

*County of Centre*



PENNSYLVANIA

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**2008  
Comprehensive  
Annual  
Financial  
Report**

For the year ended December 31, 2008

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

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COUNTY OF CENTRE

**OFFICE OF THE CONTROLLER**

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**CONTROLLER**  
CLWITMER@CO.CENTRE.PA.US

**(814) 355-6725**  
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June 23, 2009

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, 2008. 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 Parente Randolph, 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, 2008, 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). The 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.

### Cash management policies and practices.

Centre County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized in accordance with Commonwealth of Pennsylvania Act 72, which requires the institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name. The County's temporary excess cash was held in interest-bearing demand deposits, money market accounts, or in certificates of deposit. Unrestricted interest earnings of the County's governmental activities were \$698,875, a decrease of 45 percent from the previous year.

### Risk management.

The County participates in public entity risk pools for its general insurance and unemployment compensation coverage. The Pennsylvania Counties Risk Pool ("PCoRP"), a public entity risk pool of the County Commissioners Association of Pennsylvania ("CCAP") provides the County's general insurance coverage. The Unemployment Compensation Trust ("UC Trust"), a second public entity risk pool administered by CCAP, provides the County's unemployment compensation coverage. Both arrangements require that the County pay an annual premium. The County carries commercial insurance for all other risks of loss, including health care and workers compensation. Settled claims from these risks did not exceed commercial insurance coverage in any of the past three years. The County has developed a risk management function to develop and implement loss control techniques, monitor claims, and protect County assets. It uses various risk control techniques, including employee safety and accident prevention training, to minimize accident-related losses, and implement an employee wellness program.

### Pension benefits.

The County sponsors a single-employer defined benefit pension plan for its full-time employees. Each year, an independent actuary calculates the amount of the annual contribution that the County must make to ensure that the plan will be able to meet its obligations to retired employees. As a matter of policy, the County fully funds each year's annual required contribution.

### 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 15 audit, reviews, and special reports during 2008.

## **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, 2007. This is the seventh 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 tenth consecutive year, the County of Centre received GFOA's Award for Distinguished Budget Presentation for its 2008 appropriation budget. The Board of Commissioners' staff prepares the budget document.

Acknowledgements

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

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

Respectfully submitted,



Charles L. Witmer  
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, 2007

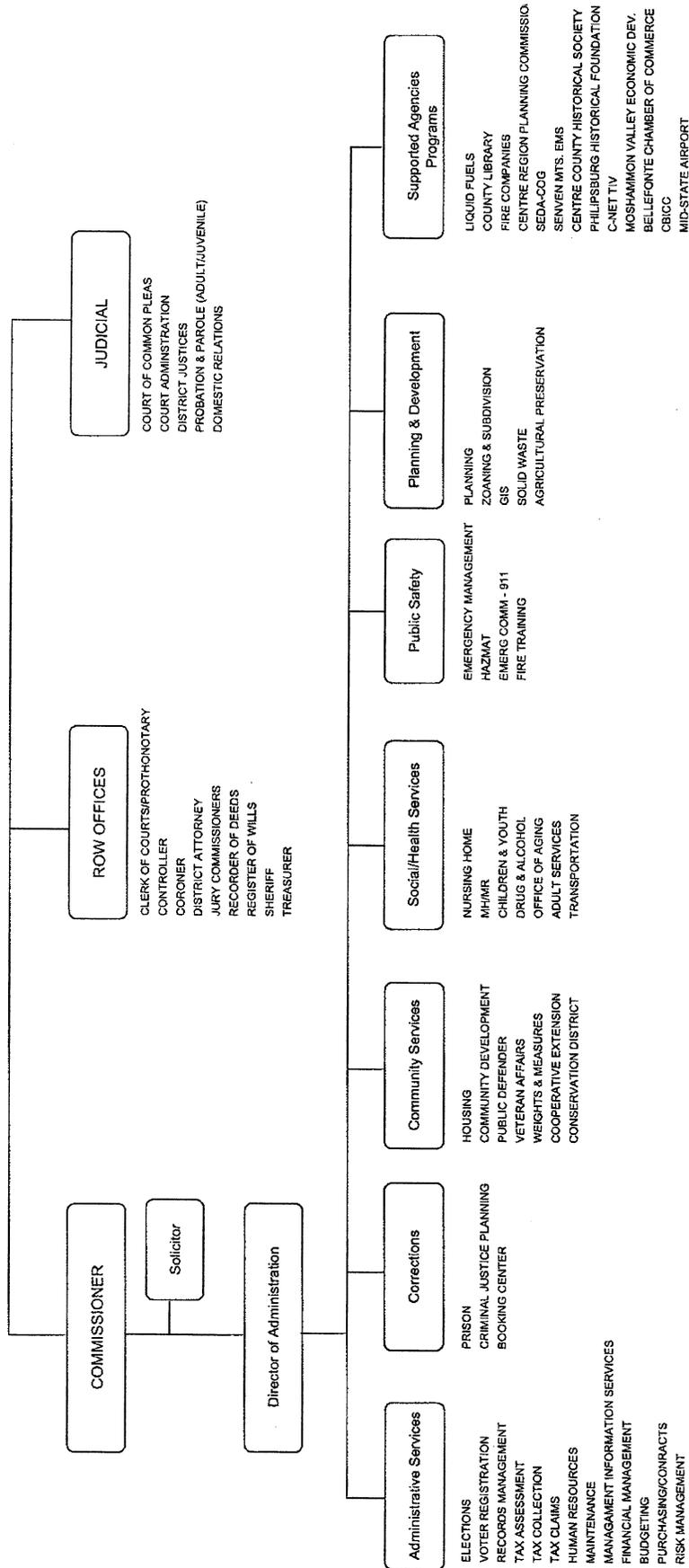
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# CENTRE COUNTY GOVERNMENT ORGANIZATION CHART



**COUNTY OF CENTRE**  
**PRINCIPAL OFFICIALS**

**DECEMBER 31, 2008**

**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**

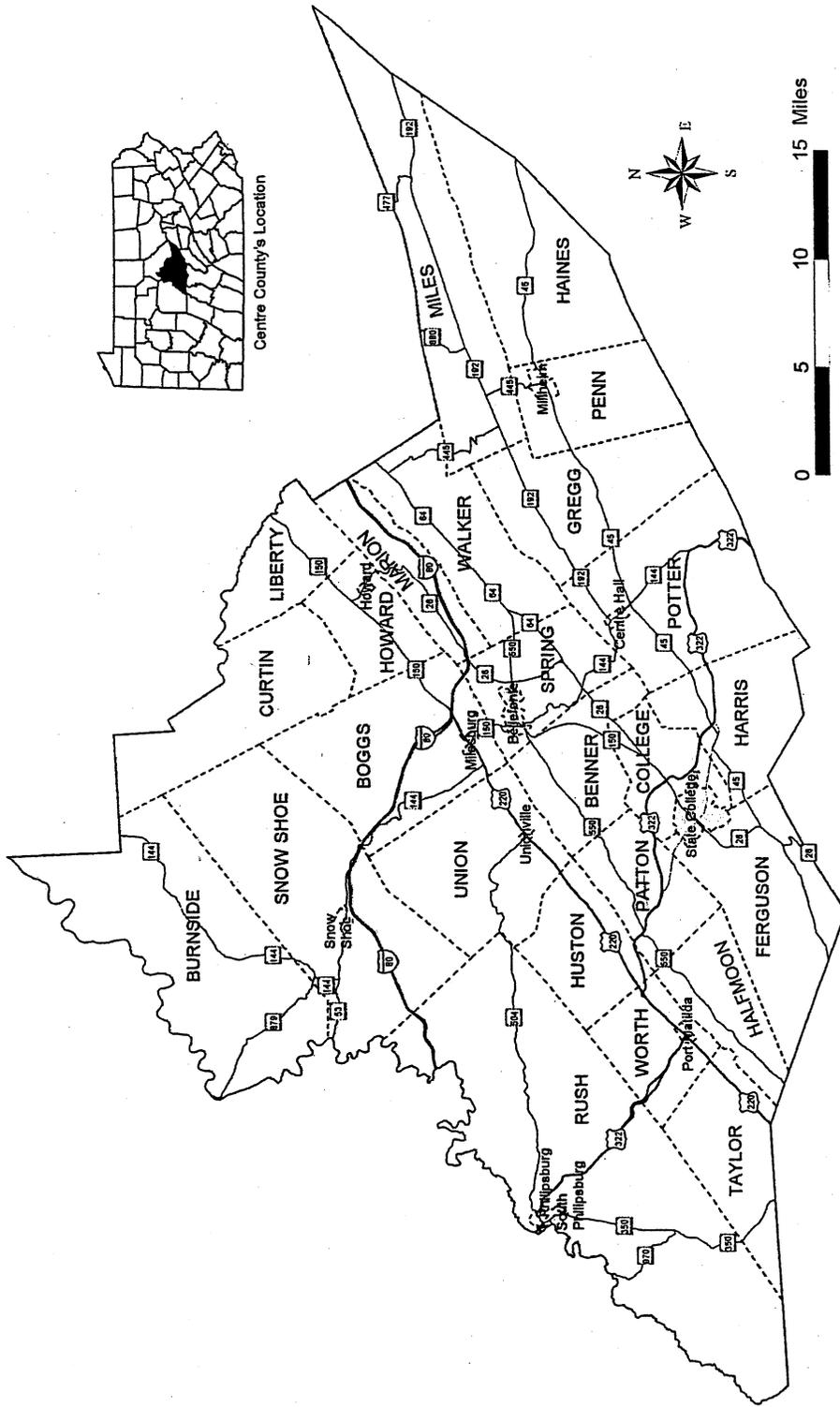
**Jury Commissioners**

**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



Prepared by Centre County GIS.

**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, 2008, 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, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Mental Health/Mental Retardation, Children and Youth, Debt Service, and Capital Project Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2009 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 is not a required part of the basic financial statements but is supplemental 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 this required supplementary information. However, we did not audit the MD&A 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, 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 schedules on pages 82 through 107 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.

As disclosed in Note 1 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 45 in 2008.

A handwritten signature in black ink that reads "Parente Randolph, LLC". The signature is written in a cursive, flowing style.

State College, Pennsylvania  
June 23, 2009

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

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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, 2008. 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 \$2,495,000. Net assets related to governmental activities decreased by \$2,932,000, whereas net assets of the County's business-type activities increased by \$437,000.
- As of December 31, 2008, \$7,920,000 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 \$5,885,000 or 17.7 percent of total General Fund expenditures.
- Total bond indebtedness on December 31, 2008 was \$35,895,000, a decrease of \$2,255,000 from the beginning of the year. The County's 2008 total debt service payments of \$2,534,000 (principal & interest) represented 3.7 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 Fund, 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 annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

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

#### **PROPRIETARY FUNDS**

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

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

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

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

### **FIDUCIARY FUNDS**

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

### **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-80 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 109.

## **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, 2008 by \$23,210,000, a decrease of \$2,495,000 from the beginning of the year.

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

The County's net assets reflected in invested 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 \$10,708,000 at year-end. The County's investment in its capital assets reported net of related debt as related to its business-type activities was \$(3,149,000) 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, 2008 and 2007  
 Primary Government  
 (in millions)

	Total Governmental Activities		Business-type Activities Enterprise Funds		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Current and other assets	\$21.7	\$27.8	\$ 5.0	\$ 4.9	\$26.7
Capital assets	<u>36.1</u>	<u>36.1</u>	<u>7.3</u>	<u>7.8</u>	<u>43.4</u>	<u>43.9</u>
Total assets	<u>57.8</u>	<u>63.9</u>	<u>12.3</u>	<u>12.7</u>	<u>70.1</u>	<u>76.6</u>
Other liabilities	5.8	7.4	1.4	1.4	7.2	8.8
Long-term liabilities	<u>28.6</u>	<u>30.1</u>	<u>11.2</u>	<u>12.0</u>	<u>39.8</u>	<u>42.1</u>
Total liabilities	<u>34.4</u>	<u>37.5</u>	<u>12.6</u>	<u>13.4</u>	<u>47.0</u>	<u>50.9</u>
Invested in capital assets, net of related debt	10.7	9.2	(3.2)	(3.4)	7.5	5.8
Restricted	4.8	5.9			4.8	5.9
Unrestricted	<u>7.9</u>	<u>11.3</u>	<u>2.9</u>	<u>2.7</u>	<u>10.8</u>	<u>14.0</u>
Total net assets	<u>\$23.4</u>	<u>\$ 26.4</u>	<u>\$ (0.3)</u>	<u>\$ (0.7)</u>	<u>\$23.1</u>	<u>\$25.7</u>

At December 31, 2008, the restricted portion of the County's net assets, \$4.8 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance includes \$10.7 million of equity related to capital assets and \$7.9 million in unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors. During 2008, current assets decreased by \$6.0 million while capital assets decreased by \$500,000.

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

**CONDENSED STATEMENT OF ACTIVITIES**

December 31, 2008 and 2007

(in millions)

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
REVENUES:						
Program revenues:						
Charges for services	\$ 9.5	\$ 9.4	\$ 19.3	\$ 17.5	\$ 28.8	\$ 26.9
Operating grants and contributions	36.3	37.6			36.3	37.6
Capital grants and contributions	0.2				0.2	
General revenues:						
Property taxes	20.4	20.0			20.4	20.0
Unrestricted investment earnings	<u>0.7</u>	<u>1.2</u>	<u>      </u>	<u>      </u>	<u>0.7</u>	<u>1.2</u>
Total revenues	<u>67.1</u>	<u>68.2</u>	<u>19.3</u>	<u>17.5</u>	<u>86.4</u>	<u>85.7</u>
EXPENSES:						
General government	19.5	17.8			19.5	17.8
Public safety	10.8	10.3			10.8	10.3
Public works	0.4	0.2			0.4	0.2
Human services	33.3	33.1			33.3	33.1
Culture and recreation	0.7	0.5			0.7	0.5
Conservation and development	2.2	1.5			2.2	1.5
Interest on long-term debt	1.1	1.1			1.1	1.1
Nursing home			18.7	17.3	18.7	17.3
911 emergency response	<u>      </u>	<u>      </u>	<u>2.3</u>	<u>3.1</u>	<u>2.3</u>	<u>3.1</u>
Total expenses	<u>68.0</u>	<u>64.5</u>	<u>21.0</u>	<u>20.4</u>	<u>89.0</u>	<u>84.9</u>
(Decrease) increase in net assets						
before transfers	(0.9)	3.7	(1.7)	(2.9)	(2.6)	0.8
Transfers	<u>(2.1)</u>	<u>(2.5)</u>	<u>2.1</u>	<u>2.5</u>	<u>      </u>	<u>      </u>
Change in net assets	(3.0)	1.2	0.4	(0.4)	(2.6)	0.8
Net assets - beginning	<u>26.4</u>	<u>25.2</u>	<u>(0.7)</u>	<u>(0.3)</u>	<u>25.7</u>	<u>24.9</u>
Net assets – ending	<u>\$ 23.4</u>	<u>\$ 26.4</u>	<u>\$ (0.3)</u>	<u>\$ (0.7)</u>	<u>\$ 23.1</u>	<u>\$25.7</u>

At the end of 2008, the County is able to report a positive balance of \$23.2 million in total net assets. The County's overall financial position declined as reflected in the \$2,494,000 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 \$3.0 million. Key elements of this decrease include:

- General government expenses increased by 1.7 million. Key elements of this increase included the purchase of a magisterial district judge building, the purchase of new election equipment and the expense related to the disposal of old election equipment.
- Interest revenue *decreased* by \$500,000.

#### **BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the County's net assets by \$437,000. The County nursing home's change in net assets was a positive \$17,000. This is due to a transfer from the general fund of \$792,000. The 911 System's on-going deficit, \$3.9 million on December 31, 2008, is a result of the fee structure not covering the depreciation, costs of capital assets, and debt service payments.

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

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

Governmental funds The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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, 2008, the County's governmental funds reported combined ending fund balances of \$13,385,000 a decrease of \$4,975,000 compared to the prior year.

