants received that were not utilized at December 31, 2011.

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

The Debt Service Fund has deferred revenue of \$134,112, representing taxes (debt service levy) not received within 60 days after year end.

### 16. Commitments

#### Grants

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

#### Leases

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

Years ending December 31:	
2012	\$ 223,166
2013	195,542
2014	150,180
2015	144,700
2016	95,216
2017-2019	<u>352,269</u>
Total	<u>\$ 1,161,073</u>

Total operating lease payments (i.e., rent) made in 2011 were \$237,000.

### 17. Litigation

The County is involved in several lawsuits arising in the normal course of business. It is the County Solicitor's opinion that the aggregate amount of potential claims not covered by insurance resulting from claims against the County would not materially affect the financial position of the County at December 31, 2011.

# County of Centre Pennsylvania

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Notes to Financial Statements

December 31, 2011

## 18. Risk Financing

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of, assets; errors and omissions; injuries to employees; and natural disasters.

### Public Entity Risk Pools

The County participates in the Pennsylvania Counties Risk Pool ("PCoRP"), a public entity risk pool program of the County Commissioners Association of Pennsylvania ("CCAP"). The County pays an annual premium to PCoRP for its general insurance coverage. The agreement for the formation of PCoRP provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$350,000 for each insured event; for property damage claims in excess of \$250,000 for each insured event; for general liability claims in excess of \$450,000 for each insured event. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; however, this has not yet been necessary. PCoRP has published its own financial report for the year ended December 31, 2011, 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, 2011, which can be obtained through its offices, P.O. Box 60769, Harrisburg, PA, 17106-0769. (Attn: Managing Director).

### Commercial Insurance

The County carries commercial insurance for all other risks of loss, including health care and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Workers Compensation coverage is through PMA Insurance Group. Beginning with policy-year beginning February 1, 2011, the County carries a \$400,000 deductible per claim with an aggregate of \$700,000 for each policy year. Individual claims for the policy-year ended January 31, 2012 did not exceed the individual or aggregate deductible. In conjunction with this high-deductible policy, the County has developed a risk management function to develop and implement loss control techniques and to monitor claims. PMA Insurance Group has published its own financial report for the year ended December 31, 2011, which can be obtained through its office, P.O. Box, Blue Bell, PA 19422-0754.

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

### Workers' Compensation

Beginning in 2007, the County's General Fund began providing coverage of up to a maximum of \$750,000 for each workers' compensation claim. 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, 2011, the amount of these liabilities was \$100,000. 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>
2011	\$ 150,000	\$ 546,450	\$ 596,450	\$ 100,000
2010	\$ 310,000	\$ 555,467	\$ 715,647	\$ 150,000

### 19. Deficit Fund Balance

The 911 Fund, an enterprise fund type, has a deficit in invested in capital assets, net of related debt of \$3,436,578 as of December 31, 2011. The deficit results from the fee structure not covering costs and depreciation on capital assets.

# County of Centre Pennsylvania

## Notes to Financial Statements

December 31, 2011

### 20. Fund Balance Classifications

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

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Fund</u>	<u>Total</u>
Non-spendable for, Prepaid items & inventories	<u>\$ 776,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 779,471</u>
Restricted for:					
Judicial				\$ 476,482	\$ 476,482
Public works				164,517	164,517
Conservation and development	\$ 1,665,405			109,744	1,775,149
Public safety	6,377			16,104	22,481
Human services				88,517	88,517
Debt services		\$ 1,789,667			1,789,667
Records management and data automation	478,121				478,121
	<u>\$ 2,149,903</u>	<u>\$ 1,789,667</u>	<u>\$ -</u>	<u>\$ 855,364</u>	<u>\$ 4,794,934</u>
Assigned for:					
Judicial	\$ 382,456				\$ 382,456
Capital projects			\$ 3,106,753		3,106,753
Total	<u>\$ 382,456</u>	<u>\$ -</u>	<u>\$ 3,106,753</u>	<u>\$ -</u>	<u>\$ 3,489,209</u>

### 21. Subsequent Event

In March 2012, the County issued \$9,970,000 in General Obligation Bonds with varying interest rates from 0.30% to 3.00%. The proceeds of this bond will be used to refund a portion of the General Obligation Bonds of 2003.

Also, in March 2012, the County issued \$15,315,000 in General Obligation Bonds with varying interest rates from 1.10% to 5.00%. The proceed of this bond will be used for funding the Emergency Communication 911 new communication system.

# County of Centre Pennsylvania

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## Notes to Financial Statements

December 31, 2011

### 22. Pending Changes in Accounting Principles

In December 2009, the GASB issued Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. GASB 57 is effective for the County's calendar year 2013 financial statements.

In November 2010, the GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession. This statement improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. GASB 60 is effective for the County's calendar year 2012 financial statements.

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

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB 62 is effective for the County's calendar year 2012 financial statements.

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. GASB 63 is effective for the County's calendar year 2012 financial statements.

In June 2011, the GASB issued Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53. This Statement's objective is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider is replaced. GASB 64 is effective for the County's calendar year 2012 financial statements.

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

## County of Centre, Pennsylvania

### Schedule of Funding Progress

Required for Defined Benefit Plans and other Postemployment Benefit Plans

Information is as of the Most Recent Actuarial Valuation

(Unaudited)

#### Defined Benefit Plan (Actuarial Valuation January 1, 2011)

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)
01/01/09	\$ 68,936,180	\$ 80,201,195	\$ 11,265,015	86.0%	\$ 29,196,692	38.6%
01/01/10	69,962,454	82,991,235	13,028,781	84.3%	29,906,346	43.6%
01/01/11	73,380,600	88,274,487	14,893,887	83.1%	28,770,726	51.8%

#### Other Postemployment Benefit Plan (Actuarial Valuation January 1, 2010)

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

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

## County of Centre Pennsylvania

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Description of Major Governmental Funds  
Year Ended December 31, 2011

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

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

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

# County of Centre, Pennsylvania

## Schedule of Expenditures Compared to Budget (GAAP Basis)

### General Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
<b>Current</b>			
General government:			
Administrative:			
Commissioners	\$ 963,511	\$ 913,269	\$ 50,242
Risk management	121,908	110,688	11,220
Human resources	428,720	405,078	23,642
Tax assessment	665,363	641,600	23,763
Tax collection	169,998	158,955	11,043
Tax claim	196,438	191,135	5,303
Treasurer	209,597	218,853	(9,256)
Controller	468,424	462,148	6,276
General administration	1,384,260	1,629,062	(244,802)
Elections	587,362	447,988	139,374
Public defender	957,252	902,389	54,863
Recorder of deeds	408,053	378,323	29,730
Records management	167,887	167,837	50
Planning	870,474	778,180	92,294
GIS	185,560	179,686	5,874
Maintenance	1,540,355	1,295,685	244,670
Miscellaneous	381,939	230,312	151,627
Total administrative	<u>9,707,101</u>	<u>9,111,188</u>	<u>595,913</u>
Judicial:			
Sheriff	1,377,449	1,422,576	(45,127)
Coroner	314,696	314,625	71
District attorney	1,649,085	1,643,990	5,095
Prothonotary	771,462	762,430	9,032
Register of wills	234,192	226,262	7,930
DJ - State College #1	335,591	339,859	(4,268)
DJ - Centre region	338,108	322,599	15,509
DJ - Bellefonte	350,158	334,633	15,525
DJ - Phillipsburg	286,886	257,002	29,884
DJ - Centre Hall	182,902	164,637	18,265
DJ - State College #2	285,490	257,639	27,851
Court administration	1,679,501	1,670,713	8,788
Total judicial	<u>7,805,520</u>	<u>7,716,965</u>	<u>88,555</u>
Total general government	<u>17,512,621</u>	<u>16,828,153</u>	<u>684,468</u>

(Continued)

**County of Centre, Pennsylvania**

## Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Probation	\$ 1,821,897	\$ 1,814,373	\$ 7,524
DUI	93,599	80,298	13,301
DUI court	123,265	113,413	9,852
Juvenile probation	1,141,452	1,019,998	121,454
Criminal justice planning	513,085	260,734	252,351
Prison	7,103,416	7,044,421	58,995
Prison central booking	298,571	284,424	14,147
Emergency services	256,284	246,845	9,439
Fire training	100,873	100,872	1
Weights and measures	68,063	67,500	563
Public safety	6,000	6,000	-
Total public safety	<u>11,526,505</u>	<u>11,038,878</u>	<u>487,627</u>
Public works, Solid waste	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Human services:			
Veteran affairs	125,293	120,996	4,297
Human services, other	10,000	10,000	-
Total human services	<u>135,293</u>	<u>130,996</u>	<u>4,297</u>
Culture and recreation, Unrestricted grants	<u>545,259</u>	<u>545,259</u>	<u>-</u>
Conservation and development:			
Housing and community development	192,542	56,723	135,819
Community development block grant	714,106	563,764	150,342
Cooperative extension	189,534	187,448	2,086
Conservation district	520,747	513,693	7,054
Agricultural easement	41,844	29,359	12,485
Conservation and development, other	198,931	193,521	5,410
Total conservation and development	<u>1,857,704</u>	<u>1,544,508</u>	<u>313,196</u>
Debt service, principal	<u>-</u>	<u>15,755</u>	<u>(15,755)</u>
Total expenditures	<u>\$ 31,647,382</u>	<u>\$ 30,103,549</u>	<u>\$ 1,543,833</u>

