County of Centre

PENNSYLVANIA

2007 Comprehensive Annual Financial Report

For the year ended December 31, 2007

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

Table Of Contents

	Page
Introductory Section	
Transmittal Letter	5
Mission Statement	10
GFOA Certificate Of Achievement	11
Organizational Chart	12
Principal Officials	13
County Of Centre – Map	14
Financial Section	
Independent Auditors' Report	15
Management Discussion And Analysis	17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement Of Net Assets	31
Statement Of Activities	32
Fund Financial Statements:	
Balance Sheet – Governmental Funds	33
Statement Of Revenues, Expenditures, And Changes In Fund Balances - Governmental Funds	34
Reconciliation Of The Statement Of Revenues, Expenditures, And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	35
Statement Of Revenues, Expenditures, And Changes In Fund Balances Budget-To-Actual Comparison, General Fund	36
Statement Of Revenues, Expenditures, And Changes In Fund Balances Budget-To-Actual, Major Governmental Special Revenue Funds	37

PAGE

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS 38

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS 39

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS 40

STATEMENT OF FIDUCIARY NET ASSETS 41

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – EMPLOYEE RETIREMENT AND PRIVATE PURPOSE TRUST FUNDS 42

NOTES TO FINANCIAL STATEMENTS 43

SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS:

GOVERNMENTAL FUND TYPES:

DESCRIPTION OF MAJOR FUNDS 75

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) – GENERAL FUND 76

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET-TO-ACTUAL COMPARISON – MAJOR GOVERNMENTAL FUNDS 78

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS 79

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS 80

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS 81

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET-TO-ACTUAL COMPARISON – NON-MAJOR GOVERNMENTAL FUNDS 82

INTERNAL SERVICE FUNDS:

DESCRIPTION OF FUNDS 85

COMBINING BALANCE SHEET 86

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSET 87

PAGE

COMBINING STATEMENT OF CASH FLOWS 88

FIDUCIARY FUND TYPES:

DESCRIPTION OF FUNDS 89

COMBINING BALANCE SHEET – ALL AGENCY FUNDS 90

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES– ALL AGENCY FUNDS 91

COMPONENT UNITS - INDIVIDUAL FUND STATEMENTS:

DESCRIPTION OF COMPONENT UNITS 95

STATEMENT OF NET ASSETS 96

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – CONSERVATION DISTRICT 97

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS-SOLID WASTE AUTHORITY 98

STATEMENT OF CASH FLOWS - SOLID WASTE AUTHORITY 99

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY 101

STATISTICAL SECTION

INTRODUCTION 103

NET ASSETS BY COMPONENT, GOVERNMENT-WIDE 104

CHANGES IN NET ASSETS, GOVERNMENT-WIDE 105

FUNDS BALANCES, GOVERNMENTAL FUNDS 107

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS 108

ASSESSED AND ACTUAL VALUE OF TAXABLE REAL ESTATE 109

REAL ESTATE MILLAGE RATES – DIRECT AND OVERLAPPING GOVERNMENTS 110

PRINCIPAL REAL ESTATE TAXPAYERS 111

REAL ESTATE TAX LEVIES AND COLLECTIONS 112

	Page
Ratios Of General Bonded Debt Outstanding	113
Direct And Overlapping Debt	114
Computation Of Legal Debt Margin	115
Demographic And Economic Statistics	116
Principal Employers	117
County Employees By Function	118
Operating Indicators By Function	119
Capital Asset Statistics By Activities	120
Salaries And Surety Bonds Of Elected Officials	121
Retirement Fund Revenues And Expenses	122
Employees Retirement Trust, Selected Data	123

COUNTY OF CENTRE

OFFICE OF THE CONTROLLER

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

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

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

June 16, 2008

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, 2007. 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, 2007, are fairly presented in conformity with GAAP.

The independent audit of the financial statements was part of a broader, federally 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 and compliance with legal requirements, with special emphasis on the administration of federal grant awards. These reports are available in the County's separately issued Single Audit Report.

The County is subject to Governmental Accounting Standards Board (GASB) Statement 34 (GASB-34). GASB-34 is a reporting model designed to provide the primary users of the government's financial statements—legislators, creditors and citizens—with information that will help them assess accountability, stability, and plan for the future. This CAFR presents "government-wide" financial statements, designed to provide an economic (long-term) focus on its net assets and activities, similar to 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 complement the MD&A. The MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Centre County, a 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 operation 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 allocated $1.8 million of unreserved fund balance to finance the development of a countywide fire and emergency training facility. The Centre Region Council of Governments (COG) contributed $330,000, the Columbia Gas Company donated $4,000, Spring Township contributed $500,000 and the Pennsylvania Department of Economic Development granted $1.75 million toward the project. Construction of the new facility began in 2006. Including the acquisition cost of land of $479,163, the total project cost incurred through December 31, 2007 was $4.6 million.

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 $1,236,297, a decrease of 6 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.

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 17 audit, reviews, and special reports during 2007.

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, 2006. This is the sixth 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 CAFR conforms to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Award For Distinguished Budget Presentation

For the eighth consecutive year, the County of Centre received GFOA's Award for Distinguished Budget Presentation for its 2007 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

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

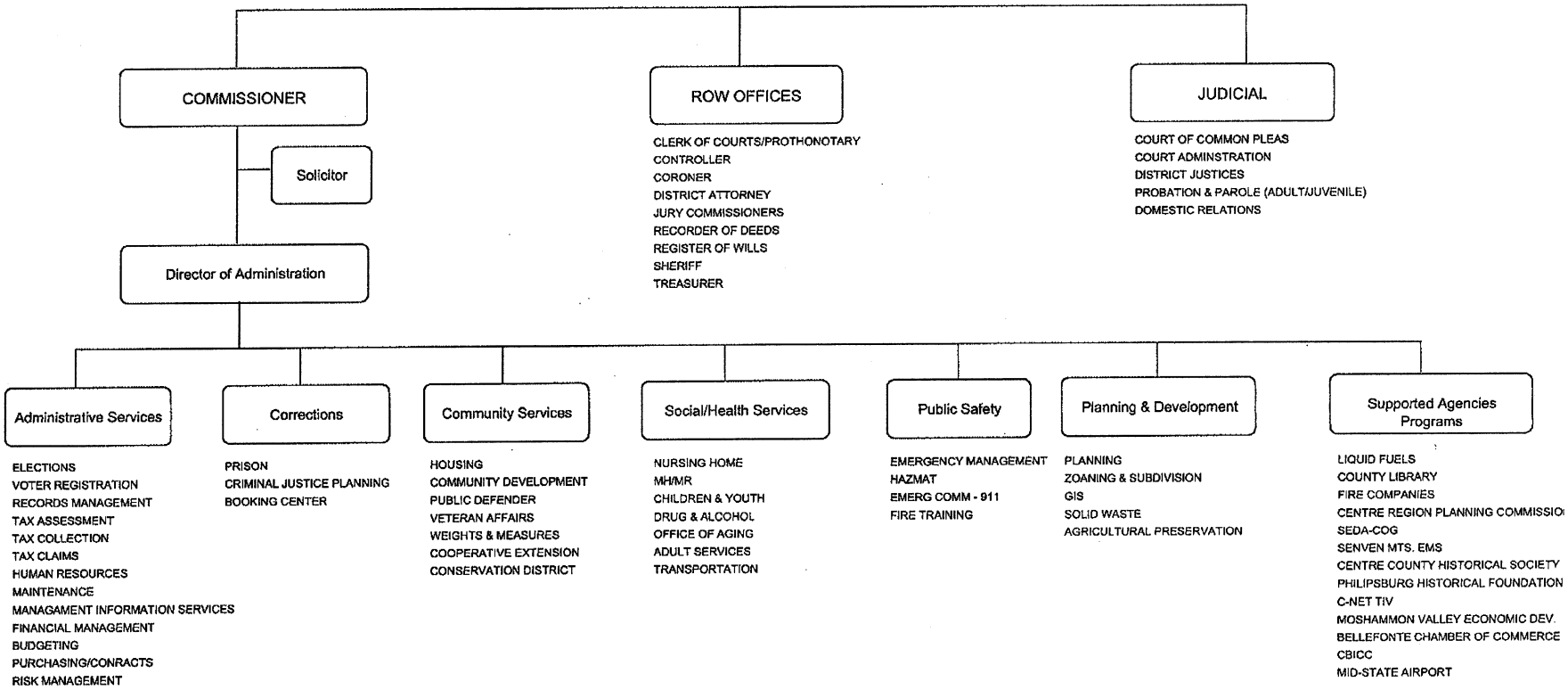
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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, 2007

Board of Commissioners
C. Chris Exarchos, Chair
Steven G. Dershem
John Saylor

Controller
Charles L. Witmer

District Attorney
Michael Madeira

Recorder of Deeds
Joseph Davidson

Sheriff
Dennis Nau

Jury Commissioners
Anna Lose
Ruth Luse

Court of Common Pleas
Charles C. Brown, President Judge
David E. Grine, Judge
Thomas King Kistler, Judge
Bradley Lunsford, Judge

Coroner
Scott Sayers

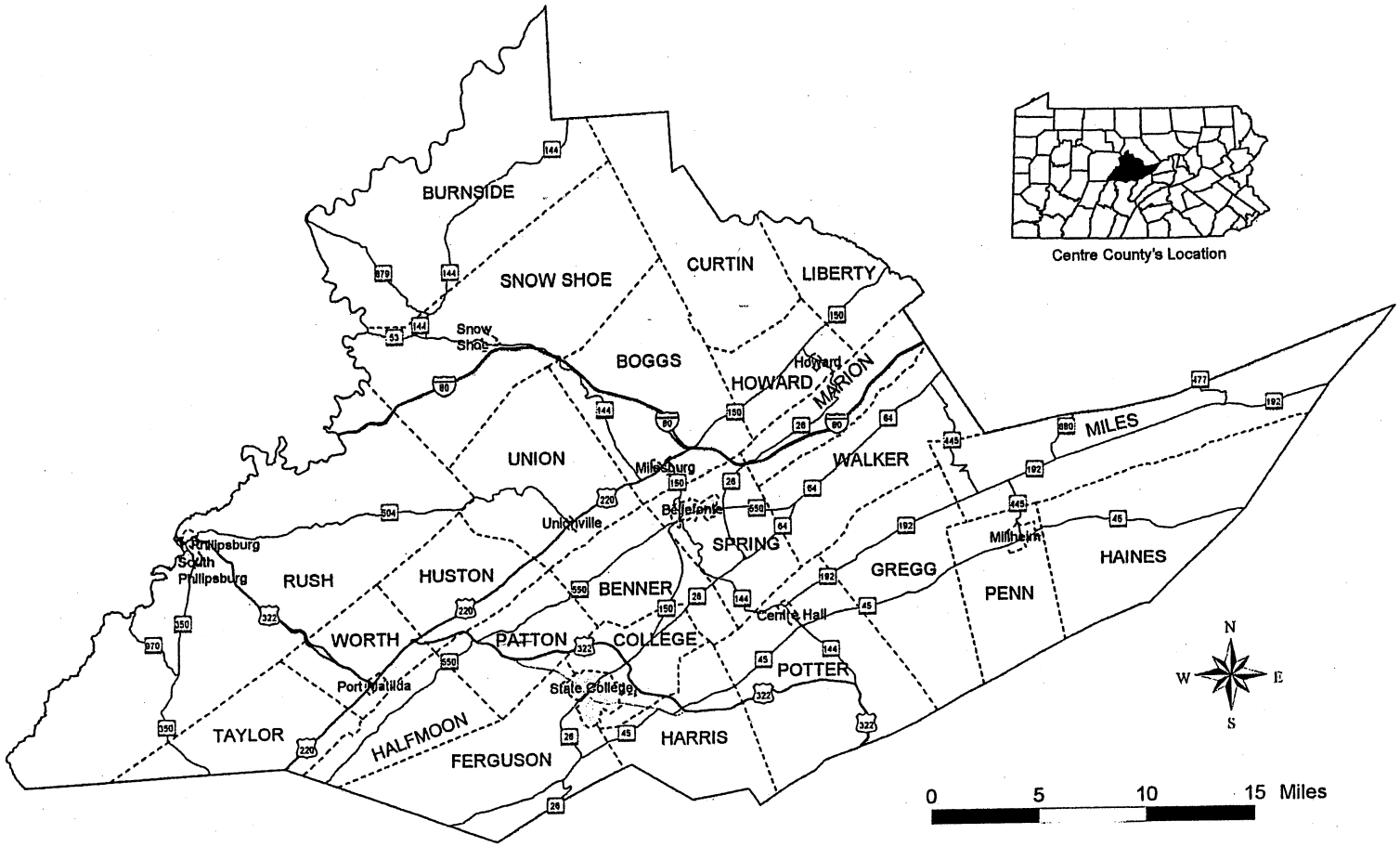
Prothonotary/Clerk of Courts
Debra Immel

Register of Wills/Clerk of Orphans Court
Roger Bierly

Treasurer
Richard Fornicola

District Justices
Daniel Hoffman, Bellefonte
Thomas Jordan, Centre Hall
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, 2007, 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, 2007, 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 and Children and Youth for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2008 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 75 through 101 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Parente Randolph, LLC

State College, Pennsylvania
June 16, 2008

COUNTY OF CENTRE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the County of Centre for the year ended December 31, 2007. 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 increased by $822,000. Net assets related to governmental activities increased by $1,194,000, whereas net assets of the County's business-type activities decreased by $373,000.
- As of December 31, 2007, $11,278,000 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 $8,021,000 or 26.2 percent of total General Fund expenditures.
- Total bond indebtedness on December 31, 2007 was $38,150,000, a decrease of $2,095,000 from the beginning of the year. The County's 2007 total debt service payments of $2,340,000 (principal & interest) represented 3.6 percent of the County's total governmental expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

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

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

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

The County adopts an annual appropriated budget for its General Fund. 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 much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 41-42 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-74 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 75-101 of this report. The statistical section begins on page 103.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities at the close of December 31, 2007 by $25,705,000, an increase of $822,000 from the beginning of the year.

