

*County of Centre*



PENNSYLVANIA

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**2009  
Comprehensive  
Annual  
Financial  
Report**

For the year ended December 31, 2009

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

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COUNTY OF CENTRE

**OFFICE OF THE CONTROLLER**

Willowbank Office Building - Room 242  
420 Holmes Street  
Bellefonte, Pennsylvania 16823-1488

**CHARLES L. WITMER**  
**CONTROLLER**  
CLWITMER@CO.CENTRE.PA.US

**(814) 355-6725**  
**FAX # (814) 355-6761**

June 23, 2010

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, 2009. 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, 2009, 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 MD&A is a narrative introduction, overview, and analysis of the accompanying basic financial statements. This letter of transmittal is designed to compliment the MD&A. The MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

Centre County, a fifth 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, \$150,000 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.

### Relevant financial policies

In 2009, a policy was created to house State inmates at the County Correctional Facility for a fee of \$55/day/inmate. The policy states that no more than 35 State inmates can be housed daily.

There was no cost of living adjustment given to retirees in the County pension system. The cost of living adjustment usually averages 2.0%. This is only the 3<sup>rd</sup> time in 31 years that a cost of living adjustment was not given.

The rate of interest credit to active members' retirement balances was reduced from 5.5% to 4.5%.

Effective July 1, 2009, the County was no longer used by the State as a pass-through for various funding; funds were sent directly to the service provider. The change in the grant funding process from the State for Mental Health/Mental Retardation had a direct effect on the County's cash flow.

#### 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 2009.

### **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, 2008. This is the eighth 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 eleventh consecutive year, the County of Centre received GFOA's Award for Distinguished Budget Presentation for its 2009 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". The signature is written in black ink and is positioned above the printed name.

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, 2008

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.



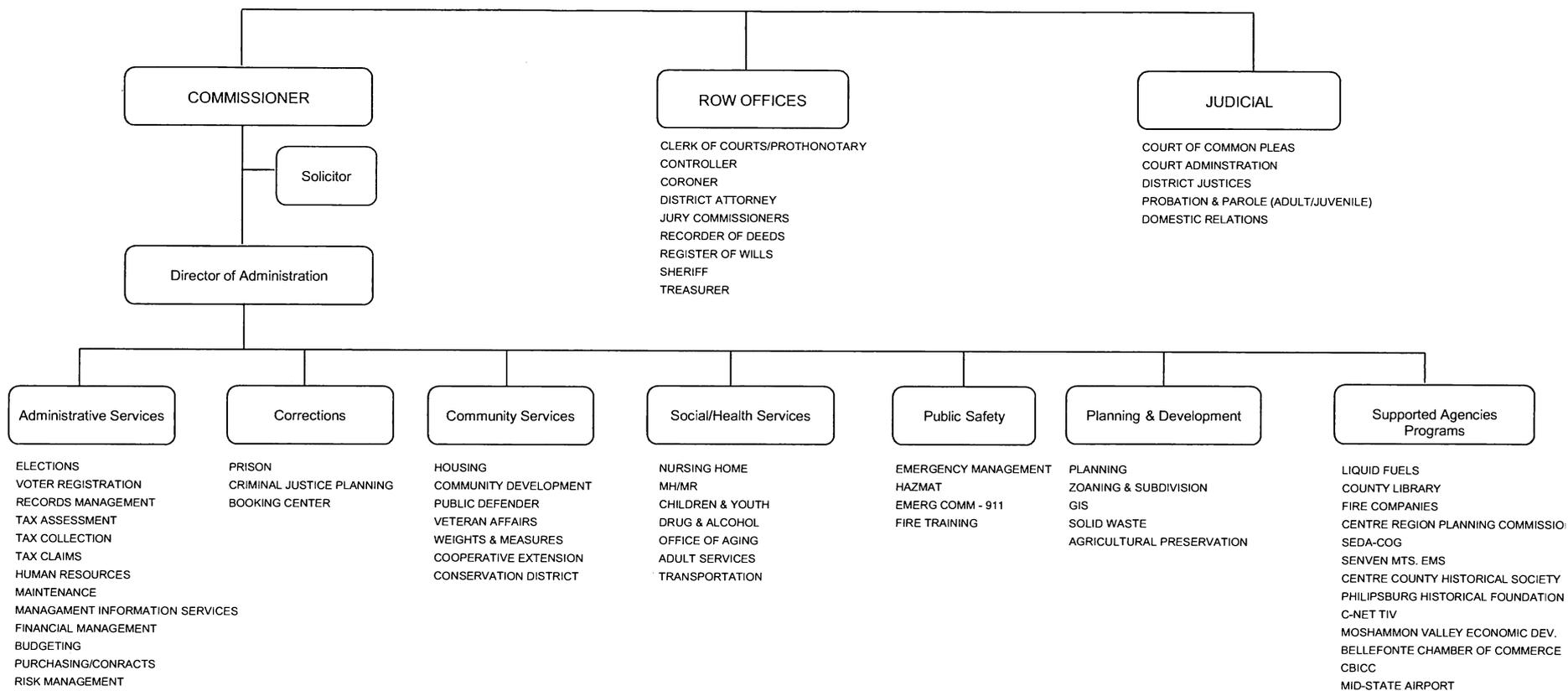
A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

# CENTRE COUNTY GOVERNMENT ORGANIZATION CHART



**COUNTY OF CENTRE  
PRINCIPAL OFFICIALS**

**DECEMBER 31, 2009**

**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**

**Michael Madeira**

**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**

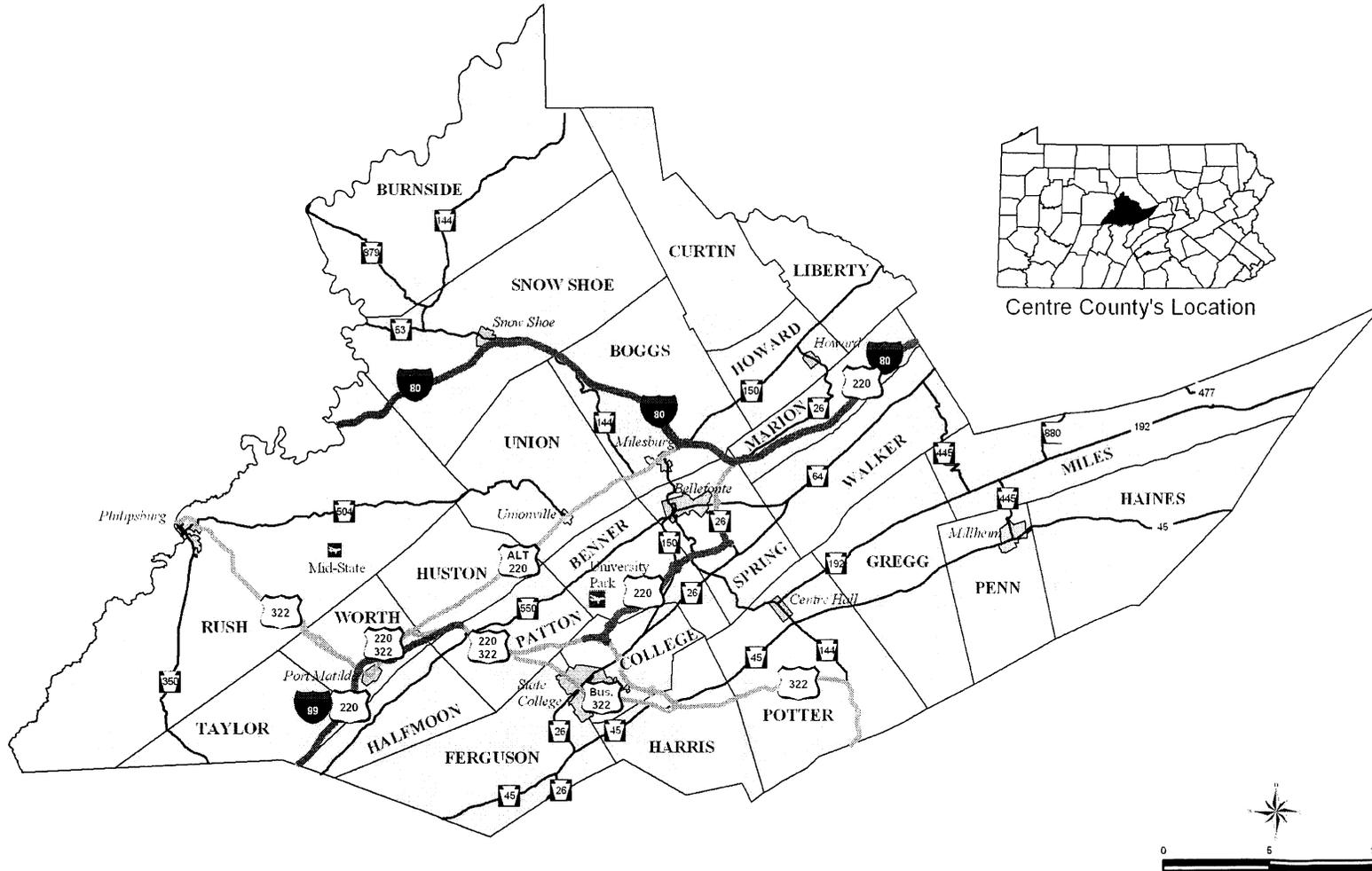
**Jury Commissioners**

**Anna Lose  
Ruth Luse**

**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**

# Centre County, Pennsylvania



## 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, 2009, 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, 2009, and the respective changes in financial position and, cash flows where applicable, thereof and the respective budgetary comparison for the General, Mental Health/Mental Retardation, and Children and Youth 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 23, 2010 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.

The Management's Discussion and Analysis ("MD&A) on pages 17 through 29 and the schedule of funding progress on page 81 are not required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 and budgetary comparison schedules on pages 84 through 109 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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.

*Parente Beard LLC*

State College, Pennsylvania  
June 23, 2010

## COUNTY OF CENTRE, PENNSYLVANIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

---

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the County of Centre for the year ended December 31, 2009. 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 5-9 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 decreased by \$409,000. Net assets related to governmental activities decreased by \$1,176,000, whereas net assets of the County's business-type activities increased by \$767,000.
- As of December 31, 2009, \$6,645,000 of unrestricted net assets was available to meet the County's ongoing obligations of the governmental activities to citizens and creditors.
- The unreserved, undesignated fund balance for the General Fund was \$4,384,000 or 13.3 percent of total General Fund expenditures.
- Total bond indebtedness on December 31, 2009 was \$33,560,000, a decrease of \$2,335,000 from the beginning of the year. The County's 2009 total debt service payments of \$2,536,000 (principal & interest) represented 4.2 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.

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.

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/Mental Retardation 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 and Major Special Revenue Funds. Budgetary comparison statements have been provided for the these funds to demonstrate compliance with the budgets.

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. The first type are enterprise funds that 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. The second type are internal service funds that are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Transportation department and Management Information System department. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

### **FIDUCIARY FUNDS**

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 41-42 of this report. The related schedule of funding progress can be found on page 81 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 43-80 of this report.

### **OTHER INFORMATION**

The combining statements referred to earlier in connection with government fund types, proprietary fund types, fiduciary fund types and component units are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 82-107 of this report. The statistical section begins on page 111.

## **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, 2009 by \$22,801,000, a decrease of \$409,000 from the beginning of the year.

COUNTY OF CENTRE, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

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 \$11,242,000 at year-end. The County's investment in its capital assets reported net of related debt as related to its business-type activities was \$(2,762,000) 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.

**CONDENSED STATEMENT OF NET ASSETS**

December 31, 2009 and 2008

Primary Government

(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$20.8	\$21.7	\$ 5.4	\$ 5.0	\$26.2	\$26.7
Capital assets	<u>35.1</u>	<u>36.1</u>	<u>6.9</u>	<u>7.3</u>	<u>42.0</u>	<u>43.4</u>
Total assets	<u>55.9</u>	<u>57.8</u>	<u>12.3</u>	<u>12.3</u>	<u>68.2</u>	<u>70.1</u>
Other liabilities	6.6	5.8	1.4	1.4	8.0	7.2
Long-term liabilities	<u>27.0</u>	<u>28.6</u>	<u>10.4</u>	<u>11.2</u>	<u>37.4</u>	<u>39.8</u>
Total liabilities	<u>33.6</u>	<u>34.4</u>	<u>11.8</u>	<u>12.6</u>	<u>45.4</u>	<u>47.0</u>
Invested in capital assets, net of related debt	11.3	10.7	(2.8)	(3.2)	8.5	7.5
Restricted	4.4	4.8			4.4	4.8
Unrestricted	<u>6.6</u>	<u>7.9</u>	<u>3.3</u>	<u>2.9</u>	<u>9.9</u>	<u>10.8</u>
Total net assets	<u>\$22.3</u>	<u>\$23.4</u>	<u>\$ 0.5</u>	<u>\$ (0.3)</u>	<u>\$22.8</u>	<u>\$23.1</u>

At December 31, 2009, the restricted portion of the County's net assets, \$4.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance includes \$11.3 million of equity related to capital assets and \$6.6 million in unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors. During 2009, current assets decreased by \$563,000 while capital assets decreased by \$1,414,000.

COUNTY OF CENTRE, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

**CONDENSED STATEMENT OF ACTIVITIES**

December 31, 2009 and 2008

Primary Government

(in millions)

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
REVENUES:						
Program revenues:						
Charges for services	\$ 10.1	\$ 9.5	\$ 20.1	\$ 19.3	\$ 30.2	\$ 28.8
Operating grants and contributions	29.9	36.3			29.9	36.3
Capital grants and contributions	0.4	0.2			0.4	0.2
General revenues:						
Property taxes	20.9	20.4			20.9	20.4
Unrestricted investment earnings	<u>0.4</u>	<u>0.7</u>	<u>    </u>	<u>    </u>	<u>0.4</u>	<u>0.7</u>
Total revenues	<u>61.7</u>	<u>67.1</u>	<u>20.1</u>	<u>19.3</u>	<u>81.8</u>	<u>86.4</u>
EXPENSES:						
General government:	19.1	19.5			19.1	19.5
Public safety	11.4	10.8			11.4	10.8
Public works	0.3	0.4			0.3	0.4
Human services	27.3	33.3			27.3	33.3
Culture and recreation	0.7	0.7			0.7	0.7
Conservation and development	1.4	2.2			1.4	2.2
Interest on long-term debt	1.0	1.1			1.0	1.1
Nursing home			18.6	18.7	18.6	18.7
911 emergency response	<u>    </u>	<u>    </u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>
Total expenses	<u>61.2</u>	<u>68.0</u>	<u>20.9</u>	<u>21.0</u>	<u>82.1</u>	<u>89.0</u>
Increase (decrease) in net assets						
before transfers	0.5	(0.9)	(0.8)	(1.7)	(0.3)	(2.6)
Transfers	<u>(1.6)</u>	<u>(2.1)</u>	<u>1.6</u>	<u>2.1</u>	<u>    </u>	<u>    </u>
Change in net assets	(1.1)	(3.0)	0.8	0.4	(0.3)	(2.6)
Net assets - beginning	<u>23.4</u>	<u>26.4</u>	<u>(0.3)</u>	<u>(0.7)</u>	<u>23.1</u>	<u>25.7</u>
Net assets – ending	<u>\$ 22.3</u>	<u>\$ 23.4</u>	<u>\$ 0.5</u>	<u>\$ (0.3)</u>	<u>\$ 22.8</u>	<u>\$ 23.1</u>

At the end of 2009, the County is able to report a positive balance of \$22.8 million in total net assets. The County's overall financial position declined as reflected in the \$409,000 decrease in total net assets. See below for detailed explanation of change in total net assets.

### **GOVERNMENTAL ACTIVITIES**

Governmental activities *decreased* the County's net assets by \$1.2 million. Key elements of this decrease include:

- General government revenues decreased by 5.1 million. The key element of this decrease was attributed to programmatic changes in grant funding distributed to the Mental Health/Mental Retardation department. The grant funding starting on July 1, 2009 passed through a State agency instead of the County's Mental Health/Mental Retardation department.
- Interest revenue *decreased* by \$331,000.

### **BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the County's net assets by \$767,000. The County nursing home's change in net assets was a positive \$425,000. This is due to a transfer from the general fund of \$247,000 along with increase revenues due to medical assistance rate reimbursement increases in 2009. The 911 System's on-going deficit, \$3.6 million on December 31, 2009, is a result of the fee structure not covering the depreciation, costs of capital assets, and debt service payments.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

Governmental funds The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved 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, 2009, the County's governmental funds reported combined ending fund balances of \$11,044,000 a decrease of \$2,341,000 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 \$3,273,000 and those for the Internal Service Funds amounted to \$1,454,000. The total increases in net assets for the Enterprise Funds were \$767,000. The total increase in net assets for the Internal Service Funds were \$762,000. Other factors concerning the finances of the Enterprise Funds have already been addressed in the discussion of the County's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund final expenditure budget for fiscal year 2009 was approximately \$31.2 million. This was an increase of \$614,000 over the previous year amended budget, which represents a 2.0 percent increase.

The General Fund Budget complied with financial policies approved by the County Board of Commissioners. The 2009 original budget was increased by \$460,000.

**FINANCIAL ANALYSIS OF THE MAJOR FUNDS**

**General Fund**

The General Fund is the primary operating fund of the County. On December 31, 2009, unreserved, undesignated fund balance of the General Fund was \$4,384,000 while total fund balance equaled \$7,522,000. The fund balance of the County's General Fund decreased by \$1,713,000 during 2009. As a measure of the General Fund's liquidity, the unreserved fund balance represents 15.5 percent of the total General Fund expenditures, net of interfund transfers, or 57 days.

Revenues of the General Fund totaled \$30,206,000 for the year ended December 31, 2009, which represents a decrease of \$543,000 or 1.8 percent. The following represents a summary of General Fund revenue with budget comparison by source (in thousands):

	<u>2009</u>			<u>2008</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:						
Real estate taxes	\$17,200	\$16,973	\$ (227)	\$16,925	\$16,678	\$ (247)
Grants, gifts and payments in lieu	2,781	2,118	(663)	3,070	3,260	190
Court costs	1,343	1,374	31	1,211	1,246	35
Fines and forfeits	238	199	(39)	235	242	7
Interest and rents	729	347	(382)	838	609	(229)
Charges for services	9,040	8,925	(115)	8,563	8,520	(43)
Contributions and other revenues	<u>239</u>	<u>270</u>	<u>31</u>	<u>142</u>	<u>194</u>	<u>52</u>
Total revenues	<u>\$31,570</u>	<u>\$30,206</u>	<u>\$(1,364)</u>	<u>\$30,984</u>	<u>\$30,749</u>	<u>\$(235)</u>

COUNTY OF CENTRE, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

The major elements of the \$227,000 negative budget variance in *Real estate taxes* is related to a decrease in new construction of land parcels in 2009. The \$663,000 negative budget variance in *Grants, gifts and payments in lieu* is due to a change in the way grant funding was distributed to the Mental Health/Mental Retardation department. The \$382,000 negative budget variance in *Interest and rents* is due to lower than expected interest rates in 2009. In 2008, the major element of the \$247,000 negative budget variance in *Real estate taxes* relates to a decrease in new construction of land parcels.

General Fund expenditures totaled \$29,746,000, which represents a decrease of \$291,000 or 1 percent from 2008. The following represents a summary of General Fund expenditures with budget comparison for the year ended December 31, 2009 (in thousands).