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

Unrestricted net assets of the County's Enterprise funds at the end of the year amounted to \$2,893,000 and those for the Internal Service funds amounted to \$809,000. The total increases in net assets for the Enterprise funds were \$437,000. The total increase in net assets for the Internal Service funds were \$334,000. 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 2008 was approximately \$30.5 million. This was an increase of \$1,862,000 over the previous year amended budget, which represents a 6.5 percent increase.

The General Fund Budget complied with financial policies approved by the County Board of Commissioners. The 2008 original budget was increased by \$1.8 million.

**FINANCIAL ANALYSIS OF THE MAJOR FUNDS**

**General Fund**

The General Fund is the primary operating fund of the County. On December 31, 2008, unreserved, undesignated fund balance of the General Fund was \$5,885,000 while total fund balance equaled \$9,234,000. The fund balance of the County's General Fund decreased by \$2,534,000 during 2008. As a measure of the General Fund's liquidity, the unreserved fund balance represents 17.7 percent of the total general fund expenditures, net of interfund transfers, or 65 days.

Revenues of the General Fund totaled \$30,749,000 for the year ended December 31, 2008, which represents an increase of \$383,000 or 1.3 percent. The following represents a summary of general fund revenue with budget comparison by source (in thousands):

	<u>2008</u>			<u>2007</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:						
Real estate taxes	\$16,925	\$16,678	\$ (247)	\$16,411	\$16,362	\$ (49)
Grants, gifts and payments in lieu	3,070	3,260	190	2,893	2,852	(41)
Court fees	1,211	1,246	35	1,035	928	(107)
Fines and forfeits	235	242	7	251	258	7
Interest and rents	838	609	(229)	777	1,058	281
Charges for services	8,563	8,520	(43)	8,158	8,627	469
Contributions and other revenues	<u>142</u>	<u>194</u>	<u>52</u>	<u>276</u>	<u>281</u>	<u>5</u>
Total revenues	<u>\$30,984</u>	<u>\$30,749</u>	<u>\$ (235)</u>	<u>\$29,801</u>	<u>\$30,366</u>	<u>\$ 565</u>

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

The major elements of the \$247,000 negative budget variance in *Real estate taxes* is related to a decrease in new construction of land parcels in 2008. The \$190,000 positive budget variance in *Grants, gifts and payments in lieu* is due to receiving a HAVA grant in the elections department for \$145,000 that was not expected. The \$229,000 negative budget variance in *Interest and rents* is due to lower than expected interest rates in 2008. In 2007, the major element of the \$469,000 positive budget variance in *Charges for Services* relates to the County receiving \$200,000 more in fees that were budgeted in the Prothonotary and Sheriff departments.

General Fund expenditures totaled \$30,037,000, which represents an increase of \$2,174,000 or 7.8 percent from 2007. The following represents a summary of General Fund expenditures with budget comparison for the year ended December 31, 2008 (in thousands).

	<u>Budget</u>	<u>2008 Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>2007 Actual</u>	<u>Variance</u>
EXPENDITURES:						
General government:						
Administration	\$10,313	\$ 9,903	\$410	\$ 9,488	\$ 9,259	\$229
Judicial	7,052	7,073	(21)	6,927	6,796	131
Public safety	10,053	10,108	(55)	9,759	9,489	270
Public works	53	53	-	-	4	(4)
Human services	195	189	6	190	189	1
Culture and recreation	536	536	-	524	524	-
Conservation & Development	<u>2,340</u>	<u>2,175</u>	<u>165</u>	<u>1,792</u>	<u>1,602</u>	<u>190</u>
Total expenditures	<u>\$30,542</u>	<u>\$30,037</u>	<u>\$505</u>	<u>\$28,680</u>	<u>\$27,863</u>	<u>\$817</u>

The major elements of the \$410,000 positive budget variance in *Administration* relate to a reduction in salaries and benefits, contracted professional services, and equipment rental. In 2007, the major element of the \$270,000 positive budget variance in *Public Safety* relates to a reduction in salaries and benefits and purchased client services in the Probation and Juvenile Probation department.

*General Fund original and final amended budget*

The final amended budgeted revenues in 2008 were \$30,984,000 compared to the original budgeted revenues of \$30,082,000. The \$902,000 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 2008 were \$30,542,000 compared to the original budgeted expenses of \$28,696,000. The major elements of the \$1,846,000 negative budget variance relate to \$643,000 in election equipment and \$650,000 of 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 over expenditures of approximately \$1,190,000 and \$911,000 before transfers-in from the General Fund for the years ended December 31, 2008 and 2007, 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 \$441,460 more than budgeted for the year ended December 31, 2008 and \$32,440 more than budgeted for the year ended December 31, 2007. These funds' financial statements are included with the statements on pages 33-34 and 37 of this report.

### **DEBT SERVICE FUND**

The Debt Service Fund's total fund balances at December 31, 2008 and 2007 were \$2,275,000 and \$3,124,000 respectively. The \$849,000 decrease in this fund is primarily attributed to an interfund transfer from Debt Service to the Capital Projects Fund for the Magisterial District Judge Building and other 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, 2008 and 2007, the County expended \$2,144,000 and \$2,651,000, respectively, for such projects. Capital Projects Fund's balance at year-end totaled \$983,000, which is a decrease of \$1,404,000, compared to prior year. This decrease is directly attributable to expenses related to the Magisterial District Judge building and the completion of the fire training 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 \$5,340,000 and \$6,731,000 respectively for 2008, which represents a deficiency of \$1,391,000, before transfers. Transfers from the General Fund totaled \$1,202,000. The non-major financial statements can be found on pages 86-89.

**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 \$55,256,000 and \$72,485,000, respectively, for the years ended December 31, 2008 and 2007. Net assets of the Pension Trust Fund balance decreased by \$17,229,000 (23.7%) in 2008 and increased by \$4,250,000 (6.7%) in 2007. The loss in 2008 was primarily due to investment losses. The County transferred the Annual Required Contribution of \$1,373,235 (2008) and \$1,452,061 (2007) from the General Fund to the Retirement Trust fund. The plan is fully funded in accordance with the Annual Actuarial Valuation.

**CAPITAL ASSETS**

The County's investment in capital assets for its governmental and business-type activities at December 31, 2008 and 2007 amounted to \$43,454,212 and \$43,908,678, 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, 2008:</u>	Governmental <u>Activities</u>	Business-type <u>Activity</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>
<u>December 31, 2007:</u>	Governmental <u>Activities</u>	Business-type <u>Activity</u>	<u>Total</u>
Buildings, land & improvements	\$32,103,980	\$ 6,924,126	\$39,028,106
Furniture & equipment	3,724,639	877,353	4,601,992
Vehicles	<u>278,578</u>	<u>-</u>	<u>278,578</u>
	<u>\$36,107,197</u>	<u>\$7,801,479</u>	<u>\$43,908,676</u>

As evidenced above, buildings, land & improvements related to the County's governmental activities increased approximately \$1.1 million during 2008. This increase is primarily attributable to the completion of the fire training facility and the purchase of the Magisterial District Judge building. Furniture & equipment related to the County's governmental activities decreased approximately \$1 million during 2008. This decrease is due to the disposal of election equipment. See Note 10 on page 64 of this report for detailed information on capital asset activity.

### LONG TERM DEBT

The County's net general obligation bond debt of \$35,895,000 at year-end was well below the legal limit of \$141,548,483. Activity related to the County's long-term debt for the years ended December 31, 2008 and 2007 is as follows:

	Governmental <u>Activities</u>	Business-type <u>Activity</u>	<u>Total</u>
Bonds payable at January 1, 2007	\$28,299,501	\$11,945,499	\$40,245,000
Bond payments	<u>(1,364,039)</u>	<u>(730,961)</u>	<u>(2,095,000)</u>
Bonds payable at December 31, 2007	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	<u>\$25,444,888</u>	<u>\$10,450,112</u>	<u>\$35,895,000</u>

In 2008 and 2007, the County issued no new debt. Additional information on the County's long-term debt can be found at Note 11 on page 66 of this report.

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

### **ECONOMIC CONDITIONS**

The unemployment rate in Centre County was 5.6 at the end of 2008, which is a 65% increase from 2007. This compares favorably, however, with Pennsylvania's unemployment rate of 6.4 percent and the nation's rate of 7.2 percent at the end of 2008. The County is in a period of positive, yet slower than average growth.

In 2008, the County became subject to the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 45, which addresses Other Post Employment Benefits ("OPEB"). Pursuant to the requirement, the County hired Milliman, Inc. a certified actuary firm, to produce the specified OPEB valuation. The results of this valuation are included in this CAFR, and based upon these results the County has decided to continue to cover OPEB expenses on a "pay as you go" basis.

### **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, 2008

	Primary Government		Total	Component Units	
	Governmental Activities	Business-type Activities		Conservation District	Solid Waste Authority
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 13,358,369	\$ 1,495,560	\$ 14,853,929	\$ 254,732	\$ 3,636,413
Cash with fiscal agent	635,709		635,709		
Receivables (net of allowance for uncollectibles, as applicable):					
Taxes receivable	1,150,749		1,150,749		
Accounts	8,596	3,096,392	3,104,988	214,632	612,448
Grants receivable	3,155,746	272,306	3,428,052		456,914
Other receivables	502,677		502,677		
Accrued interest receivable	88,394		88,394		
Loans receivable	1,228,189		1,228,189		
Prepaid items and inventory	84,885	31,681	116,566		126,384
Restricted cash, nursing home's trust accounts		143,689	143,689		
Advances to providers	144,000		144,000		
Unamortized bond discount	385,235		385,235		
Deferred charges	946,849		946,849		
Capital assets (net of accumulated depreciation):					
Land and improvements	1,719,563	6,093	1,725,656		17,643
Buildings and improvements	31,467,769	6,615,570	38,083,339	11,272	11,030,644
Furniture and equipment	2,678,246	679,768	3,358,014		431,319
Vehicles	287,203		287,203		731,796
<b>Total assets</b>	<b>57,842,179</b>	<b>12,341,059</b>	<b>70,183,238</b>	<b>480,636</b>	<b>17,043,561</b>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	3,359,876	563,206	3,923,082	101,962	811,078
Accrued interest payable	446,435	238,776	685,211		
Salaries and benefits payable	780,769	463,636	1,244,405		
Unearned revenue	1,184,201		1,184,201	107,689	
Funds held as fiduciary		143,689	143,689		
Noncurrent liabilities:					
Portion due or payable within one year:					
Bonds and notes payable	1,544,153	790,847	2,335,000		649,085
Unamortized bond premium	94,146		94,146		
Portion due or payable after one year:					
Bonds and notes payable	23,900,735	9,659,265	33,560,000		4,325,936
Compensated absences	2,001,605	704,148	2,705,753		
Unamortized bond premium	1,035,608		1,035,608		
Other post-employment benefits liability	28,402	33,565	61,967		
Landfill post-closure liability					76,724
<b>Total liabilities</b>	<b>34,375,930</b>	<b>12,597,132</b>	<b>46,973,062</b>	<b>209,651</b>	<b>5,862,823</b>
<b>NET ASSETS (DEFICIT):</b>					
Invested in capital assets, net of related debt	10,707,893	(3,148,681)	7,559,212	11,272	7,236,381
Restricted for:					
Judicial	420,706		420,706		
Public works	265,876		265,876		
Conservation and development	1,316,598		1,316,598		
Public safety	35,790		35,790		
Debt service	2,275,488		2,275,488		
* Records management & data automation	524,249		524,249		
Unrestricted	7,919,649	2,892,608	10,812,257	259,713	3,944,357
<b>Total net assets (deficit)</b>	<b>\$23,466,249</b>	<b>\$ (256,073)</b>	<b>\$23,210,176</b>	<b>\$270,985</b>	<b>\$11,180,738</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, 2008

	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			
					Government Activities	Business-type Activities	Conservation District	Solid Waste Authority		
<b>FUNCTIONS/PROGRAMS</b>										
Primary government:										
Governmental activities:										
General government:										
Administrative	\$ 11,595,611	\$ 3,925,548	\$ 2,286,806		\$ (5,383,257)					\$ (5,383,257)
Judicial	7,824,063	2,717,170	1,435,854		(3,671,039)					(3,671,039)
Public safety	10,768,771	1,853,122	811,019		(8,104,630)					(8,104,630)
Public works	369,947	28,774	254,842		(86,331)					(86,331)
Human services	33,341,181	576,358	30,472,855	\$ 195,697	(2,096,271)					(2,096,271)
Culture and recreation	735,768				(735,768)					(735,768)
Conservation and development	2,143,173	379,760	1,033,121		(730,292)					(730,292)
Interest on long-term debt	1,134,340				(1,134,340)					(1,134,340)
Total governmental activities	<u>67,912,854</u>	<u>9,480,732</u>	<u>36,294,497</u>	<u>195,697</u>	<u>(21,941,928)</u>					<u>(21,941,928)</u>
Business-type activities:										
Nursing home	18,682,726	17,268,944				\$ (1,413,782)				(1,413,782)
911 emergency response	<u>2,279,746</u>	<u>2,043,140</u>				<u>(236,606)</u>				<u>(236,606)</u>
Total business-type activities	<u>20,962,472</u>	<u>19,312,084</u>				<u>(1,650,388)</u>				<u>(1,650,388)</u>
Total primary government	<u>\$88,875,326</u>	<u>\$28,792,816</u>	<u>\$36,294,497</u>	<u>\$ 195,697</u>	<u>(21,941,928)</u>	<u>(1,650,388)</u>				<u>(23,592,316)</u>
Component units:										
Conservation District	\$ 692,324		\$ 730,073						\$ 37,749	\$ (357,105)
Solid Waste Authority	<u>10,170,447</u>	<u>\$ 9,040,769</u>	<u>772,573</u>						<u>37,749</u>	<u>(357,105)</u>
Total component units	<u>\$10,862,771</u>	<u>\$ 9,040,769</u>	<u>\$ 1,502,646</u>	<u>\$ -</u>					<u>37,749</u>	<u>(357,105)</u>
General revenues:										
Property taxes, levied for general purposes					16,677,807					16,677,807
Property taxes, levied for debt service					3,707,510					3,707,510
Unrestricted investment earnings					698,875	13,311			1,801	101,642
Transfers					(2,073,771)	2,073,771				
Total general revenues and transfers					<u>19,010,421</u>	<u>2,087,082</u>			<u>1,801</u>	<u>101,642</u>
Change in net assets					(2,931,507)	436,694			39,550	(255,463)
Net assets (deficit) - beginning					<u>26,397,756</u>	<u>(692,767)</u>			<u>231,435</u>	<u>11,436,201</u>
Net assets (deficit) - ending					<u>\$23,466,249</u>	<u>\$ (256,073)</u>			<u>\$270,985</u>	<u>\$11,180,738</u>