The County's net assets reflected in investment in capital assets (e.g. land, buildings and equipment), are presented net of any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The County's investment in its capital assets reported net of related debt as related to its governmental activities was $9,172,000 at year-end. The County's investment in its capital assets reported net of related debt as related to its business-type activities was $(3,413,000) 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, 2007 and 2006
Primary Government
(in millions)

	Total Governmental Activities		Business-type Activities Enterprise Funds		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	$27.8	$29.5	$ 4.9	$ 4.6	$32.7	$34.1
Capital assets	36.1	35.0	7.8	8.8	43.9	43.8
Total assets	63.9	64.5	12.7	13.4	76.6	77.9
Other liabilities	7.4	7.8	1.4	1.8	8.8	9.6
Long-term liabilities	30.1	31.5	12.0	12.0	42.1	43.5
Total liabilities	37.5	39.3	13.4	13.8	50.9	53.1
Invested in capital assets, net of related debt	9.2	6.8	(3.4)	(3.1)	5.8	3.7
Restricted	5.9	7.4			5.9	7.4
Unrestricted	11.3	11.0	2.7	2.8	14.0	13.8
Total net assets	$26.4	$ 25.2	$ (0.7)	$ (0.3)	$25.7	$24.9

At December 31, 2007, the restricted portion of the County's net assets, $5.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance includes $9.2 million of equity related to capital assets and $11.3 million in unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors. During 2007, current assets decreased by $1.4 million while capital assets increased by $100,000.

CONDENSED STATEMENT OF ACTIVITIES

December 31, 2007 And 2006

(in millions)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
REVENUES:						
Program revenues:						
Charges for services	$ 9.4	$12.4	$17.5	$16.9	$26.9	$29.3
Operating grants and contributions	37.6	36.0			37.6	36.0
General revenues:						
Property taxes	20.0	19.7			20.0	19.7
Unrestricted investment earnings	1.2	1.3			1.2	1.3
Total revenues	68.2	69.4	17.5	16.9	85.7	86.3
EXPENSES:						
General government:	17.8	17.2			17.8	17.2
Public safety	10.3	10.0			10.3	10.0
Public works	0.2	0.3			0.2	0.3
Human services	33.1	32.0			33.1	32.0
Culture and recreation	0.5	0.6			0.5	0.6
Conservation and development	1.5	1.6			1.5	1.6
Interest on long-term debt	1.1	0.9			1.1	0.9
Nursing home			17.3	17.2	17.3	17.2
911 emergency response			3.1	2.7	3.1	2.7
Total expenses	64.5	62.6	20.4	19.9	84.9	82.5
Increase (decrease) in net assets						
Before transfers	3.7	6.8	(2.9)	(3.0)	0.8	3.8
Transfers	(2.5)	(3.0)	2.5	3.0		
Change in net assets	1.2	3.8	(0.4)	(0.0)	0.8	3.8
Net assets - beginning	25.2	21.4	(0.3)	(0.3)	24.9	21.1
Net assets – ending	$26.4	$ 25.2	$ (0.7)	$ (0.3)	$25.7	$24.9

At the end of 2007, the County is able to report a positive balance of $25.7 million in total net assets. The County's overall financial position improved as reflected in the $800,000 increase in total net assets. See below for detailed explanation of change in total net assets.

GOVERNMENTAL ACTIVITIES

Governmental activities *increased* the County's net assets by $1.2 million. Key elements of this increase are as follows:

- Capitalization of assets, including Terrorism Task Force equipment received from PEMA for $185,000, real estate property purchased near the Centre County Courthouse for $182,000, and vehicles purchased for the Transportation department for $100,000.

- Revenue from real estate taxes *increased* by $300,000.

BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the County's net assets by $373,000. The County nursing home's change in net assets was a positive $230,000. This is due primarily to a transfer from the General Fund of $877,000. The 911 System's on-going deficit, $4.3 million on December 31, 2007, is a result of the fee structure not covering the depreciation, costs of capital assets, and debt service payments.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On December 31, 2007, the County's governmental funds reported combined ending fund balances of $18,360,000 a decrease of $1,326,000 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 $2,720,000 and those for the Internal Service funds amounted to $1,399,000. The total reductions in net assets for the Enterprise funds were $373,000. The total increases in net assets for the Internal Service funds were $113,000. 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 2007 was approximately $28.7 million. This was an increase of $2,207,000 over the previous year amended budget, which represents an 8.3 percent increase.

The General Fund Budget complied with financial policies approved by the County Board of Commissioners. The 2007 original budget was increased by $1.2 million.

FINANCIAL ANALYSIS OF THE MAJOR FUNDS

General Fund

The General Fund is the primary operating fund of the County. On December 31, 2007, unreserved, undesignated fund balance of the General Fund was $8,021,000 while total fund balance equaled $11,770,000. The fund balance of the County's General Fund decreased by $259,000 during 2007. As a measure of the General Fund's liquidity, the unreserved fund balance represents 26.2 percent of the total General Fund expenditures, net of interfund transfers, or 96 days.

Revenues of the General Fund totaled $30,366,000 for the year ended, December 31, 2007, which represents an increase of $138,000 or 0.5 percent. The following represents a summary of general fund revenue with budget comparison by source (in thousands):

	2007			2006		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Real estate taxes	$16,411	$16,362	$ (49)	$15,822	$15,777	$ (45)
Grants, gifts and payments in lieu	2,893	2,852	(41)	2,376	3,802	1,426
Court costs	1,035	928	(107)	1,023	844	(179)
Fines and forfeits	251	258	7	300	221	(79)
Interest and rents	777	1,058	281	507	990	483
Charges for services	8,158	8,627	469	7,690	8,379	689
Contributions and other revenues	276	281	5	131	215	84
Total revenues	$29,801	$30,366	$ 565	$27,849	$30,228	$ 2,379

The major elements of the $469,000 positive budget variance in *Charges for Services* relates to the County receiving $200,000 more in fees than were budgeted in the Prothonotary and Sheriff departments. The $281,000 positive budget variance in interest and rents is due to higher than expected interest rates in 2007, which earned the County $277,000 more than anticipated in interest revenue. In 2006, the major element of the $1.4 million positive budget variance in *Grants, gifts and payment in lieu* relates to the County receiving $1.3 million in equipment from PEMA on behalf of the Regional Terrorism Task Force.

General Fund expenditures totaled $27,863,000, which represents an increase of $1,333,000 or 5 percent from 2006. The following represents a summary of General Fund expenditures with budget comparison for the year ended December 31, 2007 (in thousands).

	2007			2006		
	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:						
General government:						
Administration	$ 9,488	$ 9,259	$ 229	$ 8,339	$ 7,982	$ 357
Judicial	6,927	6,796	131	6,543	6,298	245
Public safety	9,759	9,489	270	8,968	9,976	(1,008)
Public works	-	4	(4)	48	48	-
Human services	190	189	1	161	147	14
Culture and recreation	524	524	-	516	516	-
Conservation & Development	1,792	1,602	190	1,898	1,563	335
Total expenditures	$28,680	$27,863	$ 817	$26,473	$26,530	$ (57)

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. In 2006, the major element of the $1 million negative budget variance in Public Safety relates to the County recognizing the aforementioned $1.3 million in Task Force equipment from PEMA. The major element of the positive budget variance in *Conservation & Development* relates to less activity than expected for housing and conservation projects and reclassification of $86,000 in expenditures to loans receivable for the first-time homeowner loan program. In addition, the General Fund made transfers out to other governmental and proprietary funds in the amount of $3,658,000 and $5,235,000 during the years ended December 31, 2007 and 2006, respectively.

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 $911,000 and $499,000 before transfers-in from the General Fund for the years ended December 31, 2007 and 2006, 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 $32,440 more than budgeted for the year ended December 31, 2007 and $92,630 less than budgeted for the year ended December 31, 2006. These funds' financial statements are included with the statements on pages 33-34 of this report.

DEBT SERVICE

The Debt Service Fund's total fund balances at December 31, 2007 and 2006 were $3,124,000 and $4,854,000 respectively. The $1,730,000 decrease in this fund is primarily attributed to an interfund transfer from Debt Service to the Capital Projects Fund for the fire training facility.

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, 2007 and 2006, the County expended $2,651,000 and $3,515,000, respectively, for such projects. Capital Projects Fund's balance at year-end totaled $2,387,000, which is an increase of $467,000, compared to prior year. This increase is directly attributable to the transfer from Debt Service and grants and contributions related to the construction 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:

Fund	Activities
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 $5,938,000 and $6,556,000 respectively for 2007, which represents a deficiency of $618,000, before operating transfers. Operating transfers from the General Fund, net totaled $814,000. The non-major financial statements can be found on pages 80-83.

PENSION TRUST FUND

The Centre County Employees' Retirement Trust Fund is a single employer defined benefit pension trust fund used to account for the Employee Retirement Plan contributions of the County and its employees and related benefit payments and other plan costs. The Pension Trust Fund had net assets of $72,485,000 and $67,965,000, respectively, for the years ended December 31, 2007 and 2006. During the years ended December 31, 2007 and 2006, net assets of the Pension Trust Fund balance increased by $4,520,000 (6.7%) and $7,475,000 (12.4%), respectively, primarily due to investment earnings. The County transferred the Annual Required Contribution of $1,452,061 (2007) and $1,416,645 (2006) 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, 2007 and 2006 amounted to $43,908,678 and $43,835,836, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements.

December 31, 2007:	Governmental Activities	Business-type Activity	Total
Buildings, land & improvements	$32,103,980	$6,924,126	$39,028,106
Furniture & equipment	3,724,639	877,353	4,601,992
Vehicles	278,578	-	278,578
	$36,107,197	$7,801,479	$43,908,676

December 31, 2006:	Governmental Activities	Business-type Activity	Total
Buildings, land & improvements	$30,734,274	$7,236,047	$37,970,321
Furniture & equipment	3,957,562	1,552,444	5,510,006
Vehicles	355,509	-	355,509
	$35,047,345	$8,788,491	$43,835,836

As evidenced above, buildings, land & improvements related to the County's governmental activities increased approximately $1.4 million during 2007. This increase is primarily attributable to the ongoing construction of the fire training facility. See Note 10 on page 63 of this report for detailed information on capital asset activity.

LONG TERM DEBT

The County's net general obligation bond debt of $38,150,000 at year-end was well below the legal limit of $141,628,600. Activity related to the County's long-term debt for the years ended December 31, 2007 and 2006 is as follows:

	Governmental Activities	Business-type Activity	Total
Bonds payable at January 1, 2006	$28,636,722	$12,648,278	$41,285,000
Bonds issued	10,000,000		10,000,000
Bonds refinanced	(9,040,000)		(9,040,000)
Bond payments	(1,297,221)	(702,779)	(2,000,000)
Bonds payable at December 31, 2006	28,299,501	11,945,499	40,245,000
Bond payments	(1,364,039)	(730,961)	(2,095,000)
Bonds payable at December 31, 2007	$26,935,462	$11,214,538	$38,150,000

In 2007, the County issued no new debt. In 2006, the County issued $10,000,000 in general obligation bonds to advance refund a $9,040,000 portion of the 2003 bonds, at a lower interest rate. Additional information on the County's long-term debt can be found at Note 11 on page 64 of this report.

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

ECONOMIC CONDITION AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate in Centre County was 3.4 at the end of 2007, which is relatively unchanged since 2006. This compares favorably, however, with Pennsylvania's unemployment rate of 4.4 percent and the nation's rate of 4.6 percent at the end of 2007. The County is in a period of positive, yet slower than average growth.

REQUESTS FOR INFORMATION

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

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

- Centre County Conservation District
  Willowbank Building
  Bellefonte, PA 16823

- Centre County Solid Waste Authority
  253 Transfer Road
  Bellefonte, PA 16823

COUNTY OF CENTRE, PENNSYLVANIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Conservation District	Solid Waste Authority
ASSETS:					
Cash and cash equivalents	$ 19,507,400	$ 1,040,854	$ 20,548,254	$ 239,022	$ 3,862,007
Cash with fiscal agent	675,084		675,084		
Receivables (net of allowance for uncollectibles, as applicable):					
Taxes receivable	1,158,759		1,158,759		
Accounts	8,751	3,295,838	3,304,589	142,568	698,906
Grants receivable	2,298,146	360,265	2,658,411		1,016,682
Other receivable	389,632		389,632		
Accrued interest receivable	135,946		135,946		
Loans receivable	1,297,625		1,297,625		
Prepaid items and inventory	542,306	33,856	576,162		92,980
Restricted cash, nursing home's trust accounts		166,581	166,581		
Advances to providers	380,880		380,880		
Unamortized bond discount	418,271		418,271		
Deferred charges	1,027,495		1,027,495		
Capital assets (net of accumulated depreciation):					
Land and improvements	1,719,563	6,964	1,726,527		22,121
Buildings and improvements	30,384,417	6,917,162	37,301,579	14,336	11,444,915
Furniture and improvements	3,724,639	877,353	4,601,992		426,247
Vehicles	278,578		278,578		398,089
Total assets	63,947,492	12,698,873	76,646,365	395,926	17,961,947
LIABILITIES:					
Accounts payable and accrued expense	4,553,619	648,591	5,202,210	106,570	735,694
Accrued interest payable	378,003	252,153	630,156		
Salaries and benefits payable	483,052	367,436	850,488		
Unearned revenue	1,801,586		1,801,586	57,921	
Funds held as fiduciary	9,497	166,581	176,078		
Compensated absences	165,872	16,033	181,905		
Noncurrent liabilities:					
Portion due or payable within one year:					
Bonds and notes payable	1,490,574	764,426	2,255,000		673,611
Unamortized bond premium	94,146		94,146		
Portion due or payable after one year:					
Bonds and notes payable	25,444,888	10,450,112	35,895,000		5,032,685
Compensated absences	1,998,745	726,308	2,725,053		
Unamortized bond premium	1,129,754		1,129,754		
Landfill post-closure liability					83,756
Total liabilities	37,549,736	13,391,640	50,941,376	164,491	6,525,746
NET ASSETS (DEFICIT):					
Invested in capital assets, net of related debt	9,171,735	(3,413,059)	5,758,676	14,336	6,585,076
Restricted for:					
Judicial	413,757		413,757		
Public works	378,215		378,215		
Conservation and development	1,472,260		1,472,260		
Public safety	56,309		56,309		
Debt service	3,124,209		3,124,209		
* Records management & data automation	503,068		503,068		
Unrestricted	11,278,203	2,720,292	13,998,495	217,099	4,851,125
Total net assets (deficit)	$ 26,397,756	$ (692,767)	$ 25,704,989	$ 231,435	$ 11,436,201