	<u>Budget</u>	<u>2009</u> <u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>Variance</u>
EXPENDITURES:						
General government:						
Administration	\$10,132	\$9,495	\$ 637	\$10,313	\$9,903	\$ 410
Judicial	7,281	7,278	3	7,052	7,073	(21)
Public safety	11,119	10,813	306	10,053	10,108	(55)
Public works	62	62	-	53	53	-
Human services	186	169	17	195	189	6
Culture and recreation	541	541	-	536	536	-
Conservation & Development	<u>1,835</u>	<u>1,388</u>	<u>447</u>	<u>2,340</u>	<u>2,175</u>	<u>165</u>
Total expenditures	<u>\$31,156</u>	<u>\$29,746</u>	<u>\$1,410</u>	<u>\$30,542</u>	<u>\$30,037</u>	<u>\$505</u>

The major elements of the \$637,000 positive budget variance in *Administration* relate to a reduction in salaries and benefits, contracted professional services, equipment rental and reduction in transfer to enterprise funds. The major elements of the \$447,000 positive budget variance in *Conservation & Development* relate to a reduction in contracted professional services. The major elements of the \$306,000 positive budget variance in *Public Safety* relate to a reduction in contracted professional services. In 2008, the major element of the \$410,000 positive budget variance in *Administration* relates to a reduction in salaries and benefits, contracted professional services, and equipment rental.

*General Fund original and final amended budget*

The final amended budgeted revenues in 2009 were \$31,570,000 compared to the original budgeted revenues of \$31,234,000. The \$336,000 positive budget variance in the final amended budgeted revenues is related to grants that were awarded after the original budget was completed. The final amended budgeted expenses in 2009 were \$31,156,000 compared to the original budgeted expenses of \$30,696,000. The major elements of the \$460,000 negative budget variance relate to the expenses related to grants that were awarded after the original budget was completed.

**HUMAN SERVICE – SPECIAL REVENUE FUNDS**

The Children & Youth and the Mental Health/Mental Retardation 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/Mental Retardation Funds had a combined deficiency of revenues under expenditures of approximately \$722,000 and \$1,190,000 before transfers-in from the General Fund for the years ended December 31, 2009 and 2008, 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 \$144,795 less than budgeted for the year ended December 31, 2009 and \$441,460 more than budgeted for the year ended December 31, 2008. These funds' financial statements are included with the statements on pages 33-34 of this report.

**DEBT SERVICE**

The Debt Service Fund's total fund balances at December 31, 2009 and 2008 were \$1,933,000 and \$2,275,000 respectively. The \$342,000 decrease in this fund is primarily attributed to an interfund transfer from Debt Service to the Capital Projects Fund for miscellaneous capital projects.

**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, 2009 and 2008, the County expended \$473,000 and \$2,144,000, respectively, for such projects. Capital Projects Fund's balance at year-end totaled \$777,000, which is a decrease of \$207,000, compared to prior year. This decrease is directly attributable to expenses related to carpet replacement in County offices and a water connection fee to supply water to the County correctional facility.

### **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 \$5,472,000 and \$6,665,000 respectively for 2009, which represents a deficiency of \$1,193,000, before transfers. Transfers from the General Fund totaled \$1,113,000. The non-major financial statements can be found on pages 86 and 87.

### **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 \$68,398,000 and \$55,256,000, respectively, for the years ended December 31, 2009 and 2008. Net assets of the Pension Trust Fund balance increased by \$13,142,000 (23.8%) in 2009 and decreased by \$17,299,000 (23.7%) in 2008. The gain in 2009 was primarily due to investment gains. The County transferred the Annual Required Contribution of \$2,604,345 (2009) and \$1,373,235 (2008) from the General Fund to the Retirement Trust Fund. The County has fully funded their annual required contribution.

### **CAPITAL ASSETS**

The County's investment in capital assets for its governmental and business-type activities at December 31, 2009 and 2008 amounted to \$42,039,863 and \$43,454,212, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements.

COUNTY OF CENTRE, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

<u>December 31, 2009:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Buildings, land & improvements	\$32,243,102	\$6,319,201	\$38,562,303
Furniture & equipment	2,344,938	578,150	2,923,088
Vehicles	<u>554,472</u>	<u>                    </u>	<u>554,472</u>
	<u>\$35,142,512</u>	<u>\$6,897,351</u>	<u>\$42,039,863</u>
<u>December 31, 2008:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Buildings, land & improvements	\$33,187,332	\$6,621,663	\$39,808,995
Furniture & equipment	2,678,246	679,768	3,358,014
Vehicles	<u>287,203</u>	<u>                    </u>	<u>287,203</u>
	<u>\$36,152,781</u>	<u>\$7,301,431</u>	<u>\$43,454,212</u>

As evidenced above, buildings, land & improvements related to the County's governmental activities decreased approximately \$944,000 during 2009. This decrease is due to the annual depreciation of capital assets. Furniture & equipment related to the County's governmental activities decreased approximately \$333,000 during 2009. This decrease is due to the annual depreciation of capital assets. See Note 10 on page 63 of this report for detailed information on capital asset activity.

### LONG TERM DEBT

The County's net general obligation bond debt of \$33,560,000 at year-end was well below the legal limit of \$146,289,365. Activity related to the County's long-term debt for the years ended December 31, 2009 and 2008 is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Bonds payable at January 1, 2008	\$26,935,462	\$11,214,538	\$38,150,000
Bond payments	<u>(1,490,574)</u>	<u>(764,426)</u>	<u>(2,255,000)</u>
Bonds payable at December 31, 2008	25,444,888	10,450,112	35,895,000
Bond payments	<u>(1,544,153)</u>	<u>(790,847)</u>	<u>(2,335,000)</u>
Bonds payable at December 31, 2009	<u>\$23,900,735</u>	<u>\$ 9,659,265</u>	<u>\$33,560,000</u>

In 2009 and 2008, the County issued no new debt. Additional information on the County's long-term debt can be found at Note 11 on page 65 of this report.

The County maintains an "AAA" rating from Moody's Investment Services for general obligation debt.

## **ECONOMIC CONDITION AND NEXT YEAR'S BUDGETS AND RATES**

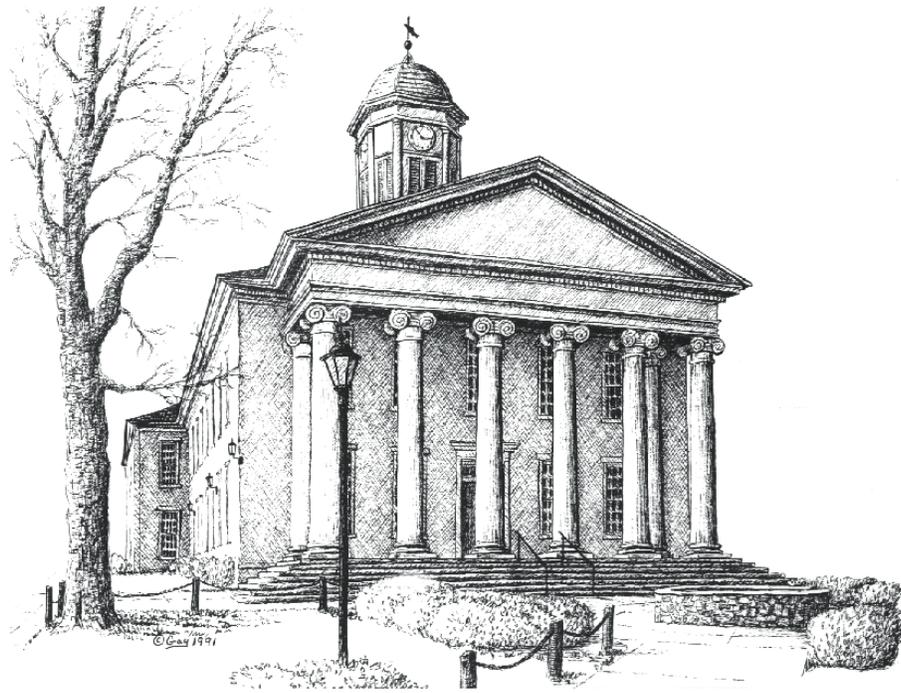
The unemployment rate in Centre County was 6.4 at the end of 2009, which is a 14% increase from 2008. This compares favorably, however, with Pennsylvania's unemployment rate of 8.9 percent and the nation's rate of 10.0 percent at the end of 2009. The County is in a period of positive, yet slower than average growth.

## **REQUESTS FOR INFORMATION**

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

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

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



**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

	Primary Government		Total	Component Units	
	Governmental Activities	Business-type Activities		Conservation District	Solid Waste Authority
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 12,584,393	\$ 1,839,634	\$ 14,424,027	\$ 213,532	\$ 2,228,764
Cash with fiscal agent	594,934		594,934		
Receivables (net of allowance for uncollectibles, as applicable):					
Taxes receivable	1,249,771		1,249,771		
Accounts	17,507	3,202,283	3,219,790	72,323	718,686
Grants receivable	2,583,484	143,385	2,726,869		981,914
Other receivables	463,356		463,356		
Loans receivable, net	1,206,326		1,206,326		
Prepaid items and inventory	847,634	31,191	878,825		123,842
Restricted cash, nursing home's trust accounts		203,439	203,439		
Advances to providers	3,000		3,000		
Unamortized bond discount	352,200		352,200		
Deferred charges	866,203		866,203		
Capital assets (net of accumulated depreciation):					
Land and improvements	1,719,563	5,224	1,724,787		13,514
Buildings and improvements	30,523,539	6,313,977	36,837,516	5,142	10,557,648
Furniture and equipment	2,344,938	578,150	2,923,088		331,180
Vehicles	554,472		554,472		914,695
<b>Total assets</b>	<b>55,911,320</b>	<b>12,317,283</b>	<b>68,228,603</b>	<b>290,997</b>	<b>15,870,243</b>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	2,350,329	410,210	2,760,539	84,266	968,400
Accrued interest payable	419,468	224,935	644,403		
Accrued payroll liabilities	969,344	526,155	1,495,499		
Unearned revenue	2,827,239		2,827,239	38,925	
Funds held as fiduciary		203,439	203,439		
Noncurrent liabilities:					
Portion due or payable within one year:					
Bonds and notes payable	1,657,733	817,267	2,475,000		679,867
Unamortized bond premium	94,146		94,146		
Portion due or payable after one year:					
Bonds and notes payable	22,243,002	8,841,998	31,085,000		3,585,483
Compensated absences	2,056,541	709,524	2,766,065		
Unamortized bond premium	941,462		941,462		
Other post-employment benefits liability	62,175	72,454	134,629		
Landfill post-closure liability					70,724
<b>Total liabilities</b>	<b>33,621,439</b>	<b>11,805,982</b>	<b>45,427,421</b>	<b>123,191</b>	<b>5,304,474</b>
<b>NET ASSETS (DEFICIT):</b>					
Invested in capital assets, net of related debt	11,241,777	(2,761,914)	8,479,863	5,142	7,551,687
Restricted for:					
Judicial	422,276		422,276		
Public works	243,164		243,164		
Conservation and development	1,232,746		1,232,746		
Public safety	39,077		39,077		
Debt service	1,933,492		1,933,492		
* Records management & data automation	532,742		532,742		
Unrestricted	6,644,607	3,273,215	9,917,822	162,664	3,014,082
<b>Total net assets</b>	<b>\$22,289,881</b>	<b>\$ 511,301</b>	<b>\$22,801,182</b>	<b>\$167,806</b>	<b>\$10,565,769</b>

\* See note 1 p. 53

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

**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	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>FUNCTIONS/PROGRAMS</b>									
Primary government:									
Governmental activities:									
General government:									
Administrative	\$ 11,099,235	\$ 4,069,065	\$ 2,096,328		\$ (4,933,842)		\$ (4,933,842)		
Judicial	8,032,048	3,013,635	1,307,719		(3,710,694)		(3,710,694)		
Public safety	11,485,711	2,240,068	654,882		(8,590,761)		(8,590,761)		
Public works	274,369		247,682		(26,687)		(26,687)		
Human services	27,313,343	525,302	25,314,038	\$ 431,375	(1,042,628)		(1,042,628)		
Culture and recreation	691,409				(691,409)		(691,409)		
Conservation and development	1,355,981	292,230	299,880		(763,871)		(763,871)		
Interest on long-term debt	986,790				(986,790)		(986,790)		
Total governmental activities	<u>61,238,886</u>	<u>10,140,300</u>	<u>29,920,529</u>	<u>431,375</u>	<u>(20,746,682)</u>		<u>(20,746,682)</u>		
Business-type activities:									
Nursing home	18,555,672	18,089,819				\$ (465,853)	(465,853)		
911 emergency response	<u>2,286,745</u>	<u>1,958,253</u>				<u>(328,492)</u>	<u>(328,492)</u>		
Total business-type activities	<u>20,842,417</u>	<u>20,048,072</u>				<u>(794,345)</u>	<u>(794,345)</u>		
Total primary government	<u>\$82,081,303</u>	<u>\$30,188,372</u>	<u>\$29,920,529</u>	<u>\$431,375</u>	<u>(20,746,682)</u>	<u>(794,345)</u>	<u>(21,541,027)</u>		
Component units:									
Conservation District	\$ 694,200		\$ 590,779					\$ (103,421)	
Solid Waste Authority	<u>9,735,088</u>	<u>\$ 8,437,383</u>	<u>657,761</u>						<u>\$ (639,944)</u>
Total component units	<u>\$10,429,288</u>	<u>\$ 8,437,383</u>	<u>\$ 1,248,540</u>	<u>\$ -</u>				<u>(103,421)</u>	<u>(639,944)</u>
General revenues:									
Property taxes, levied for general purposes					16,973,039		16,973,039		
Property taxes, levied for debt service					3,787,352		3,787,352		
Unrestricted investment earnings					367,658	3,984	371,642	242	24,975
Transfers					<u>(1,557,735)</u>	<u>1,557,735</u>			
Total general revenues and transfers					<u>19,570,314</u>	<u>1,561,719</u>	<u>21,132,033</u>	<u>242</u>	<u>24,975</u>
Change in net assets					(1,176,368)	767,374	(408,994)	(103,179)	(614,969)
Net assets (deficit) - beginning					<u>23,466,249</u>	<u>(256,073)</u>	<u>23,210,176</u>	<u>270,985</u>	<u>11,180,738</u>
Net assets - ending					<u>\$22,289,881</u>	<u>\$ 511,301</u>	<u>\$22,801,182</u>	<u>\$ 167,806</u>	<u>\$10,565,769</u>

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

**COUNTY OF CENTRE, PENNSYLVANIA**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	General	Special Revenue Children & Youth	MH/MR	Debt Service	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 6,059,469	\$ 350	\$ 1,932,645	\$ 1,260,849	\$ 778,143	\$ 1,119,300	\$ 11,150,756
Cash with fiscal agent				594,934			594,934
Receivables:							
Taxes	1,022,590			227,181			1,249,771
Grants	327,683	1,747,444	156,916		1,079	350,362	2,583,484
Other	156,290	1,650				60,831	218,771
Due from other funds	521,641						521,641
Loans receivable (net of uncollectible)	1,206,326						1,206,326
Prepaid items and inventory	747,461		2,162			1,958	751,581
Advance to providers			3,000				3,000
<b>Total assets</b>	<b><u>\$10,041,460</u></b>	<b><u>\$1,749,444</u></b>	<b><u>\$2,094,723</u></b>	<b><u>\$2,082,964</u></b>	<b><u>\$779,222</u></b>	<b><u>\$ 1,532,451</u></b>	<b><u>\$18,280,264</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>Liabilities:</b>							
Accounts payable and accruals	\$ 1,067,758	\$ 405,564	\$ 433,144	\$ 345	\$ 2,586	\$ 324,041	\$ 2,233,438
Accrued payroll	692,582	81,901	95,155			95,338	964,976
Accrued payroll liabilities	4,368						4,368
Due to other funds		388,258					388,258
Deferred revenue	<u>755,172</u>	<u>873,721</u>	<u>1,566,424</u>	<u>149,127</u>		<u>300,661</u>	<u>3,645,105</u>
<b>Total liabilities</b>	<b><u>2,519,880</u></b>	<b><u>1,749,444</u></b>	<b><u>2,094,723</u></b>	<b><u>149,472</u></b>	<b><u>2,586</u></b>	<b><u>720,040</u></b>	<b><u>7,236,145</u></b>
<b>Fund balances:</b>							
<b>Reserved for:</b>							
Affordable housing loans	1,206,326						1,206,326
Prepaid items	747,461						747,461
Agricultural easement						26,420	26,420
Liquid fuels tax						243,164	243,164
Domestic Relations						422,276	422,276
Hazardous material						39,077	39,077
Debt service				1,933,492			1,933,492
Capital projects					776,636		776,636
Other reserves	962,371						962,371
<b>Unreserved, reported in:</b>							
<b>General Fund:</b>							
Designated	221,452						221,452
Undesignated	4,383,970						4,383,970
Special Revenue, Designated						81,474	81,474
<b>Total fund balances</b>	<b><u>7,521,580</u></b>			<b><u>1,933,492</u></b>	<b><u>776,636</u></b>	<b><u>812,411</u></b>	<b>11,044,119</b>
<b>Total liabilities and fund balances</b>	<b><u>\$10,041,460</u></b>	<b><u>\$1,749,444</u></b>	<b><u>\$2,094,723</u></b>	<b><u>\$2,082,964</u></b>	<b><u>\$779,222</u></b>	<b><u>\$ 1,532,451</u></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.							35,142,512
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.							817,866
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.							182,795
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.							1,453,783
Accrued interest payable included on the statement of net assets.							(419,468)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities consist of:							
						(1,968,816)	
						(62,175)	
						<u>(23,900,735)</u>	<u>(25,931,726)</u>
<b>Net assets of governmental activities</b>							<b><u>\$22,289,881</u></b>

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

**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Special Revenue Children & Youth	MH/MR	Debt Service	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Real estate taxes	\$ 16,973,039			\$ 3,727,429			\$ 20,700,468
Grants, gifts, and payments in lieu of taxes	2,117,744	\$ 7,704,536	\$ 12,222,280		\$ 47	\$ 5,308,928	27,353,535
Court costs	1,373,556						1,373,556
Fines and forfeits	199,253						199,253
Interest and rents	347,016		4,109	3,423		13,084	367,632
Charges for services	8,925,407	162,892	60,863			111,844	9,261,006
Contributions and other revenues	269,640		67,790			38,111	375,541
<b>Total revenues</b>	<b>30,205,655</b>	<b>7,867,428</b>	<b>12,355,042</b>	<b>3,730,852</b>	<b>47</b>	<b>5,471,967</b>	<b>59,630,991</b>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
<b>General government:</b>							
Administration	9,492,939						9,492,939
Judicial	7,280,379					1,120,471	8,400,850
Public safety	10,812,942					23,324	10,836,266
Public works	61,812					212,557	274,369
Human services	169,149	8,302,238	12,642,569			5,158,369	26,272,325
Culture and recreation	541,409					150,000	691,409
Conservation and development	1,387,630						1,387,630
<b>Debt service:</b>							
Principal				1,544,153			1,544,153
Interest				991,722			991,722
Other cost				2,500			2,500
Capital outlay					472,766		472,766
<b>Total expenditures</b>	<b>29,746,260</b>	<b>8,302,238</b>	<b>12,642,569</b>	<b>2,538,375</b>	<b>472,766</b>	<b>6,664,721</b>	<b>60,366,929</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>459,395</b>	<b>(434,810)</b>	<b>(287,527)</b>	<b>1,192,477</b>	<b>(472,719)</b>	<b>(1,192,754)</b>	<b>(735,938)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers - in	978,970	1,172,810	303,509		266,074	1,113,310	3,834,673
Transfers - out	(3,151,163)	(738,000)	(15,982)	(1,534,473)			(5,439,618)
<b>Total other financing (uses) sources</b>	<b>(2,172,193)</b>	<b>434,810</b>	<b>287,527</b>	<b>(1,534,473)</b>	<b>266,074</b>	<b>1,113,310</b>	<b>(1,604,945)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,712,798)</b>			<b>(341,996)</b>	<b>(206,645)</b>	<b>(79,444)</b>	<b>(2,340,883)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>9,234,378</b>			<b>2,275,488</b>	<b>983,281</b>	<b>891,855</b>	<b>13,385,002</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 7,521,580</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,933,492</b>	<b>\$ 776,636</b>	<b>\$ 812,411</b>	<b>\$ 11,044,119</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  
FOR THE YEAR ENDED DECEMBER 31, 2009