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

**COUNTY OF CENTRE, PENNSYLVANIA**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

	General	Special Revenue Children & Youth	Mental Health	Debt Service	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 6,676,837	\$ 350	\$ 1,965,258	\$ 1,571,085	\$ 889,827	\$ 1,225,935	\$ 12,329,292
Cash with fiscal agent				635,709			635,709
Receivables:							
Taxes	937,568			213,181			1,150,749
Grants	531,522	2,229,869	8,216		104,475	281,664	3,155,746
Other	282,382	66,950				27,281	376,613
Due from other funds	1,801,864						1,801,864
Accrued interest	88,394						88,394
Loans receivable (net of uncollectible)	1,228,189						1,228,189
Prepaid items and inventory	50,069	361	2,007			3,003	55,440
Advance to providers			144,000				144,000
<b>Total assets</b>	<b>\$ 11,596,825</b>	<b>\$ 2,297,530</b>	<b>\$ 2,119,481</b>	<b>\$ 2,419,975</b>	<b>\$ 994,302</b>	<b>\$ 1,537,883</b>	<b>\$ 20,965,996</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>Liabilities:</b>							
Accounts payable and accruals	\$ 1,135,154	\$ 573,886	\$ 1,296,066	\$ 1,294	\$ 11,021	\$ 231,955	\$ 3,249,376
Accrued payroll	559,120	65,026	77,684			78,939	780,769
Due to other funds		1,641,336					1,641,336
Deferred revenue	668,173	17,282	745,731	143,193		335,134	1,909,513
<b>Total liabilities</b>	<b>2,362,447</b>	<b>2,297,530</b>	<b>2,119,481</b>	<b>144,487</b>	<b>11,021</b>	<b>646,028</b>	<b>7,580,994</b>
<b>Fund balances:</b>							
<b>Reserved for:</b>							
Affordable housing loans	1,228,189						1,228,189
Prepaid items	50,069						50,069
Agricultural easement						88,408	88,408
Liquid fuels tax						265,876	265,876
Domestic Relations						420,706	420,706
Hazardous material						35,790	35,790
Debt service				2,275,488			2,275,488
Capital projects					983,281		983,281
Other reserves	920,419						920,419
<b>Unreserved, reported in:</b>							
<b>General Fund:</b>							
Designated	1,150,465						1,150,465
Undesignated	5,885,236						5,885,236
Special Revenue, Designated						81,075	81,075
<b>Total fund balances</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>Total liabilities and fund balances</b>	<b>\$ 11,596,825</b>	<b>\$ 2,297,530</b>	<b>\$ 2,119,481</b>	<b>\$ 2,419,975</b>	<b>\$ 994,302</b>	<b>\$ 1,537,883</b>	
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							36,152,781
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.							757,943
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.							202,330
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.							808,654
Accrued interest payable included on the statement of net assets.							(446,435)
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:							
						Compensated absences	(1,920,736)
						Other post-employment benefits liability	(28,402)
						Bonds payable	(25,444,888)
							<u>(27,394,026)</u>
<b>Net assets of governmental activities</b>							<b>\$ 23,466,249</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, 2008

	General	Special Revenue Children & Youth	Mental Health	Debt Service	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Real estate taxes	\$ 16,677,807			\$ 3,670,415			\$ 20,348,222
Grants, gifts, and payments in lieu of taxes	3,260,710	\$ 7,648,891	\$ 17,690,532			\$ 5,101,985	33,702,118
Court costs	1,246,217						1,246,217
Fines and forfeits	241,764						241,764
Interest and rents	608,576		21,422	26,556		41,861	698,415
Charges for services	8,519,605	187,859	33,969			131,750	8,873,183
Contributions and other revenues	194,132		66,844			64,497	325,473
<b>Total revenues</b>	<b>30,748,811</b>	<b>7,836,750</b>	<b>17,812,767</b>	<b>3,696,971</b>		<b>5,340,093</b>	<b>65,435,392</b>
<b>EXPENDITURES:</b>							
Current:							
General government:							
Administration	9,902,426						9,902,426
Judicial	7,073,296					1,068,827	8,142,123
Public safety	10,107,991					43,363	10,151,354
Public works	53,771					316,176	369,947
Human services	189,336	8,743,106	18,096,674			5,102,936	32,132,052
Culture and recreation	535,768						535,768
Conservation and development	2,174,802					200,000	2,374,802
Debt service:							
Principal				1,490,574			1,490,574
Interest				1,043,872			1,043,872
Other cost				2,500			2,500
Capital outlay					\$ 2,143,889		2,143,889
<b>Total expenditures</b>	<b>30,037,390</b>	<b>8,743,106</b>	<b>18,096,674</b>	<b>2,536,946</b>	<b>2,143,889</b>	<b>6,731,302</b>	<b>68,289,307</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>711,421</b>	<b>(906,356)</b>	<b>(283,907)</b>	<b>1,160,025</b>	<b>(2,143,889)</b>	<b>(1,391,209)</b>	<b>(2,853,915)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers - in	772,247	1,550,856	421,042		740,014	1,202,270	4,686,429
Transfers - out	(4,017,543)	(644,500)	(137,135)	(2,008,746)			(6,807,924)
<b>Total other financing (uses) sources</b>	<b>(3,245,296)</b>	<b>906,356</b>	<b>283,907</b>	<b>(2,008,746)</b>	<b>740,014</b>	<b>1,202,270</b>	<b>(2,121,495)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,533,875)</b>			<b>(848,721)</b>	<b>(1,403,875)</b>	<b>(188,939)</b>	<b>(4,975,410)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>11,768,253</b>			<b>3,124,209</b>	<b>2,387,156</b>	<b>1,080,794</b>	<b>18,360,412</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 9,234,378</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,275,488</b>	<b>\$ 983,281</b>	<b>\$ 891,855</b>	<b>\$ 13,385,002</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, 2008

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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)		\$(4,975,410)
<p>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.</p>		
Capital outlays	2,902,229	
Depreciation expense	(1,698,284)	
Loss on disposals	<u>(1,158,361)</u>	45,584
<p>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.</p>		
		37,097
<p>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, 2008 are as follows:</p>		
Scheduled principal payments on long-term debt made in 2008	1,490,574	
Accretion of deferred bond issuance costs	(80,646)	
Accretion of bond premium	94,146	
Amortization of bond discount	<u>(33,036)</u>	1,471,038
<p>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.</p>		
		(68,432)
<p>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.</p>		
		509,009
<p>Other post employment benefits that are reflected on the statement of net assets but are not considered a current expenditure in governmental funds</p>		
		(28,402)
<p>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.</p>		
		<u>78,009</u>
Change in net assets of governmental activities (page 32)		<u>\$(2,931,507)</u>

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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  
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund			Variance From Final Budget
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Real estate taxes	\$ 16,925,051	\$ 16,925,051	\$ 16,677,807	\$(247,244)
Grants, gifts and payments in lieu of taxes	2,266,282	3,070,445	3,260,710	190,265
Court costs	1,195,145	1,211,052	1,246,217	35,165
Fines and forfeits	234,500	234,500	241,764	7,264
Interest and rents	837,629	837,629	608,576	(229,053)
Charges for services	8,601,781	8,562,799	8,519,605	(43,194)
Contributions and other revenues	<u>21,340</u>	<u>142,309</u>	<u>194,132</u>	<u>51,823</u>
Total revenues	<u>30,081,728</u>	<u>30,983,785</u>	<u>30,748,811</u>	<u>(234,974)</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Administration	9,376,428	10,312,739	9,902,426	410,313
Judicial	7,037,283	7,051,898	7,073,296	(21,398)
Public safety	9,983,797	10,052,742	10,107,991	(55,249)
Public works		53,772	53,771	1
Human services	192,527	195,402	189,336	6,066
Culture and recreation	535,768	535,768	535,768	
Conservation and development	<u>1,570,668</u>	<u>2,339,682</u>	<u>2,174,802</u>	<u>164,880</u>
Total expenditures	<u>28,696,471</u>	<u>30,542,003</u>	<u>30,037,390</u>	<u>504,613</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>1,385,257</u>	<u>441,782</u>	<u>711,421</u>	<u>269,639</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers - in	899,500	830,646	772,247	(58,399)
Operating transfers - out	<u>(3,476,151)</u>	<u>(3,265,897)</u>	<u>(4,017,543)</u>	<u>(751,646)</u>
Total other financing uses	<u>(2,576,651)</u>	<u>(2,435,251)</u>	<u>(3,245,296)</u>	<u>(810,045)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (1,191,394)</u>	<u>\$ (1,993,469)</u>	<u>(2,533,875)</u>	<u>\$ (540,406)</u>
<b>FUND BALANCE, BEGINNING</b>			<u>11,768,253</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 9,234,378</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, 2008

	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)
REVENUES:							
Grants, gifts and payment in lieu of taxes	\$8,684,527	\$8,684,527	\$7,648,891	\$(1,035,636)	\$18,392,465	\$17,690,532	\$(701,933)
Interest and rents					25,000	21,422	(3,578)
Charges for services	215,965	215,965	187,859	(28,106)	31,500	33,969	2,469
Contributions and other revenues					55,706	66,844	11,138
Total revenues	8,900,492	8,900,492	7,836,750	(1,063,742)	18,504,671	17,812,767	(691,904)
EXPENDITURES, Current,							
Human services	9,269,211	9,406,346	8,743,106	663,240	18,707,623	18,096,674	610,949
EXCESS OF EXPENDITURES OVER REVENUES	(368,719)	(505,854)	(906,356)	(400,502)	(202,952)	(283,907)	(80,955)
OTHER FINANCING SOURCES (USES):							
Operating transfers - in	1,218,719	1,190,354	1,550,856	360,502	340,087	421,042	80,955
Operating transfers - out	(850,000)	(684,500)	(644,500)	40,000	(137,135)	(137,135)	
Total other financing sources	368,719	505,854	906,356	400,502	202,952	283,907	80,955
NET CHANGE IN FUND BALANCES							
FUND BALANCE, BEGINNING							
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2008

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 803,852	\$ 691,708	\$ 1,495,560	\$ 1,029,077
Restricted cash, nursing home's trust accounts	143,689		143,689	
Accounts receivable, net	3,022,723	73,669	3,096,392	8,596
Due from other governments	272,306		272,306	126,064
Prepaid items and inventory	<u>23,414</u>	<u>8,267</u>	<u>31,681</u>	<u>29,445</u>
Total current assets	<u>4,265,984</u>	<u>773,644</u>	<u>5,039,628</u>	<u>1,193,182</u>
Capital assets,				
Land, buildings, and equipment	13,591,531	8,777,674	22,369,205	3,615,593
Less accumulated depreciation	<u>(7,063,744)</u>	<u>(8,004,030)</u>	<u>(15,067,774)</u>	<u>(2,690,814)</u>
Capital assets, net	<u>6,527,787</u>	<u>773,644</u>	<u>7,301,431</u>	<u>924,779</u>
Total assets	<u>10,793,771</u>	<u>1,547,288</u>	<u>12,341,059</u>	<u>2,117,961</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Current maturities of general obligation debt	400,037	390,810	790,847	
Accounts payable and accrued expenses	531,174	32,032	563,206	110,500
Salaries and benefits payable	418,026	45,610	463,636	
Deferred revenue				32,632
Due to other funds				160,527
Accrued interest payable	120,781	117,995	238,776	
Funds held as fiduciary	<u>143,689</u>		<u>143,689</u>	
Total current liabilities	<u>1,613,707</u>	<u>586,447</u>	<u>2,200,154</u>	<u>303,659</u>
Noncurrent liabilities:				
Bonds and notes payable	4,886,043	4,773,222	9,659,265	
Compensated absences	613,765	90,383	704,148	80,869
Other post employment benefits	<u>33,565</u>		<u>33,565</u>	
Total noncurrent liabilities	<u>5,533,373</u>	<u>4,863,605</u>	<u>10,396,978</u>	<u>80,869</u>
Total liabilities	<u>7,147,080</u>	<u>5,450,052</u>	<u>12,597,132</u>	<u>384,528</u>
<b>NET ASSETS (DEFICIT):</b>				
Invested in capital assets, net of related debt	1,241,707	(4,390,388)	(3,148,681)	924,779
Unrestricted	<u>2,404,984</u>	<u>487,624</u>	<u>2,892,608</u>	<u>808,654</u>
Total net assets (deficit)	<u>\$ 3,646,691</u>	<u>\$(3,902,764)</u>	<u>\$ (256,073)</u>	<u>\$ 1,733,433</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, 2008

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 17,267,031	\$ 2,030,770	\$ 19,297,801	\$ 2,459,639
Operating grants				1,024,230
Other	<u>1,913</u>	<u>280</u>	<u>2,193</u>	
Total operating revenues	<u>17,268,944</u>	<u>2,031,050</u>	<u>19,299,994</u>	<u>3,483,869</u>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	13,914,654	1,340,831	15,255,485	1,097,453
Purchased services and supplies	4,141,189	562,127	4,703,316	1,959,010
Depreciation and amortization	<u>376,700</u>	<u>134,188</u>	<u>510,888</u>	<u>337,092</u>
Total operating expenses	<u>18,432,543</u>	<u>2,037,146</u>	<u>20,469,689</u>	<u>3,393,555</u>
Operating (loss) income	<u>(1,163,599)</u>	<u>(6,096)</u>	<u>(1,169,695)</u>	<u>90,314</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest income	758	12,553	13,311	460
Other revenue		12,090	12,090	
Bond interest expense	(248,328)	(242,600)	(490,928)	
Loss on disposal of equipment	<u>(1,855)</u>		<u>(1,855)</u>	
Total nonoperating (expenses) revenue, net	<u>(249,425)</u>	<u>(217,957)</u>	<u>(467,382)</u>	<u>460</u>
<b>CAPITAL CONTRIBUTIONS</b>				
(Loss) income before transfers	<u>(1,413,024)</u>	<u>(224,053)</u>	<u>(1,637,077)</u>	<u>286,471</u>
<b>TRANSFERS:</b>				
Transfers in:				
General Fund	792,467	17,040	809,507	48,100
Debt Service	641,766	626,966	1,268,732	
Transfers out	<u>(4,468)</u>		<u>(4,468)</u>	<u>(377)</u>
Transfers, net	<u>1,429,765</u>	<u>644,006</u>	<u>2,073,771</u>	<u>47,723</u>
CHANGE IN NET ASSETS	16,741	419,953	436,694	334,194
NET ASSETS (DEFICIT), BEGINNING	<u>3,629,950</u>	<u>(4,322,717)</u>	<u>(692,767)</u>	<u>1,399,239</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 3,646,691</u>	<u>\$(3,902,764)</u>	<u>\$ (256,073)</u>	<u>\$ 1,733,433</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, 2008

	Business-Type Activities			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 17,545,319	\$ 2,039,888	\$ 19,585,207	\$ 1,562,036
Cash received from operating grants				1,024,230
Cash received from interfund services provided	1,913	280	2,193	887,346
Cash payments to suppliers	(4,172,623)	(636,796)	(4,809,419)	(1,976,955)
Cash payments to employees for services	<u>(13,818,363)</u>	<u>(1,345,550)</u>	<u>(15,163,913)</u>	<u>(1,095,698)</u>
Net cash (used in) provided by operating activities	<u>(443,754)</u>	<u>57,822</u>	<u>(385,932)</u>	<u>400,959</u>
<b>CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	1,434,233	644,006	2,078,239	48,100
Transfers out				<u>(377)</u>
Net cash provided by non-capital financing activities	<u>1,434,233</u>	<u>644,006</u>	<u>2,078,239</u>	<u>47,723</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Cash payments for acquisition of capital assets	(17,163)		(17,163)	(162,278)
Cash payments for principal on capital debt	(386,672)	(377,754)	(764,426)	
Cash payments for interest on capital debt	(255,094)	(249,211)	(504,305)	
Capital contributions				<u>118,325</u>
Net cash used in capital and related financing activities	<u>(658,929)</u>	<u>(626,965)</u>	<u>(1,285,894)</u>	<u>(43,953)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,</b>				
Cash received from interest and other revenue	<u>758</u>	<u>24,643</u>	<u>25,401</u>	<u>460</u>
INCREASE IN CASH AND CASH EQUIVALENTS	332,308	99,506	431,814	405,189
CASH AND CASH EQUIVALENTS, BEGINNING	<u>615,233</u>	<u>592,202</u>	<u>1,207,435</u>	<u>623,888</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 947,541</u>	<u>\$ 691,708</u>	<u>\$ 1,639,249</u>	<u>\$ 1,029,077</u>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating (loss) income	\$ (1,163,599)	\$ (6,096)	\$ (1,169,695)	\$ 90,314
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation and amortization	376,700	134,187	510,887	337,092
Changes in assets and liabilities:				
Decrease in accounts receivable	190,329	9,119	199,448	155
Decrease (increase) in due from other governments	87,959		87,959	(113,523)
Decrease in prepaid items and inventory	591	1,584	2,175	3,942
Decrease in accounts payable and accrued expenses	(9,133)	(76,253)	(85,386)	(21,887)
Increase in due to other funds				106,012
Decrease in deferred revenue				(2,901)
Decrease in funds held as fiduciary	(22,892)		(22,892)	
Increase in salaries and benefits payable	85,919	10,281	96,200	
Increase in post employment benefits	33,565		33,565	
(Decrease) increase in compensated absences	<u>(23,193)</u>	<u>(15,000)</u>	<u>(38,193)</u>	<u>1,755</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (443,754)</u>	<u>\$ 57,822</u>	<u>\$ (385,932)</u>	<u>\$ 400,959</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, 2008**