* See note 1 p. 52

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, 2007

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets				
				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Government Activities	Business-type Activities	Total	Conservation District	Solid Waste Authority
FUNCTIONS/PROGRAMS								
Primary government:								
Government activities:								
General government:								
Administrative	$ 10,342,196	$ 4,030,541	$ 2,370,449	$ (3,941,206)		$ (3,941,206)		
Judicial	7,459,489	2,632,743	1,486,219	(3,340,527)		(3,340,527)		
Public safety	10,264,555	1,844,047	2,164,059	(6,256,449)		(6,256,449)		
Public works	159,729		255,974	96,245		96,245		
Human services	33,161,084	556,041	30,680,898	(1,924,145)		(1,924,145)		
Culture and recreation	527,438			(527,438)		(527,438)		
Conservation and development	1,537,222	310,818	628,441	(597,963)		(597,963)		
Interest on long-term debt	1,063,754			(1,063,754)		(1,063,754)		
Total governmental activities	64,515,467	9,374,190	37,586,040	(17,555,237)		(17,555,237)		
Business-type activities:								
Nursing home	17,248,622	15,960,511			$ (1,288,111)	(1,288,111)		
911 emergency response	3,101,168	1,501,507			(1,599,661)	(1,599,661)		
Total business-type activities	20,349,790	17,462,018			(2,887,772)	(2,887,772)		
Total primary government	$ 84,865,257	$ 26,836,208	$ 37,586,040	(17,555,237)	(2,887,772)	(20,443,009)		
COMPONENT UNITS:								
Conservation District	$ 564,494		$ 549,492				$ (15,002)	
Solid Waste Authority	9,863,976	$ 9,246,930	691,820					$ 74,774
Total component units	$ 10,428,470	$ 9,246,930	$ 1,241,312				(15,002)	74,774
General revenues:								
Property taxes, levied for general purposes				16,361,974		16,361,974		
Property taxes, levied for debt service				3,629,335		3,629,335		
Unrestricted investment earnings				1,236,297	37,076	1,273,373	3,958	158,455
Transfers				(2,478,090)	2,478,090	-		
Total general revenues and transfers				18,749,516	2,515,166	21,264,682	3,958	158,455
Change in net assets				1,194,279	(372,606)	821,673	(11,044)	233,229
Net assets - beginning				25,203,477	(320,161)	24,883,316	242,479	11,202,972
Net assets - ending				$ 26,397,756	$ (692,767)	$ 25,704,989	$231,435	$ 11,436,201

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

COUNTY OF CENTRE, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Special Revenue Children & Youth	Special Revenue Mental Health	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	$ 10,986,236	$ 127,851	$ 1,642,774	$ 2,370,522	$ 2,295,240	$ 1,460,889	$ 18,883,512
Cash with fiscal agent				675,084			675,084
Receivables:							
Taxes	942,823			215,936			1,158,759
Grants	563,907	1,182,472			235,725	316,042	2,298,146
Other	353,295	5,817				17,979	377,091
Due from other funds	54,515						54,515
Accrued interest	135,946						135,946
Loans receivable (net of uncollectable)	1,297,625						1,297,625
Prepaid items and inventory	504,046	81	2,520			2,272	508,919
Advance to providers			380,880				380,880
Total assets	$ 14,838,393	$ 1,316,221	$ 2,026,174	$ 3,261,542	$ 2,530,965	$ 1,797,182	$ 25,770,477
LIABILITIES AND FUND BALANCES:							
Liabilities :							
Accounts payable and accrued expnses	$ 2,028,859	$ 484,872	$ 1,432,242	$ 5	$ 143,809	$ 331,444	$ 4,421,231
Accrued payroll	409,722	46,825	54,775			58,488	569,810
Deferred revenue	622,062	784,524	539,157	137,328		326,456	2,409,527
Funds held as fiduciary	9,497						9,497
Total liabilities	3,070,140	1,316,221	2,026,174	137,333	143,809	716,388	7,410,065
Fund balances:							
Reserved for:							
Affordable housing loans	1,297,625						1,297,625
Prepaid items and inventory	504,046						504,046
Agricultural easement						174,635	174,635
Liquid fuels tax						378,215	378,215
Domestic Relations						413,757	413,757
Hazardous material						56,309	56,309
Debt service				3,124,209			3,124,209
Capital projects					2,088,704		2,088,704
Fire training					298,452		298,452
Other reserves	837,264						837,264
Unreserved, reported in:							
General Fund:							
Designated	1,108,012						1,108,012
Undesignated	8,021,306						8,021,306
Special Revenue,							
Designated						57,878	57,878
Total fund balances	11,768,253			3,124,209	2,387,156	1,080,794	18,360,412
Total liabilities and fund balances	$ 14,838,393	$ 1,316,221	$ 2,026,174	$ 3,261,542	$ 2,530,965	$ 1,797,182	

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.		36,107,197
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.		720,845
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.		221,866
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.		299,646
Accrued interest payable included on the statement of net assets.		(378,003)
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	(1,998,745)	
Bonds payable	(26,935,462)	(28,934,207)
Net assets of governmental activities		$ 26,397,756

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, 2007

	General	Special Revenue Children & Youth	Special Revenue Mental Health	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Real estate taxes	$ 16,361,974			$ 3,698,500			$ 20,060,474
Grants, gifts and payments in lieu of taxes	2,852,020	$ 7,854,009	$ 17,247,178		$ 858,387	$ 5,634,290	34,445,884
Court costs	927,651						927,651
Fines and forfeits	258,014						258,014
Interest and rents	1,057,853		20,888	49,137	25,813	82,319	1,236,010
Charges for services	8,626,661	252,242	28,705			151,297	9,058,905
Contributions and other revenues	281,330		68,084	50,150	500,000	69,619	969,183
Total revenues	30,365,503	8,106,251	17,364,855	3,797,787	1,384,200	5,937,525	66,956,121
EXPENDITURES:							
Current:							
General government:							
Administration	9,259,260						9,259,260
Judicial	6,796,039					1,005,082	7,801,121
Public safety	9,488,641					28,282	9,516,923
Public works	3,480					156,249	159,729
Human services	189,044	8,907,398	17,474,511			5,363,031	31,933,984
Culture and recreation	524,126					3,312	527,438
Conservation and development	1,602,174						1,602,174
Debt service:							
Principal				1,364,039			1,364,039
Interest				978,700			978,700
Other cost				1,064			1,064
Capital outlay					2,650,798		2,650,798
Total expenditures	27,862,764	8,907,398	17,474,511	2,343,803	2,650,798	6,555,956	65,795,230
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,502,739	(801,147)	(109,656)	1,453,984	(1,266,598)	(618,431)	1,160,891
OTHER FINANCING SOURCES (USES):							
Transfers - in	897,021	1,406,480	225,779		1,733,635	990,058	5,252,973
Transfers - out	(3,658,287)	(605,333)	(116,123)	(3,183,596)		(176,315)	(7,739,654)
Total other financing sources (uses)	(2,761,266)	801,147	109,656	(3,183,596)	1,733,635	813,743	(2,486,681)
NET CHANGE IN FUND BALANCES	(258,527)			(1,729,612)	467,037	195,312	(1,325,790)
FUND BALANCE, BEGINNING	12,026,780			4,853,821	1,920,119	885,482	19,686,202
FUND BALANCE, ENDING	$ 11,768,253			$ 3,124,209	$ 2,387,156	$ 1,080,794	$ 18,360,412

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, 2007

Amounts reported for governmental activities in the statement of activities (page 32) are different because:		
Net change in fund balances - total governmental funds (page 34)		$ (1,325,790)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital outlays	2,864,824	
Depreciation expense	(1,744,297)	
Loss on disposals	(60,675)	
		1,059,852
Some taxes will not be collected for several months after the County's year end, they are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year.		(69,164)
The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, does not have an affect on net 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, 2007 are as follows:		
Scheduled principal payments on long-term debt made in 2007	1,364,039	
Accretion of deferred bond issuance costs	(80,646)	
Accretion of bond premium	94,146	
Amortization of bond discount	(33,036)	
		1,344,503
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 receivable is recorded in the statement of activities.		(64,454)
Internal service funds are used by management to charge the costs of transportation services and management information services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		344,646
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.		(95,314)
Change in net assets of governmental activities (page 32)		$ 1,194,279

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, 2007

	General Fund			
	Budgeted Amounts			Variance From Final
	Original	Final	Actual	Budget
REVENUES:				
Real estate taxes	$ 16,411,235	$ 16,411,235	$ 16,361,974	$ (49,261)
Grants, gifts and payments in lieu of taxes	2,233,141	2,893,100	2,852,020	(41,080)
Court costs	1,014,283	1,034,809	927,651	(107,158)
Fines and forfeits	251,200	251,200	258,014	6,814
Interest and rents	731,685	776,755	1,057,853	281,098
Charges for services	8,228,283	8,157,837	8,626,661	468,824
Contributions and other revenues	21,507	275,564	281,330	5,766
Total revenues	28,891,334	29,800,500	30,365,503	565,003
EXPENDITURES:				
Current:				
General government:				
Administration	8,814,482	9,487,426	9,259,260	228,166
Judicial	6,857,696	6,927,328	6,796,039	131,289
Public safety	9,552,797	9,759,147	9,488,641	270,506
Public works			3,480	(3,480)
Human services	179,187	189,993	189,044	949
Culture and recreation	524,126	524,126	524,126	
Conservation and development	1,584,891	1,792,176	1,602,174	190,002
Total expenditures	27,513,179	28,680,196	27,862,764	817,432
EXCESS OF REVENUES OVER EXPENDITURES	1,378,155	1,120,304	2,502,739	1,382,435
OTHER FINANCING SOURCES (USES):				
Operating transfers - in	899,500	1,081,300	897,021	(184,279)
Operating transfers - out	(2,975,771)	(4,433,848)	(3,658,287)	775,561
Total other financing sources (uses)	(2,076,271)	(3,352,548)	(2,761,266)	591,282
NET CHANGE IN FUND BALANCES	$ (698,116)	$ (2,232,244)	(258,527)	$ 1,973,717
FUND BALANCE, BEGINNING			12,026,780	
FUND BALANCE, ENDING			$ 11,768,253	

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

COUNTY OF CENTRE, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET-TO-ACTUAL COMPARISON
MAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Children and Youth Fund				Mental Health/Mental Retardation Fund			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)
REVENUES:								
Real estate taxes								
Grants, gifts and payments in lieu of taxes	$ 8,500,870	$ 8,500,870	$ 7,854,009	$ (646,861)	$ 16,351,899	$ 17,369,657	$ 17,247,178	$ (122,479)
Interest and rents					18,000	18,000	20,888	2,888
Charges for services	292,595	292,595	252,242	(40,353)	24,000	24,000	28,705	4,705
Contributions and other revenues					56,206	56,206	68,084	11,878
Total revenues	8,793,465	8,793,465	8,106,251	(687,214)	16,450,105	17,467,863	17,364,855	(103,008)
EXPENDITURES:								
Current:								
General government:								
Human services	9,235,680	9,303,803	8,907,398	396,405	16,769,590	17,671,225	17,474,511	196,714
Debt service:								
Principal								
Interest								
Other cost								
Capital outlay								
Total expenditures	9,235,680	9,303,803	8,907,398	396,405	16,769,590	17,671,225	17,474,511	196,714
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(442,215)	(510,338)	(801,147)	(290,809)	(319,485)	(203,362)	(109,656)	93,706
OTHER FINANCING SOURCES (USES):								
Operating transfers - in	1,212,215	1,280,338	1,406,480	126,142	319,485	319,485	225,779	(93,706)
Operating transfers - out	(770,000)	(770,000)	(605,333)	164,667		(116,123)	(116,123)	-
Total other financing sources (uses)	442,215	510,338	801,147	290,809	319,485	203,362	109,656	(93,706)
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, 2007

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 448,652	$ 592,202	$ 1,040,854	$ 623,888
Restricted cash, nursing home's trust accounts	166,581		166,581	
Accounts receivable, net	3,213,051	82,787	3,295,838	8,751
Due from other governments	360,265		360,265	12,541
Prepaid items and inventory	24,005	9,851	33,856	33,387
Total current assets	4,212,554	684,840	4,897,394	678,567
Capital assets, net				
Land, buildings and equipment	13,629,108	8,779,066	22,408,174	3,452,101
Less accumulated depreciation	(6,735,461)	(7,871,234)	(14,606,695)	(2,352,508)
Capital assets, net	6,893,647	907,832	7,801,479	1,099,593
Total assets	11,106,201	1,592,672	12,698,873	1,778,160
LIABILITIES:				
Current liabilities:				
Bonds and notes payable	386,672	377,754	764,426	
Accounts payable and accrued expenses	540,306	108,285	648,591	132,387
Salaries and benefits payable	332,107	35,329	367,436	
Compensated absences	11,366	4,667	16,033	
Deferred revenue				112,905
Due to other funds				54,515
Accrued interest payable	127,547	124,606	252,153	
Funds held as fiduciary	166,581		166,581	
Total current liabilities	1,564,579	650,641	2,215,220	299,807
Noncurrent liabilities:				
Bonds and notes payable	5,286,080	5,164,032	10,450,112	
Compensated absences	625,592	100,716	726,308	79,114
Total noncurrent liabilities	5,911,672	5,264,748	11,176,420	79,114
Total liabilities	7,476,251	5,915,389	13,391,640	378,921
NET ASSETS (DEFICIT):				
Invested in capital assets, net of related debt	1,220,895	(4,633,954)	(3,413,059)	1,099,593
Unrestricted	2,409,055	311,237	2,720,292	299,646
Total net assets (deficit)	$ 3,629,950	$ (4,322,717)	$ (692,767)	$ 1,399,239

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, 2007

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
OPERATING REVENUES:				
Charges for services	$ 15,959,761	$ 1,489,088	$ 17,448,849	$ 2,372,609
Other	750	330	1,080	
Total operating revenues	15,960,511	1,489,418	17,449,929	2,372,609
OPERATING EXPENSES:				
Salaries and benefits	12,640,627	1,320,274	13,960,901	1,032,267
Purchased services and supplies	3,964,763	883,352	4,848,115	1,813,660
Depreciation	379,819	639,066	1,018,885	386,704
Total operating expenses	16,985,209	2,842,692	19,827,901	3,232,631
Operating loss	(1,024,698)	(1,353,274)	(2,377,972)	(860,022)
NONOPERATING REVENUES (EXPENSES):				
Grants				964,329
Bond interest expense	(263,413)	(257,339)	(520,752)	
Loss on disposal of equipment		(1,137)	(1,137)	(625)
Interest income	274	36,802	37,076	287
Other		12,089	12,089	
Total nonoperating expenses, net	(263,139)	(209,585)	(472,724)	963,991
CAPITAL CONTRIBUTIONS				325
Income (loss) before transfers	(1,287,837)	(1,562,858)	(2,850,695)	104,294
TRANSFERS:				
Transfers in:				
General Fund	876,738	333,949	1,210,687	15,584
Debt Service	641,478	626,683	1,268,161	
Transfers out	(758)		(758)	(6,993)
Transfers, net	1,517,458	960,632	2,478,090	8,591
CHANGE IN NET ASSETS	229,621	(602,227)	(372,606)	112,885
NET ASSETS (DEFICIT), BEGINNING	3,400,329	(3,720,490)	(320,161)	1,286,354
NET ASSETS (DEFICIT), ENDING	$ 3,629,950	$ (4,322,717)	$ (692,767)	$ 1,399,239