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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) \$ (2,340,883)

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

Capital outlays	693,340	
Depreciation expense	(1,666,563)	
Loss on disposals	<u>(37,046)</u>	(1,010,269)

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 increased by this amount during the year. 59,923

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, does not have an effect on net 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, 2009 are as follows:

Scheduled principal payments on long-term debt made in 2009	1,544,153	
Accretion of deferred bond issuance costs	(80,646)	
Accretion of bond premium	94,146	
Amortization of bond discount	<u>(33,035)</u>	1,524,618

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. 26,967

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. 645,129

Other post employment benefits that are reflected on the statement of net assets but are not considered a current expenditure in governmental funds (33,773)

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. (48,080)

Change in net assets of governmental activities (page 32) \$ (1,176,368)

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

**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET-TO-ACTUAL COMPARISON, GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund			
	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Real estate taxes	\$17,199,857	\$17,199,657	\$16,973,039	\$ (226,618)
Grants, gifts and payments in lieu of taxes	2,551,371	2,781,418	2,117,744	(663,674)
Court costs	1,342,706	1,342,706	1,373,556	30,850
Fines and forfeits	237,950	237,950	199,253	(38,697)
Interest and rents	729,141	729,141	347,016	(382,125)
Charges for services	8,956,648	9,039,689	8,925,407	(114,282)
Contributions and other revenues	<u>216,325</u>	<u>239,276</u>	<u>269,640</u>	<u>30,364</u>
Total revenues	<u>31,233,998</u>	<u>31,569,837</u>	<u>30,205,655</u>	<u>(1,364,182)</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Administration	10,375,174	10,131,334	9,492,939	638,395
Judicial	7,287,549	7,280,916	7,280,379	537
Public safety	10,472,580	11,119,267	10,812,942	306,325
Public works		61,812	61,812	
Human services	186,032	186,032	169,149	16,883
Culture and recreation	541,409	541,409	541,409	
Conservation and development	<u>1,833,640</u>	<u>1,835,060</u>	<u>1,387,630</u>	<u>447,430</u>
Total expenditures	<u>30,696,384</u>	<u>31,155,830</u>	<u>29,746,260</u>	<u>1,409,570</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>537,614</u>	<u>414,007</u>	<u>459,395</u>	<u>45,388</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers - in	741,600	879,600	978,970	99,370
Operating transfers - out	<u>(3,841,846)</u>	<u>(3,889,646)</u>	<u>(3,151,163)</u>	<u>738,483</u>
Total other financing uses, net	<u>(3,100,246)</u>	<u>(3,010,046)</u>	<u>(2,172,193)</u>	<u>837,853</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (2,562,632)</u>	<u>\$ (2,596,039)</u>	<u>(1,712,798)</u>	<u>\$ 883,241</u>
<b>FUND BALANCE, BEGINNING</b>			<u>9,234,378</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 7,521,580</u>	

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

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET-TO-ACTUAL COMPARISON  
MAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Children and Youth Fund				Mental Health/Mental Retardation Fund		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budget	Actual Amounts	Variance with
	Original	Final			Original & Final		Final Budget - Positive (Negative)
<b>REVENUES:</b>							
Grants, gifts and payment in lieu of taxes	\$8,369,170	\$8,369,170	\$7,704,536	\$ (664,634)	\$13,212,214	\$12,222,280	\$(989,934)
Interest and rents					12,000	4,109	(7,891)
Charges for services	194,933	194,933	162,892	(32,041)	38,100	60,863	22,763
Contributions and other revenues					66,366	67,790	1,424
<b>Total revenues</b>	<b>8,564,103</b>	<b>8,564,103</b>	<b>7,867,428</b>	<b>(696,675)</b>	<b>13,328,680</b>	<b>12,355,042</b>	<b>(973,638)</b>
<b>EXPENDITURES,</b>							
<b>Current,</b>							
Human services	9,166,876	9,028,876	8,302,238	726,638	13,731,039	12,642,569	1,088,470
<b>(EXCESS) DEFICIENCY OF EXPENDITURES (OVER) UNDER REVENUES</b>	<b>(602,773)</b>	<b>(464,773)</b>	<b>(434,810)</b>	<b>29,963</b>	<b>(402,359)</b>	<b>(287,527)</b>	<b>114,832</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating transfers - in	1,202,773	1,202,773	1,172,810	(29,963)	402,359	303,509	(98,850)
Operating transfers - out	(600,000)	(738,000)	(738,000)			(15,982)	(15,982)
<b>Total other financing sources, net</b>	<b>602,773</b>	<b>464,773</b>	<b>434,810</b>	<b>(29,963)</b>	<b>402,359</b>	<b>287,527</b>	<b>(114,832)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
<b>FUND BALANCE, BEGINNING</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, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$1,103,001	\$ 736,633	\$ 1,839,634	\$1,433,637
Restricted cash, nursing home's trust accounts	203,439		203,439	
Accounts receivable, net	3,118,458	83,825	3,202,283	17,507
Due from other governments	143,385		143,385	244,585
Prepaid items and inventory	<u>23,138</u>	<u>8,053</u>	<u>31,191</u>	<u>96,053</u>
Total current assets	<u>4,591,421</u>	<u>828,511</u>	<u>5,419,932</u>	<u>1,791,782</u>
Capital assets,				
Land, buildings, and equipment	13,644,875	8,817,598	22,462,473	3,842,249
Less accumulated depreciation	<u>(7,427,863)</u>	<u>(8,137,259)</u>	<u>(15,565,122)</u>	<u>(2,800,206)</u>
Capital assets, net	<u>6,217,012</u>	<u>680,339</u>	<u>6,897,351</u>	<u>1,042,043</u>
Total assets	<u>10,808,433</u>	<u>1,508,850</u>	<u>12,317,283</u>	<u>2,833,825</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Current maturities of general obligation debt	413,401	403,866	817,267	
Accounts payable and accrued expenses	369,575	40,635	410,210	116,891
Salaries and benefits payable	475,108	51,047	526,155	
Due to other funds				133,383
Accrued interest payable	113,780	111,155	224,935	
Funds held as fiduciary	<u>203,439</u>		<u>203,439</u>	
Total current liabilities	<u>1,575,303</u>	<u>606,703</u>	<u>2,182,006</u>	<u>250,274</u>
Noncurrent liabilities:				
Bonds and notes payable	4,472,642	4,369,356	8,841,998	
Compensated absences	616,648	92,876	709,524	87,725
Other post employment benefits	<u>72,454</u>		<u>72,454</u>	
Total noncurrent liabilities	<u>5,161,744</u>	<u>4,462,232</u>	<u>9,623,976</u>	<u>87,725</u>
Total liabilities	<u>6,737,047</u>	<u>5,068,935</u>	<u>11,805,982</u>	<u>337,999</u>
<b>NET ASSETS (DEFICIT):</b>				
Invested in capital assets, net of related debt	1,330,969	(4,092,883)	(2,761,914)	1,042,043
Unrestricted	<u>2,740,417</u>	<u>532,798</u>	<u>3,273,215</u>	<u>1,453,783</u>
Total net assets (deficit)	<u>\$4,071,386</u>	<u>\$(3,560,085)</u>	<u>\$ 511,301</u>	<u>\$2,495,826</u>

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  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 18,087,819	\$ 1,933,141	\$ 20,020,960	\$ 2,509,944
Operating grants				1,092,007
Other	<u>2,000</u>	<u>12,750</u>	<u>14,750</u>	
Total operating revenues	<u>18,089,819</u>	<u>1,945,891</u>	<u>20,035,710</u>	<u>3,601,951</u>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	13,927,360	1,437,050	15,364,410	1,096,801
Purchased services and supplies	4,025,770	485,903	4,511,673	1,869,585
Depreciation and amortization	<u>367,929</u>	<u>134,642</u>	<u>502,571</u>	<u>353,111</u>
Total operating expenses	<u>18,321,059</u>	<u>2,057,595</u>	<u>20,378,654</u>	<u>3,319,497</u>
Operating (loss) income	<u>(231,240)</u>	<u>(111,704)</u>	<u>(342,944)</u>	<u>282,454</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Other revenue		12,362	12,362	
Interest income	1,916	2,068	3,984	26
Loss on disposal of equipment	(52)		(52)	
Bond interest expense	(234,561)	(229,150)	(463,711)	
Proceeds from sale of capital assets				<u>1,328</u>
Total nonoperating (expenses) revenues, net	<u>(232,697)</u>	<u>(214,720)</u>	<u>(447,417)</u>	<u>1,354</u>
<b>CAPITAL CONTRIBUTIONS</b>				
(Loss) income before transfers	<u>(463,937)</u>	<u>(326,424)</u>	<u>(790,361)</u>	<u>431,375</u>
<b>TRANSFERS:</b>				
Transfers in:				
General Fund	247,033	152,835	399,868	48,100
Debt Service	641,599	626,800	1,268,399	
Transfers out		<u>(110,532)</u>	<u>(110,532)</u>	<u>(890)</u>
Transfers, net	<u>888,632</u>	<u>669,103</u>	<u>1,557,735</u>	<u>47,210</u>
CHANGE IN NET ASSETS	424,695	342,679	767,374	762,393
NET ASSETS (DEFICIT), BEGINNING	<u>3,646,691</u>	<u>(3,902,764)</u>	<u>(256,073)</u>	<u>1,733,433</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 4,071,386</u>	<u>\$ (3,560,085)</u>	<u>\$ 511,301</u>	<u>\$ 2,495,826</u>

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

**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	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	\$ 18,121,005	\$ 1,922,985	\$ 20,043,990	\$ 1,648,435
Cash received from operating grants				1,059,375
Cash received from interfund services provided	2,000	12,750	14,750	706,933
Cash payments to suppliers	(4,127,343)	(477,086)	(4,604,429)	(1,929,801)
Cash payments to employees for services	<u>(13,828,506)</u>	<u>(1,429,120)</u>	<u>(15,257,626)</u>	<u>(1,089,945)</u>
Net cash provided by operating activities	<u>167,156</u>	<u>29,529</u>	<u>196,685</u>	<u>394,997</u>
<b>CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	888,632	779,635	1,668,267	48,100
Transfers out		<u>(110,532)</u>	<u>(110,532)</u>	<u>(890)</u>
Net cash provided by non-capital financing activities	<u>888,632</u>	<u>669,103</u>	<u>1,557,735</u>	<u>47,210</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital contributions				431,375
Cash payments for acquisition of capital assets	(57,206)	(41,337)	(98,543)	(470,376)
Cash payments for interest on capital debt	(241,562)	(235,990)	(477,552)	
Cash payments for principal on capital debt	(400,037)	(390,810)	(790,847)	
Proceeds from sale of capital assets				<u>1,328</u>
Net cash used in capital and related financing activities	<u>(698,805)</u>	<u>(668,137)</u>	<u>(1,366,942)</u>	<u>(37,673)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,</b>				
Cash received from interest and other revenue	<u>1,916</u>	<u>14,430</u>	<u>16,346</u>	<u>26</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>358,899</b>	<b>44,925</b>	<b>403,824</b>	<b>404,560</b>
<b>CASH AND CASH EQUIVALENTS INCLUDING RESTRICTED CASH OF \$143,689, BEGINNING</b>	<u>947,541</u>	<u>691,708</u>	<u>1,639,249</u>	<u>1,029,077</u>
<b>CASH AND CASH EQUIVALENTS INCLUDING RESTRICTED CASH OF \$203,439, ENDING</b>	<u>\$ 1,306,440</u>	<u>\$ 736,633</u>	<u>\$ 2,043,073</u>	<u>\$ 1,433,637</u>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating (loss) income	\$ (231,240)	\$ (111,704)	\$ (342,944)	\$ 282,454
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:				
Depreciation and amortization	367,929	134,642	502,571	353,111
Changes in assets and liabilities:				
Increase in accounts receivable	(95,735)	(10,156)	(105,891)	(8,911)
Decrease (increase) in due from other governments	128,921		128,921	(118,521)
Decrease (increase) in prepaid items and inventory	276	214	490	(66,608)
(Decrease) increase in accounts payable and accrued expenses	(161,599)	8,603	(152,996)	6,392
Decrease in due to other funds				(27,144)
Decrease in deferred revenue				(32,632)
Increase in funds held as fiduciary	59,750		59,750	
Increase in salaries and benefits payable	57,082	5,437	62,519	
Increase in post employment benefits	38,889		38,889	
Increase in compensated absences	<u>2,883</u>	<u>2,493</u>	<u>5,376</u>	<u>6,856</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 167,156</u>	<u>\$ 29,529</u>	<u>\$ 196,685</u>	<u>\$ 394,997</u>

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

**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2009

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	EMPLOYEE RETIREMENT TRUST FUND	CENTRE CREST TRUST FUND	AGENCY FUNDS
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 109,669	\$112,053	\$2,560,204
Interest receivable	230,755		
Investments, at fair value:			
U.S. Government securities	16,821,688		
Corporate bonds	8,168,987		
Common and preferred stocks and stock funds	42,941,084		
Money market fund	<u>128,561</u>	_____	_____
Total assets	<u>\$68,400,744</u>	<u>\$112,053</u>	<u>\$2,560,204</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 2,483		
Due to other governments			\$ 971,179
Funds held as fiduciary	_____		<u>1,589,025</u>
Total liabilities	2,483		2,560,204
<b>NET ASSETS:</b>			
Held in trust for pension benefits	68,398,261		
Held in trust for residents	_____	<u>\$112,053</u>	_____
Total liabilities and net assets	<u>\$68,400,744</u>	<u>\$112,053</u>	<u>\$2,560,204</u>

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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  
FOR THE YEAR ENDED DECEMBER 31, 2009

	EMPLOYEE RETIREMENT TRUST FUND	CENTRE CREST TRUST FUND
<b>ADDITIONS:</b>		
Contributions:		
County	\$ 2,604,345	
Plan members	1,610,320	
Other	<u>                    </u>	<u>\$ 9,863</u>
Total contributions	<u>4,214,665</u>	<u>9,863</u>
Investment earnings (losses):		
Net appreciation in fair value of investments	11,398,180	
Loss from sale of investments	(656,314)	
Interest	1,365,502	1,034
Dividends	699,921	
Less investment expense	<u>(224,602)</u>	<u>                    </u>
Net investment earnings	<u>12,582,687</u>	<u>1,034</u>
Total additions	<u>16,797,352</u>	<u>10,897</u>
<b>DEDUCTIONS:</b>		
Benefits	3,437,537	
Refunds of contributions	194,723	
Administrative expense	22,944	
Miscellaneous expense	<u>                    </u>	<u>23,272</u>
Total deductions	<u>3,655,204</u>	<u>23,272</u>
CHANGE IN NET ASSETS	13,142,148	(12,375)
NET ASSETS, BEGINNING	<u>55,256,113</u>	<u>124,428</u>
NET ASSETS, ENDING	<u>\$68,398,261</u>	<u>\$112,053</u>

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

**COUNTY OF CENTRE, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**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 fifth class created February 1800, and operates under an elected three-member Board of Commissioners. The County provides services to its estimated 141,000 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.

**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 and Mental Retardation Fund is used to account for the operations and administration of the County's MH/MR Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

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

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

### **NON-MAJOR GOVERNMENTAL FUNDS**

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

- The Agricultural Easement Fund accounts for revenue and expenditures related to the operation of the State's Agricultural Conservation Easement Purchase Program.
- The Liquid Fuels Tax Fund accounts for state aid revenues used for building and improving roads and bridges.

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

#### **PROPRIETARY FUNDS**

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

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

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

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

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

#### **FIDUCIARY FUNDS**

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

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

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.

#### **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, 2009, \$2,567,700 in supplemental appropriations (budget revisions) were enacted.

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

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

#### **ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as reservations of the fund balance because they do not constitute expenditures or liabilities and the commitments will be honored in the subsequent year. The County had no outstanding encumbrances at December 31, 2009.

#### **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.

### **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, 2009, 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.

### **ADVANCES TO PROVIDERS**

Certain payments to human services providers reflect costs applicable to future accounting periods and are recorded as advances to providers. In the Mental Health/Mental Retardation fund, these assets are not offset by reservations of fund balance because the resources have been provided through grants from other governments and are offset by deferred revenue because the expenditures have not yet been recognized.

### **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 40 years
Furniture and equipment	3 to 20 years
Vehicles	3 to 5 years

### **COMPENSATED BALANCES**

Accumulated unpaid vacation and sick leave, which is accrued when incurred for all County funds, totaled \$2,766,065 at December 31, 2009. The liability is determined according to the following County personnel policy:

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

### **INTERFUND TRANSACTIONS**

As a result of its operations, the County effects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2009, 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.

**FUND EQUITY**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designations represent tentative management plans for future use.

- **RESERVED AND DESIGNATED FOR SPECIAL PURPOSE**

On December 31, 2009, these special revenue funds held the following fund balance reserve and designations:

<u>RESERVED</u>		<u>DESIGNATED</u>	
Agricultural Easement	\$ 26,420	Office of Aging	\$81,474
Liquid Fuels Tax	243,164		
Domestic Relations	422,276		
Hazardous material	<u>39,077</u>		<u>                    </u>
Totals	<u>\$730,937</u>		<u>\$81,474</u>

On December 31, 2009, the General Fund held the following fund balance reserves and designations:

<u>RESERVED</u>		<u>DESIGNATED</u>	
Affordable housing	\$386,066	Prison commissary	\$196,503
Housing admin fee	36,799	Booking Center	13,215
Prothonotary data	90,928	Rental properties	11,734
Clerk data	71,569		
County records	192,571		
ROD records	177,674		
Hazard response	2,669		
Restitution fund	<u>4,095</u>		<u>                    </u>
Totals	<u>\$962,371</u>		<u>\$221,452</u>

- **RESERVED FOR AFFORDABLE HOUSING AND ADMINISTRATIVE FEE**

State law allows the County to assess a fee, collected by the Recorder of Deeds (ROD) that must be used for affordable housing programs such as interest-free loans to assist qualifying individuals to make a down payment on a home.

- **RESERVED FOR PROTHONOTARY & CLERK OF COURTS' DATA AUTOMATION**

State law allows the County to assess a fee for criminal and civil Court cases to be used for the Prothonotary and Clerk of Courts' data automation projects.

- **RESERVED FOR RECORDS MANAGEMENT/ RECORDER OF DEEDS**  
State law allows the County to assess a fee, collected by the ROD that must be used for future records management expenditures in the ROD office and for the County.
- **RESERVED FOR HAZARD RESPONSE**  
State law allows the County to assess a fee to assist in the costs associated with hazardous material response cleanups.
- **RESERVED FOR RESTITUTION FUND**  
State law allows the County to assess a fee to assist youth in the juvenile probation program who are unable to work to pay back restitution.
- **DESIGNATED FOR PRISON COMMISSARY**  
The County has designated the commissions earned from Prison commissary and inmate telephone sales. Disbursements made on behalf of the inmates include reading materials, cable TV subscriptions, equipment, special uniforms, educational services (GED), and supplies.
- **DESIGNATED FOR BOOKING CENTER**  
The County has designated monies received from local municipalities and the Pennsylvania State University for a new Central Booking Center that was put into operation at the Centre County Correctional Facility in 2008.
- **DESIGNATED FOR RENTAL PROPERTIES**  
The County has designated monies received from rental properties to be used for future repairs on the rental properties.