	EMPLOYEE RETIREMENT TRUST FUND	CENTRE CREST TRUST FUND	AGENCY FUNDS
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 912,405	\$ 124,428	\$ 3,233,298
Investing securities lending collateral	1,082,650		
Interest receivable	270,456		
Investments, at fair value:			
U.S. Government securities	11,890,146		
Corporate bonds	10,380,339		
Common and preferred stocks and stock funds	30,204,986		
Money market fund	<u>1,599,656</u>	<u>          </u>	<u>          </u>
Total assets	<u>\$56,340,638</u>	<u>\$ 124,428</u>	<u>\$3,233,298</u>
<b>LIABILITIES:</b>			
Collateral for loaned securities	\$ 1,082,650		
Accounts payable	1,875		
Due to other governments			\$ 912,963
Funds held as fiduciary	<u>          </u>		<u>2,320,335</u>
Total liabilities	1,084,525		3,233,298
<b>NET ASSETS:</b>			
Held in trust for pension benefits	55,256,113		
Held in trust for residents	<u>          </u>	<u>\$ 124,428</u>	<u>          </u>
Total liabilities and net assets	<u>\$56,340,638</u>	<u>\$ 124,428</u>	<u>\$3,233,298</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, 2008

	EMPLOYEE RETIREMENT TRUST FUND	CENTRE CREST TRUST FUND
<b>ADDITIONS:</b>		
Contributions:		
County	\$ 1,373,235	
Plan members	1,538,631	
Other	<u>                    </u>	\$ 9,542
Total contributions	<u>2,911,866</u>	<u>9,542</u>
Investment (losses) earnings:		
Net depreciation in fair value of investments	(17,374,757)	
Loss from sale of investments	(1,711,169)	
Interest	1,069,129	3,726
Dividends	915,042	
Less investment expense	(242,806)	
Securities lending income	56,176	
Less securities lending expense	<u>(45,337)</u>	
Net investment (losses) earnings	<u>(17,333,722)</u>	<u>3,726</u>
Total (deductions) additions	<u>(14,421,856)</u>	<u>13,268</u>
<b>DEDUCTIONS:</b>		
Benefits	2,420,815	
Refunds of contributions	363,973	
Administrative expense	22,500	
Miscellaneous expense	<u>                    </u>	<u>42,403</u>
Total deductions	<u>2,807,288</u>	<u>42,403</u>
CHANGE IN NET ASSETS	(17,229,144)	(29,135)
NET ASSETS, BEGINNING	<u>72,485,257</u>	<u>153,563</u>
NET ASSETS, ENDING	<u>\$55,256,113</u>	<u>\$124,428</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.

### **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, 2008, \$6,026,948 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, 2008.

#### **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, 2008, 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 \$2,705,753 at December 31, 2008. 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, 2008, 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, 2008, these special revenue funds held the following fund balance reserve and designations:

<u>RESERVED</u>		<u>DESIGNATED</u>	
Agricultural Easement	\$ 88,408	Office of Aging	\$81,075
Liquid Fuels Tax	265,876		
Domestic Relations	420,706		
Hazardous material	<u>35,790</u>		<u>          </u>
Totals	<u>\$810,780</u>		<u>\$81,075</u>

On December 31, 2008, the General Fund held the following fund balance reserves and designations:

<u>RESERVED</u>		<u>DESIGNATED</u>	
Affordable housing	\$361,685	Prison commissary	\$ 139,708
Housing admin fee	31,356	Booking Center	10,757
Prothonotary data	82,313	911	1,000,000
Clerk data	61,607		
County records	200,271		
ROD records	180,058		
Restitution Fund	<u>3,129</u>		<u>          </u>
Totals	<u>\$920,419</u>		<u>\$1,150,465</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 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 911 FUND**  
The County has designated \$1,000,000 of the General Fund balance for future unspecified 911 Fund needs.

#### **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.

#### **ADOPTION OF ACCOUNTING PRINCIPLES**

In calendar year 2008, the County adopted Statement of Governmental Accounting Standards Board ("GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). GASB 45 requires the County to recognize a liability for the actuarial determined net other postemployment benefits obligation ("OPEB") in the statement of net assets. The net OPEB liability in the year of adoption is calculated as the annual OPEB cost, less contributions made during the year. This statement also requires calculation and disclosure of the actuarial accrued liability ("AAL"), the plan assets, if any, and the funded status of the AAL.

Changes to the net OPEB will be recognized through a change in unrestricted net assets based on the annual OPEB cost, interest on the net OPEB, and adjustments to the ARC. The annual OPEB cost includes amortization of the unfunded AAL, which is being amortized using level dollar method over a 10-year period, beginning January 1, 2008.

The County has implemented the recognition and disclosure requirements of GASB 45 as of January 1, 2008. The incremental effects of adopting GASB 45 on individual line items in the accompanying statement of net assets were to increase non-current liabilities and total liabilities and to decrease unrestricted net assets by \$61,967.

Effective January 1, 2008, the County adopted Governmental Accounting Standard Board ("GASB") Statement No. 50, *Pension Disclosures-an amendment of GASB Statements Nos. 25 and 27*. GASB No. 50 establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions. The Statement more closely aligns the financial reporting requirements for pensions with those for Other Postemployment Benefits ("OPEB"). The Statement is intended to improve the transparency and decisions usefulness of reported information about pensions by state and local governmental plans and employers.

## **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, 2008
Total assets	\$47,487
Total net assets	\$6,487
Total support and revenue	\$1,234,589
Operating loss	\$(8,357)
Centre County support to operations	\$475,000

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, 2008 relating to this liability was \$76,724. 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, 2008:

	<u>USEFUL LIFE</u>	
Land and landscaping		\$ 319,035
Building and improvements	31.5 years	15,117,449
Leasehold improvements		91,007
Trailers and trucks	7 years	2,107,769
Station equipment	5-10 years	1,860,221
Office equipment	5-10 years	<u>170,171</u>
Total		19,665,562
Accumulated depreciation		<u>( 7,454,250)</u>
Property and equipment		<u>\$12,211,402</u>

Depreciation charged to operations for the year ended December 31, 2008 was \$787,429.

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, 2008:

Term loan, due August 1, 2016; interest at 60% of the prime interest rate of 4.95% at December 31, 2008; reset every five years; loan requires monthly principal payments of \$47,508	\$3,586,616
Term loan, due March 3, 2013; interest at 4.11%; loan requires monthly principal and interest payments of \$30,183	<u>1,388,405</u>
Total long-term debt	<u>\$4,975,021</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, 2008.

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

YEAR ENDING DECEMBER 31:

2009	\$ 649,085
2010	739,962
2011	775,148
2012	811,638
2013	581,357
2014 – 2018	<u>1,417,831</u>
Total	<u>\$4,975,021</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, 2008, the County's total bank deposits were \$19,265,903. Of this amount, \$1,780,272 was insured by the FDIC. The remaining bank deposits of \$17,485,631 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 (Lehman Brothers aggregate). The duration of the bond portfolio on December 31, 2008 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, 2008:

<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	\$ 3,373,791	\$ 174,335	\$338,553	\$ 280,059	\$ 2,580,844
Federal Agency securities	8,516,355				8,516,355
Corporate bonds	<u>10,380,339</u>	<u>872,779</u>	<u>107,302</u>	<u>2,466,459</u>	<u>6,933,799</u>
Total debt securities	22,270,485	<u>\$1,047,114</u>	<u>\$445,855</u>	<u>\$2,746,518</u>	<u>\$18,030,998</u>
Stocks and stock mutual fund	22,378,048				
International stock mutual fund	7,826,938				
Money market fund	<u>1,599,656</u>				
Total other investments	<u>31,804,643</u>				
Total investments	<u>\$54,075,127</u>				

The County Retirement Trust Fund was not holding derivative or derivative-like financial instruments on December 31, 2008

**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, 2008, the Retirement Fund's total investments of \$52,475,471 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, 2008:

<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	\$ 8,516,355	\$7,430,345				\$1,086,010
Corporate bonds	10,380,339	1,732,276	\$721,977	\$5,432,810	\$1,830,307	662,969
Money market fund	<u>1,599,656</u>					<u>1,599,656</u>
Total	<u>\$20,496,350</u>	<u>\$9,162,621</u>	<u>\$721,977</u>	<u>\$5,432,810</u>	<u>\$1,830,307</u>	<u>\$3,348,635</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>
FHLM	Federal agency	\$3,391,175	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, 2008 the international mutual fund represented 14.5 percent of the total portfolio.

**Securities Lending Transactions** - In 2006, the County Retirement Trust Fund entered into a securities lending agreement with Dresdner Bank. Pennsylvania statutes permit the Fund to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund may lend corporate bonds, stocks, and U.S. Government securities for collateral in the form of cash valued at 100% or greater of the market value of the securities loaned. The contract with the Fund's custodian requires it to indemnify the Fund if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Fund for income distributions by the securities' issuers while the securities are on loan. For the year ended December 31, 2008, the Fund experienced no losses on its securities lending transactions because of borrower defaults.

All security loans can be determined on demand by either the Fund or the borrower. Cash collateral is invested by the lending agent of the Fund. The Fund is not allowed to pledge or sell collateral securities received unless the borrower defaults. There have been no significant violations of the provisions of securities lending agreements.

On December 31, 2008 the fair value of securities on loan and cash collateral held are as follows:

	<u>Securities on Loan</u>	<u>Cash Collateral</u>
Domestic stocks	<u>\$1,040,277</u>	<u>\$1,082,650</u>

Cash collateral was received in the amount of \$1,082,650 which was 104.0 percent of the fair value of the securities loaned. This cash was invested by the custodian in a money market fund with a current fair value of \$1,082,650. On December 31, 2008, the Fund had no credit risk exposure related to securities on loan.

In accordance with GASB statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the cash collateral was recorded as a liability, "Collateral for Loaned Securities" and the investment was recorded as an asset, "Invested Securities Lending Collateral." The difference represents interest income as recorded on the income statement as "Securities Lending Income." Other such transactions occurred during the year ending December 31, 2008.

## **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, 2008, the aggregate bank balance of the bank deposits included in cash and cash equivalents were \$254,732 of which \$250,000 was insured by the FDIC. The remaining balance, \$4,732, of the District'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 District's name.

## **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, 2008, \$3,760,844 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 2008 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 \$143,689 has been reported as restricted cash of the Enterprise Fund at December 31, 2008.

## **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, 2008, the County has received \$3,652,721 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, 2008 was \$317,843.

## 9. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments are primarily grants receivable from the Commonwealth of Pennsylvania at December 31, 2008. Additionally, the County Nursing Home Fund has \$3,022,723 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 \$376,000, which was established for accounts whose probability of collection is considered remote.

## 10. CAPITAL ASSETS

A summary of changes in Capital Assets is as follows:

	<u>January 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2008</u>
Governmental activities:				
Capital assets not being depreciated,				
Land improvements	\$ 1,719,563			\$ 1,719,563
Capital assets being depreciated:				
Building and improvements	37,486,924	\$1,952,883	\$ (8,844)	39,430,963
Furniture and equipment	8,197,224	787,068	(1,643,945)	7,340,347
Vehicles	<u>1,536,110</u>	<u>162,278</u>	<u>          </u>	<u>1,698,388</u>
Total capital assets	<u>48,939,821</u>	<u>2,902,229</u>	<u>(1,652,789)</u>	<u>50,189,261</u>

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	<u>January 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2008</u>
Accumulated depreciation:				
Buildings and improvements	\$ (7,102,507)	\$ (865,118)	\$ 4,431	\$ (7,963,194)
Furniture and equipment	(4,472,585)	(679,513)	489,997	(4,662,101)
Vehicles	<u>(1,257,532)</u>	<u>(153,653)</u>	<u>                    </u>	<u>(1,411,185)</u>
Total accumulated depreciation	<u>(12,832,624)</u>	<u>(1,698,284)</u>	<u>494,428</u>	<u>(14,036,480)</u>
Governmental activities capital assets, net	<u>\$36,107,197</u>	<u>\$1,203,945</u>	<u>\$(1,158,361)</u>	<u>\$36,152,781</u>
Business-type activities:				
Capital assets being depreciated:				
Land improvements	\$ 27,105			\$ 27,105
Building and improvements	12,481,588			12,481,588
Furniture and equipment	<u>9,899,481</u>	<u>\$ 18,133</u>	<u>\$(57,101)</u>	<u>9,860,513</u>
Total capital assets	<u>22,408,174</u>	<u>18,133</u>	<u>(57,101)</u>	<u>22,369,206</u>
Accumulated depreciation:				
Land improvements	(20,141)	(870)		(21,011)
Buildings and improvements	(5,564,426)	(301,593)		(5,866,019)
Furniture and equipment	<u>(9,022,128)</u>	<u>(208,424)</u>	<u>49,807</u>	<u>(9,180,745)</u>
Total accumulated depreciation	<u>(14,606,695)</u>	<u>(510,887)</u>	<u>49,807</u>	<u>(15,067,775)</u>
Business-type activities capital assets, net	<u>\$ 7,801,479</u>	<u>\$(492,754)</u>	<u>\$ (7,294)</u>	<u>\$ 7,301,431</u>

Depreciation expense was charged to governmental activities as follows:

Administrative	\$ 535,344
Judicial	140,001
Public safety	806,935
Human services	214,960
Conservation and development	<u>1,044</u>
Total	<u>\$ 1,698,284</u>

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

General Fund	\$ 40,345,500
Special Revenue Fund	1,110,238
Capital Projects Fund	8,661,984
Other	<u>71,539</u>
Total	<u><u>\$50,189,261</u></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, 2008:

	<u>GOVERNMENTAL</u>	<u>BUSINESS TYPE</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
Portion due or payable in one year	<u>(1,544,153)</u>	<u>(790,847)</u>	<u>(2,335,000)</u>
Portion due or payable after one year	<u>\$23,900,735</u>	<u>\$ 9,659,265</u>	<u>\$33,560,000</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, 2008 under the 2003 series were \$20,625,000.

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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, 2008 under the 2004 series were \$5,365,000.

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, 2008 under the 2006 series were \$9,905,000.

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, 2008.

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

Year Ending December 31	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$ 1,544,153	\$ 991,743	\$ 790,847	\$ 477,552	\$ 3,804,295
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
2014-2018	11,695,372	2,333,411	4,054,628	1,228,014	19,311,425
2019-2020	<u>4,706,307</u>	<u>296,056</u>	<u>2,548,693</u>	<u>173,264</u>	<u>7,724,320</u>
Total	<u>\$25,444,888</u>	<u>\$6,936,985</u>	<u>\$10,450,112</u>	<u>\$3,470,348</u>	<u>\$46,302,333</u>

**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, 2008	<u>\$2,164,617</u>	<u>\$742,341</u>	<u>\$2,906,958</u>
Increases	1,310,114	692,715	2,002,829
Decreases	<u>(1,473,126)</u>	<u>(730,908)</u>	<u>(2,204,034)</u>
Net Change	<u>(163,012)</u>	<u>(38,193)</u>	<u>(201,205)</u>
Balance, December 31, 2008	<u>\$2,001,605</u>	<u>\$704,148</u>	<u>\$2,705,703</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, 2008 (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	252
Terminated employees entitled to benefits but not yet receiving them	63
Active plan participants:	
Vested	453
Non-vested	<u>317</u>
Total	<u>1,085</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 2008 was 5.5%. Plan members (i.e., County employees) contributed \$1,538,631 to the Plan during the year ended December 31, 2008.