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, 2007

	Business-Type Activities			Governmental Activities- Internal Service Funds
	County Nursing Home	911	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	$ 15,909,547	$ 1,496,457	$ 17,406,004	$ 1,536,296
Cash received from interfund services provided	750	330	1,080	740,191
Cash payments to suppliers	(3,705,473)	(800,325)	(4,505,798)	(1,772,235)
Cash payments to employees for services	(12,587,491)	(1,309,439)	(13,896,930)	(1,031,910)
Net cash used in operating activities	(382,667)	(612,977)	(995,644)	(527,658)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES,				
Transfers, net	1,518,059	960,632	2,478,691	8,538
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash payments for acquisition of capital assets	(9,769)	(23,840)	(33,609)	(155,513)
Cash payments for principal on capital debt	(369,744)	(361,217)	(730,961)	
Cash payments for interest on capital debt	(271,734)	(265,466)	(537,200)	
Capital grants received				964,329
Cash received from rent		12,089	12,089	
Capital contributions				325
Net cash (used in) provided by capital and related financing activities	(651,247)	(638,434)	(1,289,681)	809,140
CASH FLOWS FROM INVESTING ACTIVITIES,				
Cash received from interest	274	36,802	37,076	287
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	484,419	(253,977)	230,442	290,307
CASH AND CASH EQUIVALENTS, BEGINNING	130,814	846,179	976,993	333,581
CASH AND CASH EQUIVALENTS, ENDING	$ 615,233	$ 592,202	$ 1,207,435	$ 623,888
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating loss	$ (1,024,698)	$ (1,353,274)	$ (2,377,972)	$ (860,022)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and amortization	379,819	639,066	1,018,885	386,704
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(146,056)	7,370	(138,686)	(1,086)
(Increase) decrease in due from other governments	95,842		95,842	(12,541)
Decrease in prepaid items and inventory	1,347	172	1,519	24,949
Increase (decrease) in accounts payable	249,305	82,855	332,160	(54,168)
(Decrease) in due to other funds				(82,695)
Increase in deferred revenue				70,844
(Decrease) in due to other governments	(27,330)		(27,330)	
Increase in funds held as fiduciary	35,968		35,968	
Increase in salaries and benefits payable	41,770	6,167	47,937	
Increase in compensated absences	11,366	4,667	16,033	357
NET CASH USED IN OPERATING ACTIVITIES	$ (382,667)	$ (612,977)	$ (995,644)	$ (527,658)

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

COUNTY OF CENTRE, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2007

	EMPLOYEE RETIREMENT TRUST FUND	CENTRE CREST TRUST FUND	AGENCY FUNDS
ASSETS:			
Cash and cash equivalents	$ 888,821	$ 153,563	$ 2,412,637
Investing securities lending collateral	3,710,335		
Interest receivable	349,888		
Investments, at fair value:			
U.S. Government securities	17,877,105		
Corporate bonds	6,695,011		
Common and preferred stocks and stock funds	46,217,830		
Money market fund	456,767		
Total assets	$ 76,195,757	$ 153,563	$ 2,412,637
LIABILITIES:			
Collateral for loaned securities	$ 3,710,335		
Accounts payable	165		
Due to other governments			$ 860,420
Funds held as fiduciary			1,552,217
Total liabilities	3,710,500		2,412,637
NET ASSETS:			
Held in trust for pension benefits	72,485,257		
Held in trust for residents		$ 153,563	
Total liabilities and net assets	$ 76,195,757	$ 153,563	$ 2,412,637

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, 2007

	EMPLOYEE RETIREMENT TRUST FUND	CENTRE CREST TRUST FUND
ADDITIONS:		
Contributions:		
Plan members	$ 1,485,598	
County	1,452,061	
Other		$ 19,050
Total contributions	2,937,659	19,050
Investment earnings:		
Gain from sale of investments	3,137,202	
Interest	1,242,238	7,756
Dividends	907,959	
Net depreciation in fair value of investments	(729,431)	
Less investment expense	(276,893)	
Securities lending income	160,687	
Less securities lending expense	(150,695)	
Net investment earnings	4,291,067	7,756
Total additions	7,228,726	26,806
DEDUCTIONS:		
Benefits	2,258,061	
Refunds of contributions	425,029	
Administrative expense	23,854	
Miscellaneous expense	1,684	35,645
Total deductions	2,708,628	35,645
CHANGE IN NET ASSETS	4,520,098	(8,839)
NET ASSETS, BEGINNING	67,965,159	162,402
NET ASSETS, ENDING	$ 72,485,257	$ 153,563

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

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 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 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.

- **GOVERNMENTAL ACTIVITIES 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, 2007, $10,682,358 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, 2007.

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. County management has determined that an allowance for property taxes receivable is not necessary at December 31, 2007, 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 $2,906,958 at December 31, 2007. 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, 2007, 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, 2007, these special revenue funds held the following fund balance reserve and designations:

RESERVED		DESIGNATED	
Agricultural Easement	$ 174,635	Office of Aging	$57,878
Liquid Fuels Tax	378,215		
Domestic Relations	413,757		
Hazardous material	56,309		
Totals	$1,022,916		$57,878

On December 31, 2007, the General Fund held the following fund balance reserves and designations:

RESERVED		DESIGNATED	
Affordable housing	$312,838	Sheriff K-9	$ 1,771
Housing admin fee	21,358	Prison commissary	89,358
Prothonotary data	61,468	Booking Center	16,883
Clerk data	51,533	911	1,000,000
County records	173,117		
ROD records	216,950		
Totals	$837,264		$1,108,012

- **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.

- **DESIGNATED FOR SHERIFF K-9 PROGRAM**
  The County has designated monies received as donations to benefit the Sheriff's police dog program.

- **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 will be 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. REPORTING ENTITY

In accordance with GASB Statement No. 14 *The Financial Reporting Entity*, (as amended by GASB Statement No. 39), the County has evaluated all related entities (authorities, commissions and affiliates) for the possible inclusion in the financial reporting entity. Criteria for inclusion are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

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, 2007
Total assets	$15,244
Total net assets	$14,844
Total support and revenue	$1,223,421
Operating profit	$13,319
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, 2007 relating to this liability was $83,756. 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 other landfills to receive its waste.

PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2007:

	USEFUL LIFE	
Land and landscaping		$ 319,035
Building and improvements	31.5 years	15,117,449
Leasehold improvements		9,300
Trailers and trucks	7 years	1,721,881
Station equipment	5-10 years	1,742,881
Office equipment	5-10 years	145,657
Total		18,737,168
Accumulated depreciation		(6,764,551)
Property and equipment		$-6,764,551

Depreciation charged to operations for the year ended December 31, 2007 was $827,899.

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, 2007:

Term loan, due August 1, 2016; interest at 60% of the prime interest rate of 4.95% at December 31, 2006; reset every five years; loan requires monthly principal payments of $47,508	$3,996,328
Term loan due march 3, 2013; interest at 4.11%; loan requires monthly principal and interest payments of $30,183	1,709,968
Total long-term debt	$5,706,296

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, 2007.

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

YEAR ENDING DECEMBER 31:	
2008	$ 673,611
2009	706,386
2010	739,962
2011	775,148
2012	811,637
2013 – 2017	1,999,552
Total	$5,706,296

4. CASH, 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, 2007, the County's total bank deposits were $24,169,593. Of this amount, $739,096 was insured by the FDIC. The remaining bank deposits of $23,430,497 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, 2007 was within 9 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, 2007:

		Remaining Maturity (In Months)		
Investment Type	Fair Value	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury securities	$ 2,350,354			$ 2,350,354
Federal Agency securities	15,526,751	$ 189,466		15,337,354
Corporate bonds	6,695,011	1,314,793	$987,569	4,392,649
Total debt securities	24,572,116	$1,504,296	$987,654	$22,080,417
Stocks and stock mutual fund	32,907,656			
International stock mutual fund	13,310,174			
Money market fund	456,767			
Total other investments	46,674,597			
Total Investments	$71,246,713			

The County Retirement Trust Fund was not holding derivative or derivative-like financial instruments on December 31, 2007

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, 2007, the Retirement Fund's total investments of $70,789,946 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, 2007:

		Ratings as of Year-End				
Investment type	Amount	AAA	AA	A	BBB	Unrated
Federal agencies	$15,526,751	$12,544,408				$2,982,343
Corporate bonds	6,695,011	814,947	$974,707	$1,293,749	$1,193,414	2,418,194
Money market fund	456,767					456,767
Total	$22,221,762	$13,359,355	$974,707	$1,293,749	$1,193,414	$5,400,537

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:

Issuer	Investment Type	Amount	%
FNMA	Federal agency	$3,855,944	5.4%
FHLM	Federal agency	$6,841,828	9.6%

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 be invested in an international mutual fund. On December 31, 2007, the international mutual fund represented 18.7 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, 2007, 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, 2007 the fair value of securities on loan and cash collateral held are as follows:

	Securities On Loan	Cash Collateral
Domestic stocks	$2,271,697	$2,329,652
U.S. Treasuries	1,367,617	1,380,683
Total securities	$3,639,314	$3,710,335

Cash collateral was received in the amount of $3,710,335 which was 101.9 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 $3,710,335. On December 31, 2007, 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, 2007.

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, 2007, the aggregate bank balance of the bank deposits included in cash and cash equivalents were $239,022 of which $100,000 was insured by the FDIC. The remaining balance, $139,022, 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 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, 2007, $3,839,545 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 2007 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 $166,581 has been reported as restricted cash of the Enterprise Fund at December 31, 2007.

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, 2007, the County has received $3,334,878 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, 2007 was $312,408.

9. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments are primarily grants receivable from the Commonwealth of Pennsylvania at December 31, 2007. Additionally, the County Nursing Home Fund has $3,213,051 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 $411,000, 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:

	January 1, 2007	Additions	Disposals	December 31, 2007
Governmental activities:				
Capital assets:				
Land and land improvements	$ 1,719,563			$ 1,719,563
Building and improvements	35,303,175	$2,203,482	$ (19,733)	37,486,924
Furniture and equipment	8,096,564	561,332	(460,672)	8,197,224
Vehicles	1,515,261	100,010	(79,161)	1,536,110
Total capital assets	46,634,563	2,864,824	(559,566)	48,939,821
Accumulated depreciation:				
Buildings and improvements	(6,288,464)	(833,776)	19,733	$(7,102,507)
Furniture and equipment	(4,139,002)	(733,580)	399,997	(4,472,585)
Vehicles	(1,159,752)	(176,941)	79,161	(1,257,532)
Total accumulated depreciation	(11,587,218)	(1,744,297)	498,891	(12,832,624)
Governmental activity capital assets, net	$35,047,345	$1,120,527	$ (60,675)	$36,107,197

	January 1, 2007	Additions	Disposals	December 31, 2007
Business-type activities:				
Capital assets:				
Land and land improvements	$ 27,105			$ 27,105
Building and improvements	12,481,588			12,481,588
Furniture and equipment	9,891,100	$ 35,528	$(27,147)	9,899,481
Total capital assets	22,399,793	35,528	(27,147)	22,408,174
Accumulated depreciation:				
Land and improvements	(19,271)	(870)		(20,141)
Buildings and improvements	(5,253,375)	(311,051)		(5,564,426)
Furniture and equipment	(8,338,656)	(706,961)	23,489	(9,022,128)
Total accumulated depreciation	(13,611,302)	(1,018,882)	23,489	(14,606,695)
Business-type activity capital assets, net	$ 8,788,491	$(983,354)	$(3,658)	$ 7,801,479

Depreciation expense was charged to governmental activities as follows:

Administrative	$ 574,745
Judicial	132,099
Public safety	794,385
Human services	242,024
Conservation and development	1,044
Total	$1,744,297

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

General Fund	$34,961,216
Special Revenue Fund	1,114,747
Capital Projects Fund	12,792,319
Other	71,539
Total	$48,939,821

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, 2007:

	GOVERNMENTAL	BUSINESS TYPE	TOTAL
Bonds payable at January 1, 2007	$28,299,501	$11,945,499	$40,245,000
Bonds issued	-	-	-
Bonds refinanced	-	-	-
Bond payments	(1,364,039)	(730,961)	(2,095,000)
Bonds payable at December 31, 2007	26,935,462	11,214,538	38,150,000
Portion due or payable in one year	(1,490,574)	(764,426)	(2,255,000)
Portion due or payable after one year	$25,444,888	$10,450,112	$35,895,000

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) advanced refund the County's General Obligation 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, 2007 under the 2003 series were $22,795,000.

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, 2007 under the 2004 series were $5,370,000.

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, 2007 under the 2006 series were $9,985,000.

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, 2007.

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

	Governmental Activities		Business-Type Activities		
Year Ending December 31	Principal	Interest	Principal	Interest	Total
2008	$ 1,490,574	$1,043,872	$ 764,426	$ 504,306	$ 3,803,178
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
2013-2017	11,282,075	2,755,908	3,867,925	1,415,950	19,321,858
2018-2020	7,216,541	590,125	3,443,459	334,928	11,585,053
Total	$26,935,462	$7,980,858	$11,214,538	$3,974,654	$50,105,512

COMPENSATED ABSENCES

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

	OVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Balance, January 1, 2007	$1,998,745	$726,308	$2,725,053
Increases	1,834,855	833,781	2,668,636
Decreases	(1,668,983)	(817,748)	(2,486,731)
Net Change	165,872	16,033	181,905
Balance, December 31, 2007	$2,164,617	$742,341	$2,906,958
Portion due within one year	$ 165,872	$ 16,033	$ 181,905
Long-term portion	1,998,745	726,308	2,725,053
Total, December 31, 2007	$2,164,617	$742,341	$2,906,958

All governmental funds, except capital projects, debt service, and MIS were used to liquidate compensated absences balances.

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, 2007 (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	233
Terminated employees entitled to benefits but not yet receiving them	58
Active plan participants:	
Vested	439
Non-vested	355
Total	1,085
Number of participating employers	1

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 AND CONTRIBUTIONS

The County's 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. Separate determination of the unfunded actuarial liability is not part of the aggregate cost method and is not required to be reported. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The County's Annual Required Contribution (ARC) was $1,452,061 in 2007, in accordance with actuarially determined contribution requirements, determined through an actuarial valuation performed as of January 1, 2007, and state law, using the following assumptions:

Valuation date	January 1, 2007
Actuarial cost method	Aggregate (1)
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return *	7 ½%
Projected salary increases *	4.00-4.50%; graduated 0.25% increments over 2 years
* - Includes inflation rate of	3%

1. Plans that use the aggregate actuarial cost method are not required to present a schedule of funding progress. Determination and amortization of the unfunded actuarial liability are not part of the aggregate actuarial cost method and a schedule of funding progress is not required when that method is used. This method does not identify or separately amortize unfunded actuarial accrued liabilities.