**County of Centre, Pennsylvania**

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Major Governmental Funds

Year Ended December 31, 2011

	Debt Service				Capital Projects			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Postive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Postive (Negative)
	Original	Final			Original	Final		
<b>Revenues</b>								
Real estate taxes	\$ 3,731,289	\$ 3,731,289	\$ 3,829,466	\$ 98,177				
Grants, gifts, and payments in lieu of taxes					\$ 178,120	\$ 178,120	\$ 35,347	\$ (142,773)
Interest and rents	2,000	2,000	7,947	5,947				
Contributions and other revenues							480	480
<b>Total revenues</b>	<b>3,733,289</b>	<b>3,733,289</b>	<b>3,837,413</b>	<b>104,124</b>	<b>178,120</b>	<b>178,120</b>	<b>35,827</b>	<b>(142,293)</b>
<b>Expenditures</b>								
Current:								
Debt service:								
Principal	1,729,267	1,729,267	1,819,267	(90,000)				
Interest	815,815	815,815	917,110	(101,295)				
Other cost	2,500	394,643	375,007	19,636				
Capital outlay					178,120	178,120	205,143	(27,023)
<b>Total expenditures</b>	<b>2,547,582</b>	<b>2,939,725</b>	<b>3,111,384</b>	<b>(171,659)</b>	<b>178,120</b>	<b>178,120</b>	<b>205,143</b>	<b>(27,023)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,185,707</b>	<b>793,564</b>	<b>726,029</b>	<b>(67,535)</b>	<b>-</b>	<b>-</b>	<b>(169,316)</b>	<b>(169,316)</b>
<b>Other Financing Sources (Uses):</b>								
Operating transfers - in							2,500,000	2,500,000
Operating transfers - out	(1,268,025)	(1,268,025)	(1,268,025)					
Issuance of refunding bonds			9,175,000	9,175,000				
Bond discount			752,163	752,163				
Payment to refund bonds payable			(9,550,000)	(9,550,000)				
<b>Total other financing (uses) sources</b>	<b>(1,268,025)</b>	<b>(1,268,025)</b>	<b>(890,862)</b>	<b>377,163</b>	<b>-</b>	<b>-</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>Net Change in Fund Balances</b>	<b>(82,318)</b>	<b>(474,461)</b>	<b>(164,833)</b>	<b>\$ 309,628</b>	<b>-</b>	<b>-</b>	<b>2,330,684</b>	<b>\$ 2,330,684</b>
<b>Fund Balance, Beginning</b>	<b>82,318</b>	<b>474,461</b>	<b>1,954,500</b>		<b>-</b>	<b>-</b>	<b>776,069</b>	
<b>Fund Balance, Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,789,667</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,106,753</b>	

## County of Centre Pennsylvania

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Description of Non-Major Governmental Funds  
Year Ended December 31, 2011

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, 2011

	Special Revenue Funds							Total
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Drug and Alcohol	Adult Services	Hazardous Material Response	
<b>Assets</b>								
Cash	\$ 109,744	\$ 164,517	\$ 420,404	\$ 303,499	\$ 253,395	\$ 74,903	\$ 29,104	\$ 1,355,566
Accounts receivable					43,516	12,597		56,113
Prepaid expenses				3,000				3,000
Due from other governments			153,468	71,077	84,739			309,284
<b>Total assets</b>	<b>\$ 109,744</b>	<b>\$ 164,517</b>	<b>\$ 573,872</b>	<b>\$ 377,576</b>	<b>\$ 381,650</b>	<b>\$ 87,500</b>	<b>\$ 29,104</b>	<b>\$ 1,723,963</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable and accrued expenses			\$ 753	\$ 106,205	\$ 290,203	\$ 15,113		\$ 412,274
Accrued payroll			38,818	51,758	14,914	5,334		110,824
Deferred revenue			57,819	132,332	76,533	62,817	\$ 13,000	342,501
<b>Total liabilities</b>			<b>97,390</b>	<b>290,295</b>	<b>381,650</b>	<b>83,264</b>	<b>13,000</b>	<b>865,599</b>
Fund Balances:								
Nonspendable				3,000				3,000
Restricted	\$ 109,744	\$ 164,517	476,482	84,281		4,236	16,104	855,364
<b>Total fund balances</b>	<b>109,744</b>	<b>164,517</b>	<b>476,482</b>	<b>87,281</b>	<b>-</b>	<b>4,236</b>	<b>16,104</b>	<b>858,364</b>
<b>Total liabilities and fund balances</b>	<b>\$ 109,744</b>	<b>\$ 164,517</b>	<b>\$ 573,872</b>	<b>\$ 377,576</b>	<b>\$ 381,650</b>	<b>\$ 87,500</b>	<b>\$ 29,104</b>	<b>\$ 1,723,963</b>

**County of Centre, Pennsylvania**

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

Non-Major Governmental Funds

Year Ended December 31, 2011

	Special Revenue Funds						Total	
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Drug and Alcohol	Adult Services		Hazardous Material Response
<b>Revenues</b>								
Grants		\$ 199,304	\$ 787,473	\$ 2,308,230	\$ 1,362,757	\$ 796,258	\$ 17,778	\$ 5,471,800
Interest		2,719	2,066		3,796	36	41	8,658
Charges for service			13,077	8,364	71,640		58,133	151,214
Contributions and other revenues	\$ 1,176		58	10,593		5,036		16,863
<b>Total revenues</b>	<b>1,176</b>	<b>202,023</b>	<b>802,674</b>	<b>2,327,187</b>	<b>1,438,193</b>	<b>801,330</b>	<b>75,952</b>	<b>5,648,535</b>
<b>Expenditures</b>								
General government - judicial			1,218,395					1,218,395
Public safety							96,422	96,422
Public works		299,114						299,114
Human services				2,850,378	1,479,214	1,129,338		5,458,930
Conservation and development	100,000							100,000
<b>Total expenditures</b>	<b>100,000</b>	<b>299,114</b>	<b>1,218,395</b>	<b>2,850,378</b>	<b>1,479,214</b>	<b>1,129,338</b>	<b>96,422</b>	<b>7,172,861</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(98,824)</b>	<b>(97,091)</b>	<b>(415,721)</b>	<b>(523,191)</b>	<b>(41,021)</b>	<b>(328,008)</b>	<b>(20,470)</b>	<b>(1,524,326)</b>
<b>Other Financing Sources,</b>								
Transfers - in	80,000		469,083	525,879	41,021	332,244		1,448,227
<b>Net Changes in Fund Balances</b>	<b>(18,824)</b>	<b>(97,091)</b>	<b>53,362</b>	<b>2,688</b>	<b>-</b>	<b>4,236</b>	<b>(20,470)</b>	<b>(76,099)</b>
<b>Fund Balances, Beginning</b>	<b>128,568</b>	<b>261,608</b>	<b>423,120</b>	<b>84,593</b>	<b>-</b>	<b>-</b>	<b>36,574</b>	<b>934,463</b>
<b>Fund Balances, Ending</b>	<b>\$ 109,744</b>	<b>\$ 164,517</b>	<b>\$ 476,482</b>	<b>\$ 87,281</b>	<b>\$ -</b>	<b>\$ 4,236</b>	<b>\$ 16,104</b>	<b>\$ 858,364</b>

**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, 2011

	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		
<b>Revenues</b>													
Grants				\$ 196,000	\$ 199,304	\$ 3,304	\$ 884,687	\$ 787,473	\$ (97,214)	\$ 2,293,162	\$ 2,347,433	\$ 2,308,230	\$ (39,203)
Interest				3,000	2,719	(281)	2,000	2,066	66				
Charges for service							12,600	13,077	477	9,847	9,847	8,364	(1,483)
Contributions and other revenues	\$ 15,000	\$ 1,176	\$ (13,824)					58	58	12,906	12,906	10,593	(2,313)
Total revenues	15,000	1,176	(13,824)	199,000	202,023	3,023	899,287	802,674	(96,613)	2,315,915	2,370,186	2,327,187	(42,999)
<b>Expenditures</b>													
General government - judicial							1,238,522	1,218,395	20,127				
Public works				299,114	299,114								
Human services										2,855,670	2,909,941	2,850,378	59,563
Conservation and development	110,000	100,000	10,000										
Total expenditures	110,000	100,000	10,000	299,114	299,114	-	1,238,522	1,218,395	20,127	2,855,670	2,909,941	2,850,378	59,563
<b>Revenues (Under) Over Expenditures</b>	(95,000)	(98,824)	(3,824)	(100,114)	(97,091)	3,023	(339,235)	(415,721)	(76,486)	(539,755)	(539,755)	(523,191)	16,564
<b>Other Financing Sources, Transfers - in</b>	80,000	80,000					339,235	469,083	129,848	539,755	539,755	525,879	(13,876)
<b>Net Changes in Fund Balances</b>	(15,000)	(18,824)	\$ (3,824)	\$ (100,114)	(97,091)	\$ 3,023	\$ -	53,362	\$ 53,362	\$ -	\$ -	2,688	\$ 2,688
<b>Fund Balances, Beginning</b>	15,000	128,568		100,114	261,608			423,120				84,593	
<b>Fund Balances, Ending</b>	\$ -	\$ 109,744		\$ -	\$ 164,517			\$ 476,482				\$ 87,281	