**ANNUAL PENSION COST AND NET PENSION OBLIGATION**

Annual required contribution (ARC)	\$1,373,235
Interest on net pension obligation	-
Adjustment to ARC	<u>-</u>
Annual pension cost (APC)	<u>\$1,373,235</u>
Contributions made	<u>(\$1,373,325)</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>2008</u>	<u>2007</u>	<u>2006</u>
Annual pension cost (APC)	\$1,373,235	\$1,452,061	\$1,416,645
County contribution to the Plan	\$1,373,235	\$1,452,061	\$1,416,645
Percentage of APC contributed	100%	100%	100%
APC as a percentage of total payroll	5.0%	5.5%	5.4%

**FUNDED STATUS AND FUNDING PROGRESS**

Actuarial value of assets	\$71,545,383
Actuarial accrued liability (1)	\$73,522,954
Unfunded actuarial	\$1,977,571
Funded ratio	97.3%
Annual covered payroll	\$27,464,697
Unfunded actuarial liability as a % of covered payroll	7.2%

(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.

GASB 50 requires a schedule of funding progress presenting multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits be presented as required supplementary information following the notes to the financial statements. However, because the County is in the first year of implementation multiyear trend information is not available. The County will present multiyear trend information in subsequent years.

### ACTUARIAL METHODS AND ASSUMPTIONS

The County's Annual Required Contribution (ARC) was determined through an actuarial valuation performed as of January 1, 2008, and state law, using the following assumptions:

Valuation date	January 1, 2008
Actuarial cost method	Aggregate(2)
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7 ½ %
Projected salary increases*	4.25-4.50%; graduated 0.25% increments over y year
* - 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 \$200 contribution withheld from their monthly pension disbursement. Participants retiring in 1999 and later pay the full amount of their insurance premiums monthly. The County paid premiums of \$45,118 for the year ended December 31, 2008. Total retiree contributions made by plan members were \$57,600 for the year ended December 31, 2008.

**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	\$49,082	\$58,003	\$107,085
Interest on net OPEB obligation			
Adjustment to annual required contribution	_____	_____	_____
Annual OPEB cost (expense)	49,082	58,003	107,085
Contributions made	<u>(20,680)</u>	<u>(24,438)</u>	<u>(45,118)</u>
Increase in net OPEB obligation	28,402	33,565	61,967
Net OPEB obligation at January 1, 2008	_____	_____	_____
Net OPEB obligation at December 31, 2008	<u>\$28,402</u>	<u>\$33,565</u>	<u>\$ 61,967</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, 2008 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, 2008	\$107,085	42.1%	\$61,967

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plan as of January 1, 2008, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability	\$ 685,000
Actuarial value of plan assets	<u>                    </u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 685,000</u>
Funded ratio (actuarial value of plan assets/UAAL)	0%
Covered payroll	<u>\$28,757,147</u>
UAAL as a percentage of covered payroll	2.4%

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 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, 2008, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General Fund	\$1,801,864	
Special Revenue Fund – Children and Youth	<u>                    </u>	<u>\$1,641,337</u>
Total governmental funds	<u>1,801,864</u>	<u>1,641,337</u>
Internal Service Fund – Transportation		<u>160,527</u>
Total all funds	<u>\$1,801,864</u>	<u>\$1,801,864</u>

Interfund transfers for the year ended December 31, 2008 were as follows:

	<u>In</u>	<u>Out</u>
Major Funds - Governmental Fund Types:		
General Fund	\$ 772,247	\$4,017,543
Children and Youth Fund	1,550,856	644,500
Mental Health/Mental Retardation	421,042	137,134
Debt Service Fund		2,008,746
Capital Projects Fund	<u>740,014</u>	<u>                    </u>
Total major governmental funds	<u>3,484,159</u>	<u>6,807,923</u>
Major Funds - Proprietary Fund Types:		
Centre Crest Nursing Home	1,434,233	4,468
911 Fund	<u>644,006</u>	<u>                    </u>
Total major proprietary funds	<u>2,078,239</u>	<u>4,468</u>

COUNTY OF CENTRE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS

	<u>In</u>	<u>Out</u>
Non-Major Special Revenue Funds:		
Domestic Relations Fund	\$ 350,842	
Adult Services Fund	122,170	
Aging Fund	570,199	
Drug and Alcohol Fund	79,059	
Agricultural Easement Fund	<u>80,000</u>	<u>          </u>
Total non-major special revenue funds	<u>1,202,270</u>	<u>          </u>
Internal Services Funds:		
Transportation	48,100	
MIS	<u>          </u>	<u>377</u>
Total Internal Service Funds	<u>48,100</u>	<u>377</u>
TOTALS	<u>\$6,812,768</u>	<u>\$6,812,768</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. DEFERRED REVENUES**

Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The General Fund has deferred revenues of \$668,173 representing taxes not collected within 60 days after year end and unearned grants. The Special Revenue Funds have deferred revenues of \$1,098,147, representing grants received that were not utilized at December 31, 2008.

The Debt Service Fund has deferred revenue of \$143,193, representing taxes (debt service levy) not received within 60 days after year end, and the Internal Service Funds have deferred revenue of \$32,632 representing unearned fees.

## 16. DEFERRED REVENUES – COMPONENT UNIT

The Centre County Conservation District has deferred revenues of \$107,689 at December 31, 2008 representing unearned grants.

## 17. 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:

2009	\$230,991
2010	209,566
2011	103,188
2012	103,188
2013	87,924
2014 - 2017	210,660
2018 - 2019	<u>28,088</u>
TOTAL	<u>\$973,605</u>

Total operating lease payments (i.e., rent) made in 2008 were \$274,000.

## **18. 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, 2008.

## **19. 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, 2008, 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, 2008, 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, 2008, the County carries a \$400,000 deductible per claim with an aggregate of \$700,000 for each policy year. Individual claims for the policy-year ended January 31, 2009 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, 2008, 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 \$700,000 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, 2008, the amount of these liabilities was \$333,774. 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>
2008	\$284,723	\$1,037,082	\$988,031	\$333,774
2007	\$216,372	\$339,393	\$271,042	\$284,723

**20. DEFICIT FUND BALANCE**

The 911 Fund, an enterprise fund type, has a deficit in invested in capital assets, net of related debt of \$4,390,388 as of December 31, 2008. The deficit results from the fee structure not covering costs and depreciation on capital assets. The General Fund has designated \$1,000,000 to fund future equipment replacement and will be required to cover any cash flow shortages.

## **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 November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. GASB 52 is effective for the County's calendar year 2009 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.

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  
MAJOR GOVERNMENTAL FUNDS**

**DESCRIPTION OF FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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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, 2008

	BUDGET	ACTUAL	VARIANCES POSITIVE (NEGATIVE)
Current:			
General government:			
Administrative:			
Commissioners	\$ 912,311	\$ 902,417	\$ 9,894
Risk Management	115,224	106,929	8,295
Human Resources	507,228	424,453	82,775
Tax Assessment	632,447	612,586	19,861
Tax Collection	149,278	155,005	(5,727)
Tax Claim	172,278	169,771	2,507
Treasurer	211,102	208,664	2,438
Controller	485,174	451,208	33,966
General Administration	1,432,153	1,513,785	(81,632)
Elections	1,227,130	1,153,362	73,768
Public Defender	801,746	809,628	(7,882)
Recorder of Deeds	497,846	453,240	44,606
Records Management	135,509	133,002	2,507
Planning	1,004,590	943,598	60,992
GIS	210,968	172,700	38,268
Maintenance	1,541,315	1,479,208	62,107
Miscellaneous	<u>276,440</u>	<u>212,870</u>	<u>63,570</u>
Total administrative	<u>10,312,739</u>	<u>9,902,426</u>	<u>410,313</u>
Judicial:			
Sheriff	1,222,744	1,356,603	(133,859)
Coroner	288,515	298,929	(10,414)
District Attorney	1,535,852	1,464,362	71,490
Prothonotary	608,741	612,528	(3,787)
Register of Wills	249,644	229,897	19,747
DJ - State College #1	352,438	346,514	5,924
DJ - Centre Region	289,621	288,051	1,570
DJ - Bellefonte	311,616	312,743	(1,127)
DJ - Phillipsburg	236,199	217,066	19,133
DJ - Centre Hall	148,697	143,643	5,054
DJ - State College #2	288,493	282,483	6,010
Court Administration	<u>1,519,338</u>	<u>1,520,477</u>	<u>(1,139)</u>
Total judicial	<u>7,051,898</u>	<u>7,073,296</u>	<u>(21,398)</u>
Total general government	<u>17,364,637</u>	<u>16,975,722</u>	<u>388,915</u>

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	BUDGET	ACTUAL	VARIANCES POSITIVE (NEGATIVE)
Public Safety:			
Probation	\$ 1,682,307	\$ 1,654,306	\$ 28,001
DUI	85,029	84,969	60
Juvenile Probation	1,224,181	1,196,139	28,042
Criminal Justice Planning	270,918	212,191	58,727
Prison	5,876,292	5,950,447	(74,155)
Prison Central Booking	208,290	196,742	11,548
Emergency Services	223,928	225,745	(1,817)
Fire Training	100,668	100,667	1
Terrorism Planning (PEMA assets)	306,983	413,700	(106,717)
Weights and Measures	68,146	67,085	1,061
Public Safety	<u>6,000</u>	<u>6,000</u>	
Total Public Safety	<u>10,052,742</u>	<u>10,107,991</u>	<u>(55,249)</u>
Public Works, Solid Waste	<u>53,772</u>	<u>53,771</u>	<u>1</u>
Human Services:			
Veteran Affairs	185,402	179,336	6,066
Human Services, Other	<u>10,000</u>	<u>10,000</u>	
Total Human Services	<u>195,402</u>	<u>189,336</u>	<u>6,066</u>
Culture and Recreation, Unrestricted Grants	<u>535,768</u>	<u>535,768</u>	
Conservation and Development:			
Housing and Community Development	201,548	109,363	92,185
Community Development Block Grant	1,072,378	1,015,790	56,588
Cooperative Extension	168,342	168,694	(352)
Conservation District	622,046	608,417	13,629
Agricultural Easement	86,868	84,038	2,830
Conservation and Development, Other	<u>188,500</u>	<u>188,500</u>	
Total Conservation and Development	<u>2,339,682</u>	<u>2,174,802</u>	<u>164,880</u>
Total expenditures	<u>\$ 30,542,003</u>	<u>\$ 30,037,390</u>	<u>\$ 504,613</u>

COUNTY OF CENTRE, PENNSYLVANIA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET-TO-ACTUAL COMPARISON  
MAJOR GOVERNMENTAL  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Debt Services				Capital Projects			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES:								
Real estate taxes	\$3,663,234	\$3,663,234	\$3,670,415	\$ 7,181				
Interest and rents	<u>60,000</u>	<u>60,000</u>	<u>26,556</u>	<u>(33,444)</u>				
Total revenues	<u>3,723,234</u>	<u>3,723,234</u>	<u>3,696,971</u>	<u>(26,263)</u>				
EXPENDITURES:								
Current:								
Debt service:								
Principal	1,552,221	1,552,221	1,490,574	61,647				
Interest	1,043,878	1,043,878	1,043,872	6				
Other cost	2,000	2,000	2,500	(500)				
Capital outlay					\$ 1,975,167	\$ 2,673,693	\$ 2,143,889	\$ 529,804
Total expenditures	<u>2,598,099</u>	<u>2,598,099</u>	<u>2,536,946</u>	<u>61,153</u>	<u>1,975,167</u>	<u>2,673,693</u>	<u>2,143,889</u>	<u>529,804</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,125,135</u>	<u>1,125,135</u>	<u>1,160,025</u>	<u>(34,890)</u>	<u>(1,975,167)</u>	<u>(2,673,693)</u>	<u>(2,143,889)</u>	<u>(529,804)</u>
OTHER FINANCING SOURCES (USES):								
Operating transfers - in						698,526	740,014	41,488
Operating transfers - out	<u>(1,268,087)</u>	<u>(1,905,605)</u>	<u>(2,008,746)</u>	<u>(103,141)</u>				
Total other financing (uses) sources	<u>(1,268,087)</u>	<u>(1,905,605)</u>	<u>(2,008,746)</u>	<u>(103,141)</u>		698,526	740,014	41,488
NET CHANGE IN FUND BALANCES	<u>\$ (142,952)</u>	<u>\$ (780,470)</u>	<u>(848,721)</u>	<u>\$ 68,251</u>	<u>\$(1,975,167)</u>	<u>\$(1,975,167)</u>	<u>(1,403,875)</u>	<u>\$ (571,292)</u>
FUND BALANCE, BEGINNING			<u>3,124,209</u>				<u>2,387,156</u>	
FUND BALANCE, ENDING			<u>\$2,275,488</u>				<u>\$ 983,281</u>	

**COUNTY OF CENTRE, PENNSYLVANIA  
NON-MAJOR GOVERNMENTAL FUNDS**

**DESCRIPTION OF FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

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

COUNTY OF CENTRE, PENNSYLVANIA

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

	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	\$ 88,408	\$ 265,876	\$ 368,215	\$ 349,652	\$ 74,061	\$ 55,431	\$ 24,292	\$ 1,225,935
Accounts receivable			93	17	10,729	4,944	11,498	27,281
Prepaid expenses				2,833	170			3,003
Due from other governments			113,701	83,043	70,786	14,134		281,664
Total assets	<u>\$ 88,408</u>	<u>\$ 265,876</u>	<u>\$ 482,009</u>	<u>\$ 435,545</u>	<u>\$ 155,746</u>	<u>\$ 74,509</u>	<u>\$ 35,790</u>	<u>\$ 1,537,883</u>
<b>LIABILITIES AND FUND BALANCES:</b>								
<b>LIABILITIES:</b>								
Accounts payable and accrued expenses			\$ 2,923	\$ 82,313	\$ 137,894	\$ 8,825		\$ 231,955
Accrued payroll			26,334	37,679	10,886	4,040		78,939
Deferred revenue			<u>32,046</u>	<u>234,478</u>	<u>6,966</u>	<u>61,644</u>		<u>335,134</u>
Total liabilities			<u>61,303</u>	<u>354,470</u>	<u>155,746</u>	<u>74,509</u>		<u>646,028</u>
<b>FUND BALANCES:</b>								
Reserved for agricultural easement	\$ 88,408							88,408
Reserved for liquid fuels tax		\$ 265,876						265,876
Reserved for domestic relations			420,706					420,706
Reserved for hazardous materials							\$ 35,790	35,790
Unreserved, designated for future expenditures				81,075				81,075
Total fund balances	<u>88,408</u>	<u>265,876</u>	<u>420,706</u>	<u>81,075</u>			<u>35,790</u>	<u>891,855</u>
Total liabilities and fund balances	<u>\$ 88,408</u>	<u>\$ 265,876</u>	<u>\$ 482,009</u>	<u>\$ 435,545</u>	<u>\$ 155,746</u>	<u>\$ 74,509</u>	<u>\$ 35,790</u>	<u>\$ 1,537,883</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	SPECIAL REVENUE FUNDS							Total
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office Of Aging	Drug And Alcohol	Adult Services	Hazardous Material Response	
<b>REVENUES:</b>								
Grants		\$ 196,071	\$ 693,692	\$ 2,153,680	\$ 1,215,335	\$ 831,709	\$ 11,498	\$ 5,101,985
Interest		7,766	14,546	17,409	196	1,944	41,861	
Charges for service			16,696	22,438	81,466		11,150	131,750
Contributions and other revenues	\$ 33,773			29,124		1,600		64,497
<b>Total revenues</b>	<u>33,773</u>	<u>203,837</u>	<u>724,934</u>	<u>2,205,242</u>	<u>1,314,210</u>	<u>835,253</u>	<u>22,844</u>	<u>5,340,093</u>
<b>EXPENDITURES:</b>								
General government - judicial			1,068,827					1,068,827
Public safety							43,363	43,363
Public works		316,176						316,176
Human services				2,752,244	1,393,269	957,423		5,102,936
Conservation and development	<u>200,000</u>							<u>200,000</u>
<b>Total expenditures</b>	<u>200,000</u>	<u>316,176</u>	<u>1,068,827</u>	<u>2,752,244</u>	<u>1,393,269</u>	<u>957,423</u>	<u>43,363</u>	<u>6,731,302</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	(166,227)	(112,339)	(343,893)	(547,002)	(79,059)	(122,170)	(20,519)	(1,391,209)
<b>OTHER FINANCING SOURCES, Transfers - in</b>	<u>80,000</u>		<u>350,842</u>	<u>570,199</u>	<u>79,059</u>	<u>122,170</u>		<u>1,202,270</u>
<b>NET CHANGES IN FUND BALANCES</b>	(86,227)	(112,339)	6,949	23,197	(20,519)	(188,939)		(188,939)
<b>FUND BALANCES, BEGINNING</b>	<u>174,635</u>	<u>378,215</u>	<u>413,757</u>	<u>57,878</u>			<u>56,309</u>	<u>1,080,794</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 88,408</u>	<u>\$ 265,876</u>	<u>\$ 420,706</u>	<u>\$ 81,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,790</u>	<u>\$ 891,855</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, 2008