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 cannot be lower than 4.0%, or higher than 5.5%. The rate for 2007 was 5.5%. Plan members (i.e., County employees) contributed $1,485,598 to the Plan during the year ended December 31, 2007.

HISTORICAL TREND INFORMATION

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

	YEAR		
	2007	2006	2005
Annual pension cost (APC)	$1,452,061	$1,416,645	$1,519.319
County contribution to the Plan	$1,452,061	$1,416,645	$1,519,319
Percentage of APC contributed	100%	100%	100%
APC as a percentage of total payroll	5.5%	5.5%	6.1%

13. INTERFUND BALANCES AND TRANSFERS

Individual fund receivables and payables at December 31, 2007, were as follows:

	Interfund Receivables	Interfund Payables
Major Funds,		
General Fund	$54,515	
Total governmental funds	54,515	
Internal Service fund – Transportation		$54,515
Total all funds	$54,515	$54,515

Interfund transfers for the year ended December 31, 2007 were as follows:

	In	Out
Major Funds - Governmental Fund Types:		
General Fund	$ 897,021	$3,658,287
Children and Youth Fund	1,406,480	605,333
Mental Health/Mental Retardation	225,779	116,123
Debt Service Fund		3,183,596
Capital Projects Fund	1,733,635	
Total major governmental funds	4,262,915	7,563,339
Major Funds - Proprietary Fund Types:		
Centre Crest Nursing Home	1,518,216	758
911 Fund	960,632	
Total major proprietary funds	2,478,848	758
Non-Major Special Revenue Funds:		
Domestic Relations Fund	153,786	
Adult Services Fund	126,862	176,315
Aging Fund	571,583	
Drug and Alcohol Fund	57,827	
Agricultural Easement Fund	80,000	
Total non-major special revenue funds	990,058	176,315

	In	Out
Internal Services Funds:		
Transportation	$ 15,040	
MIS	544	$ 6,993
Total Internal Service Funds	15,584	6,993
TOTALS	$7,747,405	$7,747,405

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.

14. 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 $622,062 representing taxes not collected within 60 days after year end, and unearned grants. The Special Revenue Funds have deferred revenues of $1,650,137, representing grants received that were not utilized at December 31, 2007.

The Debt Service Fund has deferred revenue of $137,328, representing taxes (debt service levy) not received within 60 days after year end, and the Internal Service Funds have deferred revenue of $112,905, representing unearned fees.

15. DEFERRED REVENUES – COMPONENT UNIT

The Centre County Conservation District has deferred revenues of $57,921 at December 31, 2007, representing unearned grants.

16. COMMITMENTS

GRANTS

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

LEASES

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

YEAR ENDING DECEMBER 31:

2008	$ 287,209
2009	260,283
2010	240,924
2011	141,514
2012	145,114
2013-2017	253,696
2018-2019	70,220
TOTAL	$1,398,960

Total operating lease payments (i.e., rent) made in 2007 were $245,000.

17. LITIGATION

The County is involved in several lawsuits arising in the normal course of business. It is the County Solicitor's opinion that the aggregate amount of potential claims not covered by insurance resulting from claims against the County would not materially affect the financial position of the County at December 31, 2007.

18. RISK FINANCING

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

PUBLIC ENTITY RISK POOLS

The County participates in the Pennsylvania Counties Risk Pool ("PCoRP"), a public entity risk pool program of the County Commissioners Association of Pennsylvania ("CCAP"). The County pays an annual premium to PCoRP for its general insurance coverage. The agreement for the formation of PCoRP provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of $350,000 for each insured event. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; however, this has not yet been necessary. PCoRP has published its own financial report for the year ended December 31, 2007, 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, 2007, 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, 2007, 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, 2008 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, 2007, 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, 2007, the amount of these liabilities was $284,723. This liability is the County's best estimate based on available information. Changes in the reported liability since 2006 resulted from the following:

Fiscal Year	Liability At Beginning	Current Year Claims And Changes In Estimated	Premium and Claim Payments	Liability At Ending
2007	$216,372	$339,393	$271,042	$284,723

19. DEFICIT FUND BALANCE

The 911 Fund, an enterprise fund type, has a deficit in invested in capital assets, net of related debt of $4,633,954 as of December 31, 2007. 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.

20. PENDING CHANGES IN ACCOUNTING PRINCIPLES

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. Other post-employment benefits (OPEB) include health insurance and life insurance. This statement establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities (assets) in the financial statements of state and local governments. The County is required to adopt Statement No. 45 for its calendar year 2008 financial statements.

In September 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detriment effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. GASB 49 is effective for the County's calendar year 2008 financial statements.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. This statement amends statements 25 and 27 to require defined benefit pension plans and sole and agent employers present required information related to note disclosures or RSI. GASB 50 is effective for the County's calendar year 2008 financial statements.

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.

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 FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGET	ACTUAL	VARIANCES POSITIVE (NEGATIVE)
Current:			
General government:			
Administrative:			
Commissioners	$ 975,257	$ 906,284	$ 68,973
Risk Management	80,624	78,457	2,167
Human Resources	453,575	384,212	69,363
Tax Assessment	601,359	573,934	27,425
Tax Collection	146,058	136,786	9,272
Tax Claim	169,533	161,070	8,463
Treasurer	207,713	199,325	8,388
Controller	473,168	470,231	2,937
General Administration	1,435,088	1,656,002	(220,914)
Elections	389,193	359,734	29,459
Public Defender	771,651	757,994	13,657
Recorder of Deeds	443,900	381,161	62,739
Records Management	123,233	122,174	1,059
Planning	1,345,130	1,323,498	21,632
GIS	214,205	170,716	43,489
Maintenance	1,491,689	1,411,638	80,051
Miscellaneous	166,050	166,044	6
Total administrative	9,487,426	9,259,260	228,166
Judicial:			
Sheriff	1,249,147	1,257,685	(8,538)
Coroner	272,218	250,729	21,489
District Attorney	1,483,174	1,471,734	11,440
Prothonotary	612,893	592,113	20,780
Register of Wills	271,428	252,029	19,399
DJ - State College #1	345,904	340,435	5,469
DJ - Centre Region	277,186	266,313	10,873
DJ - Bellefonte	316,093	300,249	15,844
DJ - Phillipsburg	187,041	183,351	3,690
DJ - Centre Hall	147,838	140,503	7,335
DJ - State College #2	269,986	275,069	(5,083)
Court Administration	1,494,420	1,465,829	28,591
Total judicial	6,927,328	6,796,039	131,289
Total general government	16,414,754	16,055,299	359,455

(Continued)

COUNTY OF CENTRE, PENNSYLVANIA
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGET	ACTUAL	VARIANCES POSITIVE (NEGATIVE)
Public Safety:			
Probation	$ 1,676,684	$ 1,591,455	$ 85,229
DUI	89,413	71,849	17,564
Juvenile Probation	1,276,549	1,133,273	143,276
Criminal Justice Planning	186,972	175,435	11,537
Prison	5,855,582	5,827,939	27,643
Emergency Services	221,840	220,630	1,210
Terrorism Planning (PEMA assets)	380,262	397,317	(17,055)
Weights and Measures	65,845	64,743	1,102
Public Safety	6,000	6,000	-
Total Public Safety	9,759,147	9,488,641	270,506
Public Works,			
Solid Waste	-	3,480	(3,480)
Total Public Works	-	3,480	(3,480)
Human Services:			
Veteran Affairs	179,993	179,044	949
Human Services, Other	10,000	10,000	-
Total Human Services	189,993	189,044	949
Culture and Recreation,			
Unrestricted Grants	524,126	524,126	-
Conservation and Development:			
Housing and Community Development	154,500	27,100	127,400
Community Development Block Grant	668,438	628,185	40,253
Cooperative Extension	158,800	159,023	(223)
Conservation District	548,046	536,416	11,630
Agricultural Easement	80,956	70,014	10,942
Conservation and Development, Other	181,436	181,436	-
Total Conservation and Development	1,792,176	1,602,174	190,002
Total expenditures	$28,680,196	$27,862,764	$ 817,432

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET-TO-ACTUAL COMPARISON
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Debt Service				Capital Projects			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)
REVENUES:								
Real estate taxes	3,594,713	$ 3,594,713	$ 3,698,500	$ 103,787				
Grants, gifts and payments in lieu of taxes						$ 848,387	$ 858,387	$ 10,000
Interest and rents	40,756	40,756	49,137	8,381	$ 21,000	21,000	25,813	4,813
Contributions and other revenues			50,150	50,150			500,000	500,000
Total revenues	3,635,469	3,635,469	3,797,787	162,318	21,000	869,387	1,384,200	514,813
EXPENDITURES:								
Current:								
General government:								
Human services								
Debt service:								
Principal	1,364,039	1,364,039	1,364,039					
Interest	978,700	978,700	978,700					
Other cost	2,000	2,000	1,064	936				
Capital outlay					2,096,968	4,678,990	2,650,798	2,028,192
Total expenditures	2,344,739	2,344,739	2,343,803	936	2,096,968	4,678,990	2,650,798	2,028,192
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,290,730	1,290,730	1,453,984	163,254	(2,075,968)	(3,809,603)	(1,266,598)	2,543,005
OTHER FINANCING SOURCES (USES):								
Operating transfers - in						1,733,635	1,733,635	
Operating transfers - out	(1,268,087)	(3,183,596)	(3,183,596)					
Total other financing sources (uses)	(1,268,087)	(3,183,596)	(3,183,596)			1,733,635	1,733,635	
NET CHANGE IN FUND BALANCES	$ 22,643	$ (1,892,866)	(1,729,612)	$ (163,254)	$ (2,075,968)	$ (2,075,968)	467,037	$ (2,543,005)
FUND BALANCE, BEGINNING			4,853,821				1,920,119	
FUND BALANCE, ENDING			$ 3,124,209				$ 2,387,156	

COUNTY OF CENTRE, PENNSYLVANIA
NON-MAJOR GOVERNMENTAL FUNDS

DESCRIPTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007

	SPECIAL REVENUE FUNDS							
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office Of Aging	Drug And Alcohol	Adult Services	Hazardous Material Response	Total
ASSETS:								
Cash	$ 167,135	$ 378,215	$ 304,878	$ 349,191	$ 154,710	$ 63,096	$ 43,664	$ 1,460,889
Accounts receivable	7,500		369	16	7,422		2,672	17,979
Due from other governments			142,629	94,901	67,086		11,426	316,042
Prepaid items				2,272				2,272
Total assets	$ 174,635	$ 378,215	$ 447,876	$ 446,380	$ 229,218	$ 63,096	$ 57,762	$ 1,797,182
LIABILITIES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable and accrued expenses			$ 1,391	$ 104,212	$ 204,241	$ 20,147	$ 1,453	$ 331,444
Accrued payroll			19,908	27,637	8,074	2,869		58,488
Deferred revenue			12,820	256,653	16,903	40,080		326,456
Total liabilities			34,119	388,502	229,218	63,096	1,453	716,388
FUND BALANCES:								
Reserved for agricultural easement	$ 174,635							174,635
Reserved for liquid fuels tax		$ 378,215						378,215
Reserved for Domestic Relations			413,757					413,757
Reserved for hazardous materials							56,309	56,309
Designated				57,878				57,878
Total fund balances	174,635	378,215	413,757	57,878			56,309	1,080,794
Total liabilities and fund balances	$ 174,635	$ 378,215	$ 447,876	$ 446,380	$ 229,218	$ 63,096	$ 57,762	$ 1,797,182

COUNTY OF CENTRE, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS							
	Agricultural Easement	Liquid Fuels Tax	Domestic Relations Office	Office Of Aging	Drug And Alcohol	Adult Services	Hazardous Material Response	Total
REVENUES:								
Grants		$217,175	$ 782,027	$2,168,495	$1,386,530	$ 1,060,358	$ 19,705	$ 5,634,290
Interest		16,365	35,815		26,619	3,027	493	82,319
Charges for service			18,397	32,378	86,942		13,580	151,297
Contributions and other revenues	$ 35,320			33,519		780		69,619
Total revenues	35,320	233,540	836,239	2,234,392	1,500,091	1,064,165	33,778	5,937,525
EXPENDITURES:								
General government - judicial			1,005,082					1,005,082
Public safety							28,282	28,282
Public works		156,249						156,249
Human services				2,790,401	1,557,918	1,014,712		5,363,031
Conservation and development	3,312							3,312
Total expenditures	3,312	156,249	1,005,082	2,790,401	1,557,918	1,014,712	28,282	6,555,956
Excess (deficiency) of revenues over expenditures	32,008	77,291	(168,843)	(556,009)	(57,827)	49,453	5,496	(618,431)
OTHER FINANCING SOURCES (USES):								
Transfers - in	80,000		153,786	571,583	57,827	126,862		990,058
Transfers - out						(176,315)		(176,315)
Total other financing sources (uses)	80,000		153,786	571,583	57,827	(49,453)		813,743
NET CHANGES IN FUND BALANCES	112,008	77,291	(15,057)	15,574			5,496	195,312
FUND BALANCES, BEGINNING	62,627	300,924	428,814	42,304			50,813	885,482
FUND BALANCES, ENDING	$ 174,635	$378,215	$ 413,757	$ 57,878	$ -	$ -	$ 56,309	$ 1,080,794

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, 2007

	Agricultural Easement			Liquid Fuels Tax			Domestic Relations			Office of Aging			
	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amount Original	Budgeted Amount Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:													
Grants				$ 195,000	$ 217,175	$ 22,175	$ 879,812	$ 782,027	$ (97,785)	$ 2,115,599	$ 2,212,443	$ 2,168,495	$ (43,948)
Interest				13,500	16,365	2,865	12,000	35,815	23,815				
Charges for service							20,800	18,397	(2,403)	37,628	32,628	32,378	(250)
Contributions and other revenues	$ 20,000	$ 35,320	$ 15,320						-	32,864	32,864	33,519	655
Total revenues	20,000	35,320	15,320	208,500	233,540	25,040	912,612	836,239	(76,373)	2,186,091	2,277,935	2,234,392	(43,543)
EXPENDITURES:													
General government - judicial							1,068,898	1,005,082	63,816				
Public works				208,500	156,249	52,251							
Human services										2,741,932	2,833,776	2,790,401	43,375
Conservation and development	120,000	3,312	116,688										
Total expenditures	120,000	3,312	116,688	208,500	156,249	52,251	1,068,898	1,005,082	63,816	2,741,932	2,833,776	2,790,401	43,375
Excess (deficiency) of revenues over expenditures	(100,000)	32,008	132,008		77,291	77,291	(156,286)	(168,843)	(12,557)	(555,841)	(555,841)	(556,009)	(168)
OTHER FINANCING SOURCES (USES):													
Operating transfers - in	80,000	80,000					156,286	153,786	(2,500)	555,841	555,841	571,583	15,742
Total other financing sources	80,000	80,000					156,286	153,786	(2,500)	555,841	555,841	571,583	15,742
NET CHANGES IN FUND BALANCE	$ (20,000)	112,008	$ 132,008	$ -	77,291	$ 77,291	$ -	(15,057)	$ (15,057)	$ -	$ -	15,574	$ 15,574
FUND BALANCES, BEGINNING		62,627			300,924			428,814				42,304	
FUND BALANCES, ENDING		$ 174,635			$ 378,215			$ 413,757				$ 57,878	