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, 2011

	Special Revenue Funds											
	Drug and Alcohol				Adult Services				Hazardous Material Response			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final			Original	Final		
<b>Revenues</b>												
Grants	\$ 1,353,431	\$ 1,366,088	\$ 1,362,757	\$ (3,331)	\$ 938,498	\$ 974,003	\$ 796,258	\$ (177,745)	\$ 14,350	\$ 14,350	\$ 17,778	\$ 3,428
Interest	4,000	4,000	3,796	(204)	26	26	36	10	28	28	41	13
Charges for service	70,000	70,000	71,640	1,640					11,550	50,325	58,133	7,808
Contributions and other revenues					800	800	5,036	4,236				
Total revenues	<u>1,427,431</u>	<u>1,440,088</u>	<u>1,438,193</u>	<u>(1,895)</u>	<u>939,324</u>	<u>974,829</u>	<u>801,330</u>	<u>(173,499)</u>	<u>25,928</u>	<u>64,703</u>	<u>75,952</u>	<u>11,249</u>
<b>Expenditures</b>												
Public safety									51,445	110,649	96,422	14,227
Human services	1,453,662	1,466,319	1,479,214	(12,895)	1,111,437	1,195,417	1,129,338	66,079				
Total expenditures	<u>1,453,662</u>	<u>1,466,319</u>	<u>1,479,214</u>	<u>(12,895)</u>	<u>1,111,437</u>	<u>1,195,417</u>	<u>1,129,338</u>	<u>66,079</u>	<u>51,445</u>	<u>110,649</u>	<u>96,422</u>	<u>14,227</u>
<b>Revenues (Under) Over Expenditures</b>	(26,231)	(26,231)	(41,021)	(14,790)	(172,113)	(220,588)	(328,008)	(107,420)	(25,517)	(45,946)	(20,470)	25,476
<b>Other Financing Sources, Transfers - in</b>	26,231	26,231	41,021	14,790	172,113	220,588	332,244	111,656				
<b>Net Changes in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,236</u>	<u>\$ 4,236</u>	<u>(25,517)</u>	<u>(45,946)</u>	<u>(20,470)</u>	<u>\$ 25,476</u>
<b>Fund Balances, Beginning</b>			-				-		25,517	45,946	36,574	
<b>Fund Balances, Ending</b>			<u>\$ -</u>				<u>\$ 4,236</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,104</u>	



## County of Centre Pennsylvania

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Description of Internal Service Funds  
Year Ended December 31, 2011

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

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

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

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

## County of Centre, Pennsylvania

Combining Balance Sheet

Internal Service Funds

December 31, 2011

	<u>Transportation Department</u>	<u>Management Information System</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 149,081	\$ 2,216,659	\$ 2,365,740
Accounts receivable	168,050	1,807	169,857
Due from other governments	101,029		101,029
Prepaid expenses	28,027	60,208	88,235
Total current assets	<u>446,187</u>	<u>2,278,674</u>	<u>2,724,861</u>
Capital assets	2,009,401	1,950,044	3,959,445
Less accumulated depreciation	<u>(1,395,785)</u>	<u>(1,466,368)</u>	<u>(2,862,153)</u>
Capital assets, net	<u>613,616</u>	<u>483,676</u>	<u>1,097,292</u>
Total assets	<u>\$ 1,059,803</u>	<u>\$ 2,762,350</u>	<u>\$ 3,822,153</u>
<b>Liabilities</b>			
Current liabilities,			
Accounts payable and accrued expenses	\$ 247,844	\$ 27,558	\$ 275,402
Noncurrent liabilities,			
Compensated absences	<u>87,853</u>		<u>87,853</u>
Total liabilities	<u>335,697</u>	<u>27,558</u>	<u>363,255</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	613,616	483,676	1,097,292
Unrestricted	<u>110,490</u>	<u>2,251,116</u>	<u>2,361,606</u>
Total net assets	<u>724,106</u>	<u>2,734,792</u>	<u>3,458,898</u>
Total liabilities and net assets	<u>\$ 1,059,803</u>	<u>\$ 2,762,350</u>	<u>\$ 3,822,153</u>

**County of Centre, Pennsylvania**

Combining Statement of Revenues, Expenses and Changes in Net Assets

Internal Service Funds

Year Ended December 31, 2011

	<b>Transportation Department</b>	<b>Management Information System</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 2,024,655	\$ 1,612,752	\$ 3,637,407
<b>Operating Expenses</b>			
Salaries and benefits	1,022,741		1,022,741
Purchased services and supplies	993,451	1,162,243	2,155,694
Depreciation	257,956	61,751	319,707
Total operating expenses	2,274,148	1,223,994	3,498,142
Operating (loss) income	(249,493)	388,758	139,265
<b>Nonoperating Revenues</b>			
Interest income	2		2
Loss on disposal of asset	(12,802)		(12,802)
Total nonoperating revenues	(12,800)		(12,800)
<b>Capital Grant</b>	208,975		208,975
<b>Income Before Transfers</b>	(53,318)	388,758	335,440
<b>Transfers in</b>	83,364		83,364
<b>Change in Net Assets</b>	30,046	388,758	418,804
<b>Net Assets, Beginning of Year</b>	694,060	2,346,034	3,040,094
<b>Net Assets, End of Year</b>	\$ 724,106	\$ 2,734,792	\$ 3,458,898

## County of Centre, Pennsylvania

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2011

	<b>Transportation Department</b>	<b>Management Information System</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 1,018,346	\$ 1,610,945	\$ 2,629,291
Payments received from interfund services	878,712		878,712
Payments to suppliers	(850,214)	(1,223,028)	(2,073,242)
Payments to employees for services	(1,025,471)		(1,025,471)
	<u>21,373</u>	<u>387,917</u>	<u>409,290</u>
Net cash provided by operating activities			
<b>Cash Flows Provided by Non-Capital Financing Activities,</b>			
Transfers in	<u>83,364</u>		<u>83,364</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	(274,274)	(141,812)	(416,086)
Proceeds from sale of capital assets	4,883		4,883
Capital contributions	208,975		208,975
	<u>(60,416)</u>	<u>(141,812)</u>	<u>(202,228)</u>
Net cash used in capital and related financing activities			
<b>Cash Flows Provided by Investing Activities,</b>			
Interest received	<u>2</u>		<u>2</u>
<b>Increase in Cash and Cash Equivalents</b>	44,323	246,105	290,428
<b>Cash and Cash Equivalents, Beginning</b>	<u>104,758</u>	<u>1,970,554</u>	<u>2,075,312</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 149,081</u>	<u>\$ 2,216,659</u>	<u>\$ 2,365,740</u>
<b>Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities</b>			
Operating (loss) income	\$ (249,493)	\$ 388,758	\$ 139,265
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and amortization	257,956	61,751	319,707
Changes in assets and liabilities:			
Increase in accounts receivable	(155,775)	(1,807)	(157,582)
Decrease in due from other governments	28,178		28,178
(Increase) decrease in prepaid expenses	7	(54,407)	(54,400)
Increase in accounts payable and accrued expenses	143,230	(6,378)	136,852
Decrease in compensated absences	(2,730)		(2,730)
	<u>270,866</u>	<u>(841)</u>	<u>270,025</u>
Total adjustments			
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 21,373</u>	<u>\$ 387,917</u>	<u>\$ 409,290</u>

## County of Centre Pennsylvania

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Description of Fiduciary Funds  
Year Ended December 31, 2011

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

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

**County of Centre, Pennsylvania**

Combining Balance Sheet

Fiduciary Funds

December 31, 2011

	Agency Funds										
	Prison	Recorder of Deeds	Register of Wills	Clerk of Courts & Prothonotary	Treasurer's License Account	Sheriff's Office	Court Administration	Tax Claims	Support	Children & Youth	Total
<b>Assets</b>											
Cash	\$ 45,995	\$ 452,450	\$ 257,859	\$ 400,369	\$ 83,302	\$ 198,656	\$ 362,874	\$ 172,896	\$ 3,530	\$ 19,309	\$ 1,997,240
<b>Liabilities</b>											
Due to other governments		452,450	237,367	3,521	2,077	11,663	195,360	78,706			981,144
Funds held as fiduciary	45,995		20,492	396,848	81,225	186,993	167,514	94,190	3,530	19,309	1,016,096
Total liabilities	\$ 45,995	\$ 452,450	\$ 257,859	\$ 400,369	\$ 83,302	\$ 198,656	\$ 362,874	\$ 172,896	\$ 3,530	\$ 19,309	\$ 1,997,240