#### **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.

## **2. REPORTING ENTITY**

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

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

### **DISCRETELY PRESENTED COMPONENT UNITS**

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

#### **CENTRE COUNTY CONSERVATION DISTRICT**

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

### **CENTRE COUNTY 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, 2009
Total assets	\$568,229
Total net assets	\$7,025
Total support and revenue	\$1,200,287
Operating profit	\$538
Centre County support to operations	\$485,000

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

#### **RELATED ORGANIZATIONS**

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

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

### **3. COMPONENT UNITS – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **CENTRE COUNTY CONSERVATION DISTRICT**

##### **BASIS OF ACCOUNTING**

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

#### **Centre County 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, 2009 relating to this liability was \$70,724. GASB requires that all landfill closure and post-closure costs be accrued as a liability. Management of the Authority believes that the potential for changes in this estimated liability due to inflation, deflation, technology, or applicable laws or regulations is not material. Pennsylvania Department of Environmental Protection regulations require the Authority to continue to monitor and test groundwater at the Moshannon Valley site for 30 years from the date of closure. This monitoring and testing is estimated to cost approximately \$7,000 a year. Since 1990, the Authority has contracted with landfills it does not own to receive its waste.

**PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2009:

	<u>USEFUL LIFE</u>	
Land and landscaping		\$ 319,035
Building and improvements	31.5 years	15,117,449
Leasehold improvements	7 years	96,207
Trailers and trucks	7 years	2,450,418
Station equipment	5-10 years	1,889,719
Office equipment	5-10 years	<u>177,887</u>
Total		20,050,715
Accumulated depreciation		<u>(8,233,678)</u>
Property and equipment		<u>\$11,817,037</u>

Depreciation charged to operations for the year ended December 31, 2009 was \$821,428.

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, 2009:

Term loan, due August 1, 2016; interest at 60% of the prime interest rate (4.95% at December 31, 2009); reset every five years; loan requires monthly principal payments of \$47,508	\$3,187,257
Term loan, due March 3, 2013; interest at 4.11%; loan requires monthly principal and interest payments of \$30,183	<u>1,078,093</u>
Total long-term debt	<u>\$4,265,350</u>

Under the term loan agreement, the Authority is required to maintain certain financial covenants. The Authority is in compliance with these covenants at December 31, 2009; however, the Authority refinanced the loan during February 2010.

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

YEAR ENDING DECEMBER 31:

2010	\$ 679,867
2011	775,148
2012	811,638
2013	581,344
2014	510,479
2015 – 2019	<u>906,874</u>
Total	<u>\$4,265,350</u>

#### **4. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

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, 2009, the County's total bank deposits were \$18,970,459. Of this amount, \$1,549,053 was insured by the FDIC. The remaining bank deposits of \$17,421,406 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, 2009 was within 12 percent of the index.

Information about the sensitivity of the fair values of the pension trust fund's investments to market, interest rate fluctuations is provided by the following table that shows distribution of the fund's investment by maturity as of December 31, 2009:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (In Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
U.S. Treasury securities	\$ 5,319,835	\$404,151	\$248,918	\$2,552,523	\$ 2,114,243
Federal Agency securities	11,501,853			2,084,884	9,416,969
Corporate bonds	<u>8,168,987</u>	<u>276,169</u>	<u>82,685</u>	<u>1,925,973</u>	<u>5,884,160</u>
Total debt securities	<u>24,990,675</u>	<u>\$680,320</u>	<u>\$331,603</u>	<u>\$6,563,380</u>	<u>\$17,415,372</u>
Stocks and stock mutual fund	32,010,787				
International stock mutual fund	10,930,297				
Money market fund	<u>128,561</u>				
Total other investments	<u>43,069,645</u>				
Total investments	<u>\$68,060,320</u>				

The County Retirement Trust Fund was not holding derivative or derivative-like financial instruments on December 31, 2009

**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, 2009, the Retirement Fund's total investments of \$68,060,320 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, 2009:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year-End</u>				
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Federal Agencies	\$11,501,853	\$ 9,643,317				\$1,858,536
Corporate bonds	8,168,987	873,894	\$1,092,683	\$4,688,223	\$800,305	713,882
Money market fund	<u>128,561</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>128,561</u>
Total	<u>\$19,799,401</u>	<u>\$10,517,211</u>	<u>\$1,092,683</u>	<u>\$4,688,223</u>	<u>\$800,305</u>	<u>\$2,700,979</u>

**Concentration of Credit Risk** is the risk loss attributed to magnitude of the County's investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer. Investments in any one issuer that represent 5 percent or more of the County's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>%</u>
FNMA	Federal agency	\$4,208,698	6.3%

**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, 2009 the international mutual fund represented 16.1 percent of the total portfolio.

## 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, 2009, the aggregate bank balance of the bank deposits included in cash and cash equivalents were \$223,503 of which \$223,503 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, 2009, \$2,118,191 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 2009 was 5.40 mills for the General Fund and 1.19 mills for the Debt Service Fund.

## **7. RESTRICTED ASSETS**

In connection with the operation of the County Nursing Home, the County holds certain deposits on behalf of the residents, and administers certain memorial funds. The related cash of \$203,439 has been reported as restricted cash of the Enterprise Fund at December 31, 2009.

## **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, 2009, the County has received \$3,866,457 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, 2009 was \$213,736.

## 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, 2009. Additionally, the County Nursing Home Fund has \$3,118,458 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 \$420,000, which was established for accounts whose probability of collection is considered remote. Other receivables consist primarily of amounts due from other local governments for housing inmates in the County's prison.

## 10. CAPITAL ASSETS

A summary of changes in Capital Assets is as follows:

	<u>January 1, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2009</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			39,430,963
Furniture and equipment	7,340,347	\$228,922	\$ (130,790)	7,438,479
Vehicles	<u>1,698,388</u>	<u>464,418</u>	<u>(238,597)</u>	<u>1,924,209</u>
Total capital assets	<u>50,189,261</u>	<u>693,340</u>	<u>(369,387)</u>	<u>50,513,214</u>

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	<u>January 1, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2009</u>
Accumulated depreciation:				
Buildings and improvements	\$ (7,963,194)	\$(944,230)		\$ (8,907,424)
Furniture and equipment	(4,662,101)	(525,184)	\$ 93,744	(5,093,541)
Vehicles	<u>(1,411,185)</u>	<u>(197,149)</u>	<u>238,597</u>	<u>(1,369,737)</u>
Total accumulated depreciation	<u>(14,036,480)</u>	<u>(1,666,563)</u>	<u>332,341</u>	<u>(15,370,702)</u>
Governmental activities capital assets, net	<u>\$36,152,781</u>	<u>\$(973,223)</u>	<u>\$ (37,046)</u>	<u>\$35,142,512</u>
Business-type activities:				
Capital assets not being depreciated,				
Construction in progress		\$ 18,400		\$ 18,400
Capital assets being depreciated:				
Land improvements	\$ 27,105			27,105
Building and improvements	12,481,588			12,481,588
				<u>9,935</u>
Furniture and equipment	<u>9,860,513</u>	<u>81,793</u>	<u>\$(6,926)</u>	<u>,380</u>
Total capital assets	<u>22,369,206</u>	<u>100,193</u>	<u>(6,926)</u>	<u>22,462,473</u>
Accumulated depreciation:				
Land improvements	(21,011)	(870)		(21,881)
Buildings and improvements	(5,866,019)	(301,592)		(6,167,611)
Furniture and equipment	<u>(9,180,745)</u>	<u>(200,108)</u>	<u>5,223</u>	<u>(9,375,630)</u>
Total accumulated depreciation	<u>(15,067,775)</u>	<u>(502,570)</u>	<u>5,223</u>	<u>(15,565,122)</u>
Business-type activities capital assets, net	<u>\$ 7,301,431</u>	<u>\$(402,377)</u>	<u>\$(1,703)</u>	<u>\$ 6,897,351</u>

Depreciation expense was charged to governmental activities as follows:

Administrative	\$ 579,794
Judicial	137,909
Public safety	704,946
Human services	242,739
Conservation and development	<u>1,175</u>
Total	<u>\$ 1,666,563</u>

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

General Fund	\$40,553,498
Special Revenue Fund	1,226,193
Capital Projects Fund	8,661,984
Other	<u>71,539</u>
Total	<u>\$50,513,214</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 transactions of the County for the year ended December 31, 2009:

	<u>GOVERNMENTAL</u>	BUSINESS <u>TYPE</u>	<u>TOTAL</u>
Bonds payable at January 1, 2009	\$25,444,888	\$10,450,112	\$35,895,000
Bond payments	<u>(1,544,153)</u>	<u>(790,847)</u>	<u>(2,335,000)</u>
Bonds payable at December 31, 2009	23,900,735	9,659,265	33,560,000
Portion due or payable in one year	<u>(1,657,733)</u>	<u>(817,267)</u>	<u>(2,475,000)</u>
Portion due or payable after one year	<u>\$22,243,002</u>	<u>\$ 8,841,998</u>	<u>\$31,085,000</u>

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, 2009 under the 2003 series were \$18,380,000. The current portion due in 2010 related to this bond issue is \$2,320,000.

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In 2004, the County issued \$5,380,000 in General Obligation Bonds, due in varying annual installments through 2018, with varying interest rates from 2.30% to 4.00%. The proceeds of the bonds were used to advance refund the County's General Obligation Bonds of 2000 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2009 under the 2004 series were \$5,360,000. The current portion due in 2010 related to the bond issue is \$65,000.

In 2006, the County issued \$10,000,000 in General Obligation Bonds, due in varying annual installments through 2020, with varying interest rates from 3.50% to 3.85%. The proceeds of the bonds were used to advance refund a \$9,040,000 portion of the County's General Obligation Bonds of 2003 and to pay the cost of issuing the bonds. Outstanding bonds payable at December 31, 2009 under the 2006 series were \$9,820,000. The current portion due in 2010 related to this bond issue is \$90,000.

The County obtained an independent compliance evaluation of the arbitrage rules and regulations established by the Internal Revenue Service. The County has no liability pertaining to arbitrage rebates at December 31, 2009.

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 1,657,733	\$ 937,728	\$ 817,267	\$ 449,870	\$ 3,862,598
2011	1,724,267	872,583	850,733	417,292	3,864,875
2012	2,020,119	788,899	679,881	374,756	3,863,655
2013	2,096,937	716,565	708,063	349,600	3,871,165
2014	2,170,517	638,813	734,483	322,340	3,866,153
2015-2019	11,827,819	1,894,414	4,567,181	1,020,364	19,309,778
2020-2021	<u>2,403,343</u>	<u>96,241</u>	<u>1,301,657</u>	<u>58,574</u>	<u>3,859,815</u>
Total	<u>\$23,900,735</u>	<u>\$5,945,243</u>	<u>\$9,659,265</u>	<u>\$2,992,796</u>	<u>\$42,498,039</u>

The total interest paid on the County's bond issues in 2009 was \$1,469,296.

**COMPENSATED ABSENCES**

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

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
Balance, January 1, 2009	\$2,001,605	\$704,148	\$2,705,753
Increases	1,873,222	828,777	2,701,999
Decreases	<u>(1,818,286)</u>	<u>(823,401)</u>	<u>(2,641,687)</u>
Net change	<u>54,936</u>	<u>5,376</u>	<u>60,312</u>
Balance, December 31, 2009	<u>\$2,056,541</u>	<u>\$709,524</u>	<u>\$2,766,065</u>

**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, 2009 (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	265
Terminated employees entitled to benefits but not yet receiving them	69
Active plan participants:	
Vested	448
Non-vested	<u>343</u>
 Total	 <u>1,125</u>
 Number of participating employers	 <u>1</u>

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

**FUNDING POLICY**

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

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

As a condition of participation, employees are required to contribute 5% of their salary as stipulated in the County Pension Law. Employees may elect to contribute up to 15% of their salary. Interest is credited to the employee's account each year at a rate approved by the County Retirement Board. The rate each year cannot be lower than 4.0% or higher than 5.5%. The rate for 2009 was 4.5%. Plan members (i.e., County employees) contributed \$1,610,320 to the Plan during the year ended December 31, 2009.

**ANNUAL PENSION COST AND NET PENSION OBLIGATION**

Annual required contribution (ARC)	\$2,604,345
Interest on net pension obligation	-
Adjustment to ARC	<u>-</u>
Annual pension cost (APC)	<u>\$2,604,345</u>
Contributions made	<u>(\$2,604,345)</u>
Increase (decrease) in net pension obligation	\$ -
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u>\$ -</u>

**HISTORICAL TREND INFORMATION**

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

	.....YEAR.....		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual pension cost (APC)	\$2,604,345	\$1,373,235	\$1,452,061
County contribution to the Plan	\$2,604,345	\$1,373,235	\$1,452,061
Percentage of APC contributed	100%	100%	100%
APC as a percentage of total payroll	8.9%	5.0%	5.5%

**FUNDED STATUS AND FUNDING PROGRESS**

Actuarial value of assets	\$68,936,180
Actuarial accrued liability (1)	\$80,201,195
Unfunded actuarial	\$11,265,015
Funded ratio	86.0%
Annual covered payroll	\$29,196,692
Unfunded actuarial liability as a % of covered payroll	38.6%

(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 81 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, 2009, and state law, using the following assumptions:

Valuation date	January 1, 2009
Actuarial cost method	Aggregate (2)
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7 ½ %
Projected salary increases*	4.50%
* - Includes inflation rate of	3%

(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*.

**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 \$100 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 \$38,052 for the year ended December 31, 2009. Total retiree contributions made by plan members were \$28,400 for the year ended December 31, 2009.

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

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

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
Annual required contribution	\$54,190	\$62,400	\$116,590
Interest on net OPEB obligation			
Adjustment to annual required contribution	<u>(2,731)</u>	<u>(3,145)</u>	<u>(5,876)</u>
Annual OPEB cost (expense)	51,459	59,255	110,714
Contributions made	<u>(17,686)</u>	<u>(20,366)</u>	<u>(38,052)</u>
Increase in net OPEB obligation	33,773	38,889	72,662
Net OPEB obligation at January 1, 2009	<u>28,402</u>	<u>33,565</u>	<u>61,967</u>
Net OPEB obligation at December 31, 2009	<u>\$62,175</u>	<u>\$72,454</u>	<u>\$134,629</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2009 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, 2009	\$110,174	34.4%	\$134,629
December 31, 2008	\$107,085	42.1%	\$ 61,967

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plan as of January 1, 2009 was as follows:

Actuarial accrued liability	\$ 691,363
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 691,363</u>
Funded ratio (actuarial value of plan assets/UAAL)	0%
Covered payroll	<u>\$28,123,545</u>
UAAL as a percentage of covered payroll	2.5%

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

**ACTUARIAL METHODS AND ASSUMPTIONS**

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

In the January 1, 2008 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 7.5% and ultimate rate of increase of 4.7%.

#### 14. INTERFUND BALANCES AND TRANSFERS

Individual fund receivables and payables at December 31, 2009, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General Fund	\$521,641	
Special Revenue Fund – Children and Youth	<u>          -</u>	<u>\$388,258</u>
Total governmental funds	<u>521,641</u>	<u>388,258</u>
Internal Service Fund – Transportation		<u>133,383</u>
Total all funds	<u>\$521,641</u>	<u>\$521,641</u>

Interfund transfers for the year ended December 31, 2009 were as follows:

	<u>In</u>	<u>Out</u>
Major Funds - Governmental Fund Types:		
General Fund	\$ 978,970	\$3,151,163
Children and Youth Fund	1,172,810	738,000
Mental Health/Mental Retardation	303,509	15,982
Debt Service Fund		1,534,473
Capital Projects Fund	<u>266,074</u>	<u>          -</u>
Total major governmental funds	<u>2,721,363</u>	<u>5,439,618</u>
Major Funds - Proprietary Fund Types:		
Centre Crest Nursing Home	888,632	
911 Fund	<u>779,635</u>	<u>110,532</u>
Total major proprietary funds	<u>1,668,267</u>	<u>110,532</u>

COUNTY OF CENTRE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS

	<u>In</u>	<u>Out</u>
Non-Major Special Revenue Funds:		
Domestic Relations Fund	\$ 330,863	
Adult Services Fund	164,375	
Aging Fund	509,242	
Drug and Alcohol Fund	28,830	
Agricultural Easement Fund	<u>80,000</u>	
Total non-major special revenue funds	<u>1,113,310</u>	
Internal Services Funds:		
Transportation	48,100	
MIS	<u>-</u>	<u>\$ 890</u>
Total Internal Service Funds	<u>48,100</u>	<u>890</u>
TOTALS	<u>\$5,551,040</u>	<u>\$5,551,040</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 \$755,172 representing taxes not collected within 60 days after year end and unearned grants. The Special Revenue Funds have unearned revenues of \$2,740,806, representing grants received that were not utilized at December 31, 2009.

The Debt Service Fund has deferred revenue of \$149,127, 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:

#### YEAR ENDING DECEMBER 31:

2010	\$237,831
2011	103,548
2012	103,548
2013	88,194
2014	42,132
2015 - 2019	<u>196,616</u>
TOTAL	<u>\$771,869</u>

Total operating lease payments (i.e., rent) made in 2009 were \$252,000.

## 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, 2009.

## **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. 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, 2009, 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, 2009, 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, 2009, the County carries a \$400,000 deductible per claim with an aggregate of \$750,000 for each policy year. Individual claims for the policy-year ended January 31, 2010 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, 2009, which can be obtained through its office, P.O. Box, Blue Bell, PA 19422-0754.

**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, 2009, the amount of these liabilities was \$310,000. 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>Liability At Beginning</u>	<u>Current Year Claims And Changes In Estimated</u>	<u>Premium and Claim Payments</u>	<u>Liability At Ending</u>
2009	\$333,774	\$ 545,258	\$569,032	\$310,000
2008	\$284,723	\$1,037,082	\$988,031	\$333,774

**19. DEFICIT FUND BALANCE**

The 911 Fund, an enterprise fund type, has a deficit in invested in capital assets, net of related debt of \$4,092,883 as of December 31, 2009. The deficit results from the fee structure not covering costs and depreciation on capital assets.

**20. SUBSEQUENT EVENT**

In February 2010 the County issued \$5,515,000 in General Obligation Bonds with varying interest rates from .85% to 3.125%. The proceeds of this bond will be used to refund the General Obligation Bonds of 2004.

## **21. PENDING CHANGES IN ACCOUNTING PRINCIPLES**

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. GASB 51 is effective for the County's calendar year 2010 financial statements.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. GASB 53 is effective for the County's calendar year 2010 financial statements.

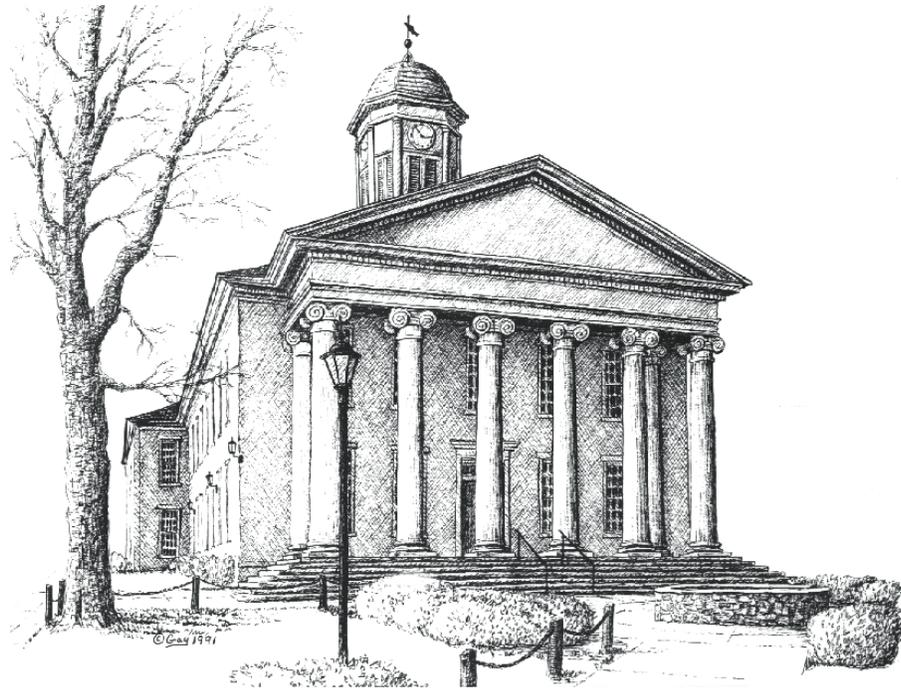
In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. GASB 54 is effective for the County's calendar year 2011 financial statements.