Continued

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET-TO-ACTUAL COMPARISON
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS											
	Drug and Alcohol				Adult Services				Hazardous Material Response			
	Budgeted Amount			Variance with Final Budget - Positive	Budgeted Amount			Variance with Final Budget - Positive	Budgeted Amount			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES:												
Grants	$ 1,408,495	$ 1,413,495	$ 1,386,530	$ (26,965)	$ 844,434	$ 844,434	$ 1,060,358	$ 215,924	$ 16,800	$ 25,077	$ 19,705	$ (5,372)
Interest	20,000	20,000	26,619	6,619	2,055	2,055	3,027	972	150	150	493	343
Charges for service	84,000	84,000	86,942	2,942					13,000	13,000	13,580	580
Contributions and other revenues					1,600	1,600	780	(820)				
Total revenues	1,512,495	1,517,495	1,500,091	(17,404)	848,089	848,089	1,064,165	216,076	29,950	38,227	33,778	(4,449)
EXPENDITURES:												
General government - judicial												
Public safety									31,454	60,851	28,282	32,569
Public works												
Human services	1,549,130	1,554,130	1,557,918	(3,788)	974,950	978,317	1,014,712	(36,395)				
Conservation and development												
Total expenditures	1,549,130	1,554,130	1,557,918	(3,788)	974,950	978,317	1,014,712	(36,395)	31,454	60,851	28,282	32,569
Excess (deficiency) of revenues over expenditures	(36,635)	(36,635)	(57,827)	(21,192)	(126,861)	(130,228)	49,453	179,681	(1,504)	(22,624)	5,496	28,120
OTHER FINANCING SOURCES (USES):												
Operating transfers - in	36,635	36,635	57,827	21,192	126,861	130,228	126,862	(3,366)				
Operating transfers - out							(176,315)	(176,315)				
Total other financing sources (uses), net	36,635	36,635	57,827	21,192	126,861	130,228	(49,453)	(179,681)	-	-	-	-
NET CHANGES IN FUND BALANCES	$ -	$ -	-	$ -	$ -	$ -	-	$ -	$ (1,504)	$ (22,624)	5,496	$ 28,120
FUND BALANCES, BEGINNING			-								50,813	
FUND BALANCES, ENDING			$ -				$ -				$ 56,309	

COUNTY OF CENTRE, PENNSYLVANIA

INTERNAL SERVICE FUNDS
DESCRIPTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

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

COUNTY OF CENTRE, PENNSYLVANIA

INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007

	Internal Service Funds		
	Transportation Department	Management Information System	Total
ASSETS:			
Current assets:			
Cash and cash equivalents		$ 623,888	$ 623,888
Accounts receivable, net of allowance	$ 8,751		8,751
Due from other governments	12,541		12,541
Prepaid expenses	31,716	1,671	33,387
Total current assets	53,008	625,559	678,567
Capital assets	1,610,330	1,841,771	3,452,101
Less accumulated depreciation	(1,324,223)	(1,028,285)	(2,352,508)
Capital assets, net	286,107	813,486	1,099,593
TOTAL	$ 339,115	$ 1,439,045	$ 1,778,160
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	$ 76,637	$ 55,750	$ 132,387
Due to other funds	54,515		54,515
Deferred revenue	110,004	2,901	112,905
Total current liabilities	241,156	58,651	299,807
Noncurrent liablities, Compensated absences	79,114		79,114
TOTAL	320,270	58,651	378,921
NET ASSETS:			
Invested in capital assets, net of related debt	286,107	813,486	1,099,593
Unrestricted	(267,262)	566,908	299,646
TOTAL	18,845	1,380,394	1,399,239
Total liabilities and net assets	$ 339,115	$ 1,439,045	$ 1,778,160

COUNTY OF CENTRE, PENNSYLVANIA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Internal Service Funds		
	Transportation Department	Management Information System	Total
OPERATING REVENUES,			
Charges for services	$ 874,856	$ 1,497,753	$ 2,372,609
OPERATING EXPENSES:			
Salaries and benefits	1,032,267		1,032,267
Purchased services and supplies	724,031	1,089,629	1,813,660
Depreciation	180,807	205,897	386,704
Total operating expenses	1,937,105	1,295,526	3,232,631
Operating income (loss)	(1,062,249)	202,227	(860,022)
NONOPERATING REVENUES (EXPENSES):			
Grants	964,329		964,329
Interest income	287		287
Loss on disposal of capital assets		(625)	(625)
Nonoperating revenues (expenses)	964,616	(625)	963,991
CAPITAL CONTRIBUTIONS	325		325
INCOME (LOSS) BEFORE TRANSFERS	(97,308)	201,602	104,294
TRANSFERS:			
Transfers in	15,040	544	15,584
Transfers out		(6,993)	(6,993)
Transfers net	15,040	(6,449)	8,591
CHANGE IN NET ASSETS	(82,268)	195,153	112,885
NET ASSETS, BEGINNING OF YEAR	101,113	1,185,241	1,286,354
NET ASSETS, END OF YEAR	$ 18,845	$ 1,380,394	$ 1,399,239

COUNTY OF CENTRE, PENNSYLVANIA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

	INTERNAL SERVICE FUNDS		
	Transportation Department	Management Information System	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	$ 38,343	$ 1,497,953	$ 1,536,296
Payments received from interfund services	740,191	-	740,191
Payments to suppliers	(626,585)	(1,145,650)	(1,772,235)
Payments to employees for services	(1,031,910)	-	(1,031,910)
Net cash (used in) provided by operating activities	(879,961)	352,303	(527,658)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES,			
Transfers, net	15,030	(6,492)	8,538
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(100,009)	(55,504)	(155,513)
Nonoperating grants received	964,329		964,329
Contributions	325	-	325
Net cash provided by (used in) capital and related financing activities	864,644	(55,504)	809,140
CASH FLOWS FROM INVESTING ACTIVITIES,			
Interest received	287	-	287
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	290,307	290,307
CASH AND CASH EQUIVALENTS, BEGINNING	-	333,581	333,581
CASH AND CASH EQUIVALENTS, ENDING	$ -	$ 623,888	$ 623,888
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (1,062,249)	$ 202,227	$ (860,022)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:			
Depreciation and amortization	180,807	205,897	386,704
Changes in assets and liabilities:			
(Decrease) in accounts receivable	(1,086)	-	(1,086)
Decrease in prepaid expenses	31	24,918	24,949
(Increase) in due from other governments	(12,541)	-	(12,541)
Increase (decrease) in accounts payable	26,771	(80,939)	(54,168)
(Decrease) in due to other funds	(82,695)	-	(82,695)
Increase in deferred revenue	70,644	200	70,844
Increase in compensated absences	357	-	357
Total adjustments	182,288	150,076	332,364
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (879,961)	$ 352,303	$ (527,658)

COUNTY OF CENTRE, PENNSYLVANIA

FIDUCIARY FUND
AGENCY FUND
DESCRIPTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

FIDUCIARY FUNDS
COMBINING BALANCE SHEET - ALL AGENCY FUNDS
DECEMBER 31, 2007

	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	$ 41,321	$ 451,833	$ 25,830	$ 613,473	$ 92,991	$ 223,870	$ 382,310	$ 558,948	$ 3,569	$ 18,492	$ 2,412,637
LIABILITIES:											
Due to other governments		$ 451,833	$ 1,079	$ 1,990	$ 2,624	$ 13,835	177,736	$ 211,323			$ 860,420
Funds held as fiduciary	$ 41,321		24,751	611,483	90,367	210,035	204,574	347,625	$ 3,569	$ 18,492	1,552,217
Total liabilities	$ 41,321	$ 451,833	$ 25,830	$ 613,473	$ 92,991	$ 223,870	$ 382,310	$ 558,948	$ 3,569	$ 18,492	$ 2,412,637

COUNTY OF CENTRE, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	BALANCE JANUARY 1, 2007	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2007
PRISON:				
Assets,				
Cash	$ 48,616	$ 649,155	$ 656,450	$ 41,321
Liabilities,				
Funds held as fiduciary	$ 48,616	$ 649,155	$ 656,450	$ 41,321
RECORDER OF DEEDS:				
Assets,				
Cash	$ 393,437	$ 13,161,240	$ 13,102,844	$ 451,833
Liabilities,				
Due to other governments	$ 393,437	$ 13,161,240	$ 13,102,844	$ 451,833
REGISTER OF WILLS:				
Assets,				
Cash	$ 29,243	$ 234,110	$ 237,523	$ 25,830
Liabilities:				
Due to other governments	$ 1,049	$ 9,780	$ 9,750	$ 1,079
Funds held as fiduciary	28,194	224,330	227,773	24,751
Total liabilities	$ 29,243	$ 234,110	$ 237,523	$ 25,830

(Continued)

COUNTY OF CENTRE, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	BALANCE JANUARY 1, 2007	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2007
PROTHONOTARY:				
Assets:				
Cash	$ 498,377	$ 755,296	$ 640,200	$ 613,473
Accounts receivable	4,065	-	4,065	-
Total assets	$ 502,442	$ 755,296	$ 644,265	$ 613,473
Liabilities:				
Due to other governments	$ 1,675	$ 2,450	$ 2,135	$ 1,990
Funds held as fiduciary	500,767	752,846	642,130	611,483
Total liabilities	$ 502,442	$ 755,296	$ 644,265	$ 613,473
TREASURER'S LICENSE ACCOUNT:				
Assets,				
Cash	$ 82,579	$ 230,952	$ 220,540	$ 92,991
Liabilities:				
Due to other governments	$ 3,201		$ 577	$ 2,624
Funds held as fiduciary	79,378	$ 230,952	219,963	90,367
Total liabilities	$ 82,579	$ 230,952	$ 220,540	$ 92,991
SHERIFF'S OFFICE:				
Assets,				
Cash	$ 160,759	$ 1,781,316	$ 1,718,205	$ 223,870
Liabilities:				
Due to other governments	$ 10,726	$ 110,084	$ 106,975	$ 13,835
Funds held as fiduciary	150,033	1,671,232	1,611,230	210,035
Total liabilities	$ 160,759	$ 1,781,316	$ 1,718,205	$ 223,870

(Continued)

COUNTY OF CENTRE, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	BALANCE JANUARY 1, 2007	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2007
COURT ADMINISTRATION:				
Assets,				
Cash	$ 383,871	$ 8,502,976	$ 8,504,537	$ 382,310
Liabilities:				
Due to other governments	$ 175,073	$ 3,953,035	$ 3,950,372	$ 177,736
Funds held as fiduciary	208,798	4,549,941	4,554,165	204,574
Total liabilities	$ 383,871	$ 8,502,976	$ 8,504,537	$ 382,310
TAX CLAIMS:				
Assets,				
Cash	$ 533,980	$ 9,684,227	$ 9,659,259	$ 558,948
Liabilities:				
Due to other governments	$ 204,215	$ 3,661,342	$ 3,654,234	$ 211,323
Funds held as fiduciary	329,765	6,022,885	6,005,025	347,625
Total liabilities	$ 533,980	$ 9,684,227	$ 9,659,259	$ 558,948
DOMESTIC RELATIONS SUPPORT:				
Assets,				
Cash	$ 3,569	$ 60,094	$ 60,094	$ 3,569
Liabilities,				
Funds held as fiduciary	$ 3,569	$ 60,094	$ 60,094	$ 3,569

(Continued)

COUNTY OF CENTRE, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	BALANCE JANUARY 1, 2007	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2007
CHILDREN & YOUTH:				
Assets,				
Cash	$ 20,315	$ 10,868	$ 12,691	$ 18,492
Liabilities,				
Funds held as fiduciary	$ 20,315	$ 10,868	$ 12,691	$ 18,492
TOTAL, ALL AGENCY FUNDS:				
Assets:				
Cash	$ 2,154,746	$ 35,070,234	$ 34,812,343	$ 2,412,637
Accounts receivable	4,065	-	4,065	-
Total assets	$ 2,158,811	$ 35,070,234	$ 34,816,408	$ 2,412,637
Liabilities:				
Due to other governments	$ 789,376	$ 20,897,931	$ 20,826,887	$ 860,420
Funds held as fiduciary	1,369,435	14,172,303	13,989,521	1,552,217
Total liabilities	$ 2,158,811	$ 35,070,234	$ 34,816,408	$ 2,412,637

DESCRIPTION OF COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007

	CONSERVATION DISTRICT	SOLID WASTE AUTHORITY
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 239,022	$ 3,862,007
Accounts receivable	142,568	698,906
Grants receivable		1,016,682
Prepaid items and inventory		92,980
Total current assets	381,590	5,670,575
Noncurrent assets,		
Capital assets, net	14,336	12,291,372
Total assets	395,926	17,961,947
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Current portion of long-term debt		673,611
Accounts payable	106,570	365,677
Accrued expenses		370,017
Deferred revenue	57,921	
Total current liabilities	164,491	1,409,305
Noncurrent liabilities:		
Landfill post-closure liability		83,756
Long-term debt		5,032,685
Total noncurrent liabilities		5,116,441
Total liabilities	164,491	6,525,746
NET ASSETS:		
Invested in capital assets, net of related debt	14,336	6,585,076
Unrestricted	217,099	4,851,125
Total net assets	$ 231,435	$ 11,436,201

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, 2007

REVENUES:	
Grants	$ 549,492
Interest	3,958
Total revenues	553,450
EXPENSES,	
Conservation District	564,494
DEFICIENCY OF REVENUES OVER EXPENDITURES	(11,044)
NET ASSETS, BEGINNING OF YEAR	242,479
NET ASSETS, END OF YEAR	$ 231,435