## County of Centre, Pennsylvania

### Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended December 31, 2011

	<u>Balance January 1 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31 2011</u>
<b>Prison</b>				
Assets,				
Cash	\$ 50,083	\$ 610,040	\$ 614,128	\$ 45,995
Total assets	<u>\$ 50,083</u>	<u>\$ 610,040</u>	<u>\$ 614,128</u>	<u>\$ 45,995</u>
Liabilities,				
Funds held as fiduciary	\$ 50,083	\$ 610,040	\$ 614,128	\$ 45,995
Total liabilities	<u>\$ 50,083</u>	<u>\$ 610,040</u>	<u>\$ 614,128</u>	<u>\$ 45,995</u>
<b>Recorder of Deeds</b>				
Assets,				
Cash	\$ 547,507	\$ 10,285,929	\$ 10,380,986	\$ 452,450
Total assets	<u>\$ 547,507</u>	<u>\$ 10,285,929</u>	<u>\$ 10,380,986</u>	<u>\$ 452,450</u>
Liabilities,				
Due to other governments	\$ 547,507	\$ 10,285,929	\$ 10,380,986	\$ 452,450
Total liabilities	<u>\$ 547,507</u>	<u>\$ 10,285,929</u>	<u>\$ 10,380,986</u>	<u>\$ 452,450</u>
<b>Register of Wills</b>				
Assets,				
Cash	\$ 106,800	\$ 7,221,381	\$ 7,070,322	\$ 257,859
Total assets	<u>\$ 106,800</u>	<u>\$ 7,221,381</u>	<u>\$ 7,070,322</u>	<u>\$ 257,859</u>
Liabilities:				
Due to other governments	\$ 82,986	\$ 6,647,499	\$ 6,493,118	\$ 237,367
Funds held as fiduciary	23,814	573,882	577,204	20,492
Total liabilities	<u>\$ 106,800</u>	<u>\$ 7,221,381</u>	<u>\$ 7,070,322</u>	<u>\$ 257,859</u>

(Continued)

**County of Centre, Pennsylvania**

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended December 31, 2011

	<b>Balance January 1 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31 2011</b>
<b>Prothonotary &amp; Clerk of Courts</b>				
Assets,				
Cash	\$ 615,037	\$ 887,173	\$ 1,101,841	\$ 400,369
Total assets	<u>\$ 615,037</u>	<u>\$ 887,173</u>	<u>\$ 1,101,841</u>	<u>\$ 400,369</u>
Liabilities:				
Due to other governments	\$ 4,169	\$ 7,803	\$ 8,451	\$ 3,521
Funds held as fiduciary	610,868	879,370	1,093,390	396,848
Total liabilities	<u>\$ 615,037</u>	<u>\$ 887,173</u>	<u>\$ 1,101,841</u>	<u>\$ 400,369</u>
<b>Treasurer's License Account</b>				
Assets,				
Cash	\$ 97,712	\$ 200,991	\$ 215,401	\$ 83,302
Total assets	<u>\$ 97,712</u>	<u>\$ 200,991</u>	<u>\$ 215,401</u>	<u>\$ 83,302</u>
Liabilities:				
Due to other governments	\$ 2,729	\$ 5,011	\$ 5,663	\$ 2,077
Funds held as fiduciary	94,983	195,980	209,738	81,225
Total liabilities	<u>\$ 97,712</u>	<u>\$ 200,991</u>	<u>\$ 215,401</u>	<u>\$ 83,302</u>
<b>Sheriff's Office</b>				
Assets,				
Cash	\$ 454,038	\$ 3,230,631	\$ 3,486,013	\$ 198,656
Total assets	<u>\$ 454,038</u>	<u>\$ 3,230,631</u>	<u>\$ 3,486,013</u>	<u>\$ 198,656</u>
Liabilities:				
Due to other governments	\$ 36,899	\$ 189,669	\$ 214,905	\$ 11,663
Funds held as fiduciary	417,139	3,040,962	3,271,108	186,993
Total liabilities	<u>\$ 454,038</u>	<u>\$ 3,230,631</u>	<u>\$ 3,486,013</u>	<u>\$ 198,656</u>

(Continued)

## County of Centre, Pennsylvania

### Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended December 31, 2011

	<b>Balance January 1 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31 2011</b>
<b>Court Administration</b>				
Assets,				
Cash	\$ 341,215	\$ 9,177,225	\$ 9,155,566	\$ 362,874
Total assets	<u>\$ 341,215</u>	<u>\$ 9,177,225</u>	<u>\$ 9,155,566</u>	<u>\$ 362,874</u>
Liabilities:				
Due to other governments	\$ 179,982	\$ 4,940,731	\$ 4,925,353	\$ 195,360
Funds held as fiduciary	161,233	4,236,494	4,230,213	167,514
Total liabilities	<u>\$ 341,215</u>	<u>\$ 9,177,225</u>	<u>\$ 9,155,566</u>	<u>\$ 362,874</u>
<b>Tax Claims</b>				
Assets,				
Cash	\$ 403,614	\$ 5,192,676	\$ 5,423,394	\$ 172,896
Total assets	<u>\$ 403,614</u>	<u>\$ 5,192,676</u>	<u>\$ 5,423,394</u>	<u>\$ 172,896</u>
Liabilities:				
Due to other governments	\$ 163,377	\$ 2,363,832	\$ 2,448,503	\$ 78,706
Funds held as fiduciary	240,237	2,828,844	2,974,891	94,190
Total liabilities	<u>\$ 403,614</u>	<u>\$ 5,192,676</u>	<u>\$ 5,423,394</u>	<u>\$ 172,896</u>
<b>Domestic Relations Support</b>				
Assets,				
Cash	\$ 3,530	\$ 64,095	\$ 64,095	\$ 3,530
Total assets	<u>\$ 3,530</u>	<u>\$ 64,095</u>	<u>\$ 64,095</u>	<u>\$ 3,530</u>
Liabilities,				
Funds held as fiduciary	\$ 3,530	\$ 64,095	\$ 64,095	\$ 3,530
Total liabilities	<u>\$ 3,530</u>	<u>\$ 64,095</u>	<u>\$ 64,095</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, 2011

	<b>Balance January 1 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31 2011</b>
<b>Children &amp; Youth</b>				
Assets,				
Cash	\$ 24,890	\$ 10,208	\$ 15,789	\$ 19,309
Total assets	<u>\$ 24,890</u>	<u>\$ 10,208</u>	<u>\$ 15,789</u>	<u>\$ 19,309</u>
Liabilities,				
Funds held as fiduciary	\$ 24,890	\$ 10,208	\$ 15,789	\$ 19,309
Total liabilities	<u>\$ 22,912</u>	<u>\$ 10,208</u>	<u>\$ 15,789</u>	<u>\$ 19,309</u>
<b>Total, All Agency Funds</b>				
Assets,				
Cash	\$ 2,644,426	\$ 36,880,349	\$ 37,527,535	\$ 1,997,240
Total assets	<u>\$ 2,644,426</u>	<u>\$ 36,880,349</u>	<u>\$ 37,527,535</u>	<u>\$ 1,997,240</u>
Liabilities:				
Due to other governments	\$ 1,017,649	\$ 24,440,474	\$ 24,476,979	\$ 981,144
Funds held as fiduciary	<u>1,626,777</u>	<u>12,439,875</u>	<u>13,050,556</u>	<u>1,016,096</u>
Total liabilities	<u>\$ 2,644,426</u>	<u>\$ 36,880,349</u>	<u>\$ 37,527,535</u>	<u>\$ 1,997,240</u>

## County of Centre Pennsylvania

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Description of Component Units  
Year Ended December 31, 2011

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

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

## County of Centre, Pennsylvania

### Statement of Net Assets

Discretely Presented Component Units

December 31, 2011

	<u>Conservation District</u>	<u>Solid Waste Authority</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 166,869	\$ 3,556,838
Accounts receivable	65,865	742,973
Grants receivable		297,600
Prepaid items		49,604
	<hr/>	<hr/>
Total current assets	232,734	4,647,015
Noncurrent assets,		
Capital assets, net	-	10,682,690
	<hr/>	<hr/>
Total assets	232,734	15,329,705
	<hr/>	<hr/>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Current portion of long-term debt		425,242
Accounts payable	53,629	408,828
Accrued expenses		675,961
Deferred revenue	35,794	
	<hr/>	<hr/>
Total current liabilities	89,423	1,510,031
Noncurrent liabilities:		
Landfill post-closure liability		57,740
Long-term debt		3,047,566
	<hr/>	<hr/>
Total noncurrent liabilities	-	3,105,306
	<hr/>	<hr/>
Total liabilities	89,423	4,615,337
	<hr/>	<hr/>
<b>Net Assets</b>		
Invested in capital assets, net of related debt		7,209,882
Unrestricted	143,311	3,504,486
	<hr/>	<hr/>
Total net assets	\$ 143,311	\$ 10,714,368
	<hr/>	<hr/>