	SPECIAL REVENUE FUNDS						Office of Aging				
	Agricultural Easement		Liquid Fuels Tax		Domestic Relations		Budgeted Amount		Actual		Variance with Final Budget - Positive (Negative)
	Budget Original & Final	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Variance with Final Budget - Positive (Negative)	Original	Final	Original	Final	
REVENUES:											
Grants			\$ 200,000	\$ (3,929)	\$ 666,403	\$ 693,692	\$ 2,297,477	\$ 2,320,896	\$ 2,153,680	\$ (167,216)	
Interest			15,000	(7,234)	18,000	14,546					
Charges for service					16,900	16,696	22,014	22,014	22,438	424	
Contributions and other revenues	\$ 27,500	\$ 6,273					20,404	20,404	29,124	8,720	
Total revenues	27,500	6,273	215,000	(11,163)	701,303	724,934	2,339,895	2,363,314	2,205,242	(158,072)	
EXPENDITURES:											
General government - judicial					1,043,778	1,068,827					
Public works			340,000	23,824			2,930,102	2,953,521	2,752,244	201,277	
Human services	220,000	20,000									
Conservation and development											
Total expenditures	220,000	20,000	340,000	23,824	1,043,778	1,068,827	2,930,102	2,953,521	2,752,244	201,277	
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(192,500)	26,273	(125,000)	12,661	(342,475)	(343,893)	(590,207)	(590,207)	(547,002)	43,205	
OTHER FINANCING SOURCES,											
Transfers - in	80,000				342,475	350,842	590,207	590,207	570,199	(20,008)	
NET CHANGES IN FUND BALANCES	(112,500)	\$ 26,273	\$ (125,000)	\$ 12,661	\$ -	6,949	\$ -	\$ -	23,197	\$ 23,197	
FUND BALANCES, BEGINNING						378,215			57,878		
FUND BALANCES, ENDING						\$ 265,876			\$ 81,075		

Continued





**COUNTY OF CENTRE, PENNSYLVANIA**  
**INTERNAL SERVICE FUNDS**  
**DESCRIPTION OF FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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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, 2008

	Transportation Department	Management Information System	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents		\$ 1,029,077	\$ 1,029,077
Accounts receivable	\$ 7,296	1,300	8,596
Due from other governments	126,064		126,064
Prepaid expenses	<u>28,146</u>	<u>1,299</u>	<u>29,445</u>
Total current assets	<u>161,506</u>	<u>1,031,676</u>	<u>1,193,182</u>
Capital assets	1,772,603	1,842,990	3,615,593
Less accumulated depreciation	<u>(1,481,731)</u>	<u>(1,209,083)</u>	<u>(2,690,814)</u>
Capital assets, net	<u>290,872</u>	<u>633,907</u>	<u>924,779</u>
Total assets	<u>\$ 452,378</u>	<u>\$ 1,665,583</u>	<u>\$ 2,117,961</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 74,710	\$ 35,790	\$ 110,500
Due to other funds	160,527		160,527
Deferred revenue	<u>32,632</u>		<u>32,632</u>
Total current liabilities	<u>267,869</u>	<u>35,790</u>	<u>303,659</u>
Noncurrent liabilities, Compensated absences	<u>80,869</u>		<u>80,869</u>
Total liabilities	<u>348,738</u>	<u>35,790</u>	<u>384,528</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	290,872	633,907	924,779
Unrestricted	<u>(187,232)</u>	<u>995,886</u>	<u>808,654</u>
Total net assets	<u>103,640</u>	<u>1,629,793</u>	<u>1,733,433</u>
Total liabilities and net assets	<u>\$ 452,378</u>	<u>\$ 1,665,583</u>	<u>\$ 2,117,961</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Transportation Department	Management Information System	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 940,933	\$ 1,518,706	\$ 2,459,639
Operating grants	<u>1,024,230</u>	<u>                    </u>	<u>1,024,230</u>
Total operating revenues	<u>1,965,163</u>	<u>1,518,706</u>	<u>3,483,869</u>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	1,097,453		1,097,453
Purchased services and supplies	869,659	1,089,351	1,959,010
Depreciation	<u>157,513</u>	<u>179,579</u>	<u>337,092</u>
Total operating expenses	<u>2,124,625</u>	<u>1,268,930</u>	<u>3,393,555</u>
Operating (loss) income	<u>(159,462)</u>	<u>249,776</u>	<u>90,314</u>
<b>NONOPERATING REVENUES,</b>			
Interest income	460		460
<b>CAPITAL CONTRIBUTIONS</b>			
	<u>195,697</u>	<u>                    </u>	<u>195,697</u>
<b>INCOME BEFORE TRANSFERS</b>			
	<u>36,695</u>	<u>249,776</u>	<u>286,471</u>
<b>TRANSFERS:</b>			
Transfers in	48,100		48,100
Transfers out	<u>                    </u>	<u>(377)</u>	<u>(377)</u>
Transfers, net	<u>48,100</u>	<u>(377)</u>	<u>47,723</u>
<b>CHANGE IN NET ASSETS</b>			
	84,795	249,399	334,194
<b>NET ASSETS, BEGINNING OF YEAR</b>			
	<u>18,845</u>	<u>1,380,394</u>	<u>1,399,239</u>
<b>NET ASSETS, END OF YEAR</b>			
	<u>\$ 103,640</u>	<u>\$ 1,629,793</u>	<u>\$ 1,733,433</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Transportation Department	Management Information System	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 47,531	\$ 1,514,505	\$ 1,562,036
Receipts from operating grants	1,024,230		1,024,230
Payments received from interfund services	887,346		887,346
Payments to suppliers	(868,016)	(1,108,939)	(1,976,955)
Payments to employees for services	<u>(1,095,698)</u>		<u>(1,095,698)</u>
Net cash (used in) provided by operating activities	<u>(4,607)</u>	<u>405,566</u>	<u>400,959</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	48,100		48,100
Transfers out		<u>(377)</u>	<u>(377)</u>
Net cash provided by (used in) non-capital financing activities	<u>48,100</u>	<u>(377)</u>	<u>47,723</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(162,278)		(162,278)
Capital contributions	<u>118,325</u>		<u>118,325</u>
Net cash used in capital and related financing activities	<u>(43,953)</u>		<u>(43,953)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,</b>			
Interest received	<u>460</u>		<u>460</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		405,189	405,189
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>		<u>623,888</u>	<u>623,888</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ -</u>	<u>\$ 1,029,077</u>	<u>\$ 1,029,077</u>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating (loss) income	\$ (159,462)	\$ 249,776	\$ 90,314
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	157,513	179,579	337,092
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	1,455	(1,300)	155
Increase in due from other governments	(113,523)		(113,523)
Decrease in prepaid expenses	3,570	372	3,942
Decrease in accounts payable and accrued expenses	(1,927)	(19,960)	(21,887)
Increase in due to other funds	106,012		106,012
Decrease in deferred revenue		(2,901)	(2,901)
Increase in compensated absences	<u>1,755</u>		<u>1,755</u>
Total adjustments	<u>154,855</u>	<u>155,790</u>	<u>310,645</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ (4,607)</u>	<u>\$ 405,566</u>	<u>\$ 400,959</u>

**COUNTY OF CENTRE, PENNSYLVANIA**  
**FIDUCIARY FUNDS**  
**AGENCY FUNDS**  
**DESCRIPTION OF FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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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.

COUNTY OF CENTRE, PENNSYLVANIA

COMBINING BALANCE SHEET  
FIDUCIARY FUNDS

DECEMBER 31, 2008

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	\$45,314	\$433,821	\$89,693	\$1,049,027	\$97,599	\$473,141	\$482,598	\$537,974	\$3,569	\$20,562	\$3,233,298
LIABILITIES:											
Due to other governments		\$433,821	\$63,229	\$ 2,065	\$ 2,953	\$ 36,837	\$258,499	\$115,559			\$ 912,963
Funds held as fiduciary	\$45,314		26,464	1,046,962	94,646	436,304	224,099	422,415	\$3,569	\$20,562	2,320,335
Total liabilities	\$45,314	\$433,821	\$89,693	\$1,049,027	\$97,599	\$473,141	\$482,598	\$537,974	\$3,569	\$20,562	\$3,233,298

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	BALANCE JANUARY 1, 2008	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2008
<b>PRISON:</b>				
Assets,				
Cash	\$ 41,321	\$ 662,981	\$ 658,988	\$ 45,314
Total assets	\$ 41,321	\$ 662,981	\$ 658,988	\$ 45,314
Liabilities,				
Funds held as fiduciary	\$ 41,321	\$ 662,981	\$ 658,988	\$ 45,314
Total liabilities	\$ 41,321	\$ 662,981	\$ 658,988	\$ 45,314
<b>RECORDER OF DEEDS:</b>				
Assets,				
Cash	\$451,833	\$12,868,910	\$12,886,922	\$ 433,821
Total assets	\$451,833	\$12,868,910	\$12,886,922	\$ 433,821
Liabilities,				
Due to other governments	\$451,833	\$12,868,910	\$12,886,922	\$ 433,821
Total liabilities	\$451,833	\$12,868,910	\$12,886,922	\$ 433,821
<b>REGISTER OF WILLS:</b>				
Assets,				
Cash	\$ 25,830	\$ 6,539,229	\$ 6,475,366	\$ 89,693
Total assets	\$ 25,830	\$ 6,539,229	\$ 6,475,366	\$ 89,693
Liabilities:				
Due to other governments	\$ 1,079	\$ 4,609,845	\$ 4,547,694	\$ 63,230
Funds held as fiduciary	24,751	1,929,384	1,927,672	26,463
Total liabilities	\$ 25,830	\$ 6,539,229	\$ 6,475,366	\$ 89,693

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	BALANCE JANUARY 1, 2008	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2008
<b>PROTHONOTARY:</b>				
Assets,				
Cash	<u>\$ 613,473</u>	<u>\$ 1,012,661</u>	<u>\$ 577,107</u>	<u>\$ 1,049,027</u>
Total assets	<u>\$ 613,473</u>	<u>\$ 1,012,661</u>	<u>\$ 577,107</u>	<u>\$ 1,049,027</u>
Liabilities:				
Due to other governments	\$ 1,990	\$ 1,993	\$ 1,918	\$ 2,065
Funds held as fiduciary	<u>611,483</u>	<u>1,010,668</u>	<u>575,189</u>	<u>1,046,962</u>
Total liabilities	<u>\$ 613,473</u>	<u>\$ 1,012,661</u>	<u>\$ 577,107</u>	<u>\$ 1,049,027</u>
<b>TREASURER'S LICENSE ACCOUNT:</b>				
Assets,				
Cash	<u>\$ 92,991</u>	<u>\$ 211,259</u>	<u>\$ 206,651</u>	<u>\$ 97,599</u>
Total assets	<u>\$ 92,991</u>	<u>\$ 211,259</u>	<u>\$ 206,651</u>	<u>\$ 97,599</u>
Liabilities:				
Due to other governments	\$ 2,624	\$ 6,392	\$ 6,063	\$ 2,953
Funds held as fiduciary	<u>90,367</u>	<u>204,867</u>	<u>200,588</u>	<u>94,646</u>
Total liabilities	<u>\$ 92,991</u>	<u>\$ 211,259</u>	<u>\$ 206,651</u>	<u>\$ 97,599</u>
<b>SHERIFF'S OFFICE:</b>				
Assets,				
Cash	<u>\$ 223,870</u>	<u>\$ 1,710,762</u>	<u>\$ 1,461,491</u>	<u>\$ 473,141</u>
Total assets	<u>\$ 223,870</u>	<u>\$ 1,710,762</u>	<u>\$ 1,461,491</u>	<u>\$ 473,141</u>
Liabilities:				
Due to other governments	\$ 13,835	\$ 133,194	\$ 110,192	\$ 36,837
Funds held as fiduciary	<u>210,035</u>	<u>1,577,568</u>	<u>1,351,299</u>	<u>436,304</u>
Total liabilities	<u>\$ 223,870</u>	<u>\$ 1,710,762</u>	<u>\$ 1,461,491</u>	<u>\$ 473,141</u>

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	BALANCE JANUARY 1, 2008	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2008
<b>COURT ADMINISTRATION:</b>				
Assets,				
Cash	<u>\$ 382,310</u>	<u>\$ 8,890,173</u>	<u>\$ 8,789,885</u>	<u>\$ 482,598</u>
Total assets	<u>\$ 382,310</u>	<u>\$ 8,890,173</u>	<u>\$ 8,789,885</u>	<u>\$ 482,598</u>
Liabilities:				
Due to other governments	\$ 177,736	\$ 4,761,936	\$ 4,681,173	\$ 258,499
Funds held as fiduciary	<u>204,574</u>	<u>4,128,237</u>	<u>4,108,712</u>	<u>224,099</u>
Total liabilities	<u>\$ 382,310</u>	<u>\$ 8,890,173</u>	<u>\$ 8,789,885</u>	<u>\$ 482,598</u>
<b>TAX CLAIMS:</b>				
Assets,				
Cash	<u>\$ 558,948</u>	<u>\$ 9,423,726</u>	<u>\$ 9,444,700</u>	<u>\$ 537,974</u>
Total assets	<u>\$ 558,948</u>	<u>\$ 9,423,726</u>	<u>\$ 9,444,700</u>	<u>\$ 537,974</u>
Liabilities:				
Due to other governments	\$ 211,323	\$ 2,024,255	\$ 2,120,019	\$ 115,559
Funds held as fiduciary	<u>347,625</u>	<u>7,399,471</u>	<u>7,324,681</u>	<u>422,415</u>
Total liabilities	<u>\$ 558,948</u>	<u>\$ 9,423,726</u>	<u>\$ 9,444,700</u>	<u>\$ 537,974</u>
<b>DOMESTIC RELATIONS SUPPORT:</b>				
Assets,				
Cash	<u>\$ 3,569</u>	<u>\$ 100,059</u>	<u>\$ 100,059</u>	<u>\$ 3,569</u>
Total assets	<u>\$ 3,569</u>	<u>\$ 100,059</u>	<u>\$ 100,059</u>	<u>\$ 3,569</u>
Liabilities,				
Funds held as fiduciary	<u>\$ 3,569</u>	<u>\$ 100,059</u>	<u>\$ 100,059</u>	<u>\$ 3,569</u>
Total liabilities	<u>\$ 3,569</u>	<u>\$ 100,059</u>	<u>\$ 100,059</u>	<u>\$ 3,569</u>

(Continued)