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, 2007

	SOLID WASTE AUTHORITY
OPERATING REVENUES:	
Tipping fees	$ 6,738,624
Recycling fees	2,459,986
Other	35,549
Total operating revenues	9,234,159
OPERATING EXPENSES:	
Salaries and benefits	1,931,779
Contracted services	6,271,464
Depreciation	827,899
Administration costs	547,341
Total operating expenses	9,578,483
Operating loss	(344,324)
NONOPERATING REVENUES (EXPENSES):	
Grants	691,820
Interest income	158,455
Interest expense	(285,493)
Other income	12,771
Total nonoperating revenues	577,553
NET INCOME	233,229
NET ASSETS, BEGINNING	11,202,972
NET ASSETS, ENDING	$ 11,436,201

COUNTY OF CENTRE, PENNSYLVANIA

STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT - SOLID WASTE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2007

	SOLID WASTE AUTHORITY
CASH FLOW FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 9,276,091
Cash paid to vendors and employees	(8,682,483)
Net cash provided by operating activities	593,608
CASH FLOWS FROM INVESTING ACTIVITIES,	
Interest received	158,455
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Grants received from government agencies	436,820
Cash received from customers - finance charges & bad debt recoveries	13,933
Net cash provided by noncapital financing activities	450,753
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Repayment of long-term debt	(644,281)
Interest paid	(285,493)
Purchases and construction of capital assets	(227,699)
Net cash used in financing activities	(1,157,473)
INCREASE IN CASH	45,343
CASH, BEGINNING	3,816,664
CASH, ENDING	$ 3,862,007
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	$ (344,324)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	827,899
Changes in assets and liabilities:	
Accounts receivable, trade	41,932
Prepaid expenses	10,296
Accounts payable	47,735
Accrued expenses	22,732
Retainage payable	(4,638)
Landfill post-closure liability	(8,024)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 593,608

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2007

	CHANGES IN CAPITAL ASSETS			
	JANUARY 1, 2007	ADDITIONS	DISPOSALS	DECEMBER 31, 2007
General Government - Administration	$ 4,694,613	$ 304,789	$ 381,174	$ 4,618,228
General Government - Judicial	4,854,178	32,493	25,836	4,860,835
Public Safety and Corrections	23,766,240	194,908	32,831	23,928,317
Human Services	2,630,995	127,627	119,725	2,638,897
Conservation and Development	28,161	1,525	-	29,686
Other	71,539	-	-	71,539
Capital Projects	10,588,837	2,203,482	-	12,792,319
TOTAL	$ 46,634,563	$ 2,864,824	$ 559,566	$ 48,939,821

	ENDING BALANCE IS COMPOSED OF		
	BUILDINGS AND IMPROVEMENTS	FURNITURE AND EQUIPMENT	TOTAL
General Government - Administration	$ 1,542,075	$ 3,076,153	4,618,228
General Government - Judicial	3,614,749	1,246,086	4,860,835
Public Safety and Corrections	22,339,866	1,588,451	23,928,317
Human Services	-	2,638,897	2,638,897
Conservation and Development	-	29,686	29,686
Other	50,000	21,539	71,539
Capital Projects	11,681,424	1,110,895	12,792,319
TOTAL	$ 39,228,114	$ 9,711,707	$ 48,939,821

COUNTY OF CENTRE, PENNSYLVANIA

STATISTICAL SECTION

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 in accordance with GASB Statement 44.

Contents

Financial Trends

The schedules on pages 104 through 107 contain trend information to help the reader understand how the County's financial performance and strength have changed over time.

Revenue Capacity

The schedules on pages 108 through 112 contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

The schedules on pages 113 through 115 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 116 and 117 offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

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

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

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF GOVERNMENT-WIDE NET ASSETS BY COMPONENT
(UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31

	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	$ 2,780,374	$ 4,966,277	$ 3,486,384	$ 6,747,844	$ 9,171,735
Restricted	10,061,661	7,870,103	7,003,275	7,439,902	5,947,818
Unrestricted	7,934,566	9,713,645	10,957,791	11,015,731	11,278,203
Total governmental activities net assets	$ 20,776,601	$ 22,550,025	$ 21,447,450	$ 25,203,477	$ 26,397,756
Business-type activities:					
Invested in capital assets, net of related debt	$ (3,001,540)	$ (3,292,105)	$ (3,100,444)	$ (3,157,008)	$ (3,413,059)
Unrestricted	4,355,360	3,442,743	2,765,936	2,836,847	2,720,292
Total business-type activities net assets	$ 1,353,820	$ 150,638	$ (334,508)	$ (320,161)	$ (692,767)
Primary government:					
Invested in capital assets, net of related debt	$ (221,166)	$ 1,674,172	$ 385,940	$ 3,590,836	$ 5,758,676
Restricted	10,061,661	7,870,103	7,003,275	7,439,902	5,947,818
Unrestricted	12,289,926	13,156,388	13,723,727	13,852,578	13,998,495
Total primary government net assets	$ 22,130,421	$ 22,700,663	$ 21,112,942	$ 24,883,316	$ 25,704,989

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

COUNTY OF CENTRE, PENNSYLVANIA

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

	2003	2004	2005	2006	2007
Expenses:					
Governmental activities:					
General government					
Administrative	$ 11,706,033	$ 13,741,174	$ 15,350,174	$ 9,646,043	$ 10,342,196
Judicial	6,583,190	6,625,590	6,938,459	7,615,488	7,459,489
Public safety	7,737,743	8,384,835	9,385,991	9,984,803	10,264,555
Public works	1,810,034	170,551	539,137	276,860	159,729
Human services	30,136,213	30,953,925	31,425,941	31,978,456	33,161,084
Culture and recreation	1,453,444	703,901	684,792	619,680	527,438
Conservation and development	3,039,432	2,114,333	1,788,651	1,564,072	1,537,222
Interest on long-term debt	1,833,917	1,527,753	1,189,060	934,512	1,063,754
Other cost	622,469	521,487	-	-	-
Total governmental activities expenses	64,922,475	64,743,549	67,302,205	62,619,914	64,515,467
Business-type activities:					
Nursing home	15,317,293	16,615,566	17,000,670	17,203,212	17,248,622
911 emergency response	2,422,480	2,385,761	2,422,650	2,658,699	3,101,168
Total business-type activities expenses	17,739,773	19,001,327	19,423,320	19,861,911	20,349,790
Total primary government expenses	$ 82,662,248	$ 83,744,876	$ 86,725,525	$ 82,481,825	$ 84,865,257
Revenues:					
Governmental activities:					
Charges for services:					
General government					
Administrative	10,128,908	10,914,534	11,397,785	6,635,156	4,030,541
Judicial	2,281,741	2,555,091	2,432,321	2,346,256	2,632,743
Public safety	1,179,067	1,133,256	1,155,918	1,773,346	1,844,047
Public works	19,050	84,799	-	-	-
Human services	1,160,222	1,317,077	1,265,089	1,139,759	556,041
Conservation and development	554,326	498,045	480,284	361,277	310,818
Operating grants and contributions	33,130,605	31,534,881	31,463,733	36,037,801	37,586,040
Total governmental activities revenues	48,453,919	48,037,683	48,195,130	48,293,595	46,960,230
Business-type activities:					
Charges for services:					
Nursing home	14,351,746	15,145,958	15,555,447	15,338,693	15,960,511
911 emergency response	1,261,953	1,131,099	1,560,130	1,539,055	1,501,507
Total business activities revenues	15,613,699	16,277,057	17,115,577	16,877,748	17,462,018
Total primary government revenues	64,067,618	64,314,740	65,310,707	65,171,343	64,422,248
Net revenues (expenses):					
Governmental activities	(16,468,556)	(16,705,866)	(19,107,075)	(14,326,319)	(17,555,237)
Business-type activities	(2,126,074)	(2,724,270)	(2,307,743)	(2,984,163)	(2,887,772)
Total net revenues (expenses)	$ (18,594,630)	$ (19,430,136)	$ (21,414,818)	$ (17,310,482)	$ (20,443,009)

(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
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
Property taxes levied for debt services	4,058,307	4,213,270	3,826,072	3,962,881	3,629,336
Investment income	781,106	731,001	1,037,538	1,312,618	1,236,297
Amortization of bond premium	94,146	-	-	-	-
Amortization of bond discount	(20,193)	-	-	-	-
Unusual item	-	900,000	-	-	-
Transfers	(728,497)	(1,671,381)	(1,817,495)	(2,969,963)	(2,478,090)
Total governmental activities expenses	18,028,840	18,479,290	18,004,500	18,082,346	18,749,517
Business-type activities:					
Investment income	507	83	5,102	28,547	37,076
Transfers	728,497	1,671,381	1,817,495	2,969,963	2,478,090
Total business-type activities expenses	729,004	1,671,464	1,822,597	2,998,510	2,515,166
Total primary government expenses	$ 18,757,844	$ 20,150,754	$ 19,827,097	$ 21,080,856	$ 21,264,683
Changes in net assets					
Governmental activities	$ 1,560,284	$ 1,773,424	$ (1,102,575)	$ 3,756,027	$ 1,194,280
Business-type activities	(1,397,070)	(1,052,806)	(485,146)	14,347	(372,606)
Total primary government	$ 163,214	$ 720,618	$ (1,587,721)	$ 3,770,374	$ 821,674

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund:										
Reserved	$ 2,613,129	$ 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
Unreserved	4,047,389	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
Total General Fund	6,660,518	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
All other governmental funds:										
Reserved	4,584,377	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
Unreserved, reported in, Special revenue funds	346,396	372,460	508,781	482,759	391,670	-	42,304	53,974	42,304	57,878
Total all other governmental funds	$ 11,591,291	$ 10,850,125	$ 16,230,240	$ 19,594,093	$ 21,967,165	$ 43,098,623	$ 27,035,031	$ 20,119,517	$ 19,686,202	$ 18,360,412

COUNTY OF CENTRE, PENNSYLVANIA

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Taxes	$ 11,700,738	$ 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
Grants, gifts and payment in lieu of taxes	20,743,648	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
Court costs	2,576,284	2,570,784	2,477,766	1,156,262	1,069,574	1,027,066	914,442	850,108	844,591	927,651
Fines and forfeits	166,605	225,511	186,796	203,566	205,552	251,113	288,813	254,395	221,260	258,014
Interest and rents	946,210	818,869	1,377,863	1,149,237	790,029	799,917		1,053,612	1,312,598	1,236,010
Charges for services	2,423,586	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
Contributions and other revenues	438,995	955,326	467,396	699,524	1,261,660	1,811,982	373,562	273,445	372,153	969,183
Total revenues	38,996,066	40,481,044	43,426,104	51,823,060	56,181,101	60,517,789	58,727,236	59,951,731	66,377,444	66,956,121
Expenditures:										
Current:										
General government:										
Administrative	4,568,617	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
Judicial	4,325,456	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
Public safety	4,559,677	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
Public works	466,891	752,579	445,887	1,900,134	2,598,304	1,810,034	170,551	539,137	276,860	159,729
Human services	18,813,435	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
Culture and recreation	370,772	420,793	437,342	472,630	460,182	1,453,444	703,901	684,792	619,680	527,438
Conservation and development	1,559,338	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
Debt service:										
Principal	1,335,000	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
Interest	1,663,511	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
Other cost	-	-	-	-	-	1,500	1,783	2,000	56,918	1,064
Capital outlay	5,519,134	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
Total expenditures	43,181,831	41,768,219	44,027,827	49,093,653	53,981,227	62,545,166	75,097,705	64,948,584	63,848,145	65,795,230
Excess (deficiency) of revenues over (under) expenditures	(4,185,765)	(1,287,175)	(601,723)	2,729,407	2,199,874	(2,027,377)	(16,370,469)	(4,996,853)	2,529,299	1,160,891
Other financing sources (uses):										
Transfers in	3,241,879	2,653,746	2,978,020	2,403,841	2,853,782	20,821,457	8,341,368	3,709,135	4,401,273	5,252,973
Transfers out	(2,510,165)	(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)
Proceeds from bonds	-	-	5,000,000	-	-	39,985,000	-	-	-	-
Issuance of debt	-	-	-	-	-	-	5,380,000	-	10,000,000	-
Payments to refund bonds payable	-	-	-	-	-	(17,405,000)	(4,985,000)	-	(9,040,000)	-
Payments to refund bond escrow agent	-	-	-	-	-	-	-	-	(775,744)	-
Bond premium	-	-	-	-	-	1,694,631	-	-		-
Bond discount	-	-	-	-	-	(363,466)	(48,463)	-	(127,605)	-
Unusual item	-	-	-	-	-	-	900,000	-	-	-
Total other financing sources (uses)	731,714	546,009	6,265,878	350,406	173,197	23,158,835	(430,127)	(1,918,661)	(2,962,614)	(2,486,681)
Net changes in fund balances	$ (3,454,051)	$ (741,166)	$ 5,664,155	$ 3,079,813	$ 2,373,071	$ 21,131,458	$ (16,800,596)	$ (6,915,514)	$ (433,315)	$ (1,325,790)
Debt service as a percentage of noncapital expenditures	7.96%	6.74%	5.91%	5.81%	5.38%	3.53%	4.98%	4.32%	4.20%	3.71%

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE REAL ESTATE
(UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31

	Real Property									
Year	Residential Property	Commercial Property	Industrial Property	Land	Minerals	Agricultural Property	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Taxable Assessed Value as a % of Actual Taxable Value
1998	1,460,353,511	587,346,205	64,725,015	75,033,164	5,474,170	133,570,855	2,326,502,920	4.94	4,653,005,840	50.00%
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%