## County of Centre, Pennsylvania

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Statement of Revenues, Expenses, and  
Change in Net Assets  
Conservation District  
Year Ended December 31, 2011

### Revenues

Grants	\$ 339,144
Other income	71,102
Interest	145
	<hr/>
Total revenues	410,391
	<hr/>

### Expenses

Conservation District	413,843
	<hr/>

**Revenues Less than Expenses** (3,452)

**Net Assets, Beginning of Year** 146,763

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**Net Assets, End of Year** \$ 143,311

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## County of Centre, Pennsylvania

Statement of Revenues, Expenses, and  
Change in Net Assets  
Solid Waste Authority  
Year Ended December 31, 2011

### Operating Revenues

Tipping fees	\$ 6,503,550
Recycling fees	3,372,770
Other	32,314

Total operating revenues 9,908,634

### Operating Expenses

Salaries and benefits	2,706,090
Contracted services	6,222,990
Depreciation	824,433
Administration costs	485,091

Total operating expenses 10,238,604

Operating loss (329,970)

### Nonoperating Revenues (Expenses)

Grants	515,749
Interest income	6,230
Other income	6,175
Interest expense	(161,812)

Total nonoperating revenues, net 366,342

Revenues in Excess of Expenses 36,372

Net Assets, Beginning 10,677,996

Net Assets, Ending \$ 10,714,368

## County of Centre, Pennsylvania

### Statement of Cash Flows

Solid Waste Authority

Year Ended December 31, 2011

#### Cash Flows from Operating Activities

Cash received from customers	\$ 9,977,275
Cash paid to vendors and employees	(9,232,826)

Net cash provided by operating activities 744,449

#### Cash Flows Provided by Investing Activities

Interest received	6,230
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#### Cash Flows from Noncapital Financing Activities:

Grants received from government agencies	352,679
Cash received from customers - finance charges & bad debt recoveries	6,175

Net cash provided by noncapital financing activities 358,854

#### Cash Flows from Capital and Related Financing Activities

Capital grants received	211,914
Interest paid	(161,812)
Purchases and construction of capital assets	(128,263)
Repayment of long-term debt	(425,242)

Net cash used in financing activities (503,403)

**Increase in Cash** 606,130

**Cash and Cash Equivalants, Beginning** 2,950,708

**Cash and Cash Equivalants, Ending** \$ 3,556,838

#### Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating loss	\$ (329,970)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	824,433
Changes in assets and liabilities:	
Accounts receivable, trade	68,641
Prepaid expenses	10,210
Accounts payable	48,799
Accrued expenses	129,267
Landfill post-closure liability	(6,931)

**Net Cash Provided by Operating Activities** \$ 744,449



## County of Centre, Pennsylvania

Schedule of Changes in Capital Assets by Function and Activity  
Year Ended December 31, 2011

	Changes in Capital Assets			December 31 2011
	January 1 2011	Additions	Disposals	
General Government - Administration	\$ 3,737,840	\$ 169,713	\$ 110,775	\$ 3,796,778
General Government - Judicial	5,839,369	56,496	6,038	5,889,827
Public Safety and Corrections	29,463,253	6,240	25,247	29,444,246
Human Services	3,254,770	302,249	352,692	3,204,327
Conservation and Development	32,088	170		32,258
Other	71,539			71,539
Capital Projects	8,661,984			8,661,984
Total	<u>\$ 51,060,843</u>	<u>\$ 534,868</u>	<u>\$ 494,752</u>	<u>\$ 51,100,959</u>

	Ending Balance is Composed of		
	Buildings and Improvements	Furniture and Equipment	Total
General Government - Administration	\$ 1,535,341	\$ 2,261,437	\$ 3,796,778
General Government - Judicial	4,601,310	1,288,517	5,889,827
Public Safety and Corrections	27,873,163	1,571,083	29,444,246
Human Services		3,204,327	3,204,327
Conservation and Development		32,258	32,258
Other	50,000	21,539	71,539
Capital Projects	7,551,089	1,110,895	8,661,984
Total	<u>\$ 41,610,903</u>	<u>\$ 9,490,056</u>	<u>\$ 51,100,959</u>



# **County of Centre Pennsylvania**

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Statistical Section  
December 31, 2011

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

## **Contents**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

**County of Centre, Pennsylvania**

Schedule of Government-Wide Net Assets by Component

(Unaudited)

Years Ended December 31

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

Note: Accrual-basis financial information for the County as a whole is only available from 2003, the year GASB Statement 34 was implemented.

**County of Centre, Pennsylvania**

Schedules of Government-Wide Changes in Net Assets  
(Unaudited)  
Years Ended December 31

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

Continued

**County of Centre, Pennsylvania**

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

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

Note : Accrual-basis financial information for the County as a whole is only available from 2003, the year GASB Statement 34 was implemented.

**County of Centre, Pennsylvania**

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund</b>										
Nonspendable										\$ 776,471
Restricted										2,149,903
Assigned										382,456
Unassigned										7,501,250
Reserved	\$ 3,195,053	\$ 2,274,199	\$ 1,790,713	\$ 1,932,606	\$ 2,529,709	\$ 2,638,935	\$ 2,198,677	\$ 2,916,158	\$ 2,306,779	
Unreserved	<u>10,034,769</u>	<u>9,866,434</u>	<u>10,663,886</u>	<u>10,073,897</u>	<u>9,497,071</u>	<u>9,129,318</u>	<u>7,035,701</u>	<u>4,605,422</u>	<u>8,651,105</u>	
Total general fund	<u>\$ 13,229,822</u>	<u>\$ 12,140,633</u>	<u>\$ 12,454,599</u>	<u>\$ 12,006,503</u>	<u>\$ 12,026,780</u>	<u>\$ 11,768,253</u>	<u>\$ 9,234,378</u>	<u>\$ 7,521,580</u>	<u>\$ 10,957,884</u>	<u>\$ 10,810,080</u>
<b>All Other Governmental Funds</b>										
Nonspendable, reported in, Special revenue funds										\$ 3,000
Restricted reported in, Special revenue funds										2,645,031
Assigned reported in, Capital projects fund										3,106,753
Reserved	\$ 8,345,673	\$ 30,957,990	\$ 14,538,128	\$ 8,059,040	\$ 7,617,118	\$ 6,534,281	\$ 4,069,549	\$ 3,441,065	\$ 3,580,439	
Unreserved, reported in, Special revenue funds	<u>391,670</u>		<u>42,304</u>	<u>53,974</u>	<u>42,304</u>	<u>57,878</u>	<u>81,075</u>	<u>81,474</u>	<u>84,593</u>	
Total all other governmental funds	<u>\$ 8,737,343</u>	<u>\$ 30,957,990</u>	<u>\$ 14,580,432</u>	<u>\$ 8,113,014</u>	<u>\$ 7,659,422</u>	<u>\$ 6,592,159</u>	<u>\$ 4,150,624</u>	<u>\$ 3,522,539</u>	<u>\$ 3,665,032</u>	<u>\$ 5,754,784</u>

Note: GASB 54 was effective for the year ended December 31, 2011. Prior fund balances were not restated