In March 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. GASB 56 is effective for the County's calendar year 2010 financial statements.

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 2012 financial statements.

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB 58 is effective for the County's calendar year 2010 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)

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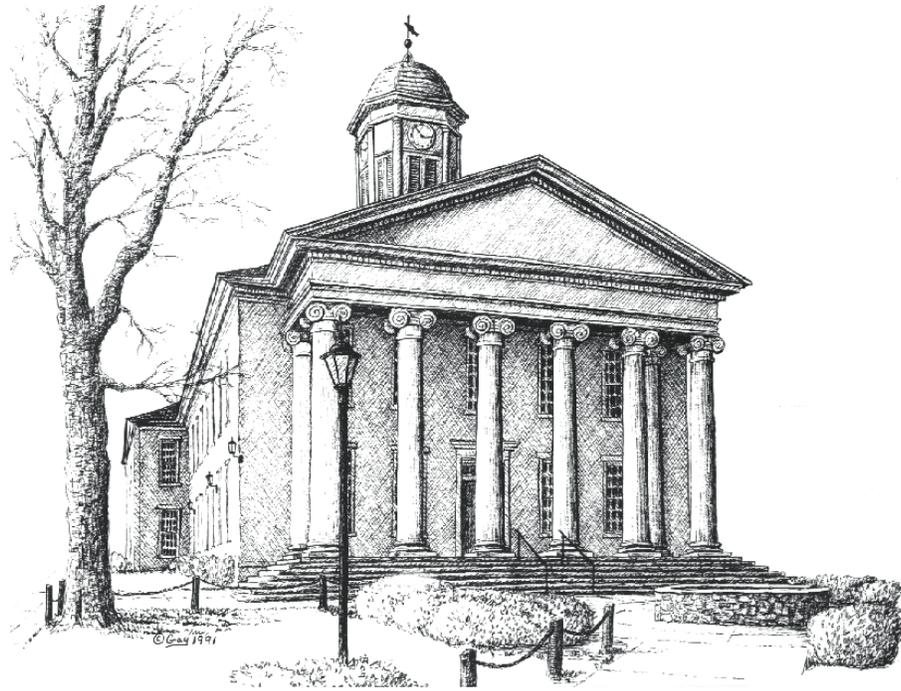
**Defined Benefit Plan (Actuarial Valuation January 1, 2009)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
01/01/08	\$71,545,383	\$ 73,522,954	\$ 1,977,571	97.3%	\$27,464,697	7.2%
01/01/09	68,936,180	80,201,195	11,265,015	86.0%	29,196,692	38.6%

**Other Postemployment Benefit Plan (Actuarial Valuation January 1, 2008)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
01/01/08	\$ -	\$685,000	\$ 685,000	0.0%	\$28,757,147	2.4%
01/01/09	-	691,363	691,363	0.0%	28,123,545	2.5%

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## COUNTY OF CENTRE, PENNSYLVANIA

### DESCRIPTION OF MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

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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).

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**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET	ACTUAL	VARIANCES POSITIVE (NEGATIVE)
Current:			
General government:			
Administrative:			
Commissioners	\$ 946,002	\$ 945,656	\$ 346
Risk Management	121,766	121,726	40
Human Resources	554,677	431,260	123,417
Tax Assessment	651,442	624,259	27,183
Tax Collection	150,691	154,529	(3,838)
Tax Claim	181,967	177,676	4,291
Treasurer	224,521	224,862	(341)
Controller	464,895	461,209	3,686
General Administration	1,432,006	1,398,272	33,734
Elections	699,052	498,817	200,235
Public Defender	900,210	884,079	16,131
Recorder of Deeds	484,360	415,291	69,069
Records Management	145,023	146,471	(1,448)
Planning	1,229,005	1,142,590	86,415
GIS	179,771	172,315	7,456
Maintenance	1,482,188	1,447,201	34,987
Miscellaneous	<u>283,759</u>	<u>246,726</u>	<u>37,033</u>
Total administrative	<u>10,131,335</u>	<u>9,492,939</u>	<u>638,396</u>
Judicial:			
Sheriff	1,303,060	1,376,737	(73,677)
Coroner	292,843	285,582	7,261
District Attorney	1,578,667	1,546,175	32,492
Prothonotary	672,754	659,745	13,009
Register of Wills	237,424	232,820	4,604
DJ - State College #1	352,763	350,182	2,581
DJ - Centre Region	303,800	309,669	(5,869)
DJ - Bellefonte	333,948	330,182	3,766
DJ - Phillipsburg	190,221	188,155	2,066
DJ - Centre Hall	151,977	149,181	2,796
DJ - State College #2	305,468	295,865	9,603
Court Administration	<u>1,557,991</u>	<u>1,556,086</u>	<u>1,905</u>
Total judicial	<u>7,280,916</u>	<u>7,280,379</u>	<u>537</u>
Total general government	<u>17,412,251</u>	<u>16,773,318</u>	<u>638,933</u>

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	BUDGET	ACTUAL	VARIANCES POSITIVE (NEGATIVE)
Public Safety:			
Probation	\$ 1,700,438	\$ 1,684,612	\$ 15,826
DUI	84,640	83,631	1,009
DUI Court	84,728	21,010	63,718
Juvenile Probation	1,437,081	1,419,179	17,902
Criminal Justice Planning	343,493	258,659	84,834
Prison	6,518,113	6,456,722	61,391
Prison Central Booking	234,476	287,543	(53,067)
Emergency Services	270,444	253,494	16,950
Fire Training	100,650	100,645	5
Terrorism Planning (PEMA assets)	267,316	170,450	96,866
Weights and Measures	71,889	70,997	892
Public Safety	<u>6,000</u>	<u>6,000</u>	
Total Public Safety	<u>11,119,268</u>	<u>10,812,942</u>	<u>306,326</u>
Public Works,			
Solid Waste	<u>61,812</u>	<u>61,812</u>	
Human Services:			
Veteran Affairs	176,032	159,149	16,883
Human Services, Other	<u>10,000</u>	<u>10,000</u>	
Total Human Services	<u>186,032</u>	<u>169,149</u>	<u>16,883</u>
Culture and Recreation,			
Unrestricted Grants	<u>541,409</u>	<u>541,409</u>	
Conservation and Development:			
Housing and Community Development	170,031	108,505	61,526
Community Development Block Grant	637,110	275,603	361,507
Cooperative Extension	179,016	177,805	1,211
Conservation District	579,400	558,300	21,100
Agricultural Easement	78,720	76,634	2,086
Conservation and Development, Other	<u>190,783</u>	<u>190,783</u>	
Total Conservation and Development	<u>1,835,060</u>	<u>1,387,630</u>	<u>447,430</u>
Total expenditures	<u>\$31,155,832</u>	<u>\$29,746,260</u>	<u>\$1,409,572</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET-TO-ACTUAL COMPARISON  
 MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Debt Service				Capital Projects			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES:</b>								
Real estate taxes	\$3,805,218	\$3,805,218	\$3,727,429	\$ (77,789)				
Grants, gifts, and payments in lieu of taxes							\$ 47	\$ 47
Interest and rents	<u>25,000</u>	<u>25,000</u>	<u>3,423</u>	<u>(21,577)</u>				
Total revenues	<u>3,830,218</u>	<u>3,830,218</u>	<u>3,730,852</u>	<u>(99,366)</u>			<u>47</u>	<u>47</u>
<b>EXPENDITURES:</b>								
Current:								
Debt service:								
Principal	1,544,153	1,544,153	1,544,153					
Interest	991,744	991,744	991,722	22				
Other cost	2,500	2,500	2,500					
Capital outlay					<u>\$ 252,355</u>	<u>\$ 518,429</u>	<u>472,766</u>	<u>45,663</u>
Total expenditures	<u>2,538,397</u>	<u>2,538,397</u>	<u>2,538,375</u>	<u>22</u>	<u>252,355</u>	<u>518,429</u>	<u>472,766</u>	<u>45,663</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,291,821</u>	<u>1,291,821</u>	<u>1,192,477</u>	<u>(99,344)</u>	<u>(252,355)</u>	<u>(518,429)</u>	<u>(472,719)</u>	<u>45,710</u>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating transfers - in						266,074	266,074	
Operating transfers - out	<u>(1,268,399)</u>	<u>(1,294,473)</u>	<u>(1,534,473)</u>	<u>(240,000)</u>				
Total other financing (uses) sources	<u>(1,268,399)</u>	<u>(1,294,473)</u>	<u>(1,534,473)</u>	<u>(240,000)</u>		<u>266,074</u>	<u>266,074</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 23,422</u>	<u>\$ (2,652)</u>	<u>(341,996)</u>	<u>\$(339,344)</u>	<u>\$(252,355)</u>	<u>\$(252,355)</u>	<u>(206,645)</u>	<u>\$45,710</u>
<b>FUND BALANCE, BEGINNING</b>			<u>2,275,488</u>				<u>983,281</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$1,933,492</u>				<u>\$776,636</u>	

## COUNTY OF CENTRE, PENNSYLVANIA

### DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

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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.

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**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	SPECIAL REVENUE FUNDS							
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office Of Aging	Drug And Alcohol	Adult Services	Hazardous Material Response	Total
<b>ASSETS:</b>								
Cash	\$26,420	\$243,164	\$434,800	\$178,615	\$131,205	\$76,869	\$28,227	\$1,119,300
Accounts receivable			41		28,600	21,340	10,850	60,831
Prepaid expenses				1,958				1,958
Due from other governments			107,739	171,950	70,673			350,362
<b>Total assets</b>	<b><u>\$26,420</u></b>	<b><u>\$243,164</u></b>	<b><u>\$542,580</u></b>	<b><u>\$352,523</u></b>	<b><u>\$230,478</u></b>	<b><u>\$98,209</u></b>	<b><u>\$39,077</u></b>	<b><u>\$1,532,451</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>								
<b>LIABILITIES:</b>								
Accounts payable and accrued expenses			\$ 1,479	\$ 82,460	\$207,866	\$32,236		\$ 324,041
Accrued payroll			32,736	45,209	12,485	4,908		95,338
Deferred revenue			86,089	143,380	10,127	61,065		300,661
<b>Total liabilities</b>			<b><u>120,304</u></b>	<b><u>271,049</u></b>	<b><u>230,478</u></b>	<b><u>98,209</u></b>		<b><u>720,040</u></b>
<b>FUND BALANCES:</b>								
Reserved for agricultural easement	\$26,420							26,420
Reserved for liquid fuels tax		\$243,164						243,164
Reserved for domestic relations			422,276					422,276
Reserved for hazardous materials							\$39,077	39,077
Unreserved, designated for future expenditures				81,474				81,474
<b>Total fund balances</b>	<b><u>26,420</u></b>	<b><u>243,164</u></b>	<b><u>422,276</u></b>	<b><u>81,474</u></b>			<b><u>39,077</u></b>	<b><u>812,411</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$26,420</u></b>	<b><u>\$243,164</u></b>	<b><u>\$542,580</u></b>	<b><u>\$352,523</u></b>	<b><u>\$230,478</u></b>	<b><u>\$98,209</u></b>	<b><u>\$39,077</u></b>	<b><u>\$1,532,451</u></b>

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	SPECIAL REVENUE FUNDS							Total
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office Of Aging	Drug And Alcohol	Adult Services	Hazardous Material Response	
REVENUES:								
Grants		\$ 185,871	\$ 772,367	\$ 2,225,106	\$ 1,269,430	\$ 841,836	\$ 14,318	\$ 5,308,928
Interest		3,974	4,009		5,018	40	43	13,084
Charges for service			14,802	16,780	68,012		12,250	111,844
Contributions and other revenues	\$ 8,012			28,499		1,600		38,111
Total revenues	<u>8,012</u>	<u>189,845</u>	<u>791,178</u>	<u>2,270,385</u>	<u>1,342,460</u>	<u>843,476</u>	<u>26,611</u>	<u>5,471,967</u>
EXPENDITURES:								
General government - judicial			1,120,471					1,120,471
Public safety							23,324	23,324
Public works		212,557						212,557
Human services				2,779,228	1,371,290	1,007,851		5,158,369
Conservation and development	<u>150,000</u>							<u>150,000</u>
Total expenditures	<u>150,000</u>	<u>212,557</u>	<u>1,120,471</u>	<u>2,779,228</u>	<u>1,371,290</u>	<u>1,007,851</u>	<u>23,324</u>	<u>6,664,721</u>
(EXCESS) DEFICIENCY OF EXPENDITURES (OVER) UNDER REVENUES	(141,988)	(22,712)	(329,293)	(508,843)	(28,830)	(164,375)	3,287	(1,192,754)
OTHER FINANCING SOURCES, Transfers - in	<u>80,000</u>		<u>330,863</u>	<u>509,242</u>	<u>28,830</u>	<u>164,375</u>		<u>1,113,310</u>
NET CHANGES IN FUND BALANCES	(61,988)	(22,712)	1,570	399			3,287	(79,444)
FUND BALANCES, BEGINNING	<u>88,408</u>	<u>265,876</u>	<u>420,706</u>	<u>81,075</u>			<u>35,790</u>	<u>891,855</u>
FUND BALANCES, ENDING	<u>\$ 26,420</u>	<u>\$ 243,164</u>	<u>\$ 422,276</u>	<u>\$ 81,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,077</u>	<u>\$ 812,411</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET-TO-ACTUAL COMPARISON  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

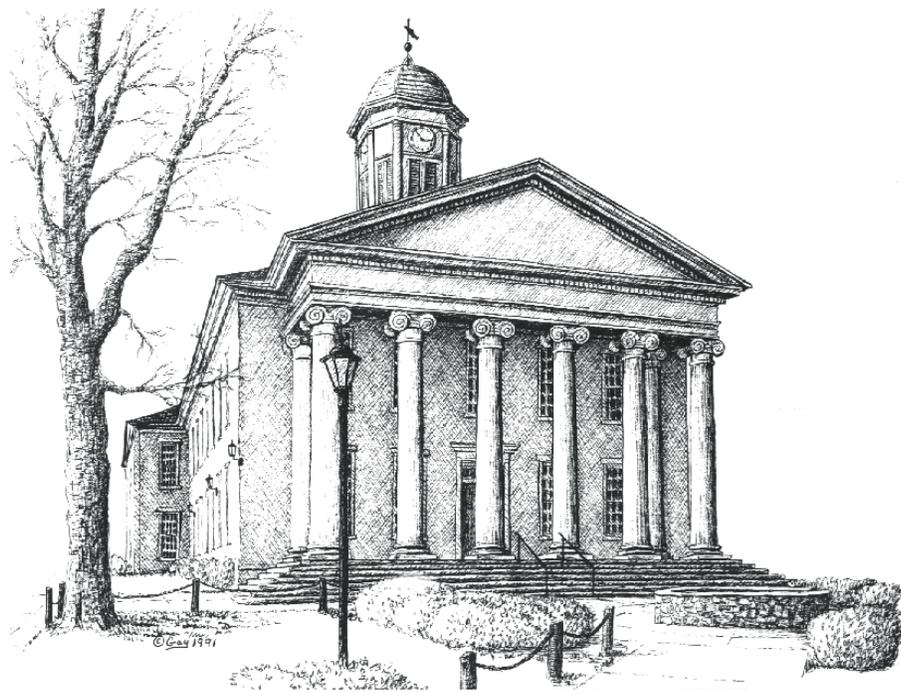
	SPECIAL REVENUE FUNDS												
	Agricultural Easement			Liquid Fuels Tax			Domestic Relations			Office of Aging			
	<u>Budget</u> Original & Final	Actual	Variance with Final Budget - Positive (Negative)	<u>Budget</u> Original & Final	Actual	Variance with Final Budget - Positive (Negative)	<u>Budget</u> Original & Final	Actual	Variance with Final Budget - Positive (Negative)	<u>Budgeted Amount</u>		Variance with Final Budget - Positive (Negative)	
									Original	Final	Actual		
REVENUES:													
Grants				\$ 190,000	\$ 185,871	\$(4,129)	\$ 740,872	\$ 772,367	\$ 31,495	\$ 2,375,930	\$ 2,474,061	\$ 2,225,106	\$(248,955)
Interest				9,800	3,974	(5,826)	15,000	4,009	(10,991)				
Charges for service							17,000	14,802	(2,198)	22,012	22,012	16,780	(5,232)
Contributions and other revenues	\$ 25,000	\$ 8,012	\$(16,988)							20,404	20,404	28,499	8,095
Total revenues	25,000	8,012	(16,988)	199,800	189,845	(9,955)	772,872	791,178	18,306	2,418,346	2,516,477	2,270,385	(246,092)
EXPENDITURES:													
General government - judicial							1,200,260	1,120,471	79,789				
Public works				212,557	212,557								
Human services										2,996,164	3,093,840	2,779,228	314,612
Conservation and development	150,000	150,000											
Total expenditures	150,000	150,000		212,557	212,557		1,200,260	1,120,471	79,789	2,996,164	3,093,840	2,779,228	314,612
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(125,000)	(141,988)	(16,988)	(12,757)	(22,712)	(9,955)	(427,388)	(329,293)	98,095	(577,818)	(577,363)	(508,843)	68,520
OTHER FINANCING SOURCES, Transfers - in	80,000	80,000					342,475	330,863	(11,612)	577,363	577,363	509,242	(68,121)
NET CHANGES IN FUND BALANCES	\$(45,000)	(61,988)	\$(16,988)	\$(12,757)	(22,712)	\$(9,955)	\$(84,913)	1,570	\$86,483	\$(455)	\$ -	399	\$ 399
FUND BALANCES, BEGINNING		88,408			265,876			420,706				81,075	
FUND BALANCES, ENDING		\$ 26,420			\$243,164			\$ 422,276				\$ 81,474	

Continued

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET-TO-ACTUAL COMPARISON  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	SPECIAL REVENUE FUNDS										
	Drug and Alcohol				Adult Services			Hazardous Material Response			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final						Original	Final		
REVENUES:											
Grants	\$1,184,582	\$1,242,882	\$1,269,430	\$26,548	\$839,695	\$ 841,836	\$ 2,141	\$15,910	\$19,378	\$14,318	\$ (5,060)
Interest	19,550	19,550	5,018	(14,532)	2,326	40	(2,286)	250	250	43	(207)
Charges for service	87,500	87,500	68,012	(19,488)				11,150	11,150	12,250	1,100
Contributions and other revenues					1,600	1,600					
Total revenues	<u>1,291,632</u>	<u>1,349,932</u>	<u>1,342,460</u>	<u>(7,472)</u>	<u>843,621</u>	<u>843,476</u>	<u>(145)</u>	<u>27,310</u>	<u>30,778</u>	<u>26,611</u>	<u>(4,167)</u>
EXPENDITURES:											
Public safety								36,952	40,420	23,324	17,096
Human services	<u>1,332,838</u>	<u>1,391,138</u>	<u>1,371,290</u>	<u>19,848</u>	<u>990,453</u>	<u>1,007,851</u>	<u>(17,398)</u>				
Total expenditures	<u>1,332,838</u>	<u>1,391,138</u>	<u>1,371,290</u>	<u>19,848</u>	<u>990,453</u>	<u>1,007,851</u>	<u>(17,398)</u>	<u>36,952</u>	<u>40,420</u>	<u>23,324</u>	<u>17,096</u>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(41,206)	(41,206)	(28,830)	12,376	(146,832)	(164,375)	(17,543)	(9,642)	(9,642)	3,287	12,929
OTHER FINANCING SOURCES, Operating transfers - in	<u>41,206</u>	<u>41,206</u>	<u>28,830</u>	<u>(12,376)</u>	<u>146,832</u>	<u>164,375</u>	<u>17,543</u>				
NET CHANGES IN FUND BALANCES	\$ -	\$ -		\$ -	\$ -		\$ -	\$ (9,642)	\$ (9,642)	3,287	\$12,929
FUND BALANCES, BEGINNING										<u>35,790</u>	
FUND BALANCES, ENDING			\$ -			\$ -				<u>\$39,077</u>	