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

	Year Taxes were Payable									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
County Direct Rates:										
General	$ 3.64	$ 3.64	$ 3.84	$ 5.09	$ 5.09	$ 5.09	$ 5.09	$ 5.25	$ 5.30	$ 5.40
Debt	1.30	1.30	1.10	1.10	1.50	1.50	1.50	1.34	1.29	1.19
Total direct rate	4.94	4.94	4.94	6.19	6.59	6.59	6.59	6.59	6.59	6.59
Borough & Township Rates:										
Bellefonte Borough	4.99	5.44	5.44	5.44	5.44	6.93	7.93	7.93	7.98	7.98
Centre Hall Borough	0.23	0.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
Howard Borough	2.50	3.00	3.00	3.00	4.00	5.00	6.00	5.50	5.50	5.50
Milesburg Borough	2.50	4.50	4.50	4.50	4.50	4.50	4.50	6.00	7.00	7.00
Millhiem Borough	1.65	1.65	1.65	1.65	1.65	1.65	1.65	3.00	3.00	3.00
Philipsburg Borough	8.83	8.83	8.83	8.83	8.83	10.33	10.83	10.33	10.33	10.33
Port Matilda Borough	3.50	3.50	3.50	4.80	4.80	4.80	4.80	6.40	6.40	6.40
Snow shoe Borough	4.16	4.16	4.16	4.16	4.16	4.16	4.16	4.36	4.36	4.36
South Philipsburg Borough	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34
State College Borough	4.35	4.35	4.35	4.35	4.75	4.90	5.70	7.30	10.04	10.04
Unionville Borough	1.27	1.27	1.27	1.27	1.27	1.27	1.27	3.27	3.27	3.27
Benner Independent	1.61	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89
Benner Township	1.61	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	1.48	2.48	2.48	2.48	3.18	3.84	3.84
Burnside Township	2.69	2.69	2.69	2.69	2.69	3.69	3.69	4.69	4.69	4.69
College Township	2.80	2.80	2.80	3.10	3.40	3.40	3.70	3.70	3.70	3.70
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	0.95	1.56	1.56	1.56	1.56	1.56	1.56
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	2.00	2.50	2.50	3.00	3.00	4.00	4.00	4.00	4.00
Halfmoon Township	1.72	1.72	3.72	3.72	3.72	3.72	3.72	3.72	4.02	4.02
Harris Township	2.00	3.60	3.60	3.60	4.60	4.70	4.70	4.70	4.70	4.70
Howard Township	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Huston Township	1.13	1.13	1.13	1.13	1.13	1.13	1.70	1.73	1.13	1.13
Liberty Township	1.00	1.00	1.00	1.00	1.00	2.00	3.00	3.00	3.50	3.50
Marion Township	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Miles Township	1.50	1.50	1.70	1.70	1.70	1.70	1.70	2.00	2.00	2.00
Patton Township	5.00	5.00	5.00	5.50	6.10	7.70	7.70	7.50	7.50	7.20
Penn Township	2.00	2.00	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.00
Potter Township	0.58	0.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Rush Township	0.55	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	0.50	1.50	2.00	2.00	2.00
Union Township	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	4.00	4.00
Walker Township	0.34	0.34	0.34	0.34	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	1.75	2.00	2.00	2.00
School District Rates:										
Bald Eagle	22.00	22.00	25.00	25.00	29.00	31.00	33.00	34.26	36.26	37.76
Bellefonte	26.82	30.73	31.17	32.93	33.88	35.28	35.83	36.99	37.98	39.69
Keystone Central	32.30	32.30	32.20	33.30	34.21	34.21	34.21	34.73	34.38	34.33
Penns Valley	24.10	26.60	29.59	29.59	31.37	31.37	31.37	37.87	37.87	37.87
Philipsburg Osceola	27.28	28.28	28.28	31.30	32.21	34.55	38.22	37.26	39.30	46.97
State College	22.88	23.60	24.75	25.99	27.05	28.72	29.72	31.37	32.57	32.51
Tyrone	22.56	22.26	25.07	23.86	20.81	21.05	19.36	19.36	18.88	20.22

Source : County Tax Assessment Office

COUNTY OF CENTRE, PENNSYLVANIA

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

	2007			1998		
Taxpayer:	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	0.54%	$ 20,480,075	1	0.89%
* PSU (Taxable)	14,630,250	2	0.48%			
The Village at Penn State	12,471,545	3	0.41%			
Wal-Mart Stores Inc	8,649,200	4	0.28%	7,215,470	4	0.32%
Jefferson at State College	8,334,970	5	0.27%	5,613,800	6	0.25%
Foxdale Village Corporation	5,917,160	6	0.19%	5,917,160	5	0.26%
W9/JP-M Real Estate	5,613,800	7	0.18%			
Nittany Commons LLC	5,558,915	8	0.18%			
College Avenue Properties	5,515,835	9	0.18%			
Temple Family Partnership	5,398,685	10	0.18%			
Corning Asahi Video Company				11,605,410	2	0.51%
ADG - Hospital Drive Associates				7,250,630	3	0.32%
Gateway Partners				5,515,835	7	0.24%
Capstone Commons				4,805,260	8	0.21%
WMGMH Realty LLC				4,511,265	9	0.20%
Nittany Garden Apartments				4,353,815	10	0.19%
Total	$ 88,532,395		2.90%	$ 77,268,720		3.38%
Total Taxable Assessed Value	$ 3,054,084,138		100%	$ 2,289,059,665		100%

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

Source : County Tax Assessment Office

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF REAL ESTATE TAX LEVIES AND COLLECTIONS
(UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31

Year	Taxes Levied for the Year	Collected within the year of the Levy		Collections in Subsequent Years	Total Collected to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1998	$ 11,526,866	$ 11,238,678	97.50%	$ 462,060	$ 11,700,738	101.51%
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%

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
1998	$ 24,145,000		$ 24,145,000	0.80%	0.52%	179.31
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%	0.70%	285.52
2007	26,935,462	11,214,538	38,150,000	0.96%	0.64%	263.73

(a) See Schedule 12 for population & personal income data.
(b) See Schedule 5 for property value data.

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF DIRECT AND OVERLAPPING DEBT
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County Direct Rates			
County of Centre	$ 38,150,000	100%	$ 38,150,000
Borough & Township Rates			
Bellefonte Borough	6,739,191	100%	$ 6,739,191
Howard Borough	215,980	100%	215,980
Milesburg Borough	44,349	100%	44,349
Millhiem Borough	2,446,964	100%	2,446,964
Philipsburg Borough	3,960,872	100%	3,960,872
State College Borough	32,350,000	100%	32,350,000
Benner Township	33,613	100%	33,613
Boggs Township	463,402	100%	463,402
College Township	2,970,000	100%	2,970,000
Ferguson Township	4,667,200	100%	4,667,200
Gregg Township	247,900	100%	247,900
Harris Township	1,065,000	100%	1,065,000
Patton Township	7,402,521	100%	7,402,521
Penn Township	281,952	100%	281,952
Rush Township	135,791	100%	135,791
Taylor Township	46,200	100%	46,200
Union Township	107,346	100%	107,346
Walker Township	150,106	100%	150,106
Worth Township	30,946	100%	30,946
	Total municipalities		$ 63,359,333
School District Rates			
Bald Eagle	10,330,000	100%	$ 10,330,000
Bellefonte	39,211,846	100%	39,211,846
Keystone Central	40,258,125	5%	2,012,906
Penns Valley	32,210,000	100%	32,210,000
Philipsburg Osceola	22,031,016	100%	22,031,016
State College	62,455,000	100%	62,455,000
Tyrone	24,400,000	5%	1,220,000
	Total school districts		$ 169,470,768
	Grand total		$ 270,980,101

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Borrowing Base Revenues (1)	$ 27,517,953	$ 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
Debt Limit Percentage	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	82,553,859	91,650,901	100,365,062	109,167,734	119,901,744	129,559,897	136,240,188	141,881,613	140,517,297	141,628,599
General Obligation Bonds	24,145,000	22,630,000	26,140,000	24,590,000	22,965,000	44,785,000	43,270,000	41,285,000	40,245,000	38,150,000
Legal Debt Margin	$ 58,408,859	$ 69,020,901	$ 74,225,062	$ 84,577,734	$ 96,936,744	$ 84,774,897	$ 92,970,188	$ 100,596,613	$ 100,272,297	$ 103,478,599
Total net debt applicable to the limit as a percentage of debt limit	29.25%	24.69%	26.04%	22.52%	19.15%	34.57%	31.76%	29.10%	28.64%	26.94%

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

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31

Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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	3,993,762	27,608	3.4%

Source : County County Planning Office and Pennsylvania Department of Labor & Indus

COUNTY OF CENTRE, PENNSYLVANIA

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

	2007			1998		
Taxpayer	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Pennsylvania State University	23,744	1	33.25%	10,059	1	15.24%
State College Area School	1,385	2	1.94%	1,281	3	1.94%
Pennsylvania State Government	1,375	3	1.93%	1,306	2	1.98%
Mt Nittny Medical Center	1,225	4	1.72%	890	6	1.35%
Centre County Government	875	5	1.23%	616	9	0.93%
Wal-Mart/Sam's Club	840	6	1.18%			0.00%
Raytheon Systems, Inc.	517	7	0.72%			0.00%
S & A Homes and Subsidiaries	500	8	0.70%			0.00%
Weis Market	460	9	0.64%	608	10	0.92%
Wegmans	452	10	0.63%			0.00%
Corning Asahi Video Company				1,100	4	1.67%
Murata Electronics				1,100	5	1.67%
C-Cor Electronics				741	7	1.12%
Cerro Metal Products				650	8	0.98%
Total	31,373		43.94%	18,351		27.80%
Total County employment	71,400		100%	66,000		100%

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

Note : The 1998 number of employees are an estimate based on 1999 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

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Administration	78	78	76	84	87	93	91	92	97	101
Judicial	90	93	94	110	112	112	118	120	118	122
Public Safety	52	58	60	64	65	69	67	74	106	114
Human Services	132	133	130	133	140	139	147	148	146	149
Conservation & Development	15	16	16	18	27	27	27	22	12	12
Total governmental	367	378	376	409	431	440	450	456	479	498
Enterprise:										
Emergency Communication 911	23	23	25	24	25	25	28	28	32	30
Nursing Home	238	244	257	265	278	298	315	316	320	320
Total enterprise	261	267	282	289	303	323	343	344	352	350
Total	628	645	658	698	734	763	793	800	831	848

Source : Centre County Budget

COUNTY OF CENTRE, PENNSYLVANIA

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

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Administration:										
Treasurer:										
Hunting licenses	10,942	16,248	17,042	17,818	17,190	23,851	21,869	20,884	14,904	14,549
Dog licenses	12,919	13,071	15,466	12,774	12,797	13,297	13,092	13,092	15,497	14,260
Fishing licenses	501	541	527	423	470	417	383	343	400	428
Total licenses	24,362	29,860	33,035	31,015	30,457	37,565	35,344	34,319	30,801	29,237
Public Defender, Cases	1,678	1,611	1,678	1,774	1,968	1,994	1,807	2,076	2,000	2,134
Recorder of Deeds, Deeds filed	25,757	24,609	19,897	25,630	30,113	36,425	26,757	25,473	23,583	21,813
Judicial:										
Sheriff, Pistol permits						2,800	3,850	2,700	2,750	4,538
Coroner, Cases	434	419	457	507	236	554	526	569	557	517
District Attorney, Cases	2,135	2,196	1,947	2,132	2,324	2,560	2,406	2,370	2,445	2,691
Prothonotary:										
Criminal cases	2,135	2,196	1,947	2,132	2,326	2,728	2,436	2,536	2,484	2,595
Civil cases	3,310	3,011	3,091	3,186	3,201	3,591	5,325	4,824	5,024	5,629
Other cases	2,006	1,941	1,880	1,420	1,041	1,016	972	1,924	1,846	1,877
Total cases	7,451	7,148	6,918	6,738	6,568	7,335	8,733	9,284	9,354	10,101
Magisterial District Judges, Court cases	50,621	43,603	49,007	48,194	46,148	42,315	39,492	43,375	37,296	34,477
Public safety:										
Probation:										
Juvenile cases	155	175	201	201	226	212	208	222	205	241
Adult cases	2,160	2,175	2,557	2,153	2,312	2,326	2,468	2,490	2,665	2,800
Total	2,315	2,350	2,758	2,354	2,538	2,538	2,676	2,712	2,870	3,041
Prison, Average daily population	122	134	141	152	154	169	190	187	219	216
Human services:										
Children & Youth, Caseload	4,308	4,230	4,110	4,000	4,070	3,640	3,530	3,570	3,668	3,912
Mental Health / Retardation, Clients	1,602	1,619	1,735	1,897	2,011	2,337	2,518	2,556	2,600	3,171
Drug and Alcohol:										
Children clients	146	154	116	190	200	182	129	190	270	309
Adult clients	706	703	826	827	900	1,002	1,009	838	1,220	1,808
Total clients	852	857	942	1,017	1,100	1,184	1,138	1,028	1,490	2,117

Source: Centre County Budget

COUNTY OF CENTRE, PENNSYLVANIA

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental:										
Capital Asset, net										
Land and improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,719,563	$ 1,719,563	$ 1,719,563
Building and improvements	6,284,663	6,289,356	6,303,404	7,065,006	7,626,297	8,460,930	25,029,619	27,918,806	29,014,711	30,384,417
Furniture and improvements	4,523,185	5,299,861	5,466,515	5,679,721	6,079,435	1,503,146	1,715,805	1,985,984	3,957,562	3,724,639
Vehicles	169,094	191,309	286,595	465,312	386,961	412,162	407,804	498,753	355,509	278,578
Total	$ 10,976,942	$ 11,780,526	$ 12,056,514	$ 13,210,039	$ 14,092,693	$ 10,376,238	$ 27,153,228	$ 32,123,106	$ 35,047,345	$ 36,107,197
Business-type:										
Capital Asset, net										
Land and improvements	$ 26,518	$ 24,471	$ 23,277	$ 107,634	$ 23,257	$ 10,445	$ 9,575	$ 8,705	$ 7,835	$ 6,964
Building and improvements	10,553,054	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
Furniture and improvements	5,635,321	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
Total	$ 16,214,893	$ 15,025,903	$ 13,899,047	$ 12,716,086	$ 11,640,744	$ 11,017,068	$ 10,055,429	$ 9,547,834	$ 8,788,491	$ 7,801,479

Source : Centre County Financial Statements

COUNTY OF CENTRE, PENNSYLVANIA

SCHEDULE OF SALARIES AND SURETY BONDS
OF ELECTED OFFICIALS
(UNAUDITED)
DECEMBER 31, 2007

	Annual Salary	Bond Amount
Commissioner	$ 64,022	$ 4,000
Controller	$ 59,924	$ 20,000
Coroner	$ 57,924	$ 7,500
District Attorney	$ 141,691	None (1)
Jury Commissioners	$ 13,443	None (1)
Prothonotary and Clerk of Courts	$ 59,924	$ 30,000
Recorder of Deeds	$ 57,924	$ 10,000
Register of Wills and Clerk of the Orphans Court	$ 59,927	$ 25,000
Sheriff	$ 57,924	$ 30,000
Treasurer	$ 57,924	$ 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, 2007

Revenues By Source

Year	Employee Contribution	Employer's Contribution(1)	Investment Income	Total	Employer Contribution Percentage Of Covered Payroll
1998	1,107,033	-	3,616,943	4,723,976	-
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%

Expenses By Type

Year	Benefits	Administrative Expenses	Refunds	Total
1998	1,056,691	171,037	244,695	1,472,423
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

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

Year	Number of Active Members	Members	County(1)	Total	Number of Retired Members	Benefit Paid
1997	571	$ 1,038,172	-	$ 1,038,172	166	$ 930,942
1998	582	$ 1,107,033		$ 1,107,033	161	$ 1,056,691
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

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

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