**County of Centre, Pennsylvania**

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$ 17,109,452	\$ 17,902,278	\$ 18,519,667	\$ 18,784,457	\$ 19,591,338	\$ 20,060,474	\$ 20,348,222	\$ 20,700,468	\$ 25,543,009	\$ 25,202,568
Grants, gifts and payment in lieu of taxes	30,445,517	32,144,967	30,840,326	30,734,499	35,243,512	34,445,884	33,702,117	27,353,535	23,921,685	23,278,370
Court costs	1,069,574	1,027,066	914,442	850,108	844,591	927,651	1,246,217	1,373,556	1,584,625	1,438,783
Fines and forfeits	205,552	251,113	288,813	254,395	221,260	258,014	241,764	199,253	198,060	198,643
Interest and rents	790,029	799,917	-	1,053,612	1,312,598	1,236,010	698,415	367,632	315,058	297,463
Charges for services	5,299,317	6,580,466	7,790,426	8,001,215	8,791,992	9,058,905	8,873,184	9,261,006	9,776,854	10,360,359
Contributions and other revenues	1,261,660	1,811,982	373,562	273,445	372,153	969,183	325,473	375,541	264,614	196,955
<b>Total revenues</b>	<b>56,181,101</b>	<b>60,517,789</b>	<b>58,727,236</b>	<b>59,951,731</b>	<b>66,377,444</b>	<b>66,956,121</b>	<b>65,435,392</b>	<b>59,630,991</b>	<b>61,603,905</b>	<b>60,973,141</b>
<b>Expenditures</b>										
Current:										
General government:										
Administrative	6,249,439	6,654,817	7,681,052	8,032,867	7,982,370	9,259,260	9,902,426	9,492,939	10,249,729	9,111,188
Judicial	5,607,789	6,563,329	6,750,935	6,743,857	7,188,505	7,801,121	8,142,123	8,400,850	8,573,169	8,935,360
Public safety	6,696,769	7,760,459	8,427,698	8,251,198	9,989,726	9,516,923	10,151,354	10,836,266	10,996,138	11,135,300
Public works	2,598,304	1,810,034	170,551	539,137	276,860	159,729	369,947	274,369	583,409	299,114
Human services	26,604,108	28,571,745	29,257,745	29,891,618	30,119,874	31,933,984	32,132,052	26,272,324	21,223,275	22,399,377
Culture and recreation	460,182	1,453,444	703,901	684,792	619,680	527,438	735,768	691,409	541,184	545,259
Conservation and development	2,079,764	3,056,758	2,127,803	1,787,688	1,563,128	1,602,174	2,174,802	1,387,630	1,651,835	1,644,508
Debt service:										
Principal	1,625,000	693,069	1,238,925	1,285,744	1,297,221	1,364,039	1,490,574	1,544,153	1,596,251	1,835,022
Interest	1,236,658	1,351,281	1,645,088	1,238,283	1,239,182	978,700	1,043,872	991,722	815,242	917,110
Other cost		1,500	1,783	2,000	56,918	1,064	2,500	2,500	44,669	375,007
Capital outlay	823,214	4,628,730	17,092,224	6,491,400	3,514,681	2,650,798	2,143,889	472,767	134,965	205,143
<b>Total expenditures</b>	<b>53,981,227</b>	<b>62,545,166</b>	<b>75,097,705</b>	<b>64,948,584</b>	<b>63,848,145</b>	<b>65,795,230</b>	<b>68,289,307</b>	<b>60,366,929</b>	<b>56,409,866</b>	<b>57,402,388</b>
Excess (deficiency) of revenues over (under) expenditures	2,199,874	(2,027,377)	(16,370,469)	(4,996,853)	2,529,299	1,160,891	(2,853,915)	(735,938)	5,194,039	3,570,753
<b>Other Financing Sources (Uses)</b>										
Transfers in	2,853,782	20,821,457	8,341,368	3,709,135	4,401,273	5,252,973	4,686,429	3,834,673	3,375,579	6,415,637
Transfers out	(2,680,585)	(21,573,787)	(10,018,032)	(5,627,796)	(7,420,538)	(7,739,654)	(6,807,924)	(5,439,618)	(5,039,252)	(8,421,605)
Proceeds from sale of capital assets									361	
Proceeds from bonds		39,985,000							5,515,000	9,175,000
Issuance of debt			5,380,000		10,000,000					
Payments to refund bonds payable		(17,405,000)	(4,985,000)		(9,040,000)				(5,458,865)	(9,550,000)
Payments to refund bond escrow agent					(775,744)					
Bond premium		1,694,631								752,163
Bond discount		(363,466)	(48,463)		(127,605)				(8,065)	
Unusual item			900,000							
<b>Total other financing sources (uses)</b>	<b>173,197</b>	<b>23,158,835</b>	<b>(430,127)</b>	<b>(1,918,661)</b>	<b>(2,962,614)</b>	<b>(2,486,681)</b>	<b>(2,121,495)</b>	<b>(1,604,945)</b>	<b>(1,615,242)</b>	<b>(1,628,805)</b>
<b>Net change in fund balances</b>	<b>\$ 2,373,071</b>	<b>\$ 21,131,458</b>	<b>\$ (16,800,596)</b>	<b>\$ (6,915,514)</b>	<b>\$ (433,315)</b>	<b>\$ (1,325,790)</b>	<b>\$ (4,975,410)</b>	<b>\$ (2,340,883)</b>	<b>\$ 3,578,797</b>	<b>\$ 1,941,948</b>
Debt service as a percentage of noncapital expenditures	5.38%	3.53%	4.98%	4.32%	4.20%	3.71%	3.84%	4.24%	4.42%	5.50%

**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				
2002	\$ 1,627,126,980	\$ 678,794,570	\$ 62,905,835	\$ 66,694,940	\$ 8,016,095	\$ 162,971,300	\$ 2,606,509,720	6.59	\$ 5,213,019,440	50.00%
2003	1,682,903,465	713,942,500	56,961,860	66,383,355	8,014,595	167,591,530	2,695,797,305	6.59	5,391,594,610	50.00%
2004	1,739,292,055	746,294,885	59,042,595	67,178,590	4,379,750	170,039,840	2,786,227,715	6.59	5,572,455,430	50.00%
2005	1,805,487,905	758,189,670	59,582,375	64,514,995	4,379,750	175,734,545	2,867,889,240	6.59	5,735,778,480	50.00%
2006	1,862,245,795	790,470,015	52,647,845	63,991,510	4,292,300	194,556,970	2,968,204,435	6.59	5,936,408,870	50.00%
2007	1,922,399,500	810,652,163	51,306,610	65,550,520	4,242,500	199,932,845	3,054,084,138	6.59	6,108,168,276	50.00%
2008	1,971,540,915	822,816,853	49,025,810	66,205,155	4,277,850	206,951,940	3,120,818,523	6.59	6,241,637,046	50.00%
2009	2,014,959,570	731,206,260	50,173,795	66,964,205	7,153,000	211,420,100	3,081,876,930	6.59	6,163,753,860	50.00%
2010	2,046,183,210	826,001,610	49,306,190	64,858,475	6,674,600	215,187,745	3,208,211,830	8.09	6,416,423,660	50.00%
2011	2,099,621,390	850,498,509	49,081,570	60,853,615	7,003,900	218,885,150	3,285,944,134	7.84	6,571,888,268	50.00%

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>County Direct Rates</b>										
General	5.09	5.09	5.09	5.25	5.30	5.40	5.40	5.40	6.90	6.65
Debt	1.50	1.50	1.50	1.34	1.29	1.19	1.19	1.19	1.19	1.19
Total direct rate	6.59	6.59	6.59	6.59	6.59	6.59	6.59	6.59	8.09	7.84
<b>Borough &amp; Township Rates</b>										
Bellefonte Borough	5.44	6.93	7.93	7.93	7.98	7.98	8.56	8.81	9.29	9.79
Centre Hall Borough	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	2.50
Howard Borough	4.00	5.00	6.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Milesburg Borough	4.50	4.50	4.50	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Millhiem Borough	1.65	1.65	1.65	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Philipsburg Borough	8.83	10.33	10.83	10.33	10.33	10.33	10.33	15.33	15.33	15.33
Port Matilda Borough	4.80	4.80	4.80	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Snow Shoe Borough	4.16	4.16	4.16	4.36	4.36	4.36	4.36	5.36	5.36	5.36
South Philipsburg Borough	2.34	-	-	-	-	-	-	-	-	-
State College Borough	4.75	4.90	5.70	7.30	10.04	10.04	10.54	11.04	11.04	11.04
Unionville Borough	1.27	1.27	1.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27
Benner Independent	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89
Benner Township	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89
Boggs Township	2.48	2.48	2.48	3.18	3.84	3.84	3.84	4.17	4.17	4.17
Burnside Township	2.69	3.69	3.69	4.69	4.69	4.69	4.69	4.69	4.69	4.69
College Township	3.40	3.40	3.70	3.70	3.70	3.70	3.90	3.90	4.40	4.40
Curtin Township	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
Ferguson Township	1.56	1.56	1.56	1.56	1.56	1.56	2.42	2.42	2.42	2.42
Gregg Township	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Haines Township	3.00	3.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Halfmoon Township	3.72	3.72	3.72	3.72	4.02	4.02	4.02	4.02	4.02	4.02
Harris Township	4.60	4.70	4.70	4.70	4.70	4.70	4.70	4.60	4.60	4.80
Howard Township	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Huston Township	1.13	1.13	1.70	1.73	1.13	1.13	1.13	1.13	1.13	1.13
Liberty Township	1.00	2.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50
Marion Township	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Miles Township	1.70	1.70	1.70	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Patton Township	6.10	7.70	7.70	7.50	7.50	7.20	7.20	7.60	8.40	8.70
Penn Township	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Potter Township	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Snow Shoe Township	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29
Spring Township	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.50
Taylor Township	0.50	0.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Union Township	2.00	2.00	2.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Walker Township	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Worth Township	1.75	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>School District Rates</b>										
Bald Eagle	29.00	31.00	33.00	34.26	36.26	37.76	39.76	41.96	43.68	46.55
Bellefonte	33.88	35.28	35.83	36.99	37.98	39.69	41.08	42.98	44.61	45.41
Keystone Central	34.21	34.21	34.21	34.73	34.38	34.33	36.12	37.37	40.24	42.55
Penns Valley	31.37	31.37	31.37	37.87	37.87	37.87	37.87	38.33	40.46	41.71
Philipsburg Osceola	32.21	34.55	38.22	37.26	39.30	46.97	49.04	50.90	52.97	51.61
State College	27.05	28.72	29.72	31.37	32.57	32.51	33.72	34.85	35.90	36.85
Tyrone	20.81	21.05	19.36	19.36	18.88	20.22	21.06	22.06	22.98	20.61