**COUNTY OF CENTRE, PENNSYLVANIA**  
**DESCRIPTION OF INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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

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

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

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**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2009

	Transportation Department	Management Information System	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents		\$1,433,637	\$1,433,637
Accounts receivable	\$ 16,657	850	17,507
Due from other governments	244,585		244,585
Prepaid expenses	<u>27,438</u>	<u>68,615</u>	<u>96,053</u>
Total current assets	<u>288,680</u>	<u>1,503,102</u>	<u>1,791,782</u>
Capital assets	1,997,921	1,844,328	3,842,249
Less accumulated depreciation	<u>(1,441,368)</u>	<u>(1,358,838)</u>	<u>(2,800,206)</u>
Capital assets, net	<u>556,553</u>	<u>485,490</u>	<u>1,042,043</u>
Total assets	<u>\$ 845,233</u>	<u>\$1,988,592</u>	<u>\$2,833,825</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 94,055	\$ 22,836	\$ 116,891
Due to other funds	<u>133,383</u>	<u>          </u>	<u>133,383</u>
Total current liabilities	<u>227,438</u>	<u>22,836</u>	<u>250,274</u>
Noncurrent liabilities, Compensated absences	<u>87,725</u>	<u>          </u>	<u>87,725</u>
Total liabilities	<u>315,163</u>	<u>22,836</u>	<u>337,999</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	556,553	485,490	1,042,043
Unrestricted	<u>(26,483)</u>	<u>1,480,266</u>	<u>1,453,783</u>
Total net assets	<u>530,070</u>	<u>1,965,756</u>	<u>2,495,826</u>
Total liabilities and net assets	<u>\$ 845,233</u>	<u>\$1,988,592</u>	<u>\$2,833,825</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Transportation Department	Management Information System	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 911,534	\$1,598,410	\$2,509,944
Operating grants	<u>1,092,007</u>	<u>                    </u>	<u>1,092,007</u>
Total operating revenues	<u>2,003,541</u>	<u>1,598,410</u>	<u>3,601,951</u>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	1,096,801		1,096,801
Purchased services and supplies	762,402	1,107,183	1,869,585
Depreciation	<u>198,737</u>	<u>154,374</u>	<u>353,111</u>
Total operating expenses	<u>2,057,940</u>	<u>1,261,557</u>	<u>3,319,497</u>
Operating (loss) income	<u>(54,399)</u>	<u>336,853</u>	<u>282,454</u>
<b>NONOPERATING REVENUES:</b>			
Interest income	26		26
Proceeds from sale of capital assets	<u>1,328</u>	<u>                    </u>	<u>1,328</u>
Total nonoperating revenues	<u>1,354</u>	<u>                    </u>	<u>1,354</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>431,375</u>	<u>                    </u>	<u>431,375</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>378,330</u>	<u>336,853</u>	<u>715,183</u>
<b>TRANSFERS:</b>			
Transfers in	48,100		48,100
Transfers out	<u>                    </u>	<u>(890)</u>	<u>(890)</u>
Transfers, net	<u>48,100</u>	<u>(890)</u>	<u>47,210</u>
<b>CHANGE IN NET ASSETS</b>	426,430	335,963	762,393
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>103,640</u>	<u>1,629,793</u>	<u>1,733,433</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 530,070</u>	<u>\$1,965,756</u>	<u>\$2,495,826</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Transportation Department	Management Information System	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 49,575	\$ 1,598,860	\$ 1,648,435
Receipts from operating grants	1,059,375		1,059,375
Payments received from interfund services	706,933		706,933
Payments to suppliers	(742,349)	(1,187,452)	(1,929,801)
Payments to employees for services	<u>(1,089,945)</u>		<u>(1,089,945)</u>
Net cash (used in) provided by operating activities	<u>(16,411)</u>	<u>411,408</u>	<u>394,997</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	48,100		48,100
Transfers out		<u>(890)</u>	<u>(890)</u>
Net cash provided by (used in) non-capital financing activities	<u>48,100</u>	<u>(890)</u>	<u>47,210</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(464,418)	(5,958)	(470,376)
Proceeds from sale of capital assets	1,328		1,328
Capital contributions	<u>431,375</u>		<u>431,375</u>
Net cash used in capital and related financing activities	<u>(31,715)</u>	<u>(5,958)</u>	<u>(37,673)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,</b>			
Interest received	<u>26</u>		<u>26</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		404,560	404,560
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>		<u>1,029,077</u>	<u>1,029,077</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ -</u>	<u>\$ 1,433,637</u>	<u>\$ 1,433,637</u>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating (loss) income	\$ (54,399)	\$ 336,853	\$ 282,454
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	198,737	154,374	353,111
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(9,361)	450	(8,911)
Increase in due from other governments	(118,521)		(118,521)
Decrease (increase) in prepaid expenses	708	(67,316)	(66,608)
Increase (decrease) in accounts payable and accrued expenses	19,345	(12,953)	6,392
Decrease in due to other funds	(27,144)		(27,144)
Decrease in deferred revenue	(32,632)		(32,632)
Increase in compensated absences	<u>6,856</u>		<u>6,856</u>
Total adjustments	<u>37,988</u>	<u>74,555</u>	<u>112,543</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ (16,411)</u>	<u>\$ 411,408</u>	<u>\$ 394,997</u>

**COUNTY OF CENTRE, PENNSYLVANIA**  
**DESCRIPTION OF FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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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.

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**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING BALANCE SHEET  
FIDUCIARY FUNDS  
DECEMBER 31, 2009

	AGENCY FUNDS										
	Prison	Recorder Of Deeds	Register Of Wills	Clerk of Courts & Prothonotary	Treasurer's License Account	Sheriff's Office	Court Administration	Tax Claims	Domestic Relations Support	Children & Youth	Total
ASSETS,											
Cash	<u>\$62,153</u>	<u>\$573,162</u>	<u>\$68,238</u>	<u>\$685,722</u>	<u>\$96,504</u>	<u>\$217,464</u>	<u>\$371,697</u>	<u>\$458,822</u>	<u>\$3,530</u>	<u>\$22,912</u>	<u>\$2,560,204</u>
LIABILITIES:											
Due to other governments		\$573,162	\$43,466	\$ 3,774	\$ 3,083	\$ 33,660	\$210,200	\$103,834			\$ 971,179
Funds held as fiduciary	<u>\$62,153</u>	<u>          </u>	<u>24,772</u>	<u>681,948</u>	<u>93,421</u>	<u>183,804</u>	<u>161,497</u>	<u>354,988</u>	<u>\$3,530</u>	<u>\$22,912</u>	<u>1,589,025</u>
Total liabilities	<u>\$62,153</u>	<u>\$573,162</u>	<u>\$68,238</u>	<u>\$685,722</u>	<u>\$96,504</u>	<u>\$217,464</u>	<u>\$371,697</u>	<u>\$458,822</u>	<u>\$3,530</u>	<u>\$22,912</u>	<u>\$2,560,204</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BALANCE JANUARY 1, 2009</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE DECEMBER 31, 2009</u>
<b>PRISON:</b>				
Assets,				
Cash	\$ 45,314	\$ 783,715	\$ 766,876	\$ 62,153
Total assets	<u>\$ 45,314</u>	<u>\$ 783,715</u>	<u>\$ 766,876</u>	<u>\$ 62,153</u>
Liabilities,				
Funds held as fiduciary	\$ 45,314	\$ 783,715	\$ 766,876	\$ 62,153
Total liabilities	<u>\$ 45,314</u>	<u>\$ 783,715</u>	<u>\$ 766,876</u>	<u>\$ 62,153</u>
<b>RECORDER OF DEEDS:</b>				
Assets,				
Cash	\$433,821	\$10,256,918	\$10,117,577	\$ 573,162
Total assets	<u>\$433,821</u>	<u>\$10,256,918</u>	<u>\$10,117,577</u>	<u>\$ 573,162</u>
Liabilities,				
Due to other governments	\$433,821	\$10,256,918	\$10,117,577	\$ 573,162
Total liabilities	<u>\$433,821</u>	<u>\$10,256,918</u>	<u>\$10,117,577</u>	<u>\$ 573,162</u>
<b>REGISTER OF WILLS:</b>				
Assets,				
Cash	\$ 89,693	\$ 8,888,638	\$ 8,910,093	\$ 68,238
Total assets	<u>\$ 89,693</u>	<u>\$ 8,888,638</u>	<u>\$ 8,910,093</u>	<u>\$ 68,238</u>
Liabilities:				
Due to other governments	\$ 63,230	\$ 5,661,853	\$ 5,681,617	\$ 43,466
Funds held as fiduciary	<u>26,463</u>	<u>3,226,785</u>	<u>3,228,476</u>	<u>24,772</u>
Total liabilities	<u>\$ 89,693</u>	<u>\$ 8,888,638</u>	<u>\$ 8,910,093</u>	<u>\$ 68,238</u>

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BALANCE JANUARY 1, 2009</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE DECEMBER 31, 2009</u>
<b>PROTHONOTARY &amp; CLERK OF COURTS</b>				
Assets,				
Cash	<u>\$1,049,027</u>	<u>\$ 980,842</u>	<u>\$1,344,147</u>	<u>\$ 685,722</u>
Total assets	<u>\$1,049,027</u>	<u>\$ 980,842</u>	<u>\$1,344,147</u>	<u>\$ 685,722</u>
Liabilities:				
Due to other governments	\$ 2,065	\$ 5,403	\$ 3,694	\$ 3,774
Funds held as fiduciary	<u>1,046,962</u>	<u>975,439</u>	<u>1,340,453</u>	<u>681,948</u>
Total liabilities	<u>\$1,049,027</u>	<u>\$ 980,842</u>	<u>\$1,344,147</u>	<u>\$ 685,722</u>
<b>TREASURER'S LICENSE ACCOUNT:</b>				
Assets,				
Cash	<u>\$ 97,599</u>	<u>\$ 212,368</u>	<u>\$ 213,463</u>	<u>\$ 96,504</u>
Total assets	<u>\$ 97,599</u>	<u>\$ 212,368</u>	<u>\$ 213,463</u>	<u>\$ 96,504</u>
Liabilities:				
Due to other governments	\$ 2,953	\$ 6,784	\$ 6,654	\$ 3,083
Funds held as fiduciary	<u>94,646</u>	<u>205,584</u>	<u>206,809</u>	<u>93,421</u>
Total liabilities	<u>\$ 97,599</u>	<u>\$ 212,368</u>	<u>\$ 213,463</u>	<u>\$ 96,504</u>
<b>SHERIFF'S OFFICE:</b>				
Assets,				
Cash	<u>\$ 473,141</u>	<u>\$2,654,144</u>	<u>\$2,909,821</u>	<u>\$ 217,464</u>
Total assets	<u>\$ 473,141</u>	<u>\$2,654,144</u>	<u>\$2,909,821</u>	<u>\$ 217,464</u>
Liabilities:				
Due to other governments	\$ 36,837	\$ 410,820	\$ 413,997	\$ 33,660
Funds held as fiduciary	<u>436,304</u>	<u>2,243,324</u>	<u>2,495,824</u>	<u>183,804</u>
Total liabilities	<u>\$ 473,141</u>	<u>\$2,654,144</u>	<u>\$2,909,821</u>	<u>\$ 217,464</u>

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	BALANCE JANUARY 1, 2009	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2009
<b>COURT ADMINISTRATION:</b>				
Assets,				
Cash	<u>\$ 482,598</u>	<u>\$ 9,275,784</u>	<u>\$ 9,386,685</u>	<u>\$ 371,697</u>
Total assets	<u>\$ 482,598</u>	<u>\$ 9,275,784</u>	<u>\$ 9,386,685</u>	<u>\$ 371,697</u>
Liabilities:				
Due to other governments	\$ 258,499	\$ 4,691,354	\$ 4,739,653	\$ 210,200
Funds held as fiduciary	<u>224,099</u>	<u>4,584,430</u>	<u>4,647,032</u>	<u>161,497</u>
Total liabilities	<u>\$ 482,598</u>	<u>\$ 9,275,784</u>	<u>\$ 9,386,685</u>	<u>\$ 371,697</u>
<b>TAX CLAIMS:</b>				
Assets,				
Cash	<u>\$ 537,974</u>	<u>\$ 10,924,172</u>	<u>\$ 11,003,324</u>	<u>\$ 458,822</u>
Total assets	<u>\$ 537,974</u>	<u>\$ 10,924,172</u>	<u>\$ 11,003,324</u>	<u>\$ 458,822</u>
Liabilities:				
Due to other governments	\$ 115,559	\$ 2,472,202	\$ 2,483,927	\$ 103,834
Funds held as fiduciary	<u>422,415</u>	<u>8,451,970</u>	<u>8,519,397</u>	<u>354,988</u>
Total liabilities	<u>\$ 537,974</u>	<u>\$ 10,924,172</u>	<u>\$ 11,003,324</u>	<u>\$ 458,822</u>
<b>DOMESTIC RELATIONS SUPPORT:</b>				
Assets,				
Cash	<u>\$ 3,569</u>	<u>\$ 69,439</u>	<u>\$ 69,478</u>	<u>\$ 3,530</u>
Total assets	<u>\$ 3,569</u>	<u>\$ 69,439</u>	<u>\$ 69,478</u>	<u>\$ 3,530</u>
Liabilities,				
Funds held as fiduciary	<u>\$ 3,569</u>	<u>\$ 69,439</u>	<u>\$ 69,478</u>	<u>\$ 3,530</u>
Total liabilities	<u>\$ 3,569</u>	<u>\$ 69,439</u>	<u>\$ 69,478</u>	<u>\$ 3,530</u>

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	BALANCE JANUARY 1, 2009	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2009
<b>CHILDREN &amp; YOUTH:</b>				
Assets,				
Cash	\$ 20,562	\$ 10,543	\$ 8,193	\$ 22,912
Total assets	<u>\$ 20,562</u>	<u>\$ 10,543</u>	<u>\$ 8,193</u>	<u>\$ 22,912</u>
Liabilities,				
Funds held as fiduciary	\$ 20,562	\$ 10,543	\$ 8,193	\$ 22,912
Total liabilities	<u>\$ 20,562</u>	<u>\$ 10,543</u>	<u>\$ 8,193</u>	<u>\$ 22,912</u>
<b>TOTAL, ALL AGENCY FUNDS:</b>				
Assets,				
Cash	\$3,233,298	\$44,056,563	\$44,729,657	\$2,560,204
Total assets	<u>\$3,233,298</u>	<u>\$44,056,563</u>	<u>\$44,729,657</u>	<u>\$2,560,204</u>
Liabilities:				
Due to other governments	\$ 912,964	\$23,505,334	\$23,447,119	\$ 971,179
Funds held as fiduciary	<u>2,320,334</u>	<u>20,551,229</u>	<u>21,282,538</u>	<u>1,589,025</u>
Total liabilities	<u>\$3,233,298</u>	<u>\$44,056,563</u>	<u>\$44,729,657</u>	<u>\$2,560,204</u>

**COUNTY OF CENTRE, PENNSYLVANIA**  
**DESCRIPTION OF COMPONENT UNITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**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, 2009

	CONSERVATION DISTRICT	SOLID WASTE AUTHORITY
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 213,532	\$ 2,228,764
Accounts receivable	72,323	718,686
Grants receivable		981,914
Prepaid items		<u>123,842</u>
Total current assets	285,855	4,053,206
Noncurrent assets,		
Capital assets, net	<u>5,142</u>	<u>11,817,037</u>
Total assets	<u>290,997</u>	<u>15,870,243</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Current portion of long-term debt		679,867
Accounts payable	84,266	448,760
Accrued expenses		519,640
Deferred revenue	<u>38,925</u>	
Total current liabilities	123,191	1,648,267
Noncurrent liabilities:		
Landfill post-closure liability		70,724
Long-term debt		<u>3,585,483</u>
Total noncurrent liabilities		<u>3,656,207</u>
Total liabilities	<u>123,191</u>	<u>5,304,474</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	5,142	7,551,687
Unrestricted	<u>162,664</u>	<u>3,014,082</u>
Total net assets	<u>\$ 167,806</u>	<u>\$ 10,565,769</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
CONSERVATION DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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REVENUES:	
Grants	\$590,779
Interest	<u>242</u>
Total revenues	<u>591,021</u>
EXPENSES,	
Conservation District	<u>694,200</u>
REVENUES LESS THAN EXPENSES	(103,179)
NET ASSETS, BEGINNING OF YEAR	<u>270,985</u>
NET ASSETS, END OF YEAR	<u>\$167,806</u>

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**COUNTY OF CENTRE, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
SOLID WASTE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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**OPERATING REVENUES:**

Tipping fees	\$ 6,496,557
Recycling fees	1,899,315
Other	<u>30,057</u>

Total operating revenues 8,425,929

**OPERATING EXPENSES:**

Salaries and benefits	2,568,263
Contracted services	5,557,921
Depreciation	821,428
Administration costs	<u>564,847</u>

Total operating expenses 9,512,459

Operating loss (1,086,530)

**NONOPERATING REVENUES (EXPENSES):**

Grants	657,761
Interest income	24,975
Other income	11,454
Interest expense	<u>(222,629)</u>

Total nonoperating revenues, net 471,561

REVENUES LESS THAN EXPENSES (614,969)

NET ASSETS, BEGINNING 11,180,738

NET ASSETS, ENDING \$10,565,769

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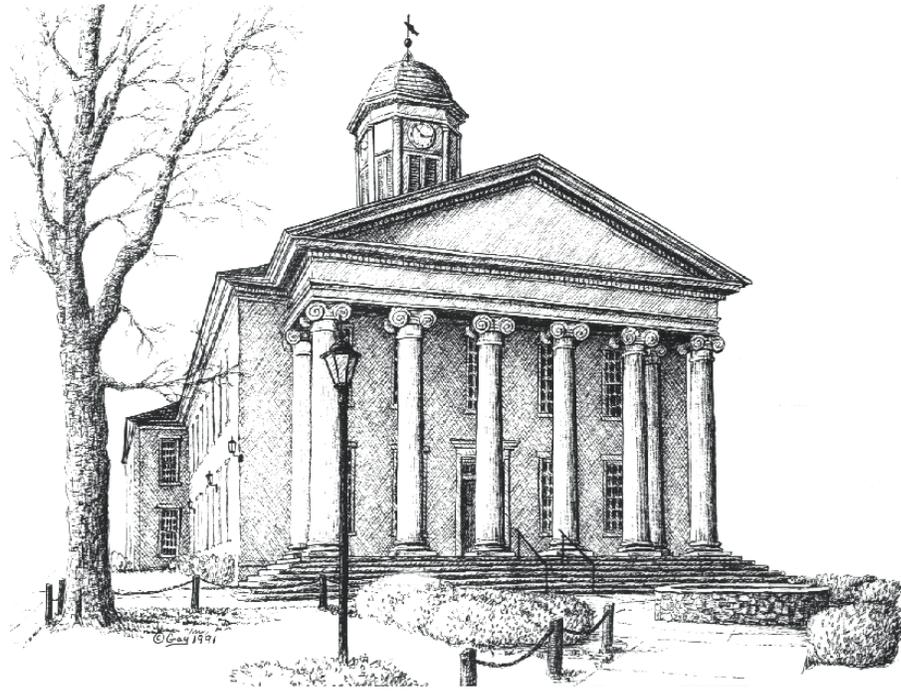
**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF CASH FLOWS  
SOLID WASTE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2009