**COUNTY OF CENTRE, PENNSYLVANIA**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	BALANCE JANUARY 1, 2008	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2008
<b>CHILDREN &amp; YOUTH:</b>				
Assets,				
Cash	\$ 18,492	\$ 11,323	\$ 9,253	\$ 20,562
Total assets	<u>\$ 18,492</u>	<u>\$ 11,323</u>	<u>\$ 9,253</u>	<u>\$ 20,562</u>
Liabilities,				
Funds held as fiduciary	\$ 18,492	\$ 11,323	\$ 9,253	\$ 20,562
Total liabilities	<u>\$ 18,492</u>	<u>\$ 11,323</u>	<u>\$ 9,253</u>	<u>\$ 20,562</u>
<b>TOTAL, ALL AGENCY FUNDS:</b>				
Assets,				
Cash	\$2,412,637	\$41,431,083	\$40,610,422	\$3,233,298
Total assets	<u>\$2,412,637</u>	<u>\$41,431,083</u>	<u>\$40,610,422</u>	<u>\$3,233,298</u>
Liabilities:				
Due to other governments	\$ 860,420	\$24,406,525	\$24,353,981	\$ 912,964
Funds held as fiduciary	<u>1,552,217</u>	<u>17,024,558</u>	<u>16,256,441</u>	<u>2,320,334</u>
Total liabilities	<u>\$2,412,637</u>	<u>\$41,431,083</u>	<u>\$40,610,422</u>	<u>\$3,233,298</u>

**COUNTY OF CENTRE, PENNSYLVANIA**  
**DESCRIPTION OF COMPONENT UNITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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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, 2008

	CONSERVATION DISTRICT	SOLID WASTE AUTHORITY
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 254,732	\$ 3,636,413
Accounts receivable	214,632	612,448
Grants receivable		456,914
Prepaid items	<u>                    </u>	<u>126,384</u>
Total current assets	469,364	4,832,159
Noncurrent assets,		
Capital assets, net	<u>11,272</u>	<u>12,211,402</u>
Total assets	<u>480,636</u>	<u>17,043,561</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Current portion of long-term debt		649,085
Accounts payable	101,962	361,421
Accrued expenses		449,657
Deferred revenue	<u>107,689</u>	<u>                    </u>
Total current liabilities	209,651	1,460,163
Noncurrent liabilities:		
Landfill post-closure liability		76,724
Long-term debt	<u>                    </u>	<u>4,325,936</u>
Total noncurrent liabilities	<u>                    </u>	<u>4,402,660</u>
Total liabilities	<u>209,651</u>	<u>5,862,823</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	11,272	7,236,381
Unrestricted	<u>259,713</u>	<u>3,944,357</u>
Total net assets	<u>\$ 270,985</u>	<u>\$ 11,180,738</u>

**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNIT -  
CONSERVATION DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2008

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REVENUES:	
Grants	\$ 730,073
Interest	<u>    1,801</u>
Total revenues	<u>    731,874</u>
EXPENSES,	
Conservation District	<u>    692,324</u>
EXCESS OF REVENUES OVER EXPENSES	39,550
NET ASSETS, BEGINNING OF YEAR	<u>    231,435</u>
NET ASSETS, END OF YEAR	<u>\$ 270,985</u>

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**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNIT - SOLID WASTE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2008

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OPERATING REVENUES:

Tipping fees	\$ 6,367,013
Recycling fees	2,579,489
Other	<u>64,139</u>

Total operating revenues 9,010,641

OPERATING EXPENSES:

Salaries and benefits	2,264,714
Contracted services	6,267,595
Depreciation	787,429
Administration costs	<u>595,092</u>

Total operating expenses 9,914,830

Operating loss (904,189)

NONOPERATING REVENUES (EXPENSES):

Grants	559,596
Interest income	101,642
Other income	30,128
Interest expense	<u>(255,617)</u>

Total nonoperating revenues, net 435,749

REVENUES LESS THAN EXPENSES BEFORE  
CAPITAL CONTRIBUTION - STATE GRANT (468,440)

CAPITAL CONTRIBUTION - STATE GRANT 212,977

REVENUES LESS THAN EXPENSES (255,463)

NET ASSETS, BEGINNING 11,436,201

NET ASSETS, ENDING \$11,180,738

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**COUNTY OF CENTRE, PENNSYLVANIA**

STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT - SOLID WASTE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2008

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CASH FLOW FROM OPERATING ACTIVITIES:	
Cash received from customers	\$9,097,099
Cash paid to vendors and employees	<u>(9,092,453)</u>
Net cash provided by operating activities	<u>4,646</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,	
Interest received	<u>101,642</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating grant receipts	914,596
Cash received from customers - finance charges & bad debt recoveries	<u>30,128</u>
Net cash provided by noncapital financing activities	<u>944,724</u>
CASH FLOWS FROM CAPITAL AND RELATED	
FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(707,459)
Repayment of long-term debt	(731,275)
Interest paid	(255,617)
Capital grants received	<u>417,745</u>
Net cash used in financing activities	<u>(1,276,606)</u>
DECREASE IN CASH	(225,594)
CASH, BEGINNING	<u>3,862,007</u>
CASH, ENDING	<u>\$3,636,413</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH	
PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (904,189)
Adjustments to reconcile operating loss	
to net cash provided by operating activities:	
Depreciation and amortization	787,429
Changes in assets and liabilities:	
Accounts receivable, trade	86,458
Prepaid expenses	(33,404)
Accounts payable	(4,256)
Accrued expenses	79,640
Landfill post-closure liability	<u>(7,032)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,646</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, 2008**

	CHANGES IN CAPITAL ASSETS			DECEMBER 31, 2008
	JANUARY 1, 2008	ADDITIONS	DISPOSALS	
General Government - Administration	\$ 4,618,228	\$ 707,491	\$ 1,613,336	\$ 3,712,383
General Government - Judicial	4,860,835	571,316	26,608	5,405,543
Public Safety and Corrections	23,928,317	5,588,370	4,261	29,512,426
Human Services	2,638,897	165,387	8,584	2,795,700
Conservation and Development	29,686			29,686
Other	71,539			71,539
Capital Projects	<u>12,792,319</u>		<u>4,130,335</u>	<u>8,661,984</u>
<b>TOTAL</b>	<b><u>\$48,939,821</u></b>	<b><u>\$ 7,032,564</u></b>	<b><u>\$ 5,783,124</u></b>	<b><u>\$50,189,261</u></b>

	ENDING BALANCE IS COMPOSED OF		
	BUILDINGS AND IMPROVEMENTS	FURNITURE AND EQUIPMENT	TOTAL
General Government - Administration	\$ 1,542,075	\$ 2,170,308	\$ 3,712,383
General Government - Judicial	4,164,668	1,240,875	5,405,543
Public Safety and Corrections	27,873,163	1,639,263	29,512,426
Human Services		2,795,700	2,795,700
Conservation and Development		29,686	29,686
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>\$ 9,008,266</u></b>	<b><u>\$50,189,261</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 120 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
<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
Restricted	10,061,661	7,870,103	7,003,275	7,439,902	5,947,818	4,838,707
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>
<b>Total governmental activities net assets</b>	<b>\$ 20,776,601</b>	<b>\$ 22,550,025</b>	<b>\$ 21,447,450</b>	<b>\$ 25,203,477</b>	<b>\$ 26,397,756</b>	<b>\$ 23,466,249</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)
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>
<b>Total business-type activities net assets</b>	<b>\$ 1,353,820</b>	<b>\$ 150,638</b>	<b>\$ (334,508)</b>	<b>\$ (320,161)</b>	<b>\$ (692,767)</b>	<b>\$ (256,073)</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
Restricted	10,061,661	7,870,103	7,003,275	7,439,902	5,947,818	4,838,707
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>
<b>Total primary government net assets</b>	<b>\$ 22,130,421</b>	<b>\$ 22,700,663</b>	<b>\$ 21,112,942</b>	<b>\$ 24,883,316</b>	<b>\$ 25,704,989</b>	<b>\$ 23,210,176</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
<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
Judicial	6,583,190	6,625,590	6,938,459	7,615,488	7,459,489	7,824,063
Public safety	7,737,743	8,384,835	9,385,991	9,984,803	10,264,555	10,768,771
Public works	1,810,034	170,551	539,137	276,860	159,729	369,947
Human services	30,136,213	30,953,925	31,425,941	31,978,456	33,161,084	33,341,181
Culture and recreation	1,453,444	703,901	684,792	619,680	527,438	735,768
Conservation and development	3,039,432	2,114,333	1,788,651	1,564,072	1,537,222	2,143,173
Interest on long-term debt	1,833,917	1,527,753	1,189,060	934,512	1,063,754	1,134,340
Other cost	622,469	521,487				
<b>Total governmental activities expenses</b>	<b>64,922,475</b>	<b>64,743,549</b>	<b>67,302,205</b>	<b>62,619,914</b>	<b>64,515,467</b>	<b>67,912,854</b>
<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
911 emergency response	2,422,480	2,385,761	2,422,650	2,658,699	3,101,168	2,279,746
<b>Total business-type activities expenses</b>	<b>17,739,773</b>	<b>19,001,327</b>	<b>19,423,320</b>	<b>19,861,911</b>	<b>20,349,791</b>	<b>20,962,472</b>
<b>Total primary government expenses</b>	<b>82,662,248</b>	<b>83,744,876</b>	<b>86,725,525</b>	<b>82,481,825</b>	<b>84,865,258</b>	<b>88,875,326</b>
<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
Judicial	2,281,741	2,555,091	2,432,321	2,346,256	2,632,743	2,717,170
Public safety	1,179,067	1,133,256	1,155,918	1,773,346	1,844,047	1,853,122
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
Conservation and development	554,326	498,045	480,284	361,277	310,818	379,760
Operating grants and contributions	33,130,605	31,534,881	31,463,733	36,037,801	37,586,040	36,294,497
Capital grants and contributions						195,697
<b>Total governmental activities revenues</b>	<b>48,453,919</b>	<b>48,037,683</b>	<b>48,195,130</b>	<b>48,293,595</b>	<b>46,960,230</b>	<b>45,970,926</b>
<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
911 emergency response	1,261,953	1,131,099	1,560,130	1,539,055	1,501,508	2,043,140
<b>Total business-type activities revenues</b>	<b>15,613,699</b>	<b>16,277,057</b>	<b>17,115,577</b>	<b>16,877,748</b>	<b>17,462,019</b>	<b>19,312,084</b>
<b>Total primary government revenues</b>	<b>64,067,618</b>	<b>64,314,740</b>	<b>65,310,707</b>	<b>65,171,343</b>	<b>64,422,249</b>	<b>65,283,010</b>
<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)
Business-type activities	(2,126,074)	(2,724,270)	(2,307,743)	(2,984,163)	(2,887,772)	(1,650,388)
<b>Total net expenses</b>	<b>\$ (18,594,630)</b>	<b>\$ (19,430,136)</b>	<b>\$ (21,414,818)</b>	<b>\$ (17,310,482)</b>	<b>\$ (20,443,009)</b>	<b>\$ (23,592,316)</b>

(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
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
Property taxes levied for debt services	4,058,307	4,213,270	3,826,072	3,962,881	3,629,335	3,707,510
Investment income	781,106	731,001	1,037,538	1,312,618	1,236,296	698,875
Amortization of bond premium	94,146					
Amortization of bond discount	(20,193)					
Unusual item		900,000				
Transfers	<u>(728,497)</u>	<u>(1,671,381)</u>	<u>(1,817,495)</u>	<u>(2,969,963)</u>	<u>(2,478,089)</u>	<u>(2,073,771)</u>
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>
Business-type activities:						
Investment income	507	83	5,102	28,547	37,077	13,311
Transfers	<u>728,497</u>	<u>1,671,381</u>	<u>1,817,495</u>	<u>2,969,963</u>	<u>2,478,089</u>	<u>2,073,771</u>
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>
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>
Changes in net assets						
Governmental activities	1,560,284	1,773,424	(1,102,575)	3,756,027	1,194,279	(2,931,507)
Business-type activities	<u>(1,397,070)</u>	<u>(1,052,806)</u>	<u>(485,146)</u>	<u>14,347</u>	<u>(372,606)</u>	<u>436,694</u>
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>

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund:										
Reserved	\$ 2,859,068	\$ 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
Unreserved	3,815,962	4,542,152	8,034,790	10,034,769	9,866,434	10,663,886	10,073,897	9,497,071	9,129,318	7,035,701
Total General Fund	\$ 6,675,030	\$ 7,111,585	\$ 11,229,486	\$ 13,229,822	\$ 12,140,633	\$ 12,454,599	\$ 12,006,503	\$ 12,026,780	\$ 11,768,253	\$ 9,234,378
All other governmental funds:										
Reserved	\$ 3,802,635	\$ 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
Unreserved, reported in, Special revenue funds	372,460	508,781	482,759	391,670		42,304	53,974	42,304	57,878	81,075
Total all other governmental funds	\$ 4,175,095	\$ 9,118,655	\$ 8,364,607	\$ 8,737,343	\$ 30,957,990	\$ 14,580,432	\$ 8,113,014	\$ 7,659,422	\$ 6,592,159	\$ 4,150,624

COUNTY OF CENTRE, PENNSYLVANIA

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues:</b>										
Taxes	\$ 11,851,476	\$ 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
Grants, gifts and payment in lieu of taxes	21,637,480	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
Court costs	2,570,784	2,477,766	1,156,262	1,069,574	1,027,066	914,442	850,108	844,591	927,651	1,246,217
Fines and forfeits	225,511	186,796	203,566	205,552	251,113	288,813	254,395	221,260	258,014	241,764
Interest and rents	818,369	1,377,863	1,149,237	790,029	799,917	7,790,426	1,053,612	1,312,598	1,236,010	698,415
Charges for services	2,421,598	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
Contributions and other revenues	955,326	467,396	699,524	1,261,660	1,811,982	373,562	273,445	372,153	969,183	325,473
<b>Total revenues</b>	<b>40,481,044</b>	<b>43,426,104</b>	<b>51,823,060</b>	<b>56,181,101</b>	<b>60,517,789</b>	<b>58,727,236</b>	<b>59,951,731</b>	<b>66,377,444</b>	<b>66,956,121</b>	<b>65,435,392</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government:										
Administrative	5,273,585	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
Judicial	4,583,761	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
Public safety	5,227,166	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
Public works	752,579	445,887	1,900,134	2,598,304	1,810,034	170,551	539,137	276,860	159,729	369,947
Human services	19,780,987	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
Culture and recreation	420,793	437,342	472,630	460,182	1,453,444	703,901	684,792	619,680	527,438	535,768
Conservation and development	1,562,684	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
Debt service:										
Principal	1,515,000	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
Interest	1,200,781	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
Other cost					1,500	1,783	2,000	56,918	1,064	2,500
Capital outlay	1,450,883	582,185	1,121,698	823,214	4,628,730	17,092,224	6,491,400	3,514,681	2,650,798	2,143,889
<b>Total expenditures</b>	<b>41,768,219</b>	<b>44,027,827</b>	<b>49,093,653</b>	<b>53,981,227</b>	<b>62,545,166</b>	<b>75,097,705</b>	<b>64,948,584</b>	<b>63,848,145</b>	<b>65,795,230</b>	<b>68,289,307</b>
<b>(Deficiency) excess of revenues (under) over expenditures</b>	<b>(1,287,175)</b>	<b>(601,723)</b>	<b>2,729,407</b>	<b>2,199,874</b>	<b>(2,027,377)</b>	<b>(16,370,469)</b>	<b>(4,996,853)</b>	<b>2,529,299</b>	<b>1,160,891</b>	<b>(2,853,915)</b>
<b>Other financing sources (uses):</b>										
Transfers in	2,663,746	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
Transfers out	(2,107,737)	(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)
Proceeds from bonds		5,000,000			39,985,000			10,000,000		
Issuance of debt					(17,405,000)	5,380,000		(9,040,000)		
Payments to refund bonds payable						(4,985,000)		(775,744)		
Payments to refund bond escrow agent					1,694,631	(48,463)		(127,605)		
Bond premium					(363,466)	900,000				
Bond discount										
Unusual item										
<b>Total other financing sources (uses)</b>	<b>546,009</b>	<b>6,265,878</b>	<b>350,406</b>	<b>173,197</b>	<b>23,158,835</b>	<b>(430,127)</b>	<b>(1,918,661)</b>	<b>(2,962,614)</b>	<b>(2,486,681)</b>	<b>(2,121,495)</b>
<b>Net change in fund balances</b>	<b>\$ (741,166)</b>	<b>\$ 5,664,155</b>	<b>\$ 3,079,813</b>	<b>\$ 2,373,071</b>	<b>\$ 21,131,458</b>	<b>\$ (16,800,596)</b>	<b>\$ (6,915,514)</b>	<b>\$ (433,315)</b>	<b>\$ (1,325,790)</b>	<b>\$ (4,975,410)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.74%</b>	<b>5.91%</b>	<b>5.81%</b>	<b>5.38%</b>	<b>3.53%</b>	<b>4.98%</b>	<b>4.32%</b>	<b>4.20%</b>	<b>3.71%</b>	<b>3.84%</b>