Source: County Tax Assessment Office

**County of Centre, Pennsylvania**

## Schedule of Principal Real Estate Tax Payers

(Unaudited)

Years Ended December 31

Taxpayer	2011			2002		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
* PSU (Taxable)	\$ 13,589,625	1	0.41%	\$ 14,501,260	5	0.56%
Crown American Finance	12,785,500	2	0.39%	32,884,070	1	1.26%
Foxdale Village Corporation	10,855,460	3	0.33%	11,834,320	6	0.45%
Jefferson at State College	8,334,970	4	0.25%	16,669,940	2	0.64%
The Villiage at Penn State	7,961,850	5	0.24%			
Minitab, Inc.	7,723,525	6	0.24%			
Wal-Mart Stores Inc.	6,744,000	7	0.21%	15,941,420	3	0.61%
Geisinger Clinic	6,219,950	8	0.19%			
W9/JP-M Real Estate	5,613,800	9	0.17%	11,227,600	7	0.43%
College Avenue Properties	5,515,835	10	0.17%	11,031,670	9	0.42%
Corning Asahi Video Company				15,465,170	4	0.59%
Capstone Commons				9,610,520	10	0.37%
Nittany Garden Apartments				11,117,830	8	0.43%
<b>Total</b>	<b>\$ 85,344,515</b>		<b>2.60%</b>	<b>\$ 150,283,800</b>		<b>5.77%</b>
<b>Total taxable assessed value</b>	<b>\$ 3,285,944,134</b>		<b>100%</b>	<b>\$ 2,606,509,720</b>		<b>100%</b>

\* 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 Leivied 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
2002	\$ 17,196,178	\$ 16,622,004	96.66%	\$ 573,669	\$ 17,195,673	100.00%
2003	17,726,426	17,265,992	97.40%	459,493	17,725,485	99.99%
2004	18,415,467	17,979,298	97.63%	434,947	18,414,245	99.99%
2005	18,853,031	18,395,990	97.58%	455,267	18,851,257	99.99%
2006	19,576,647	19,081,381	97.47%	493,609	19,574,990	99.99%
2007	20,057,503	19,553,148	97.49%	501,414	20,054,562	99.99%
2008	20,412,851	19,910,312	97.54%	496,463	20,406,775	99.97%
2009	20,786,531	20,189,802	97.13%	582,346	20,772,148	99.93%
2010	25,673,802	25,047,325	97.56%	291,672	25,338,997	98.70%
2011	25,202,931	24,621,260	97.69%	N/A	24,621,260	97.69%

Source: Centre County Tax Claim Office

## County of Centre, Pennsylvania

### Schedule of Ratios of General Bonded Debt Outstanding

(Unaudited)

Years Ended December 31

<u>Year</u>	<u>Governmental General Obligation Bonds</u>	<u>Business General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (a)</u>	<u>Percentage of Actual Value of Taxable Property (b)</u>	<u>Per Capita</u>
2002	\$ 22,965,000		\$ 22,965,000	0.66%	0.44%	\$ 166
2003	30,766,391	\$ 14,018,609	44,785,000	1.26%	0.83%	320
2004	29,922,466	13,347,534	43,270,000	1.14%	0.78%	309
2005	28,636,722	12,648,278	41,285,000	1.08%	0.72%	294
2006	28,299,501	11,945,499	40,245,000	1.04%	0.68%	286
2007	26,935,462	11,214,538	38,150,000	0.96%	0.62%	264
2008	25,444,888	10,450,112	35,895,000	0.83%	0.58%	248
2009	23,900,735	9,659,265	33,560,000	0.72%	0.54%	230
2010	22,809,484	10,214,998	33,024,482	0.63%	0.51%	226
2011	20,599,462	9,359,265	29,958,727	0.58%	0.46%	194

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

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

## County of Centre, Pennsylvania

### Schedule of Direct and Overlapping Debt

(Unaudited)

Years Ended December 31

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>County Direct Rates</b>			
County of Centre	\$ 29,958,727	100%	<u>\$ 29,958,727</u>
<b>Borough &amp; Township Rates</b>			
Bellefonte Borough	7,654,785	100%	7,654,785
Howard Borough	118,465	100%	118,465
Milesburg Borough	100,776	100%	100,776
Millheim Borough	3,904,731	100%	3,904,731
State College Borough	26,395,185	100%	26,395,185
Benner Township	31,537	100%	31,537
College Township	6,080,000	100%	6,080,000
Ferguson Township	3,090,000	100%	3,090,000
Gregg Township	318,588	100%	318,588
Harris Township	655,000	100%	655,000
Howard Township	61,000	100%	61,000
Liberty Township	103,000	100%	103,000
Patton Township	7,490,000	100%	7,490,000
Penn Township	266,784	100%	266,784
Rush Township	1,544,098	100%	1,544,098
Taylor Township	1,544,098	100%	1,544,098
Union Township	36,329	100%	36,329
Worth Township	14,561	100%	<u>14,561</u>
Total municipalities			<u>59,408,937</u>
<b>School District Rates</b>			
Bald Eagle	30,865,000	100%	30,865,000
Bellefonte	43,879,079	100%	43,879,079
Keystone Central	44,910,032	5%	2,245,502
Penns Valley	29,611,046	100%	29,611,046
Philipsburg Osceola	19,317,029	100%	19,317,029
State College	69,800,000	100%	69,800,000
Tyrone	2,845,000	5%	<u>142,250</u>
Total school districts			<u>195,859,906</u>
Total indirect			<u>255,268,843</u>
Grand total			<u><u>\$ 285,227,570</u></u>

Source: Survey conducted by the Controller's Office

**County of Centre, Pennsylvania**

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Borrowing Base Revenues (1)</b>	\$ 39,967,248	\$ 43,186,632	\$ 45,413,396	\$ 47,293,871	\$ 46,839,099	\$ 47,209,533	\$ 47,182,828	\$ 48,797,847	\$ 50,667,901	\$ 49,313,788
<b>Debt Limit Percentage</b>	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
<b>Debt Limit</b>	119,901,744	129,559,897	136,240,188	141,881,613	140,517,297	141,628,599	141,548,483	146,393,541	152,003,703	147,941,364
<b>General Obligation Bonds</b>	22,965,000	44,785,000	43,270,000	41,285,000	40,245,000	38,150,000	35,895,000	33,560,000	33,024,482	29,958,727
<b>Legal Debt Margin</b>	<u>\$ 96,936,744</u>	<u>\$ 84,774,897</u>	<u>\$ 92,970,188</u>	<u>\$ 100,596,613</u>	<u>\$ 100,272,297</u>	<u>\$ 103,478,599</u>	<u>\$ 105,653,483</u>	<u>\$ 112,833,541</u>	<u>\$ 118,979,221</u>	<u>\$ 117,982,637</u>
Total net debt applicable to the limit as a percentage of debt limit	19.15%	34.57%	31.76%	29.10%	28.64%	26.94%	25.36%	22.92%	21.73%	20.25%

(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>
2002	138,660	\$ 3,498,808	\$ 25,233	3.4%
2003	139,754	3,568,059	25,531	3.4%
2004	139,934	3,783,955	27,041	4.4%
2005	140,313	3,820,723	27,230	3.3%
2006	140,953	3,864,649	27,418	3.9%
2007	144,658	3,993,762	27,608	3.4%
2008	144,779	4,330,340	29,910	5.6%
2009	146,212	4,639,453	31,731	6.4%
2010	153,990	5,236,584	34,006	5.3%
2011	154,722	5,163,073	33,370	5.4%

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

## County of Centre, Pennsylvania

Schedule of Principal Employers

(Unaudited)

Years Ended December 31

Taxpayer	2011			2002		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Pennsylvania State University	23,432	1	36.53%	10,059	1	15.24%
Mt. Nittany Medical Center	1,951	2	3.04%	890	6	1.35%
State College Area School	1,539	3	2.40%	1,281	3	1.94%
Pennsylvania State Government	1,148	4	1.79%	1,306	2	1.98%
County of Centre	791	5	1.23%			
Glenn O. Hawbaker, Inc.	782	6	1.22%			
Wal-Mart/Sam's Club	735	7	1.15%	616	9	0.93%
Federal Government	567	8	0.88%			
Universal Behavioral Health	536	9	0.84%			
HRI, Inc	500	10	0.78%			
Weis Markets				608	10	0.92%
Corning Asahi Video Company				1,100	4	1.67%
Murata Electronics				1,100	5	1.67%
C-COR Electronics				741	7	1.12%
Cerro Metal Products				650	8	0.98%
Total	<u>31,981</u>		<u>49.85%</u>	<u>18,351</u>		<u>27.80%</u>
Total County employment	<u><u>64,149</u></u>		<u><u>100%</u></u>	<u><u>66,000</u></u>		<u><u>100%</u></u>