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CASH FLOW FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 8,319,691
Cash paid to vendors and employees	<u>(8,537,167)</u>
Net cash used in operating activities	<u>(217,476)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,	
Interest received	<u>24,975</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Grants received from government agencies	132,761
Cash received from customers - finance charges & bad debt recoveries	<u>9,854</u>
Net cash provided by noncapital financing activities	<u>142,615</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(427,063)
Repayment of long-term debt	(709,671)
Interest paid	(222,629)
Proceeds from sale of capital assets	<u>1,600</u>
Net cash used in financing activities	<u>(1,357,763)</u>
DECREASE IN CASH	(1,407,649)
CASH, BEGINNING	<u>3,636,413</u>
CASH, ENDING	<u><u>\$ 2,228,764</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$(1,086,530)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	821,428
Changes in assets and liabilities:	
Accounts receivable, trade	(106,238)
Prepaid expenses	2,542
Accounts payable	87,339
Accrued expenses	69,983
Landfill post-closure liability	<u>(6,000)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (217,476)</u>

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**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2009

	CHANGES IN CAPITAL ASSETS			DECEMBER 31, 2009
	JANUARY 1, 2009	ADDITIONS	DISPOSALS	
General Government - Administration	\$ 3,712,383	\$ 58,611	\$ 40,519	\$ 3,730,475
General Government - Judicial	5,405,543	14,749	8,677	5,411,615
Public Safety and Corrections	29,512,426	2,174	47,307	29,467,293
Human Services	2,795,700	615,404	272,884	3,138,220
Conservation and Development	29,686	2,402		32,088
Other	71,539			71,539
Capital Projects	<u>8,661,984</u>			<u>8,661,984</u>
<b>TOTAL</b>	<b><u>\$50,189,261</u></b>	<b><u>\$ 693,340</u></b>	<b><u>\$ 369,387</u></b>	<b><u>\$50,513,214</u></b>

	ENDING BALANCE IS COMPOSED OF		
	BUILDINGS AND IMPROVEMENTS	FURNITURE AND EQUIPMENT	TOTAL
General Government - Administration	\$ 1,542,075	\$2,188,400	\$ 3,730,475
General Government - Judicial	4,164,668	1,246,947	5,411,615
Public Safety and Corrections	27,873,163	1,594,130	29,467,293
Human Services		3,138,220	3,138,220
Conservation and Development		32,088	32,088
Other	50,000	21,539	71,539
Capital Projects	<u>7,551,089</u>	<u>1,110,895</u>	<u>8,661,984</u>
<b>TOTAL</b>	<b><u>\$41,180,995</u></b>	<b><u>\$9,332,219</u></b>	<b><u>\$50,513,214</u></b>



# COUNTY OF CENTRE, PENNSYLVANIA

## STATISTICAL SECTION

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

Readers of the County's prior statistical sections will notice a change in the format of the schedule and additional information. These changes were due to the implementing of GASB Statement 44, which became effective in 2006. GASB 44 guides the preparation of the statistical section.

### Contents

#### **Financial Trends**

The schedules on pages 112 through 115 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 116 through 120 contain information to help the reader assess the County's most significant local revenue source, the property tax.

#### **Debt Capacity**

The schedules on pages 121 through 123 present 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 124 and 125 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 126 through 131 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)  
FOR THE YEARS ENDED DECEMBER 31

	2003	2004	2005	2006	2007	2008	2009
<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
Restricted	10,061,661	7,870,103	7,003,275	7,439,902	5,947,818	4,838,707	4,403,497
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>
<b>Total governmental activities net assets</b>	<b><u>\$ 20,776,601</u></b>	<b><u>\$ 22,550,025</u></b>	<b><u>\$ 21,447,450</u></b>	<b><u>\$ 25,203,477</u></b>	<b><u>\$ 26,397,756</u></b>	<b><u>\$ 23,466,249</u></b>	<b><u>\$ 22,289,881</u></b>
<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)
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>
<b>Total business-type activities net assets</b>	<b><u>\$ 1,353,820</u></b>	<b><u>\$ 150,638</u></b>	<b><u>\$ (334,508)</u></b>	<b><u>\$ (320,161)</u></b>	<b><u>\$ (692,767)</u></b>	<b><u>\$ (256,073)</u></b>	<b><u>\$ 511,301</u></b>
<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
Restricted	10,061,661	7,870,103	7,003,275	7,439,902	5,947,818	4,838,707	4,403,497
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>
<b>Total primary government net assets</b>	<b><u>\$ 22,130,421</u></b>	<b><u>\$ 22,700,663</u></b>	<b><u>\$ 21,112,942</u></b>	<b><u>\$ 24,883,316</u></b>	<b><u>\$ 25,704,989</u></b>	<b><u>\$ 23,210,176</u></b>	<b><u>\$ 22,801,182</u></b>

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 GOVERNMENT-WIDE CHANGES IN NET ASSETS**  
**(UNAUDITED)**  
**FOR THE YEARS ENDED DECEMBER 31**

	2003	2004	2005	2006	2007	2008	2009
<b>Expenses:</b>							
<b>Governmental activities:</b>							
<b>General government:</b>							
Administrative	\$ 11,706,033	\$ 13,741,174	\$ 15,350,174	\$ 9,646,043	\$ 10,342,196	\$ 11,595,611	\$ 11,099,235
Judicial	6,583,190	6,625,590	6,938,459	7,615,488	7,459,489	7,824,063	8,032,048
Public safety	7,737,743	8,384,835	9,385,991	9,984,803	10,264,555	10,768,771	11,485,711
Public works	1,810,034	170,551	539,137	276,860	159,729	369,947	274,369
Human services	30,136,213	30,953,925	31,425,941	31,978,456	33,161,084	33,341,181	27,313,343
Culture and recreation	1,453,444	703,901	684,792	619,680	527,438	735,768	691,409
Conservation and development	3,039,432	2,114,333	1,788,651	1,564,072	1,537,222	2,143,173	1,355,981
Interest on long-term debt	1,833,917	1,527,753	1,189,060	934,512	1,063,754	1,134,340	986,790
Other cost	622,469	521,487					
Total governmental activities expenses	<u>64,922,475</u>	<u>64,743,549</u>	<u>67,302,205</u>	<u>62,619,914</u>	<u>64,515,467</u>	<u>67,912,854</u>	<u>61,238,886</u>
<b>Business-type activities:</b>							
Nursing home	15,317,293	16,615,566	17,000,670	17,203,212	17,248,623	18,682,726	18,555,672
911 emergency response	2,422,480	2,385,761	2,422,650	2,658,699	3,101,168	2,279,746	2,286,745
Total business-type activities expenses	<u>17,739,773</u>	<u>19,001,327</u>	<u>19,423,320</u>	<u>19,861,911</u>	<u>20,349,791</u>	<u>20,962,472</u>	<u>20,842,417</u>
Total primary government expenses	<u>82,662,248</u>	<u>83,744,876</u>	<u>86,725,525</u>	<u>82,481,825</u>	<u>84,865,258</u>	<u>88,875,326</u>	<u>82,081,303</u>
<b>Revenues:</b>							
<b>Governmental activities:</b>							
<b>General government:</b>							
Administrative	10,128,908	10,914,534	11,397,785	6,635,156	4,030,541	3,925,548	4,069,065
Judicial	2,281,741	2,555,091	2,432,321	2,346,256	2,632,743	2,717,170	3,013,635
Public safety	1,179,067	1,133,256	1,155,918	1,773,346	1,844,047	1,853,122	2,240,068
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
Conservation and development	554,326	498,045	480,284	361,277	310,818	379,760	292,230
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
Capital grants and contributions						195,697	431,375
Total governmental activities revenues	<u>48,453,919</u>	<u>48,037,683</u>	<u>48,195,130</u>	<u>48,293,595</u>	<u>46,960,230</u>	<u>45,970,926</u>	<u>40,492,204</u>
<b>Business-type activities:</b>							
<b>Charges for services:</b>							
Nursing home	14,351,746	15,145,958	15,555,447	15,338,693	15,960,511	17,268,944	18,089,819
911 emergency response	1,261,953	1,131,099	1,560,130	1,539,055	1,501,508	2,043,140	1,958,253
Total business-type activities revenues	<u>15,613,699</u>	<u>16,277,057</u>	<u>17,115,577</u>	<u>16,877,748</u>	<u>17,462,019</u>	<u>19,312,084</u>	<u>20,048,072</u>
Total primary government revenues	<u>64,067,618</u>	<u>64,314,740</u>	<u>65,310,707</u>	<u>65,171,343</u>	<u>64,422,249</u>	<u>65,283,010</u>	<u>60,540,276</u>
<b>Net revenues (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)
Business-type activities	(2,126,074)	(2,724,270)	(2,307,743)	(2,984,163)	(2,887,772)	(1,650,388)	(794,345)
Total net expenses	<u>\$ (18,594,630)</u>	<u>\$ (19,430,136)</u>	<u>\$ (21,414,818)</u>	<u>\$ (17,310,482)</u>	<u>\$ (20,443,009)</u>	<u>\$ (23,592,316)</u>	<u>\$ (21,541,027)</u>

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**

**SCHEDULE OF GOVERNMENT-WIDE CHANGES IN NET ASSETS  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31**

	2003	2004	2005	2006	2007	2008	2009
General revenues and other changes in net assets:							
Governmental activities:							
Taxes:							
Property taxes levied for general purposes	\$ 13,843,971	\$ 14,306,400	\$ 14,958,385	\$ 15,776,810	\$ 16,361,974	\$ 16,677,807	\$ 16,973,039
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
Investment income	781,106	731,001	1,037,538	1,312,618	1,236,296	698,875	367,658
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)
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>
Business-type activities:							
Investment income	507	83	5,102	28,547	37,077	13,311	3,984
Transfers	728,497	1,671,381	1,817,495	2,969,963	2,478,089	2,073,771	1,557,735
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>
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>
Changes in net assets							
Governmental activities	1,560,284	1,773,424	(1,102,575)	3,756,027	1,194,279	(2,931,507)	(1,176,368)
Business-type activities	(1,397,070)	(1,052,806)	(485,146)	14,347	(372,606)	436,694	767,374
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>

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)  
FOR THE YEARS ENDED DECEMBER 31

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Reserved	\$ 2,569,433	\$ 3,194,696	\$ 3,195,053	\$ 2,274,199	\$ 1,790,713	\$ 1,932,606	\$ 2,529,709	\$ 2,638,935	\$ 2,198,677	\$ 2,916,158
Unreserved	<u>4,542,152</u>	<u>8,034,790</u>	<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>
Total General Fund	<u>\$ 7,111,585</u>	<u>\$ 11,229,486</u>	<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>
All other governmental funds:										
Reserved	\$ 8,609,874	\$ 7,881,848	\$ 8,345,673	\$ 30,957,990	\$ 14,538,128	\$ 8,059,040	\$ 7,617,118	\$ 6,534,281	\$ 4,069,549	\$ 3,441,065
Unreserved, reported in, Special revenue funds	<u>508,781</u>	<u>482,759</u>	<u>391,670</u>	<u>                    </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>
Total all other governmental funds	<u>\$ 9,118,655</u>	<u>\$ 8,364,607</u>	<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>

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF CHANGES IN GOVERNMENTAL FUND BALANCES  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>										
Taxes	\$ 12,291,896	\$ 15,933,693	\$ 17,109,452	\$ 17,902,278	\$ 18,519,667	\$ 18,784,457	\$ 19,591,338	\$ 20,060,474	\$ 20,348,222	\$ 20,700,468
Grants, gifts, and payment in lieu of taxes	23,878,886	27,618,704	30,445,517	32,144,967	30,840,326	30,734,499	35,243,512	34,445,884	33,702,117	27,353,535
Court costs	2,477,766	1,156,262	1,069,574	1,027,066	914,442	850,108	844,591	927,651	1,246,217	1,373,556
Fines and forfeits	186,796	203,566	205,552	251,113	288,813	254,395	221,260	258,014	241,764	199,253
Interest and rents	1,377,863	1,149,237	790,029	799,917		1,053,612	1,312,598	1,236,010	698,415	367,632
Charges for services	2,745,501	5,062,074	5,299,317	6,580,466	7,790,426	8,001,215	8,791,992	9,058,905	8,873,184	9,261,006
Contributions and other revenues	<u>467,396</u>	<u>699,524</u>	<u>1,261,660</u>	<u>1,811,982</u>	<u>373,562</u>	<u>273,445</u>	<u>372,153</u>	<u>969,183</u>	<u>325,473</u>	<u>375,541</u>
<b>Total revenues</b>	<b><u>43,426,104</u></b>	<b><u>51,823,060</u></b>	<b><u>56,181,101</u></b>	<b><u>60,517,789</u></b>	<b><u>58,727,236</u></b>	<b><u>59,951,731</u></b>	<b><u>66,377,444</u></b>	<b><u>66,956,121</u></b>	<b><u>65,435,392</u></b>	<b><u>59,630,991</u></b>
<b>Expenditures:</b>										
Current:										
General government:										
Administrative	5,602,671	5,435,528	6,249,439	6,654,817	7,681,052	8,032,867	7,982,370	9,259,260	9,902,426	9,492,939
Judicial	4,979,685	5,338,048	5,607,789	6,563,329	6,750,935	6,743,857	7,188,505	7,801,121	8,142,123	8,400,850
Public safety	6,246,559	6,306,739	6,696,769	7,760,459	8,427,698	8,251,198	9,989,726	9,516,923	10,151,354	10,836,266
Public works	445,887	1,900,134	2,598,304	1,810,034	170,551	539,137	276,860	159,729	369,947	274,369
Human services	21,446,840	23,691,647	26,604,108	28,571,745	29,257,745	29,891,618	30,119,874	31,933,984	32,132,052	26,272,325
Culture and recreation	437,342	472,630	460,182	1,453,444	703,901	684,792	619,680	527,438	535,768	691,409
Conservation and development	1,719,611	2,038,142	2,079,764	3,056,758	2,127,803	1,787,688	1,563,128	1,602,174	2,374,802	1,387,630
Debt service:										
Principal	1,490,000	1,550,000	1,625,000	693,069	1,238,925	1,285,744	1,297,221	1,364,039	1,490,574	1,544,153
Interest	1,077,047	1,239,087	1,236,658	1,351,281	1,645,088	1,238,283	1,239,182	978,700	1,043,872	991,722
Other cost				1,500	1,783	2,000	56,918	1,064	2,500	2,500
Capital outlay	<u>582,185</u>	<u>1,121,698</u>	<u>823,214</u>	<u>4,628,730</u>	<u>17,092,224</u>	<u>6,491,400</u>	<u>3,514,681</u>	<u>2,650,798</u>	<u>2,143,889</u>	<u>472,766</u>
<b>Total expenditures</b>	<b><u>44,027,827</u></b>	<b><u>49,093,653</u></b>	<b><u>53,981,227</u></b>	<b><u>62,545,166</u></b>	<b><u>75,097,705</u></b>	<b><u>64,948,584</u></b>	<b><u>63,848,145</u></b>	<b><u>65,795,230</u></b>	<b><u>68,289,307</u></b>	<b><u>60,366,929</u></b>
(Deficiency) excess of revenues (under) over expenditures	<u>(601,723)</u>	<u>2,729,407</u>	<u>2,199,874</u>	<u>(2,027,377)</u>	<u>(16,370,469)</u>	<u>(4,996,853)</u>	<u>2,529,299</u>	<u>1,160,891</u>	<u>(2,853,915)</u>	<u>(735,938)</u>
<b>Other financing sources (uses):</b>										
Transfers in	2,978,020	2,403,841	2,853,782	20,821,457	8,341,368	3,709,135	4,401,273	5,252,973	4,686,429	3,834,673
Transfers out	(1,712,142)	(2,053,435)	(2,680,585)	(21,573,787)	(10,018,032)	(5,627,796)	(7,420,538)	(7,739,654)	(6,807,924)	(5,439,618)
Proceeds from bonds	5,000,000			39,985,000						
Issuance of debt					5,380,000		10,000,000			
Payments to refund bonds payable				(17,405,000)	(4,985,000)		(9,040,000)			
Payments to refund bond escrow agent							(775,744)			
Bond premium				1,694,631						
Bond discount				(363,466)	(48,463)		(127,605)			
Unusual item					900,000					
<b>Total other financing sources (uses)</b>	<b><u>6,265,878</u></b>	<b><u>350,406</u></b>	<b><u>173,197</u></b>	<b><u>23,158,835</u></b>	<b><u>(430,127)</u></b>	<b><u>(1,918,661)</u></b>	<b><u>(2,962,614)</u></b>	<b><u>(2,486,681)</u></b>	<b><u>(2,121,495)</u></b>	<b><u>(1,604,945)</u></b>
<b>Net change in fund balances</b>	<b><u>\$ 5,664,155</u></b>	<b><u>\$ 3,079,813</u></b>	<b><u>\$ 2,373,071</u></b>	<b><u>\$ 21,131,458</u></b>	<b><u>\$ (16,800,596)</u></b>	<b><u>\$ (6,915,514)</u></b>	<b><u>\$ (433,315)</u></b>	<b><u>\$ (1,325,790)</u></b>	<b><u>\$ (4,975,410)</u></b>	<b><u>\$ (2,340,883)</u></b>
Debt service as a percentage of noncapital expenditures	5.91%	5.81%	5.38%	3.53%	4.98%	4.32%	4.20%	3.71%	3.84%	4.24%

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE REAL ESTATE  
(UNAUDITED)  
FOR THE 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				
2000	\$ 1,530,732,065	\$ 637,997,385	\$ 65,258,175	\$ 71,556,075	\$ 6,274,095	\$ 158,037,790	\$ 2,469,855,585	4.94	\$ 4,939,711,170	50.00%
2001	1,573,796,620	669,369,970	64,671,455	67,301,990	8,060,095	155,757,625	2,538,957,755	6.19	5,077,915,510	50.00%
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%

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)  
FOR THE YEARS ENDED DECEMBER 31