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					Minerals	Agricultural 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	Land						
1999	\$ 1,481,725,180	\$ 619,121,500	\$ 67,456,065	\$ 79,052,170	\$ 6,441,500	\$ 165,917,800	\$ 2,419,714,215	4.94	\$ 4,839,428,430	50.00%	
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%	

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**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>County Direct Rates:</b>										
General	\$ 3.64	\$ 3.84	\$ 5.09	\$ 5.09	\$ 5.09	\$ 5.09	\$ 5.25	\$ 5.30	\$ 5.40	\$ 5.40
Debt	1.30	1.10	1.10	1.50	1.50	1.50	1.34	1.29	1.19	1.19
Total direct rate	4.94	4.94	6.19	6.59	6.59	6.59	6.59	6.59	6.59	6.59
<b>Borough &amp; Township Rates:</b>										
Bellefonte Borough	5.44	5.44	5.44	5.44	6.93	7.93	7.93	7.98	7.98	8.56
Centre Hall Borough	0.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
Howard Borough	3.00	3.00	3.00	4.00	5.00	6.00	5.50	5.50	5.50	5.50
Milesburg Borough	4.50	4.50	4.50	4.50	4.50	4.50	6.00	7.00	7.00	7.00
Millheim Borough	1.65	1.65	1.65	1.65	1.65	1.65	3.00	3.00	3.00	4.00
Philipsburg Borough	8.83	8.83	8.83	8.83	10.33	10.83	10.33	10.33	10.33	10.33
Port Matilda Borough	3.50	3.50	4.80	4.80	4.80	4.80	6.40	6.40	6.40	6.40
Snow Shoe Borough	4.16	4.16	4.16	4.16	4.16	4.16	4.36	4.36	4.36	4.36
South Philipsburg Borough	2.34	2.34	2.34	2.34	-	-	-	-	-	-
State College Borough	4.35	4.35	4.35	4.75	4.90	5.70	7.30	10.04	10.04	10.54
Unionville Borough	1.27	1.27	1.27	1.27	1.27	1.27	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	1.48	2.48	2.48	2.48	3.18	3.84	3.84	3.84
Burnside Township	2.69	2.69	2.69	2.69	3.69	3.69	4.69	4.69	4.69	4.69
College Township	2.80	2.80	3.10	3.40	3.40	3.70	3.70	3.70	3.70	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	0.95	1.56	1.56	1.56	1.56	1.56	1.56	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	2.00	2.50	2.50	3.00	3.00	4.00	4.00	4.00	4.00	5.00
Halfmoon Township	1.72	3.72	3.72	3.72	3.72	3.72	3.72	4.02	4.02	4.02
Harris Township	3.60	3.60	3.60	4.60	4.70	4.70	4.70	4.70	4.70	4.70
Howard Township	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Huston Township	1.13	1.13	1.13	1.13	1.13	1.70	1.73	1.13	1.13	1.13
Liberty Township	1.00	1.00	1.00	1.00	2.00	3.00	3.00	3.50	3.50	3.50
Marion Township	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Miles Township	1.50	1.70	1.70	1.70	1.70	1.70	2.00	2.00	2.00	2.00
Patton Township	5.00	5.00	5.50	6.10	7.70	7.70	7.50	7.50	7.20	7.20
Penn Township	2.00	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Potter Township	0.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Rush Township	0.55	-	-	-	-	-	-	-	-	-
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	0.50	1.50	2.00	2.00	2.00	2.00
Union Township	2.00	2.00	2.00	2.00	2.00	2.00	3.00	4.00	4.00	4.00
Walker Township	0.34	0.34	0.34	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	1.75	2.00	2.00	2.00	2.00
<b>School District Rates:</b>										
Bald Eagle	22.00	25.00	25.00	29.00	31.00	33.00	34.26	36.26	37.76	39.76
Bellefonte	30.73	31.17	32.93	33.88	35.28	35.83	36.99	37.98	39.69	41.08
Keystone Central	32.30	32.20	33.30	34.21	34.21	34.21	34.73	34.38	34.33	36.12
Penns Valley	26.60	29.59	29.59	31.37	31.37	31.37	37.87	37.87	37.87	37.87
Philipsburg Osceola	28.28	28.28	31.30	32.21	34.55	38.22	37.26	39.30	46.97	49.04
State College	23.60	24.75	25.99	27.05	28.72	29.72	31.37	32.57	32.51	33.72
Tyrone	22.26	25.07	23.86	20.81	21.05	19.36	19.36	18.88	20.22	21.06

Source: County Tax Assessment Office

**COUNTY OF CENTRE, PENNSYLVANIA**

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

Taxpayer:	2008			1999		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Crown American Finance	\$ 16,442,035	1	0.53%	\$ 20,480,075	1	0.89%
* PSU (Taxable)	14,850,410	2	0.48%			
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%			
Geisinger Clinic	6,219,950	6	0.20%			
Foxdale Village Corporation	6,033,360	7	0.19%	5,917,160	5	0.26%
W9/JP-M Real Estate	5,613,800	8	0.18%			
Nittany Commons LLC	5,558,915	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%
<b>Total</b>	<b>\$ 85,180,325</b>		<b>2.75%</b>	<b>\$ 77,268,720</b>		<b>3.39%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 3,120,818,523</b>		<b>100%</b>	<b>\$ 2,289,059,665</b>		<b>100%</b>

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

Source: County Tax Assessment Office

**COUNTY OF CENTRE, PENNSYLVANIA**

**SCHEDULE OF REAL ESTATE TAX LEVIES AND COLLECTIONS  
(UNAUDITED)  
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
1999	\$ 11,884,397	\$ 11,521,813	96.95%	\$ 329,663	\$ 11,851,476	99.72%
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%

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**

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
1999	\$ 22,630,000		\$ 22,630,000	0.72%	0.47%	167.24
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

(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, 2008

<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	11,241,265	100%	11,241,265
Howard Borough	174,781	100%	174,781
Milesburg Borough	588,106	100%	588,106
Millhiem Borough	4,050,829	100%	4,050,829
Philipsburg Borough	6,646,890	100%	6,646,890
State College Borough	30,945,000	100%	30,945,000
Benner Township	7,437	100%	7,437
Boggs Township	397,514	100%	397,514
College Township	2,840,000	100%	2,840,000
Ferguson Township	4,241,200	100%	4,241,200
Gregg Township	126,460	100%	126,460
Harris Township	970,000	100%	970,000
Patton Township	6,916,482	100%	6,916,482
Penn Township	273,472	100%	273,472
Rush Township	1,302,259	100%	1,302,259
Taylor Township	30,836	100%	30,836
Union Township	94,369	100%	94,369
Walker Township	105,292	100%	105,292
Worth Township	89,398	100%	<u>89,398</u>
Total municipalities			<u>71,041,590</u>
School District Rates:			
Bald Eagle	7,410,000	100%	7,410,000
Bellefonte	48,436,778	100%	48,436,778
Keystone Central	41,996,399	5%	2,099,820
Penns Valley	30,440,000	100%	30,440,000
Philipsburg Osceola	21,386,930	100%	21,386,930
State College	58,632,782	100%	58,632,782
Tyrone	23,384,744	5%	<u>1,169,237</u>
Total school districts			<u>169,575,547</u>
Grand total			<u>\$ 276,512,137</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**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Borrowing Base Revenues (1)	\$ 30,550,300	\$ 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
Debt Limit Percentage	<u>300%</u>	<u>300%</u>	<u>300%</u>	<u>300%</u>						
Debt Limit	91,650,900	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
General Obligation Bonds	<u>22,630,000</u>	<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>
Legal Debt Margin	\$ <u>69,020,900</u>	\$ <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>
Total net debt applicable to the limit as a percentage of debt limit	24.69%	26.04%	22.52%	19.15%	34.57%	31.76%	29.10%	28.64%	26.94%	25.36%

(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>
1997	134,100	\$ 2,816,368	\$ 21,002	3.0%
1998	134,657	3,000,023	22,279	2.8%
1999	135,315	3,139,443	23,201	2.7%
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%

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

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Pennsylvania State University	23,091	1	32.34%	10,059	1	15.24%
State College Area School	1,387	2	1.94%	1,281	3	1.94%
Mt. Nittany Medical Center	1,353	3	1.89%	890	6	1.35%
Pennsylvania State Government	1,169	4	1.64%	1,306	2	1.98%
Centre County Government	865	5	1.21%	616	9	0.93%
Wal-Mart/Sam's Club	805	6	1.13%			0.00%
Raytheon Systems, Inc.	502	7	0.70%			0.00%
HRI Inc.	475	8	0.67%			0.00%
The Meadows Psychiatric Center	465	9	0.65%			0.00%
Weis Market	456	10	0.64%	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>	<u>30,568</u>		<u>42.81%</u>	<u>18,351</u>		<u>27.80%</u>
<b>Total County employment</b>	<u>71,400</u>		<u>100%</u>	<u>66,000</u>		<u>100%</u>

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

Note: The 1999 number of employees are an estimate based on 2000 demographic data included in the County's General Obligation Bonds, Series of 2000.

**COUNTY OF CENTRE, PENNSYLVANIA**

**SCHEDULE OF COUNTY EMPLOYEES BY FUNCTION  
(UNAUDITED)**

**FOR THE YEARS ENDED DECEMBER 31**

<u>Function/Program</u>	<u>1999</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>
Administration	78	76	84	87	93	91	92	97	101	104
Judicial	93	94	110	112	112	118	120	118	122	117
Public Safety	58	60	64	65	69	67	74	106	114	113
Human Services	133	130	133	140	139	147	148	146	149	152
Conservation & Development	<u>16</u>	<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>
Total governmental	<u>378</u>	<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>
Enterprise:										
Emergency Communication 911	23	25	24	25	25	28	28	32	30	30
Nursing Home	<u>244</u>	<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>
Total enterprise	<u>267</u>	<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>
Total	<u>645</u>	<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>

Source: Centre County Budget

COUNTY OF CENTRE, PENNSYLVANIA

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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Administration:</b>										
Treasurer:										
Hunting licenses	16,248	17,042	17,818	17,190	23,851	21,869	20,884	14,904	14,549	14,402
Dog licenses	13,071	15,466	12,774	12,797	13,297	13,092	13,092	15,497	14,260	13,699
Fishing licenses	<u>541</u>	<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>
Total licenses	<u>29,860</u>	<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>
Public Defender, Cases	1,611	1,678	1,774	1,968	1,994	1,807	2,076	2,000	2,134	2,300
Recorder of Deeds, Deeds filed	24,609	19,897	25,630	30,113	36,425	26,757	25,473	23,583	21,813	23,500
<b>Judicial:</b>										
Sheriff,										
Pistol permits					2,800	3,850	2,700	2,750	4,538	5,671
Coroner, Cases	419	457	507	236	554	526	569	557	517	550
District Attorney, Cases	2,196	1,947	2,132	2,324	2,560	2,406	2,370	2,445	2,691	2,718
Prothonotary:										
Criminal cases	2,196	1,947	2,132	2,326	2,728	2,436	2,536	2,484	2,595	2,544
Civil cases	3,011	3,091	3,186	3,201	3,591	5,325	4,824	5,024	5,629	5,654
Other cases	<u>1,941</u>	<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>
Total cases	<u>7,148</u>	<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>
Magisterial District Judges, Court cases	43,603	49,007	48,194	46,148	42,315	39,492	43,375	37,296	34,477	39,570
<b>Public Safety:</b>										
Probation:										
Juvenile cases	175	201	201	226	212	208	222	205	241	282
Adult cases	<u>2,175</u>	<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>
Total	<u>2,350</u>	<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>
Prison, Average daily population	134	141	152	154	169	190	187	219	216	215
<b>Human Services:</b>										
Children & Youth, Caseload	4,230	4,110	4,000	4,070	3,640	3,530	3,570	3,668	3,912	3,325
Mental Health / Retardation, Clients	1,619	1,735	1,897	2,011	2,337	2,518	2,556	2,584	2,533	2,711
Drug and Alcohol:										
Children clients	154	116	190	200	182	129	190	270	309	165
Adult clients	<u>703</u>	<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>
Total clients	<u>857</u>	<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>

Source: Centre County Budget

COUNTY OF CENTRE PENNSYLVANIA

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Governmental:</b>										
Capital Asset, net										
Land and improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563	\$ 1,719,563
Building and improvements	6,289,356	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
Furniture and improvements	5,299,861	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
Vehicles	191,309	286,595	465,312	386,961	412,162	407,804	498,753	355,509	278,578	287,203
<b>Total</b>	<b>\$ 11,780,526</b>	<b>\$ 12,056,514</b>	<b>\$ 13,210,039</b>	<b>\$ 14,092,693</b>	<b>\$ 10,376,238</b>	<b>\$ 27,153,228</b>	<b>\$ 32,123,106</b>	<b>\$ 35,047,345</b>	<b>\$ 36,107,197</b>	<b>\$ 36,152,781</b>
<b>Business-type:</b>										
Capital Asset, net										
Land and improvements	\$ 24,471	\$ 23,277	\$ 107,634	\$ 23,257	\$ 10,445	\$ 9,575	\$ 8,705	\$ 7,835	\$ 6,964	\$ 6,094
Building and improvements	10,211,543	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
Furniture and improvements	4,789,889	4,005,392	3,156,248	2,258,623	2,845,255	2,195,538	1,999,866	1,552,444	877,353	679,768
<b>Total</b>	<b>\$ 15,025,903</b>	<b>\$ 13,899,047</b>	<b>\$ 12,716,086</b>	<b>\$ 11,640,744</b>	<b>\$ 11,017,068</b>	<b>\$ 10,055,429</b>	<b>\$ 9,547,834</b>	<b>\$ 8,788,491</b>	<b>\$ 7,801,479</b>	<b>\$ 7,301,431</b>

Source: Centre County Financial Statements

**COUNTY OF CENTRE, PENNSYLVANIA**

**SCHEDULE OF SALARIES AND SURETY BONDS  
OF ELECTED OFFICIALS  
(UNAUDITED)  
DECEMBER 31, 2008**

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<u>OFFICIAL</u>	<u>Annual Salary</u>	<u>Bond Amount</u>
Commissioner	\$ 65,623	\$ 4,000
Controller	\$ 61,372	\$ 20,000
Coroner	\$ 59,372	\$ 7,500
District Attorney	\$ 156,441	None (1)
Jury Commissioners	\$ 13,052	None (1)
Prothonotary and Clerk of Courts	\$ 61,372	\$ 30,000
Recorder of Deeds	\$ 59,372	\$ 10,000
Register of Wills and Clerk of the Orphans Court	\$ 61,372	\$ 25,000
Sheriff	\$ 59,372	\$ 30,000
Treasurer	\$ 59,372	\$ 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, 2008

<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>	
1999	\$ 945,876	\$ -	\$ 4,021,898	\$ 4,967,774	-
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%

<u>Year</u>	<u>Expenses By Type</u>			
	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Total</u>
1999	\$ 1,042,743	\$ 164,089	\$ 316,454	\$ 1,523,286
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

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	Members	County(1)	Total	Number of Retired Members	Benefit Paid
1999	643	\$ 945,876		\$ 945,876	167	\$ 1,042,743
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

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

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