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Administration	87	93	91	92	97	101	104	103	94	94
Judicial	112	112	118	120	118	122	117	118	117	117
Public Safety	65	69	67	74	106	114	113	114	123	120
Human Services	140	139	147	148	146	149	152	156	156	152
Conservation & Development	27	27	27	22	12	12	12	12	10	10
Total governmental	<u>431</u>	<u>440</u>	<u>450</u>	<u>456</u>	<u>479</u>	<u>498</u>	<u>498</u>	<u>503</u>	<u>500</u>	<u>493</u>
Enterprise:										
Emergency Communication 911	25	25	28	28	32	30	30	30	32	32
Nursing Home	<u>278</u>	<u>298</u>	<u>315</u>	<u>316</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>265</u>	<u>257</u>
Total enterprise	<u>303</u>	<u>323</u>	<u>343</u>	<u>344</u>	<u>352</u>	<u>350</u>	<u>350</u>	<u>350</u>	<u>297</u>	<u>289</u>
Total	<u>734</u>	<u>763</u>	<u>793</u>	<u>800</u>	<u>831</u>	<u>848</u>	<u>848</u>	<u>853</u>	<u>797</u>	<u>782</u>

Source: Centre County Budget

**County of Centre, Pennsylvania**

Schedule of Operating Indicators by Function

(Unaudited)

Years Ended December 31

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Administration</b>										
Treasurer:										
Hunting licenses	17,190	23,851	21,869	20,884	14,904	14,549	14,402	13,657	10,285	11,432
Sportsman pistol permits	-	-	-	-	-	-	-	-	34	27
Dog licenses	12,797	13,297	13,092	13,092	15,497	14,260	13,699	13,341	14,443	13,983
Fishing licenses	470	417	383	343	400	428	347	295	247	208
Total licenses	30,457	37,565	35,344	34,319	30,801	29,237	28,448	27,293	25,009	25,650
Public Defender, Cases	1,968	1,994	1,807	2,076	2,000	2,134	2,566	2,407	2,259	2,657
Recorder of Deeds, Deeds filed	30,113	36,425	26,757	25,473	23,583	21,813	21,610	23,000	20,472	19,565
<b>Judicial</b>										
Sheriff,										
Pistol permits	-	2,800	3,850	2,700	2,750	4,538	5,671	9,792	12,659	7,291
Coroner, Cases	236	554	526	569	557	517	550	564	581	602
District Attorney, Cases	2,324	2,560	2,406	2,370	2,445	2,691	2,718	3,075	2,994	2,958
Prothonotary:										
Criminal cases	2,326	2,728	2,436	2,536	2,484	2,595	2,544	2,608	2,620	2,538
Civil cases	3,201	3,591	5,325	4,824	5,024	5,629	5,654	6,226	5,826	5,750
Other cases	1,041	1,016	972	1,924	1,846	1,877	2,456	2,496	2,592	2,405
Total cases	6,568	7,335	8,733	9,284	9,354	10,101	10,654	11,330	11,038	10,693
Magisterial District Judges, Court cases	46,148	42,315	39,492	43,375	37,296	34,477	39,570	40,712	36,675	35,290
<b>Public Safety</b>										
Probation:										
Juvenile cases	226	212	208	222	205	241	282	250	194	175
Adult cases	2,312	2,326	3,284	3,318	3,517	3,954	4,011	4,096	3,740	4,285
Total	2,538	2,538	3,492	3,540	3,722	4,195	4,293	4,346	3,934	4,460
Prison, Average daily population	154	169	190	187	219	216	215	262	268	260
<b>Human Services</b>										
Children & Youth, Caseload	4,070	3,640	3,530	3,068	2,958	3,311	3,325	3,392	2,142	2,191
Mental Health / Retardation, Clients	2,011	2,337	2,518	2,556	2,584	2,533	2,711	2,600	2,359	2,359
Drug and Alcohol:										
Children clients	200	182	129	190	270	309	165	160	41	52
Adult clients	900	1,002	1,009	838	1,220	1,808	1,068	1,050	992	907
Total clients	1,100	1,184	1,138	1,028	1,490	2,117	1,233	1,210	1,033	959

Source: Centre County Budget

**County of Centre, Pennsylvania**

Schedule of Capital Asset Statistics by Activity

(Unaudited)

Years Ended December 31

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental</b>										
Capital Assets, net:										
Land and improvements				\$ 1,719,563	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563
Building and improvements	\$ 7,626,297	\$ 8,460,930	\$ 25,029,619	27,918,806	29,014,711	30,404,150	31,467,769	30,523,539	29,578,790	28,622,676
Furniture and improvements	6,079,435	1,503,146	1,715,805	1,985,984	3,957,562	3,704,906	2,678,246	2,344,938	2,452,017	2,362,600
Vehicles	386,961	412,162	407,804	498,753	355,509	278,578	287,203	554,472	613,651	612,766
Total	<u>\$ 14,092,693</u>	<u>\$ 10,376,238</u>	<u>\$ 27,153,228</u>	<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>\$ 33,317,605</u>
<b>Business-Type</b>										
Capital Assets, net:										
Land and improvements	\$ 23,257	\$ 10,445	\$ 9,575	\$ 8,705	\$ 7,835	\$ 6,964	\$ 6,094	\$ 5,224	\$ 4,352	\$ 3,482
Building and improvements	9,358,864	8,161,368	7,850,316	7,539,263	7,228,212	6,917,162	6,615,569	6,313,977	6,012,385	6,855,667
Furniture and improvements	2,258,623	2,845,255	2,195,538	1,999,866	1,552,444	877,353	679,768	578,150	451,061	450,744
Total	<u>\$ 11,640,744</u>	<u>\$ 11,017,068</u>	<u>\$ 10,055,429</u>	<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>\$ 6,467,798</u>	<u>\$ 7,309,893</u>

Source: Centre County Financial Statements

## County of Centre, Pennsylvania

### Schedule of Salaries and Surety Bonds

Of Elected Officials

(Unaudited)

Year ended December 31, 2011

<u>Official</u>	<u>Annual Salary</u>	<u>Bond Amount</u>
Commissioner	\$ 70,668	\$ 4,000
Controller	\$ 65,937	\$ 20,000
Coroner	\$ 93,937	\$ 7,500
District Attorney	\$ 168,541	None (1)
Jury Commissioners	\$ 14,477	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

<u>Year</u>	<u>Employee Contribution</u>	<u>Employer's Contribution(1)</u>	<u>Investment Income</u>	<u>Total</u>	<u>Employer Contribution Percentage of Covered Payroll</u>
2002	\$ 1,100,755	\$ 254,299	\$ (2,068,205)	\$ (713,151)	1.2%
2003	1,217,257	929,679	9,795,395	11,942,331	4.1%
2004	1,368,474	1,235,158	4,659,675	7,263,307	5.0%
2005	1,370,404	1,519,319	4,713,097	7,602,820	6.1%
2006	1,397,167	1,416,645	7,977,475	10,791,287	5.4%
2007	1,485,598	1,452,061	4,567,959	7,505,618	5.5%
2008	1,538,631	1,373,235	(17,090,917)	(14,179,051)	5.0%
2009	1,610,320	2,604,345	12,807,290	17,021,955	9.3%
2010	1,586,019	2,856,056	6,617,488	11,059,563	10.2%
2011	1,624,305	3,046,820	1,265,311	5,936,436	10.9%

#### Expenses by Type

<u>Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Total</u>
2002	\$ 1,444,103	\$ 175,967	\$ 265,369	\$ 1,885,439
2003	1,768,014	167,460	203,862	2,139,336
2004	1,635,176	261,466	590,613	2,487,255
2005	1,992,793	244,199	619,733	2,856,725
2006	2,373,783	267,124	674,792	3,315,699
2007	2,258,061	300,747	425,029	2,983,837
2008	2,420,815	265,306	363,973	3,050,094
2009	3,437,537	226,846	194,723	3,859,106
2010	3,219,972	272,979	387,127	3,880,078
2011	3,892,837	307,116	749,582	4,949,535

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

<b>Year</b>	<b>Number of Active Members</b>	<b>Contributions</b>			<b>Number of Retired Members</b>	<b>Benefit Paid</b>
		<b>Members</b>	<b>County(1)</b>	<b>Total</b>		
2002	620	\$ 1,100,755	\$ 254,299	\$ 1,355,054	189	\$ 1,444,103
2003	643	1,217,257	929,679	2,146,936	195	1,768,014
2004	671	1,368,474	1,235,158	2,603,632	203	1,635,176
2005	651	1,370,404	1,519,319	2,889,723	212	1,992,793
2006	716	1,397,167	1,416,645	2,813,812	223	2,373,783
2007	794	1,485,598	1,452,061	2,937,659	233	2,258,061
2008	770	1,538,631	1,373,235	2,911,866	252	2,420,815
2009	791	1,610,320	2,604,345	4,214,665	265	3,437,537
2010	802	1,586,019	2,856,056	4,442,075	271	3,219,972
2011	756	1,624,305	3,046,820	4,671,125	282	3,892,837

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

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