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>County Direct Rates:</b>										
General	\$ 3.84	\$ 5.09	\$ 5.09	\$ 5.09	\$ 5.09	\$ 5.25	\$ 5.30	\$ 5.40	\$ 5.40	\$ 5.40
Debt	<u>1.10</u>	<u>1.10</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.34</u>	<u>1.29</u>	<u>1.19</u>	<u>1.19</u>	<u>1.19</u>
Total direct rate	<u>4.94</u>	<u>6.19</u>	<u>6.59</u>							
<b>Borough &amp; Township Rates:</b>										
Bellefonte Borough	5.44	5.44	5.44	6.93	7.93	7.93	7.98	7.98	8.56	8.81
Centre Hall Borough	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
Howard Borough	3.00	3.00	4.00	5.00	6.00	5.50	5.50	5.50	5.50	5.50
Milesburg Borough	4.50	4.50	4.50	4.50	4.50	6.00	7.00	7.00	7.00	7.00
Millheim Borough	1.65	1.65	1.65	1.65	1.65	3.00	3.00	3.00	4.00	4.00
Philipsburg Borough	8.83	8.83	8.83	10.33	10.83	10.33	10.33	10.33	10.33	15.33
Port Matilda Borough	3.50	4.80	4.80	4.80	4.80	6.40	6.40	6.40	6.40	6.40
Snow Shoe Borough	4.16	4.16	4.16	4.16	4.16	4.36	4.36	4.36	4.36	5.36
South Philipsburg Borough	2.34	2.34	2.34	-	-	-	-	-	-	-
State College Borough	4.35	4.35	4.75	4.90	5.70	7.30	10.04	10.04	10.54	11.04
Unionville Borough	1.27	1.27	1.27	1.27	1.27	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	1.48	1.48	2.48	2.48	2.48	3.18	3.84	3.84	3.84	4.17
Burnside Township	2.69	2.69	2.69	3.69	3.69	4.69	4.69	4.69	4.69	4.69
College Township	2.80	3.10	3.40	3.40	3.70	3.70	3.70	3.70	3.90	3.90
Curtin Township	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
Ferguson Township	0.95	0.95	1.56	1.56	1.56	1.56	1.56	1.56	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	2.50	2.50	3.00	3.00	4.00	4.00	4.00	4.00	5.00	5.00
Halfmoon Township	3.72	3.72	3.72	3.72	3.72	3.72	4.02	4.02	4.02	4.02
Harris Township	3.60	3.60	4.60	4.70	4.70	4.70	4.70	4.70	4.70	4.60
Howard Township	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Huston Township	1.13	1.13	1.13	1.13	1.70	1.73	1.13	1.13	1.13	1.13
Liberty Township	1.00	1.00	1.00	2.00	3.00	3.00	3.50	3.50	3.50	3.50
Marion Township	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Miles Township	1.70	1.70	1.70	1.70	1.70	2.00	2.00	2.00	2.00	2.00
Patton Township	5.00	5.50	6.10	7.70	7.70	7.50	7.50	7.20	7.20	7.60
Penn Township	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	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	3.00
Taylor Township	0.50	0.50	0.50	0.50	1.50	2.00	2.00	2.00	2.00	2.00
Union Township	2.00	2.00	2.00	2.00	2.00	3.00	4.00	4.00	4.00	4.00
Walker Township	0.34	0.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Worth Township	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00	2.00
<b>School District Rates:</b>										
Bald Eagle	25.00	25.00	29.00	31.00	33.00	34.26	36.26	37.76	39.76	41.96
Bellefonte	31.17	32.93	33.88	35.28	35.83	36.99	37.98	39.69	41.08	42.98
Keystone Central	32.20	33.30	34.21	34.21	34.21	34.73	34.38	34.33	36.12	37.37
Penns Valley	29.59	29.59	31.37	31.37	31.37	37.87	37.87	37.87	37.87	38.33
Philipsburg Osceola	28.28	31.30	32.21	34.55	38.22	37.26	39.30	46.97	49.04	50.90
State College	24.75	25.99	27.05	28.72	29.72	31.37	32.57	32.51	33.72	34.85
Tyrone	25.07	23.86	20.81	21.05	19.36	19.36	18.88	20.22	21.06	22.06

Source: County Tax Assessment Office

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF PRINCIPAL REAL ESTATE TAX PAYERS  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31

Taxpayer:	2009			2000		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Crown American Finance	\$ 13,800,000	1	0.45%	\$ 20,480,075	1	0.89%
* PSU (Taxable)	13,589,625	2	0.44%			
Wal-Mart Stores Inc	8,649,200	3	0.28%	7,215,470	4	0.32%
Jefferson at State College	8,334,970	4	0.27%	5,613,800	6	0.25%
The Village at Penn State	7,961,850	5	0.26%			
Minitab, Inc.	6,358,525	6	0.21%			
Geisinger Clinic	6,219,950	7	0.20%			
Foxdale Village Corporation	6,033,360	8	0.20%	5,917,160	5	0.26%
W9/JP-M Real Estate	5,613,800	9	0.18%			
College Avenue Properties	5,515,835	10	0.18%			
Corning Asahi Video Company				11,605,410	2	0.51%
ADG - Hospital Drive Associates				7,250,630	3	0.32%
Gateway Partners				5,515,835	7	0.24%
Capstone Commons				4,805,260	8	0.21%
WMGMH Realty LLC				4,511,265	9	0.20%
Nittany Garden Apartments				4,353,815	10	0.19%
Total	<u>\$ 82,077,115</u>		<u>2.67%</u>	<u>\$ 77,268,720</u>		<u>3.39%</u>
Total Taxable Assessed Value	<u>\$ 3,081,876,930</u>		<u>100%</u>	<u>\$ 2,469,855,585</u>		<u>100%</u>

\* 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)  
FOR THE YEARS ENDED DECEMBER 31**

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Year	Taxes Levied for the Year	Collected within the year of the Levy		Collections in Subsequent Years	Total Collected to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2000	\$ 12,198,419	\$ 11,777,858	96.55%	\$ 508,817	\$ 12,286,675	100.72%
2001	15,772,050	15,218,914	96.49%	714,813	15,933,727	101.03%
2002	17,196,178	16,622,004	96.66%	487,448	17,109,452	99.50%
2003	17,726,426	17,265,992	97.40%	636,286	17,902,278	100.99%
2004	18,415,467	17,979,298	97.63%	540,371	18,519,669	100.57%
2005	18,853,031	18,395,990	97.58%	445,871	18,841,861	99.94%
2006	19,576,647	19,081,381	97.47%	454,840	19,536,221	99.79%
2007	20,057,503	19,553,148	97.49%	487,589	20,040,737	99.92%
2008	20,412,851	19,910,312	97.54%	472,368	20,382,680	99.85%
2009	20,786,531	20,189,802	97.13%	500,606	20,690,408	99.54%

Source: Centre County Tax Claim Office

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31

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Year	Governmental General Obligation Bonds	Business General Obligation Bonds	Total Primary Government	Percentage of Personal Income (a)	Percentage of Actual Value of Taxable Property (b)	Per Capita
2000	\$ 26,140,000		\$ 26,140,000	0.80%	0.53%	192.55
2001	24,590,000		24,590,000	0.73%	0.48%	180.46
2002	22,965,000		22,965,000	0.66%	0.44%	165.62
2003	30,766,391	\$ 14,018,609	44,785,000	1.26%	0.83%	320.46
2004	29,922,466	13,347,534	43,270,000	1.14%	0.78%	309.22
2005	28,636,722	12,648,278	41,285,000	1.08%	0.72%	294.24
2006	28,299,501	11,945,499	40,245,000	1.04%	0.68%	285.52
2007	26,935,462	11,214,538	38,150,000	0.96%	0.62%	263.73
2008	25,444,888	10,450,112	35,895,000	0.83%	0.58%	247.93
2009	23,900,735	9,659,265	33,560,000	0.72%	0.54%	229.53

(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)  
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
County Direct Rates, County of Centre	\$ 35,895,000	100%	\$ <u>35,895,000</u>
Borough & Township Rates:			
Bellefonte Borough	10,723,148	100%	10,723,148
Howard Borough	155,065	100%	155,065
Milesburg Borough	573,433	100%	573,433
Millhiem Borough	4,085,601	100%	4,085,601
Philipsburg Borough	10,963,998	100%	10,963,998
State College Borough	30,845,000	100%	30,845,000
Benner Township	32,002	100%	32,002
College Township	3,938,519	100%	3,938,519
Ferguson Township	4,030,000	100%	4,030,000
Gregg Township	65,740	100%	65,740
Harris Township	765,000	100%	765,000
Howard Township	24,000	100%	24,000
Patton Township	5,885,443	100%	5,885,443
Penn Township	302,884	100%	302,884
Rush Township	1,902,582	100%	1,902,582
Union Township	77,135	100%	77,135
Walker Township	74,759	100%	74,759
Worth Township	61,564	100%	<u>61,564</u>
Total municipalities			<u>74,505,873</u>
School District Rates:			
Bald Eagle	8,591,764	100%	8,591,764
Bellefonte	46,863,406	100%	46,863,406
Keystone Central	40,307,875	5%	2,015,394
Penns Valley	28,565,000	100%	28,565,000
Philipsburg Osceola	20,292,696	100%	20,292,696
State College	54,703,163	100%	54,703,163
Tyrone	20,820,000	5%	<u>1,041,000</u>
Total school districts			<u>162,072,423</u>
Grand total			<u>\$ 272,473,296</u>

Source: Survey conducted by the Controller's Office.

Note: Allocation is based on percentage of land within Centre County.

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF DEBT MARGIN INFORMATION  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Borrowing Base Revenues (1)	\$ 33,455,021	\$ 36,389,245	\$ 39,967,248	\$ 43,186,632	\$ 45,413,396	\$ 47,293,871	\$ 46,839,099	\$ 47,209,533	\$ 47,182,828	\$ 48,797,847
Debt Limit Percentage	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>
Debt Limit	100,365,063	109,167,735	119,901,744	129,559,896	136,240,188	141,881,613	140,517,297	141,628,599	141,548,484	146,393,541
General Obligation Bonds	<u>26,140,000</u>	<u>24,590,000</u>	<u>22,965,000</u>	<u>44,785,000</u>	<u>43,270,000</u>	<u>41,285,000</u>	<u>40,245,000</u>	<u>38,150,000</u>	<u>35,895,000</u>	<u>33,560,000</u>
Legal Debt Margin	<u>\$ 74,225,063</u>	<u>\$ 84,577,735</u>	<u>\$ 96,936,744</u>	<u>\$ 84,774,896</u>	<u>\$ 92,970,188</u>	<u>\$ 100,596,613</u>	<u>\$ 100,272,297</u>	<u>\$ 103,478,599</u>	<u>\$ 105,653,484</u>	<u>\$ 112,833,541</u>
Total net debt applicable to the limit as a percentage of debt limit	26.04%	22.52%	19.15%	34.57%	31.76%	29.10%	28.64%	26.94%	25.36%	22.92%

(1) The Commonwealth of Pennsylvania has enacted the "Local Government Unit Debt Act", which limits debt to revenues. Briefly, revenues of 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)  
FOR THE YEARS ENDED DECEMBER 31**

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<u>Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2000	135,758	3,264,708	24,048	2.4%
2001	136,265	3,380,598	24,809	2.9%
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	3,993,718	27,608	3.4%
2008	144,779	4,330,340	29,910	5.6%
2009	146,212	4,639,453	31,731	6.4%

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

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF PRINCIPAL EMPLOYERS  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31

Taxpayer	2009			2000		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Pennsylvania State University	24,025	1	32.25%	10,059	1	15.24%
Mt. Nittany Medical Center	1,409	2	1.89%	890	6	1.35%
State College Area School	1,395	3	1.87%	1,281	3	1.94%
Pennsylvania State Government	1,165	4	1.56%	1,306	2	1.98%
Glenn O. Hawbaker, Inc.	1,100	5	1.48%			
Centre County Government	877	6	1.18%	616	9	0.93%
Wal-Mart/Sam's Club	815	7	1.09%			0.00%
Universal Behavioral Health	515	8	0.69%			0.00%
Raytheon Systems, Inc.	502	9	0.67%			0.00%
Weis Market	456	10	0.61%	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%
<b>Total</b>	<b><u>32,259</u></b>		<b><u>43.29%</u></b>	<b><u>18,351</u></b>		<b><u>27.80%</u></b>
<b>Total County employment</b>	<b><u>74,500</u></b>		<b><u>100%</u></b>	<b><u>66,000</u></b>		<b><u>100%</u></b>

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

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF COUNTY EMPLOYEES BY FUNCTION  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31

<u>Function/Program</u>	<u>2000</u>	<u>2001</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>
Administration	76	84	87	93	91	92	97	101	104	103
Judicial	94	110	112	112	118	120	118	122	117	118
Public Safety	60	64	65	69	67	74	106	114	113	114
Human Services	130	133	140	139	147	148	146	149	152	156
Conservation & Development	<u>16</u>	<u>18</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>22</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>
Total governmental	<u>376</u>	<u>409</u>	<u>431</u>	<u>440</u>	<u>450</u>	<u>456</u>	<u>479</u>	<u>498</u>	<u>498</u>	<u>503</u>
Enterprise:										
Emergency Communication 911	25	24	25	25	28	28	32	30	30	30
Nursing Home	<u>257</u>	<u>265</u>	<u>278</u>	<u>298</u>	<u>315</u>	<u>316</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>320</u>
Total enterprise	<u>282</u>	<u>289</u>	<u>303</u>	<u>323</u>	<u>343</u>	<u>344</u>	<u>352</u>	<u>350</u>	<u>350</u>	<u>350</u>
Total	<u>658</u>	<u>698</u>	<u>734</u>	<u>763</u>	<u>793</u>	<u>800</u>	<u>831</u>	<u>848</u>	<u>848</u>	<u>853</u>

Source: Centre County Budget

**COUNTY OF CENTRE, PENNSYLVANIA**

SCHEDULE OF OPERATING INDICATORS BY FUNCTION  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration:										
Treasurer:										
Hunting licenses	17,042	17,818	17,190	23,851	21,869	20,884	14,904	14,549	14,402	13,657
Dog licenses	15,466	12,774	12,797	13,297	13,092	13,092	15,497	14,260	13,699	13,341
Fishing licenses	<u>527</u>	<u>423</u>	<u>470</u>	<u>417</u>	<u>383</u>	<u>343</u>	<u>400</u>	<u>428</u>	<u>347</u>	<u>295</u>
Total licenses	<u>33,035</u>	<u>31,015</u>	<u>30,457</u>	<u>37,565</u>	<u>35,344</u>	<u>34,319</u>	<u>30,801</u>	<u>29,237</u>	<u>28,448</u>	<u>27,293</u>
Public Defender, Cases	1,678	1,774	1,968	1,994	1,807	2,076	2,000	2,134	2,566	2,468
Recorder of Deeds, Deeds filed	19,897	25,630	30,113	36,425	26,757	25,473	23,583	21,813	21,610	23,000
Judicial:										
Sheriff,										
Pistol permits				2,800	3,850	2,700	2,750	4,538	5,671	9,792
Coroner, Cases	457	507	236	554	526	569	557	517	550	564
District Attorney, Cases	1,947	2,132	2,324	2,560	2,406	2,370	2,445	2,691	2,718	3,075
Prothonotary:										
Criminal cases	1,947	2,132	2,326	2,728	2,436	2,536	2,484	2,595	2,544	2,608
Civil cases	3,091	3,186	3,201	3,591	5,325	4,824	5,024	5,629	5,654	6,226
Other cases	<u>1,880</u>	<u>1,420</u>	<u>1,041</u>	<u>1,016</u>	<u>972</u>	<u>1,924</u>	<u>1,846</u>	<u>1,877</u>	<u>2,456</u>	<u>2,496</u>
Total cases	<u>6,918</u>	<u>6,738</u>	<u>6,568</u>	<u>7,335</u>	<u>8,733</u>	<u>9,284</u>	<u>9,354</u>	<u>10,101</u>	<u>10,654</u>	<u>11,330</u>
Magisterial District Judges, Court cases	49,007	48,194	46,148	42,315	39,492	43,375	37,296	34,477	39,570	40,712
Public Safety:										
Probation:										
Juvenile cases	201	201	226	212	208	222	205	241	282	250
Adult cases	<u>2,557</u>	<u>2,153</u>	<u>2,312</u>	<u>2,326</u>	<u>3,284</u>	<u>3,318</u>	<u>3,517</u>	<u>3,954</u>	<u>4,011</u>	<u>4,096</u>
Total	<u>2,758</u>	<u>2,354</u>	<u>2,538</u>	<u>2,538</u>	<u>3,492</u>	<u>3,540</u>	<u>3,722</u>	<u>4,195</u>	<u>4,293</u>	<u>4,346</u>
Prison, Average daily population	141	152	154	169	190	187	219	216	215	262
Human Services:										
Children & Youth, Caseload	4,110	4,000	4,070	3,640	3,530	3,570	3,668	3,912	3,325	3,392
Mental Health / Retardation, Clients	1,735	1,897	2,011	2,337	2,518	2,556	2,584	2,533	2,711	2,600
Drug and Alcohol:										
Children clients	116	190	200	182	129	190	270	309	165	160
Adult clients	<u>826</u>	<u>827</u>	<u>900</u>	<u>1,002</u>	<u>1,009</u>	<u>838</u>	<u>1,220</u>	<u>1,808</u>	<u>1,068</u>	<u>1,050</u>
Total clients	<u>942</u>	<u>1,017</u>	<u>1,100</u>	<u>1,184</u>	<u>1,138</u>	<u>1,028</u>	<u>1,490</u>	<u>2,117</u>	<u>1,233</u>	<u>1,210</u>

Source: Centre County Budget

**COUNTY OF CENTRE PENNSYLVANIA**

SCHEDULE OF CAPITAL ASSET STATISTICS BY ACTIVITY  
(UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental:										
Capital Asset, net										
Land and improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563
Building and improvements	6,303,404	7,065,006	7,626,297	8,460,930	25,029,619	27,918,806	29,014,711	30,404,150	31,467,769	30,523,539
Furniture and improvements	5,466,515	5,679,721	6,079,435	1,503,146	1,715,805	1,985,984	3,957,562	3,704,906	2,678,246	2,344,938
Vehicles	<u>286,595</u>	<u>465,312</u>	<u>386,961</u>	<u>412,162</u>	<u>407,804</u>	<u>498,753</u>	<u>355,509</u>	<u>278,578</u>	<u>287,203</u>	<u>554,472</u>
Total	<u>\$ 12,056,514</u>	<u>\$ 13,210,039</u>	<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>
Business-type:										
Capital Asset, net										
Land and improvements	\$ 23,277	\$ 107,634	\$ 23,257	\$ 10,445	\$ 9,575	\$ 8,705	\$ 7,835	\$ 6,964	\$ 6,094	\$ 5,224
Building and improvements	9,870,378	9,452,204	9,358,864	8,161,368	7,850,316	7,539,263	7,228,212	6,917,162	6,615,569	6,313,977
Furniture and improvements	<u>4,005,392</u>	<u>3,156,248</u>	<u>2,258,623</u>	<u>2,845,255</u>	<u>2,195,538</u>	<u>1,999,866</u>	<u>1,552,444</u>	<u>877,353</u>	<u>679,768</u>	<u>578,150</u>
Total	<u>\$ 13,899,047</u>	<u>\$ 12,716,086</u>	<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>

Source: Centre County Financial Statements

**COUNTY OF CENTRE, PENNSYLVANIA**

**SCHEDULE OF SALARIES AND SURETY BONDS  
OF ELECTED OFFICIALS  
(UNAUDITED)  
DECEMBER 31, 2009**

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<u>OFFICIAL</u>	<u>Annual Salary</u>	<u>Bond Amount</u>
Commissioner	\$ 67,264	\$ 4,000
Controller	\$ 62,856	\$ 20,000
Coroner	\$ 60,856	\$ 7,500
District Attorney	\$ 161,134	None (1)
Jury Commissioners	\$ 13,443	None (1)
Prothonotary and Clerk of Courts	\$ 62,856	\$ 30,000
Recorder of Deeds	\$ 60,856	\$ 10,000
Register of Wills and Clerk of the Orphans Court	\$ 62,856	\$ 25,000
Sheriff	\$ 60,856	\$ 30,000
Treasurer	\$ 60,856	\$ 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)  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Year</u>	<u>Revenues By Source</u>				<u>Employer Contribution Percentage Of Covered Payroll</u>
	<u>Employee Contribution</u>	<u>Employer's Contribution(1)</u>	<u>Investment Income</u>	<u>Total</u>	
2000	\$ 988,906	\$ -	\$ (2,167,515)	\$ (1,178,609)	-
2001	1,043,660	99,111	1,751,852	2,894,623	0.8%
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%

<u>Year</u>	<u>Expenses By Type</u>			
	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Total</u>
2000	\$ 1,452,348	\$ 185,551	\$ 320,960	\$ 1,958,859
2001	1,445,389	234,167	205,750	1,885,306
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

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)  
FOR THE YEARS ENDED DECEMBER 31**

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Year	Number of Active Members	Contributions Members	County(1)	Total	Number of Retired Members	Benefit Paid
2000	669	\$ 988,906		\$ 988,906	182	\$ 1,452,348
2001	669	1,043,660	\$ 99,111	1,142,771	182	1,445,389
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

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

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